

F.No.1/48/98-PC-II/
Government of India
Ministry of Commerce
Director General of Foreign Trade
Udyog Bhavan, New Delhi.

Dated, the 25th May, 1998

Policy Circular No. 7 (RE 98)/98-99

To,

1. All Licensing Authorities
2. All Commissioners of Customs and Central Excise
3. The Federation of Indian Export Organisation, New Delhi
4. The Export Promotion Councils / Commodity Boards
5. All Chambers of Commerce and Industries/ Association on the mailing list

Subject : Private Bonded Warehouses for imports – regarding.

Sir,

Attention is invited to Paragraph 4.15 of EXIM Policy and Paragraph 4.23 of Handbook of Procedures (Vol.1), 1997-2002, (Revised Edition : April, 1998) certain queries have been raised as to how one

has to go about for opening Private Bonded Warehouse for imports. In this context, following clarifications are being issued :

- i. Application for setting up of Private Bonded Warehouse is to be made before the concerned Asstt. Commissioner of Customs in terms of Section 58 of Customs Act, 1962, in accordance with the procedure laid down under Chapter 11 of Customs Act, 1962. Port offices shall actively help the prospective applicants to secure the licences from the Custom office.
- ii. Such Private Bonded Warehouses can import any goods except prohibited items, Arms and Ammunition and Hazardous Waste and Chemicals and warehouse them in such Private Bonded Warehouses. No licence is required at the time of import of such goods even if the item is in the Negative List of Imports by such Private Bonded Warehouses for warehousing them in such Private Bonded Warehouses.
- iii. Such goods may be cleared for home consumption in accordance with the provisions of this Policy. Accordingly, if the item is under Negative List of Imports then at the time of clearance of such goods from the Private Bonded Warehouses to the domestic area for home consumption such licences would be required to be submitted to the concerned Custom Authorities. These Private Bonded Warehouses can accordingly, sell these goods under Negative List of Import to any person who has got the required licence.
- iv. In addition to clearance of goods against advance licences, these goods can also be cleared on payment of applicable Custom Duty against specific licences, for example, clearance of goods to Hotels and Restaurants etc. against the licences issued to such Hotels, Restaurants against their foreign exchange earnings in terms of Paragraph 5.19 to 5.26 of the Handbook of Procedures (Vol.1).
- v. However, clearance of goods from Private Bonded Warehouses to any Advance Licence holder would be without payment of Customs Duty. Likewise, in case of clearance against DEPB, credit may be adjusted while allowing duty free clearance.

- vi. Advance Licence holders before taking supplies from such Private Bonded Warehouses shall execute a Legal Undertaking / Bank Guarantee as prescribed by the Custom Authorities with the concerned Jurisdictional Asstt. Commissioner of Customs / Central Excise.
- vii. For taking supplies from such Private Bonded Warehouses no further endorsement of any kind on such specific licence or Advance Licence from the Licensing Authorities would be required. Accordingly, these licences which are valid for imports would be valid for taking supply from Private Bonded Warehouses also.
- viii. This issues with the approval of DG / CS.

Yours faithfully,

(L.B. Singhal)

Dy. Director General of Foreign Trade

For Director General of Foreign Trade