# WAREHOUSING / BONDED MOVEMENT UNDER CUSTOMS ACT, 1962 AND PROVISIONAL ASSESSMENT

By

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In This Article, We Will analyse various Provisions of Custom Laws in context to "Custom Bonded Warehousing, Warehousing/bonded movement under the Custom Act 1962, Provisional Assessment of duty, Claim of refund of customs duty, Procedures of clearance of goods for Home consumption, warehousing bond, Manufacture and other operation in warehouse, clearance of warehouse goods for home consumption in Customs, Finalization of Provisional Assessments".

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**Import**

Warehouse means a place of storage of goods for future use. Customs warehouse is an entry point of imported goods and exit point of goods meant for export under Customs provisions. Such a warehouse facilitates the free movement of imported goods in warehouse on filing of ex-bond bill of entry and Customs duties are required to be paid when goods are removed from the warehouse on filing of bill of entry for home consumption.

**1.** Special procedure of home consumption for Specified goods (Petroleum Products) and provisional duty payment.

Importer assess the provisional duty payable on imported specified goods for warehouse on filing of ex-bond bill of entry for storage at port where bonded tanks / godowns were declared as per Law.

Following procedure for warehouse at port:-

-Execution of bond;

-Filing of ex-bond B/Es;

-Preparation of ullage report;

-Provisional assessment of duty both import duty and CVD, if applicable;

-Filing of Into-Bond B/Es for re-warehouse to another bonded warehouse outside the port with provisionally assessed duties;

-Re-warehousing at another specified bonded tanks / godowns;

-Intimation to Department for re-warehousing of specified goods and filing of intimation before 24 hours to Department for anticipated clearance for production of specified goods or further re-warehouse of specified goods;

-Deposit of proportionate duty payable and filing of ex-bond B/Es for Home Consumption;

-Clearance of specified goods for production or for further re-warehousing of specified goods;

-Finalization of provisional assessment;

**(Above facility were withdrawn by Circular No. 8/2005-Cus. dated 14.02.2005 and Circular No. 9/2005-Cus. Dated 15.02.2005):-**

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# Relevant Sections:-

**Section 18. Provisional assessment of duty –**

(1) Notwithstanding anything contained in this Act but without prejudice to the provisions contained in Section 46-

(a) where the proper officer is satisfied that an importer or exporter is unable to produce any document or furnish any information necessary for the assessment of duty on the imported goods or the export goods, as the case may be; or

(b) where the proper officer deems it necessary to subject any imported goods or export goods to any chemical or other test for the purpose of assessment of duty thereon; or

(c) where the importer or the exporter has produced all the necessary documents and furnished full information for the assessment of duty but the proper officer deems it necessary to make further enquiry for assessing the duty,

the proper officer may direct that the duty leviable on such goods may, pending the production of such documents or furnishing of such information or completion of such test or enquiry, be assessed provisionally if the importer or the exporter as the case may be, furnishes such security as the proper officer deems fit for the payment of the deficiency, if any, between the duty finally assessed and the duty provisionally assessed.

(2) When the duty leviable on such goods is assessed finally in accordance with the provisions of this Act, then—

(a) in the case of goods cleared for home consumption or exportation, the amount paid shall be adjusted against the duty finally assessed and if the amount so paid falls short of, or is in excess of, the duty finally assessed, the importer or the exporter of the goods shall pay the deficiency or be entitled to a refund, as the case may be;

(b) in the case of warehoused goods, the proper officer may, where the duty finally assessed is in excess of the duty provisionally assessed, require the importer to execute a bond, binding himself in a sum equal to twice the amount of the excess duty.

(3) The importer or exporter shall be liable to pay interest, on any amount payable to the Central Government, consequent to the final assessment order under sub-section (2), at the rate fixed by the Central Government under section 28AB from the first day of the month in which the duty is provisionally assessed till the date of payment thereof.

(4) Subject to sub-section (5), if any refundable amount referred to in clause (a) of sub-section (2) is not refunded under that sub-section within three months from the date of assessment, of duty finally, there shall be paid an interest on such unrefunded amount at such rate fixed by the Central Government under section 27A till the date of refund of such amount.

(5) The amount of duty refundable under sub-section (2) and the interest under sub-section (4), if any, shall, instead of being credited to the Fund, be paid to the importer or the exporter, as the case may be, if such amount is relatable to—

(a) the duty and interest, if any, paid on such duty paid by the importer, or the exporter, as the case may be, if he had not passed on the incidence of such duty and interest, if any, paid on such duty to any other person;

(b) the duty and interest, if any, paid on such duty on imports made by an individual for his personal use;

(c) the duty and interest, if any, paid on such duty borne by the buyer, if he had not passed on the incidence of such duty and interest, if any, paid on such duty to any other person;

(d) The export duty as specified in section 26;

(e) Drawback of duty payable under sections 74 and 75.

**Section 27. Claim for refund of duty.—**

(1) Any person claiming refund of any duty and interest if any, paid on such duty—

(i) Paid by him in pursuance of an order of assessment; or

(ii) borne by him,

May make an application for refund of such duty and interest, if any, paid on such duty to the Assistant Commissioner of Customs or Deputy Commissioner of Customs—

(a) in the case of any import made by any individual for his personal use or by Government or by any educational, research or charitable institution or hospital, before the expiry of one year;

(b) in any other case, before the expiry of six months,

from the date of payment of duty and interest, if any, paid on such duty in such form and manner as may be specified in the regulations made in this behalf and the application shall be accompanied by such documentary or other evidence (including the documents referred to in section 28C) as the applicant may furnish to establish that the amount of duty and interest, if any, paid on such duty in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such duty and interest, if any, paid on such duty had not been passed on by him to any other person:-

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**Section 27A. Interest on delayed refunds.—**

If any duty ordered to be refunded under sub-section (2) of section 27 to an applicant is not refunded within three months from the date of receipt of application under sub-section (1) of that section, there shall be paid to that applicant interest at such rate, not below five per cent. and not exceeding thirty per cent. per annum as is for the time being fixed by the Central Government, by notification in the Official Gazette, on such duty from the date immediately after the expiry of three months from the date of receipt of such application till the date of refund of such duty:

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**Section 47. Clearance of Goods for Home Consumption. –**

(1) Where the proper officer is satisfied that any goods entered for home consumption are not prohibited goods and the importer has paid the import duty, if any, assessed thereon and any charges payable under this Act in respect of the same, the proper officer may make an order permitting clearance of the goods for home consumption.

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**Section 59. Warehousing bond.—**

(1) The importer of any goods specified in sub-section (1) of section 61, which have been entered for warehousing and assessed to duty under section 17 or section 18 shall execute a bond binding himself in a sum equal to twice the amount of the duty assessed on such goods—

(a) to observe all the provisions of this Act and the rules and regulations in respect of such goods;

(b) to pay on or before a date specified in a notice of demand,—

(i) all duties, and interest, if any, payable under sub-section (2) of section 61;

(ii) rent and charges claimable on account of such goods under this Act, together with interest on the same from the date so specified at such rate not below eighteen per cent. and not exceeding thirty-six per cent. per annum, as is for the time being fixed by the Central Government, by notification in the Official Gazette; and

(c) to discharge all penalties incurred for violation of the provisions of this Act and the rules and regulations in respect of such goods.

(2) For the purposes of sub-section (1), the Assistant Commissioner of Customs or Deputy Commissioner of Customs may permit an importer to enter into a general bond in such amount as the Assistant Commissioner of Customs or Deputy Commissioner of Customs may approve in respect of the warehousing of goods to be imported by him within a specified period.

(3) A bond executed under this section by an importer in respect of any goods shall continue in force notwithstanding the transfer of the goods to any other person or the removal of the goods to another warehouse:

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**SECTION 65. Manufacture and other operations in relation to goods in a warehouse. –**

(1) With the sanction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs and subject to such conditions and on payment of such fees as may be prescribed, the owner of any warehoused goods may carry on any manufacturing process or other operations in the warehouse in relation to such goods.

(2) Where in the course of any operations permissible in relation to any warehoused goods under sub-section (1), there is any waste or refuse, the following provisions shall apply : -

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**SECTION 67. Removal of goods from one warehouse to another.** –

The owner of any warehoused goods may, with the permission of the proper officer, remove them from one warehouse to another, subject to such conditions as may be prescribed for the due arrival of the warehoused goods at the warehouse to which removal is permitted.

**SECTION 68. Clearance of warehoused goods for home consumption. –**

The importer of any warehoused goods may clear them for home consumption, if –

(a) a bill of entry for home consumption in respect of such goods has been presented in the prescribed form;

(b) the import duty leviable on such goods and all penalties, rent, interest and other charges payable in respect of such goods have been paid; and

(c) an order for clearance of such goods for home consumption has been made by the proper officer.

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**Section 143 Power to allow import or export on execution of bonds in certain cases.—**

(1) Where this Act or any other law requires anything to be done before a person can import or export any goods or clear any goods from the control of officers of customs and the Assistant Commissioner of Customs or Deputy Commissioner of Customs is satisfied that having regard to the circumstances of the case, such thing cannot be done before such import, export or clearance without detriment to that person, the Assistant Commissioner of Customs or Deputy Commissioner of Customs, may, notwithstanding anything contained in this Act or such other law, grant leave for such import, export or clearance on the person executing a bond in such amount, with such surety or security and subject to such conditions as the Assistant Commissioner of Customs or Deputy Commissioner of Customs approves, for the doing of that thing within such time after the import, export or clearance as may be specified in the bond.

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**Section 152, Delegation of powers.—**

The Central Government may, by notification in the Official Gazette, direct that subject to such conditions, if any, as may be specified in the notification—

(a) any power exercisable by the Board under this Act shall be exercisable also by a Chief Commissioner of Customs or a Commissioner of Customs empowered in this behalf by the Central Government;

(b) any power exercisable by a Commissioner of Customs under this Act may be exercisable also by a Joint Commissioner of Customs or an Assistant Commissioner of Customs or Deputy Commissioner of Customs empowered in this behalf by the Central Government;

(c) any power exercisable by a Joint Commissioner of Customs under this Act may be exercisable also by an Assistant Commissioner of Customs or Deputy

Commissioner of Customs empowered in this behalf by the Central Government;

(d) any power exercisable by an Assistant Commissioner of Customs or Deputy Commissioner of Customs under this Act may be exercisable also by a Gazetted Officer of customs empowered in this behalf by the Board.

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**Customs Series Form No. 3**
**[See Customs (Provisional Duty Assessment) Regulations, 1963 in Part 2 of this Manual.]**
**Individual importation**

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**Customs Series Form No. 4**
**[See Customs (Provisional Duty Assessment) Regulations, 1963 in Part 2 of this Manual.]**
**Individual importation**

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**Customs Series Form No. 5**
**[See Customs (Provisional Duty Assessment) Regulations, 1963 in Part 2 of this Manual.]**
**Individual importation**
**(to be executed by the importer and surety jointly)**

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**Customs Series Form No. 6**
**[See Customs (Provisional Duty Assessment) Regulations, 1963]**
**Continuity Bond**
**(To be executed by importer with provision for security deposit)**

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**Customs Series Form No. 7**
**[See Customs (Provisional Duty Assessment) Regulations, 1963]**
**Continuity Bond**
**(To be executed by the importer and surety jointly)**

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**Customs Series Form No. 8**

**[See Customs (Provisional Duty Assessment) Regulations, 1963]**

**Continuity Bond**

**(To be executed by Government Departmental or Public undertaking without surely or security)**

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**Relevant Forms vide Customs (Provisional Duty Assessment) Regulations, 1963. M.F. (DR) Notification No. 181 dated 13.07.1963**

**NOTE:- Form No. 3 to 8 in Part 5 of CBEC File No. C.B.E & C. F. No. 7/13/63-C45., VII, dated 18-1-1963 and 03-08-1966**

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## PROVISIONAL ASSESSMENT AND FINALIZATION OF DUTY

**Provisional Assessment-**

Once goods declaration is submitted in the prescribed form (Bill of Entry or Shipping Bill ) containing all the relevant information/details and along-with all the relevant documents, the duty leviable on the imported goods or export goods, if any, is assessed by the Customs officer. Sometimes, it is not possible to assess the duty due to non-availability of some relevant information/document or any other reason. Withholding clearance of goods in such cases may cause hardship to the importers by way of payment of demurrage/detention charges, disturbance in production schedule and other financial losses. Similarly in exports, delay in clearance may cause cancellation of export order, increase in interest liability and other financial losses to the exporters. To meet such exigencies, provisions have been made in section 18 of the Customs Act, 1962 to assess the duty provisionally and allow clearance of the goods by taking a bond with appropriate security.

**Conditions for allowing provisional assessment-**

2. The provisional assessment may be resorted to in following situations:

(a) where the proper officer of Customs is satisfied that an importer or exporter is unable to produce any document or furnish any information necessary for the assessment of duty on the imported goods or the export goods, as the case may be; or

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**Terms of the Bonds-**

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**Determination of amount of bond for provisional assessment-**

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**Surety and Security of the Bond-**

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**Finalisation of provisional assessment-**

It is to be ensured that most of the ordinary type of cases of provisional assessment are finalised expeditiously well within six months of the date of provisional assessment. In respect of machinery contract cases or registered large project import cases, where imports take place over long periods, sometimes extending over a number of years and where action to finalise the case can be taken only after all the imports under the contract have been made, every effort should be made to finalise the cases within six months of the date of import of the last consignment covered by the contract.

**[Reference : Customs (Provisional duty Assessment) Regulations, 1963 issued vide M.F. Director (ICD).R) Notification No. 181-Cus, dated 13/7/1963 and instructions issued vide Board's letters F. No. 512/5/72-Cus.VI, dated 23-4-1973 and F. No. 511/7/77-Cus. VI dated 9-1-1978].**

**Important definition-**

-Section 2 (43) of the Customs Act, 1962 defines "warehouse" as a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or a special warehouse licensed under section 58A.

-Section 2(44) defines "warehoused goods" means goods deposited in a warehouse;

-Section 2(45) defines "warehousing station" means a place declared as a warehousing station under Section 9 of the Customs Act, 1962.

**Warehousing-**

Chapter IX of the Customs Act, 1962 and Section 57 to Section 73A of the Customs Act, 1962 provides provision of licensing of warehousing and categorizes three types of warehouses as under:-

1. Licensing of public warehouses
2. Licensing of private warehouses
3. Licensing of special warehouses

**Licensing of public warehouses:–** Section 57 of the Customs Act, 1962 prescribed that the Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, licence a public warehouse wherein dutiable goods may be deposited.

**Licensing of private warehouses :-** Section 58 of the Customs Act, 1962 prescribed that the Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, licence a private warehouse wherein dutiable goods imported by or on behalf of the licensee may be deposited.

**Licensing of special warehouses :-** Section 58A of the Customs Act, 1962 prescribed the provision of special warehouse as under-

**(1)** The Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, licence a special warehouse wherein dutiable goods may be deposited and such warehouse shall be caused to be locked by the proper officer and no person shall enter the warehouse or remove any goods therefrom without the permission of the proper officer.

**(2)** The Board may, by notification in the Official Gazette, specify the class of goods which shall be deposited in the special warehouse licensed under sub-section (1).

**Cancellation of licence:–** Section 58B of the Customs Act, 1962 provides the provision of cancellation of license in the following situations:

**(1)** Where a licensee contravenes any of the provisions of this Act or the rules or regulations made thereunder or breaches any of the conditions of the licence, the Principal Commissioner of Customs or Commissioner of Customs may cancel the licence granted under section 57 or section 58 or section 58A :

Provided that before any licence is cancelled, the licensee shall be given a reasonable opportunity of being heard.

**(2)** The Principal Commissioner of Customs or Commissioner of Customs may, without prejudice to any other action that may be taken against the licensee and the goods under this Act or any other law for the time being in force, suspend operation of the warehouse during the pendency of an enquiry under sub-section (1).

**(3)** Where the operation of a warehouse is suspended under sub-section (2), no goods shall be deposited in such warehouse during the period of suspension:
Provided that the provisions of this Chapter shall continue to apply to the goods already deposited in the warehouse.

**(4)** Where the licence issued under section 57 or section 58 or section 58A is cancelled, the goods warehoused shall, within seven days from the date on which order of such cancellation is served on the licensee or within such extended period as the proper officer may allow, be removed from such warehouse to another warehouse or be cleared for home consumption or export:
Provided that the provisions of this Chapter shall continue to apply to the goods already deposited in the warehouse till they are removed to another warehouse or cleared for home consumption or for export, during such period.

**Warehousing bond:-** Section 59 of the Customs Act, 1962 prescribed the provisions of warehousing bond as under:-

(1) The importer of any goods in respect of which a bill of entry for warehousing has been presented under section 46 and assessed to duty under section 17 or section 18 shall execute a bond in a sum equal to thrice the amount of the duty assessed on such goods, binding himself—

(a) to comply with all the provisions of the Act and the rules and regulations made thereunder in respect of such goods;

(b) to pay, on or before the date specified in the notice of demand, all duties and interest payable under sub-section (2) of section 61; and

(c) to pay all penalties and fines incurred for the contravention of the provisions of this Act or the rules or regulations, in respect of such goods.

(2) For the purposes of sub-section (1), the Assistant Commissioner of Customs or Deputy Commissioner of Customs may permit an importer to execute a general bond in such amount as the Assistant Commissioner of Customs or Deputy

Commissioner of Customs may approve in respect of the warehousing of goods to be imported by him within a specified period.

(3) The importer shall, in addition to the execution of a bond under sub-section (1) or sub-section (2), furnish such security as may be prescribed.

(4) Any bond executed under this section by an importer in respect of any goods shall continue to be in force notwithstanding the transfer of the goods to another warehouse.

(5) Where the whole of the goods or any part thereof are transferred to another person, the transferee shall execute a bond in the manner specified in sub-section (1) or sub-section (2) and furnish security as specified under sub-section (3).

**Permission for removal of goods for deposit in warehouse:-** Section 60 of the Customs Act,1962 prescribes the provision of permission for removal of goods for deposit as under-

(1) When the provisions of Section 59 have been complied with in respect of any goods, the proper officer may make an order permitting removal of the goods from a customs station for the purpose of deposit in a warehouse:
Provide that such order may also be made electronically through the customs automated system on the basis of risk evaluation through appropriate selection criteria.

(2) Where an order is made under sub-section (1), the goods shall be deposited in a warehouse in such manner as may be prescribed.

**Period for which goods may remain warehoused**:- Section 61 of the Customs Act, 1962 prescribes period for which goods may remain warehoused as under-

(1) Any warehoused goods may remain in the warehouse in which they are deposited or in any warehouse to which they may be removed, —

(a) in the case of capital goods intended for use in any hundred per cent export oriented undertaking or electronic hardware technology park unit or software technology park unit or any warehouse wherein manufacture or other operations have been permitted under section 65, till their clearance from the warehouse;

(b) in the case of goods other than capital goods intended for use in any hundred per cent. export oriented undertaking or electronic hardware technology park unit or software technology park unit or any warehouse wherein manufacture or other operations have been permitted under section 65, till their consumption or clearance from the warehouse; and

(c) in the case of any other goods, till the expiry of one year from the date on which the proper officer has made an order under sub-section (1) of section 60 :

Provided that in the case of any goods referred to in this clause, the Principal Commissioner of Customs or Commissioner of Customs may, on sufficient cause being shown, extend the period for which the goods may remain in the warehouse, by not more than one year at a time :

Provided further that where such goods are likely to deteriorate, the period referred to in the first proviso may be reduced by the Principal Commissioner of Customs or Commissioner of Customs to such shorter period as he may deem fit.

(2) Where any warehoused goods specified in clause (c) of sub-section (1) remain in a warehouse beyond a period of ninety days from the date on which the proper officer has made an order under sub-section (1) of section 60, interest shall be payable at such rate as may be fixed by the Central Government under section 47, on the amount of duty payable at the time of clearance of the goods, for the period from the expiry of the said ninety days till the date of payment of duty on the warehoused goods :

Provided that if the Board considers it necessary so to do, in the public interest, it may,

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(a) by order, and under the circumstances of an exceptional nature, to be specified in such order, waive the whole or any part of the interest payable under this section in respect of any warehoused goods;

(b) by notification in the Official Gazette, specify the class of goods in respect of which no interest shall be charged under this section;

(c) by notification in the Official Gazette, specify the class of goods in respect of which the interest shall be chargeable from the date on which the proper officer has made an order under sub-section (1) of section 60.

Explanation.-For the purposes of this section, -

(i) "electronic hardware technology park unit" means a unit established under the

Electronic Hardware Technology Park Scheme notified by the Government of India;

(ii) "hundred per cent. export oriented undertaking" has the same meaning as in clause (ii) of Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944); and

(iii) "software technology park unit" means a unit established under the Software Technology Park Scheme notified by the Government of India.

**Owner's right to deal with warehoused goods:** Section 64 of the Customs Act,1962 prescribed that -

The owner of any warehoused goods may, after warehousing the same, —
(a) inspect the goods;
(b) deal with their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods;
(c) sort the goods; or
(d) show the goods for sale.

**Manufacture and other operations in relation to goods in a warehouse:** Section 65 of the Customs Act, 1962 prescribed that:

(1) With the permission of the Principal Commissioner of Customs or Commissioner of Customs and subject to such conditions as may be prescribed, the owner of any warehoused goods may carry on any manufacturing process or other operations in the warehouse in relation to such goods.

(2) Where in the course of any operations permissible in relation to any warehoused goods under sub-section (1), there is any waste or refuse, the following provisions shall apply: –

(a) if the whole or any part of the goods resulting from such operations are exported, import duty shall be remitted on the quantity of the warehoused goods contained in so much of the waste or refuse as has arisen from the operations carried on in relation to the goods exported :

Provided that such waste or refuse is either destroyed or duty is paid on such waste or refuse as if it had been imported into India in that form;

(b) if the whole or any part of the goods resulting from such operations are cleared from the warehouse for home consumption, import duty shall be charged on the quantity of the warehoused goods contained in so much of the waste or refuse as has arisen from the operations carried on in relation to the goods cleared for home consumption.

**Power to exempt imported materials used in the manufacture of goods in warehouse**. Section 66 of the Customs Act, 1962 prescribed that if any imported materials are used in accordance with the provisions of section 65 for the manufacture of any goods and the rate of duty leviable on the imported materials exceeds the rate of duty leviable on such goods, the Central Government, if satisfied that in the interests of the establishment or development of any domestic industry it is necessary so to do, may, by notification in the Official Gazette, exempt the imported materials from the whole or part of the excess rate of duty.

**Removal of goods from one warehouse to another:** Section 67 of the Customs Act, 1962 prescribes that the owner of any warehoused goods may, with the permission of the proper officer, remove them from one warehouse to another, subject to such conditions as may be prescribed for the due arrival of the warehoused goods at the warehouse to which removal is permitted.

**Clearance of warehoused goods for home consumption:-** Section 68 of the Customs Act, 1962 prescribed that Any warehoused goods may be cleared from the warehouse for home consumption, if –

(a) a bill of entry for home consumption in respect of such goods has been presented in the prescribed form;

(b) the import duty, interest, fine and penalties payable in respect of such goods have been paid; and

(c) an order for clearance of such goods for home consumption has been made by the proper officer :

Provided that the order referred to in clause (c) may also be made electronically through the customs automated system on the basis of risk evaluation through appropriate selection criteria:

Provided further that the owner of any warehoused goods may, at any time before an order for clearance of goods for home consumption has been made in respect of such goods, relinquish his title to the goods upon payment of penalties that may be payable in respect of the goods and upon such relinquishment, he shall not be liable to pay duty thereon:

Provided also that the owner of any such warehoused goods shall not be allowed to relinquish his title to such goods regarding which an offence appears to have been committed under this Act or any other law for the time being in force.

**Clearance of warehoused goods for export:-** Section 69 of the Customs Act, 1962 prescribed that,-

(1) any warehoused goods may be exported to a place outside India without payment of import duty if –

a) a shipping bill or a bill of export or the form as prescribed under section 84 has been presented in respect of such goods.

b) the export duty, fine and penalties payable in respect of such goods have been paid; and

c) An order for clearance of such goods for export has been made by the proper officer.

Provided that the order referred to in clause (c) may also be made electronically through the customs automated system on the basis of risk evaluation through appropriate selection criteria

(2) Notwithstanding anything contained in sub-section (1), if the Central Government is of opinion that warehoused goods of any specified description are likely to be smuggled back into India, it may, by notification in the Official Gazette, direct that such goods shall not be exported to any place outside India without payment of duty or may be allowed to be so exported subject to such restrictions and conditions as may be specified in the notification.

**Allowance in case of volatile goods:-** Section 70 of the Customs Act, 1962 prescribed that,-

(1) When any warehoused goods to which this section applies are at the time of delivery from a warehouse found to be deficient in quantity on account of natural loss, the Assistant Commissioner of Customs or Deputy Commissioner of Customs may remit the duty on such deficiency.

(2) This section applies to such warehoused goods as the Central Government, having regard to the volatility of the goods and the manner of their storage, may, by notification in the Official Gazette, specify.

**Goods not to be taken out of warehouse except as provided by this Act**. Section 71 of the Customs Act, 1962 prescribed that No warehoused goods shall be taken out of a warehouse except on clearance for home consumption or export, or for removal to another warehouse, or as otherwise provided by this Act.

**Goods improperly removed from warehouse, etc. :-** Section 72 of the Customs Act, 1962 prescribed that In any of the following cases, that is to say, -

**(a)** where any warehoused goods are removed from a warehouse in contravention of section 71;

**(b)** where any warehoused goods have not been removed from a warehouse at the expiration of the period during which such goods are permitted under section 61 to remain in a warehouse;

**(c)** where any goods in respect of which a bond has been executed under section 59 and which have not been cleared for home consumption or export are not duly accounted for to the satisfaction of the proper officer,

The proper officer may demand, and the owner of such goods shall forthwith pay, the full amount of duty chargeable on account of such goods together with interest, fine and penalties payable in respect of such goods.

**(2)** If any owner fails to pay any amount demanded under sub-section (1), the proper officer may, without prejudice to any other remedy, cause to be detained and sold, after notice to the owner (any transfer of the goods notwithstanding) such sufficient portion of his goods, if any, in the warehouse, as the said officer may deem fit.

## FINALIZATION OF PROVISIONAL ASSESSMENT BY THE PROPER OFFICER AND PAYMENT OR REFUNDS OF DUES

**Cancellation and return of warehousing bond** Section 73 of the Customs Act, 1962 prescribed that - When the whole of the goods covered by any bond executed under section 59 have been cleared for home consumption or exported or transferred or are otherwise duly accounted for, and when all amounts due on account of such goods have been paid, the proper officer shall cancel the bond as discharged in full, and shall on demand deliver it, so cancelled, to the person who has executed or is entitled to receive it.

**Custody and removal of warehoused goods -** Section 73A of the Customs Act, 1962 prescribed that

**(1)** all warehoused goods shall remain in the custody of the person who has been granted a licence under section 57 or section 58 or section 58A until they are cleared for home consumption or are transferred to another warehouse or are exported or removed as otherwise provided under this Act.

**(2)** The responsibilities of the person referred to in sub-section (1) who has custody of the warehoused goods shall be such as may be prescribed.

**(3)** Where any warehoused goods are removed in contravention of section 71, the licensee shall be liable to pay duty, interest, fine and penalties without prejudice to any other action that may be taken against him under this Act or any other law for the time being in force.

**General power to make regulations**:- Section 157 of the customs Act, 1962 empowered the Central Government of Board to make regulations consistent with this Act and rules to carry out the purpose of this Act. Accordingly, the Central Government / Board made the following regulations for the smooth operation of warehouse to facilitate imported goods and goods meant for export:

1. Private warehouse licensing regulation, 2016
2. Public Warehouse licensing regulations, 2016
3. Special Warehouse licensing regulations, 2016,
4. Warehoused Goods (Removal) regulations, 2016,
5. Special warehouse (Custody and Handling of Goods) Regulations, 2016,
6. Warehouse (Custody and handling of Goods) Regulations, 2016.

**Conclusion**

The provisions of Customs Act prescribes the various kinds of warehousing licensing and Regulations to which licenses are granted, the manner of storage, appointment of warehouse keeper, transfer of goods from one warehouse to another, receipt of goods from customs stations, receipt of goods from other warehouse, removal of goods for export, removal of goods for home consumption, maintenance of records of warehoused goods and surrender of warehouse licenses. This facility greatly helps in inventory and logistics management of manufacturing companies.

Warm regards

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