

APPRAISING MANUAL

VOLUME I

Bond Department:

Signing of Bonds under Section 59 of the Customs Act, 1962:

During the 29th meeting of the Customs and Central Excise Advisory Council held on 16th December, 1986 All India Small Scale Pharmaceuticals Manufacturers' Association have pointed out difficulties in the authorised signatory required to come to the custom houses for signing bonds under section 59, copies of instruction issued in this regard by the Board from time to time are enclosed. It may be noticed that the existing instructions already stipulate that the person authorised to sign bonds need not come to the custom house if signatures are attested with stamp by

- (i) Notary public, or
- (ii) Justice of the peace, or
- (iii) A magistrate, or
- (iv) In a civil court.

2. During the discussion, it was mentioned by the Federation of Clearing Agents' Association that in the Bombay customs house, custom house agents were authenticating the signature of the importers on the bonds.

3. The Board has accepted the suggestion and has decided that the practice prevalent in Bombay custom house should be followed by other custom houses also. It is therefore requested that necessary instructions in this regard may be issued to the field formations under your charge.

[M.O.F. \(Department of Rev.\) F.no.473/156/87-Cus-vii Dt. 15.6.1987.](#)

General requirements:

(i) Signatories to bonds and letters of guarantee executed in favour of the custom house must be duly authorised in this behalf in the application form, duly supported by power of attorney, articles of memorandum or partnership deed etc. as the case may be, and their specimen signatures and authority must be duly accepted and registered in the department concerned.

(ii) All bonds and guarantees presented for acceptance in the appraising department must be signed by the party/parties concerned in the presence of the appraiser or principal appraiser, provided the parties signing bonds and guarantees will not be required to appear personally before the customs officers when their signatures are attested by: -

- (a) A notary public or
- (b) A justice of the peace, or
- (c) A magistrate, or
- (d) In a civil court,

and the attestation is confirmed by his official seal. The signatures on bonds and guarantees should invariably be verified from the department concerned to ascertain that the signatures are of authorised person duly empowered to sign on bonds and guarantees.

[Copy of C.B.R. 7/8/59-Cus. vii dated 16.4.60](#)

Format of bond to be taken from importers in case of clearances allowed in pursuance of orders of court:

In view of the recommendations of the Public Accounts Committee in its 151st report that the bond filed for the differential duty in respect of goods cleared in pursuance of court's orders where stay is granted against recovery of duty should have the conditions that duty becomes recoverable immediately on vacation of the stay order of the court, have a provision for enforcement immediately on vacation of the stay order of the court or the final decision of the writ petition, whichever is earlier. A standard format for such a bond duly vetted by the Ministry of Law is enclosed.

2. It has been decided that all bond accepted in pursuance of court's orders should be in the enclosed format and that this should be brought into

force with immediate effect. You are requested to bring this to the notice of the trade and the importers for compliance.

F. no. 483/8/89-Cus vii, dt.15.1.91.

Form of bond for differential duty of customs:

Know all men by these presents that I/We Shri/Smt./M/s.-----
----- of *-----
-----hereinafter called the "importer" (which expression shall include his/her/our/its successors/successors in interest/heirs, executors, administrators, legal representatives and assignees) am/are/is***held and firmly bound upto the president of India hereinafter called the "President" in the sum of Rs.----- (Rupees----- only) to be paid to the president for which payment well and truly to be made I/we bind myself/ourselves, my/our successors, respective successors /successors in interest, heirs, executors, administrators legal representative and assignees ** firmly by these presents.

Signed/sealed with my/our seal (s)***

----- this-----
day of-----19----- Whereas in civil writ petition/civil miscellaneous petition/special leave application no.----- of 19----- (entitled-----vs. union of India and others, the Hon'ble Court-----was pleased to pass an order on----- (hereinafter referred to as said stay order) to the effect that the importer be allowed to clear the consignment of ----- (give full description of the goods, weight/quantity, etc) as per schedule annexed hereto arrived as per S.S.----- on the "condition that the importer furnish bond and a bank guarantee for 100% of the differential duty claimed by the respondents to the satisfaction of the Collector of Customs -----before taking delivery of the goods. and whereas the importer has agreed to bind himself/themselves/it self firmly fully and unconditionally to the president to pay immediately on demand the aforesaid sum of Rs.----- in the event of vacation of the said stay order or in the event of the decision adverse to the importer being given by the said court or dismissal of writ petition/special leave application or any further order of the court whichever is earlier.

Monitoring of Bank Guarantees:

Attention is invited to Board's instruction in F.no. 7/10/58-Cus. Vii dated 1.8.60 and F.no.477/1/87-Cus.vii dated 23.1.1987 Wherein the Collectors were asked to closely monitor the bonds and bank guarantees to ensure that there was no revenue loss on account of expired bank guarantees for want of timely enforcement of bonds and guarantees.

2. In this regard Board has once again reiterated that the Collectors should work out an effective mechanism for personally monitoring the bonds and guarantees in order to ensure that action for enforcement or revalidation, as the case may be, is taken in respect of all bonds and guarantees before the expiry of the validity period.

3. In addition to the monitoring of the disposal of bonds and guarantees by the Collectors, the Collectorate wise position will be monitored by the Director General of Inspection.

[F.no. 477/1/87-Cus vii Min. of Finance, Department of Revenue/14.12.87.](#)

Warehousing-Chargeability of interest on warehoused goods under section 61(2) of the Customs Act, 1962-Clarification regarding:

Reference is invited to D.O. letter no. S/6-Gen-266/87-88 B dated 5.8.87 and C.no.viii(30) Cust/tech/12/16786 dated 31.7.1987 respectively on the above subject and the question of charging interest on warehoused goods where duty has been paid but goods are not cleared from the warehouse on the same day was considered by the Board, and it has been decided the consider waiver of interest leviable on the warehoused goods for a period of 7 days after duty thereon has been paid but goods could not be removed from the warehouse for reasons beyond the control of the bonder. Forward these types of cases for Board's consideration of waiver of interest after verifying the genuineness of the reasons for not clearing the goods from the warehouse after payment of duty.

[F.no.473/239/87-Cus, vii dt.24.5.88.](#)

Customs (Amendment) Act, 1991-Instructions reg.:

It is directed to forward herewith copies of the Customs (Amendment) Act, 1991 and the notification no 80/91-Cus (NT) dated 23.12.91 and notification no.81 & 82/91(NT) dated 23.12.91 in connection with the implementation of the aforesaid amendment Act for your information and necessary action. Notification no.80/91 cus (NT) seeks to bring into force the provisions of the Customs (Amendment) Act, 1991, with effect from 23.12.91. Notification no.81/91-Cus. (NT) and no.82/91-Cus (NT) both dated 23.12.91 prescribe the rate of interest per annum. **

2.1 As per the amended provisions of section 47 of the Customs Act, 1962, interest would be payable on such of the goods in respect of which bill of entry of home consumption has been assessed and returned to the importer but the duty leviable thereon has not been paid within seven days of such return. For calculating the period of interest, it is clarified, by way of an example, that if the bill of entry for home consumption has been returned to the importer say, on 24th of December, 1991, no interest will become payable if the duty assessed against such a bill of entry is paid by 31st December, 1991. If duty is paid on or after 1st January 1992, interest will be payable for the period from 1st January 1992 till the date of payment of duty.

2.2 It may be noted that the date of return of the bill of entry to the importer is very crucial in view of the amended provisions of the Customs Act. Arrangements may be made to ensure that as soon as the assessment is completed and the bill of entry for home consumption is ready for return to the importer, the date of return is stamped on all the copies of each bill of entry and the bill of entry is returned to the importer on the said date.

** printed version of the Customs (Amendment) Act, 1991 (55 of 1991) are yet to be received. The same will be sent shortly. However, copies of the Customs (Amendment) Bill, 1991, have already been forwarded to you.

2.3 In case the bill of entry is being presented to the cash section of the custom house by the importer for payment of duty after the expiry of seven days from the date of return to the importer of the bill of entry duly assessed no such duty shall be accepted and the importer shall be directed to approach the assessing group to indicate the interest amount payable on the bill of entry. In such cases, the importer should first approach the concerned assessing group for calculation of the interest.

2.4 In customs formations where the customs duty is paid against TR-6 challans the officer preparing the TR-6 challan would make an endorsement on the challan that the said challan is valid for payment of import duty upto the specified date which should be the 7th day from the date of return of the bill of entry. All the designated branches of banks should be instructed to accept the duty against the challans only when the payment is made within the time-period specified on the challan. In case the importer fails to make the payment of duty within the specified time, he will approach the assessing officer for indicating the interest due upto the date of payment and for preparing a revised TR-6 challan.

2.5 In all the cases mentioned above, it will also be the responsibility of the officer allowing "out of charge" of the imported goods to ensure that the duty and the interest for the appropriate period have been paid for, before the "out of charge" is given by him.

3.1 As per the new provisions introduced vide section 59a of the Customs Act, an importer intending to warehouse his goods is required to deposit 50% of the assessed duty before the goods are permitted to be warehoused under section 60 *ibid*, therefore, after assessment, the bill of entry should be returned to the importer for payment of 50% of the assessed duty. This deposit shall be made at the point of entry in all cases even if the goods are intended for warehousing at an inland station.

3.2 It should be ensured that the bill of entry is returned to the importer immediately after an order has been passed for warehousing the goods under section 60 and the date of return is duly endorsed on all the copies of the bill of entry.

3.3 It may be noted that while interest has to be calculated with reference to the date of return of the bill of entry, the 30 days period of warehousing in respect of goods specified in clause (b) of section 61 (1) has to be calculated from the date on which the proper officer has made an order under section 60 permitting deposit of the goods in a warehouse. It may also be noted that powers for extension of warehousing period of 30 days in respect of goods covered by clause (b) of section 61(1) have been withdrawn by this Act. The goods have, therefore, to be cleared from the

bonded warehouses within 30 days from the date on which the order for warehousing has been passed under section 60, failing which further action in terms of section 72 has to be taken for recovery of duty, interest and other dues.

3.4 In respect of goods covered by clause (a) of section 61(1) there is no charge in the initial warehousing period, and the existing instructions for grant of extension of the warehousing period will continue to be in force.

3.5 Where the warehoused goods are cleared in piecemeal and not in one lot, deposit made under section 59a (1) will be adjusted towards the latter clearances.

3.6 In all warehouse records, separate columns showing the date of return of bill of entry and the amount of duty deposited under section 59a should be inserted.

4.1 The amended provisions will apply in respect of all bills of entry which have not been assessed and returned to the importer for payment of duty on warehousing on or before the day of the commencement of this Act even though the goods may have already landed. In respect of bills of entry for home consumption which have been assessed and returned to the importer for payment of duty before commencement of this amendment Act, no interest would be chargeable if the duty assessed on such bill of entry is paid within 7 days of the commencement of this Act i.e

4.2 Goods already warehoused (prior to the commencement of the amendment Act) can continue to remain warehoused without attracting interest upto the expiry of initial warehousing period as was prevailing before the amendment of the Customs Act. However, such goods would not now be eligible for any extension after the expiry of the initial warehousing period. Likewise in respect of the goods already warehoused and where extension have been granted the goods would continue to remain warehoused for the period for which the extension had been granted before the commencement of this Act. However, such goods would also not be eligible for grant of any further extension. Such goods would attract interest at the higher rate as is now being prescribed with effect from the date of the commencement of this Act till the expiry of previously extended period. For

the extended period prior to the commencement of this Act interest at the old rate would continue to apply.

4.3 The amended provisions of section 48 will apply to the goods which have landed on or after the date of commencement of the Act.

[F.no. 473/23/91-Cus-vii, dt.23.12.1991](#)

Customs (Amendment) Act, 1991 - Instructions reg.:

Reference to the correspondence resting with the Board's letter of even number dated the 23rd December, 1991 on the above subject and to say that the S.O. numbers to the notification numbers 80, 81 and 82/91 (NT) - Customs all dated 23rd Dec., 1991 may be read as S.O. 913(e) and 915(e), respectively.

2. Doubts have been raised by some custom houses regarding chargeability of interest both under section 61 and 47 of the Customs Act, 1962. it is hereby clarified that charging section is only 47 as has been clearly mentioned in section 61 and there is no question only under section 47 and will start accruing after the 8th day (i.e. seven days after the return of B/E to the importer) irrespective of whether the bills of entry are for home consumption or for warehousing.

[F.no.473/23/91-Cus vii dt.1.1.1992.](#)

Import of Commercial Goods as part of the Baggage - reg.:

Reference to Board's instructions of even no, dated 31.1.92 on the subject mentioned above and to state that the position has been reviewed in the context of the latest changes in the import policy wherein except for 87 categories of goods all other items are freely permissible for import. As a result, the import of permissible commercial goods by passengers cannot be held to be unauthorized merely because the goods are being imported through the baggage mode. The items which can be freely imported as normal cargo either by air or sea do not become prohibited goods if brought as part of a passenger's baggage. Therefore, normal restrictions and prohibitions as have been specified in the revised import policy of goods, irrespective of whether they are brought by air, by sea or baggage would be

applicable. In this background fax machines imported as baggage, would not be subject to adjudication proceedings since fax machines are permitted for import without any licensing requirement in the Export-Import policy 1992-97.

3. In so far as the rate of duty is concerned, such commercial imports would be assessed to duty at the baggage rate covered by chapter note 5 to chapter 98.

4. Kindly acknowledge the receipt of this letter.

[F.no.495/10/92-Cus.vi Dt. 7.7.1992.](#)

GENERAL INSTRUCTIONS

(CUSTOMS)

June, 1990

Customs Valuation Rules 1988-Determination of value of imported goods in cases where prima-facie evidence is available on under valuation:

The difficulties in determination of the value of imported goods under the Customs Valuation Rules, 1988 in cases where the goods, prime facie, appear to be undervalued have been considered by the Board. It has been observed that the basic provisions of section 14(1) of the Customs Act continue to remain unchanged and provides sufficient authority to disregard the declared transaction value of imported goods where undervaluation is reasonably suspected and prima-facie evidence is available in spite of the fact that concrete evidence is not available to establish fraud. The prima-facie evidence with the customs department can be in the form of published price lists of the manufacturer or the previously accepted customs values of identical or similar goods in a series of imports at or about the same time, retrieved from the computer.

2. If the declared price is substantially lower than the known prices of the goods then the responsibility to explain the difference to the satisfaction of the customs authorities is with the importer. If the importer fails to do so it would be in order to disregard the declared value after giving reasonable opportunity to the importer to explain his case. The goods may then be

valued under the subsequent methods of valuation laid down under the rules after rejecting the transaction value method (rule 4).

3. In this regard a copy of the order of the CEGAT in the case of M/s Delhi Plastics (vide order no. 137 to 141/88a, dated 11.2.88) is enclosed. The tribunal had confirmed the findings of the customs authorities in this particular case even though no concrete evidence was available to establish fraud. This was also confirmed by the Supreme Court. It is considered that the conclusions arrived at in this order would still be applicable under the new valuation rules. This may be brought to the notice of the assessing officers for guidance.

[M.F. \(D.R.\) F.no. 467/13/90-Cus.v \(ICD\) Dt. 7.5.90](#)

[Bonds and guarantees-Need for indicating in the bond/guarantee the purpose for which documents are required to be produced:](#)

Bonds/guarantees are often executed by importers/ exporters for production of specified documents within the specified time. The Board desires that it should in variably be indicated in the body of such bonds/guarantee as to for what purpose or requirement and under which rules/regulations such documents are required to be produced. Such bonds/guarantees should also impose a monetary binding on the executors thereof.

[\(F.no. 477/13/74-Cus vii. Government of India, Central board of Excise & Customs, New Delhi, the 17th July 1974\)](#)

[Re-assessment of duty on the basis of test result when necessary:](#)

The Ministry of Law, who were consulted in the matter, have stated that re-assessment of export duty on the basis of the test results obtained in the customs laboratory would be optional provided the assessment at the time of export was made under section 29-a of the Sea Customs Act [section 17(4) of Customs Act, 1962]. On the other hand, after the original assessment was made under section 29-b of the Sea Customs Act, (section 18 Customs Act, 1962) re-assessment on the basis of the test results obtained from the customs laboratory would be compulsory. Whether or not assessment was made initially under section 29-a [section 17(4) Customs

Act,] or section 29-b (section 18 Customs Act, 1962) is a question of fact which the customs house will be able to determine from the records, especially the wording of the guarantee taken prior to export and the procedure adopted in collecting and adjusting the export duty. In case of doubt about this, the local Solicitor to the Central Government may be consulted placing before him all the relevant facts.

The exporters cannot claim a copy of the test memo as a matter of course. The test memo is a custom document with which the exporter is not connected unless he is asked to pay extra duty or any penal action is taken against him on the basis of the test memo.

M.F. (D.R.) F.no. 1/8/58/Cus. vi, dated 8.4.1958

Provisional assessment-Issue of less charge demands before finalisation of provisional assessment:

Whenever goods are assessed provisionally, it should be ensured that the goods are not allowed to pass into home consumption without payment, of proper duty. If any erroneous assessment comes to light before the bill of entry is finally assessed, it should be ensured that the short levy is recovered promptly without waiting for the finalisation of bill of entry.

In this connection a question arises whether a demand letter can be issued before a provisional bill of entry is finalised. It is true that a demand can be issued under section 28 Customs Act, 1962 only after finalization of provisional duty. But it is important to determine what is provisional in the collection of duty in the first instance.

What is provisional at the time of clearance is clearly understood both by the importer and the department. If a provisional assessment is made pending examination of relationship between the suppliers and the importers and the provisional duty collected is erroneous due to incorrect application of rates of duty, there is no bar to the issue of a demand letter and collection of the amount short levied even before the provisional duty bill of entry is finally assessed.

Opinion of the Law Ministry as to whether assessment at concessional rate under notification no. 179 customs dated 4.9.80 would be regarded as a case of provisional assessment:

The advice of the Ministry of Law dated 5.1.1977 on the above subject conveyed by the Board (vide letter F.no. 355/91/74-Cus-i dated 28.1.1977) is reproduced below for information and guidance of all concerned. Ministry of Law, Justice & C.A. (Department of Legal Affairs advice)

I have carefully considered the matter. Section 18 of the Customs Act, 1962 inter alia provides for provisional assessment of duty. The proper officer can make provisional assessment of duty only if he is satisfied that any of the conditions laid down in clause (a) to (c) of sub-section (1) thereof is fulfilled. The question then is whether the proper officer can make a provisional assessment when the goods are cleared on payment of duty under notification no. 179 dated the 4th September, 1980, as amended from time to time.

2. Under the said notification, component parts of any machinery when imported into India for the purpose of initial setting up of that machinery or for its assembly or manufacture are exempt from payment of customs duty leviable under the Act, as is in excess of the rate applicable under the Tariff Act, provided they produce a certificate from certain authorities mentioned in the notification recommending grant of exemption, and also if the importer executes a bond binding himself to pay, on demand, in respect of such component parts as are not proved to the satisfaction of the Customs Collector to have been used for the aforesaid purpose, the difference of duty which would have been leviable but for the exemption contained in the said notification.

3. It seems to me that under the said notification when goods are cleared, the importer only binds himself to pay the difference in duty in case it is found by the Customs Collector that the component parts had been used for a purpose other than the purpose of the import. In other words, once the Collector of Customs is satisfied that the goods had not been used for the purpose for which they are imported, he takes steps to enforce the bond and not to raise a demand under the Act.

4. In view of the foregoing, it is not a case of provisional assessment when the goods are cleared under the notification.

[F. no. 353/91/74 Cus. dr. 28.1.77]

CUSTOMS BONDS AND GUARANTEES:

1. It is desirable in the interest and convenience of trade that the occasion for taking bonds and guarantees should be kept to the minimum. This is however, subject to two overriding considerations (a) avoidable detention of goods and (b) security of revenue.

Bonds and guarantees are executed by the importers/exporters for the fulfillment of certain conditions or discharging obligations imposed under the Customs Act, and such other allied Acts, as the Import & Export Trade Control Act or the rules issued there under. As the occasions for, and purpose of such bonds are varied and as the bonds may have to be enforced in a Court of law, great care should be taken to ensure that in its terms and condition the form of the bond cover the fulfillment and bindings required by the department in each case. Where standard forms are prescribed the bond should always be taken in such approved forms. In all other cases, the department concerned should get the draft form vetted by the local Government Solicitor before adoption. The following general considerations suggested by the Ministry of Law should be borne in mind in finalizing the forms: -

(i) Under Act, 299(1) of the Constitution all bonds are to be addressed to the President through the Collector of Customs.

(ii) Consequential changes should be made in the form replacing the word "you" (which now refers to the President) by the phrase "Collector of Customs".

(iii) Each bond should be accepted by the authorized officers for and on behalf of the President and an endorsement to that effect should be made on the document itself.

(iv) If a bond is being accepted under any of the provisions of the Customs Act, care should be taken to ensure that there is nothing in the form which would go against the provisions. Care should be taken to see

that all the required particulars are duly entered in the bond and the names and addressees of the parties executing the bonds and the sureties are properly recorded therein. A guarantee bond or a letter of guarantee must be properly stamped with non-judicial stamp. The guarantee executed by the surety (including bonds) should also be on stamped papers. (The amount of stamp duty applicable to bonds and guarantees varies from state to state & local supplements may be consulted for this purpose).

It has been decided by the Government of India that, whenever bonds are taken for any purpose an indication of the financial liability of the executor should, as far as possible, be provided in the bond itself.

[\(C.B.R. F.no. 21/46/56 Cus.iv-v dated 4.2.56\).](#)

1(a) Bond and Guarantees- Need for indicating in the Bond/Guarantee the purpose for which documents are required to be produced: Bonds/guarantees are often executed by importers/exporters for production of specified documents within the specified time. The Board desires that it should invariably be indicated in the body of such bond/guarantee as to for what purpose or requirement and under which rules/regulations such documents are required to be produced. Such bonds/guarantees should also impose a monetary binding on the executors thereof. [\(F.no. 477/13/74-Cus. vii. Govt. of India, C.B.E. & C., New Delhi, the 17th July, 1974\).](#)

1(b) (i) Financial liability- Since it is not possible to standardize the financial liability of the executor in respect of each category of cases in which bonds are taken the amount of the bond should be arrived at on the basis of a proper estimate or calculation of the liability by the section or unit concerned and approved by Assistant Collector who should keep in mind the risk involved in each case.

1(b) (ii) Execution of bonds for provisional assessment - Determination of amount thereof- Instruction reg: The question regarding determining the amount of the bond for provisional assessment under section 18 of the Customs Act, 1962, has been considered in consultation with the Directorate of Inspection (Customs and Central Excise). It has been considered necessary that the amount of the bond should cover the amount of duty involved and chargeable at the highest rate applicable in case of failure of the goods to pass chemical test etc. In addition to the amount of

duty, it is also necessary to take cover for the ITC, licence, if the goods are found on test to be other than those declared (vide Board's letter enclosing bond forms in appendix form nos. 2 to 7 of vol.-vi) stipulating that the executor of the bond should produce a valid ITC licence or in the event of his failure to do so pay the fine or penalty. But since penal action can be, irrespective of the acceptance of the bond, it is necessary that the amount of the bond should not be inflated unnecessarily. In the case of reputed importers a bond with the surety of another reputable firm should suffice. Even in the case of other importers, the occasion for insisting on a bond providing surety or guarantee should be kept to the minimum so that funds are not blocked up with banks unproductively. In this connection please refer to the Board's instructions in para 3 below, on the subject urging the Assistant Collectors to dispense with bank sureties on bonds and letters of guarantee in appropriate cases.

[\(Board's F. 7/2/67-Cus. vii dated 2.8.67 & 17.8.67.\)](#)

1(c) Validity of bond in general- The validity period of the bond should not normally exceed 12 months within which the departments or unit concerned should complete all the actions required to be taken under the bonds. In case surety for a limited period is accepted in an exceptional case it should be ensured that the period is at least 3 months more than the time required to discharge the obligation.

[\[F. 9/5/59-Cus \(CRC\)\]](#)

1(d) Stamp duty for bonds- On the question of applicability of stamp duty on different bonds, Board has ordered as below: -

There should be no difficulty as to the stamp duty payable on a general continuing bond under section 59(2) Customs Act, 1962. As for other bonds the stamp duty will be governed by the respective state enactments as may be applicable.

[\(Board's F.no. 3/29/60-Cus. vii dated 2.7.1963.\)](#)

1(e) A duplicate copy of bond/guarantee to file with original- Whenever importers execute bonds or letters of guarantee with the custom house, they are required to submit an unstamped duplicate copy of the bond or guarantee, in all cases.

1(f) Where to file bond and where guarantee- In all licence cases as well as all other cases involving more than Rs. 1,000/- in customs duty, the parties should be required to execute bonds and not guarantee.

1(g) Rounding off value in customs bond- The values in customs bond may be rounded off provided the rounded value is higher than the exact amount of the bond.

1(h) Continuation sheet of bond should be stamped paper- Whenever a bond is executed on a stamped (non- judicial) paper and the schedule Annexed thereto has to be accommodated on a "continuation sheet" it should be ensured that the continuation sheet is itself a stamped paper and not a plain one.

[\(C.B.R. letter no. 7/28/60 Cus viii dated 18.7.1962\).](#)

Note: When a bond is accepted on a stamped paper but the entire bond cannot be typed on the stamped paper; the remaining portion of the bond including the "schedule" annexed thereto will be accommodated on a "continuation sheet". It should, however, be ensured that the continuation sheet is a demi-paper and not a plain paper each such continuation sheet should be signed by the person executing the bond.

1(i) Addresses of guarantors & sureties to mention- The officers accepting bonds/guarantees will ensure before acceptance that the addresses of the guarantors and sureties are invariably furnished in the bond and its duplicate copy, otherwise the bond should not be accepted. The period stipulated in the bond for production of licence should normally not exceed 2 months. The officer accepting the bond will of course have the discretion to grant extension of time depending on the merits of the case.

1(j) Bond/guarantee amount to indicate clearly- Officers recommending acceptance of bond and guarantees are to ensure that the amount for which the party undertakes liability is clearly written on the body of the bond/ guarantee in words and figures without any mark of easement to avoid any defect from the legal point of view.

1(k) Bond/guarantee to include recovery clause as laid down under section 142 (1) of C.A, 1962: Bonds/guarantees executed under the provisions of the Customs Act, 1962 should contain provision regarding the

mode of recovery as laid down under section 142(2) of the Customs Act, 1962. The importers should therefore, be advised to include a separate clause, bonds and guarantees involving recovery of money: -

“Any amount due under this bond/guarantee may be recovered in the manner laid down in sub-section (1) of section 142 of the Customs Act, 1962 without prejudice to any other mode of recovery”.

[\(Board's F.no. 7/9/62-Cus. vii dated 14.8.63\).](#)

1(l) Bond/guarantee for ITC regulations: Authority of bonds or instruments for the purpose of ITC regulations can also be taken under the Customs Act, 1962 as section 143 of the said Act is sufficiently wide enough to cover such bonds or instruments.

1(m) Higher rate of duty to form the basis of calculation of bond amount: Where there is doubt in order to avoid delay, an approximate amount may be taken in the calculation of the bond amount in terms of sub-para (2) of notification no.179 dated 4.9.80. For this purpose, wherever there is a doubt, higher rate of duty should be the basis for the purpose of calculation. There is also no need to calculate duty correct to the paisa.

[\(C.B.R. letter no. F. 7/18/60-Cus. vii dated 8.9.61\).](#)

1(n) No bond/guarantee without surety- No bond or guarantee will be considered for acceptance unless it is countersigned by a proper surety.

1(o) Signatories of bond/guarantee must be authorized person- Signatories to bonds and letters of guarantee executed in favour of the custom house must be duly authorised in this behalf in the application form, duly supported by power of attorney, articles of memorandum or partnership deed etc. as the case may be, and their specimen signatures and authority must have been duly accepted and registered in the department concerned.

1(p) Signing of bonds and guarantees by various categories of business organisations- Instructions regarding bonds and guarantees should be signed by the proper person as detailed below:

(a) Where the party is an individual he should himself sign the bond/letters of guarantee.

(C.B.R. letter no. 7/29/54-Cus. i dated 8.2.1954).

(b) Where the party is a proprietary firm, the bond guarantee should be signed by the proprietor/or by person authorised to sign bonds or guarantee. The party or parties concerned should be asked to produce such evidence as may be necessary to establish that the person signing that bond is duly authorised to do so.

(c) Where the party is partnership firm, the signature of any one partner having power of attorney for signing on behalf of the firm may be accepted. The question whether the firm is registered as provided under the Partnership Act or not, is not relevant. What is really relevant is that the act of a partner is one which is done to carry on in the usual way the business of the kind carried on by the firm and that the person signing the instrument is actually a partner having the authority to bind the firm by his acts. In case of doubt, the authority accepting the instrument can satisfy itself on both these points by a reference to the original partnership deed.

(C.B.R. Lr. F.no. 7/7/63.Cus. vii Dt. 10.10.63).

(d) On behalf of a company incorporated under the Indian Companies Act, the signature should be that of a person duly authorised in accordance with the provision contained in this behalf in the articles of association of the company. Under section 90 of the Companies Act, a company may, by writing under its common seal, give any person a general or particular power or attorney to act on its behalf and to execute deed on its behalf in any place or outside India or Pakistan and every deed signed by such attorney on behalf of the company shall be binding on the company and its successors shall have the same effect as if it were under its common seal. (C.B.R. Lr. no. 70329/54 Cus. i Dt. 8.12.1954).

(e) If the importer is a company or a statutory corporation, its common seal it required to be affixed strictly in accordance with the provisions contained in its articles of association or rules and regulations as the case may be.

(C.B.E. & C Lr. F.no. 7/13363 Cus. vii dated 18.1.1963)

(f) It has been advised by the Ministry of Law that a company may execute a contract by affixing its seal in accordance with its articles of

association or by authorizing a person to sign on its behalf by the hand of a constituted attorney duly appointed by writing under its common seal. When a duly constituted attorney under a company, the company's seal is not affixed to the document the power of attorney should however be examined and a copy kept.

(Board's F.no. 7/4/646-Cus.vii Dt. 25.6.1964).

(g) Signature of the person concerned should be registered in the Establishment Department, Import Department as the case may be, (see form no. 39 of the appendix Vol.-vi for form of authorisation to sign customs documents).

1(q) Attestation of signature of signatories of bonds/ guarantee- Signing of bonds under section 59 of the Customs Act, 1962- During the 29th meeting of the Customs and Central Excise, Advisory Council held on 16th December, 1986, all India Small Scale Pharmaceuticals Manufacturers' Association have pointed out difficulties in the authorised signatory required to come to the custom houses for signing bonds under section 59. Copies of instructions issued in this regard by the Board from time to time are enclosed. It may be noticed that the existing instructions already stipulate that the person authorised to sign bonds need not come to the custom house if signatures are attested with stamp by

- (i) Notary public, or
- (ii) Justice of the peace, or
- (iii) A magistrate, or
- (iv) In a civil court.

2. During the discussion, it was mentioned by the Federation of Clearing Agents' Association that in the Bombay custom house custom house agents were authenticating the signature of the importers on the bonds.

3. The Board has accepted the suggestion and has decided that the practice prevalent in Bombay custom house should be followed by other custom houses also. It is therefore, requested that necessary instruction in this regard may be issued to the field formations under your charge.

(M.O.F. (Department of Rev. F.no. 473/56/87-Cus-vii dt.15.6.1987).

General requirements for bonds and letter of guarantee:

(i) Signatories to bonds and letters of guarantee executed in favour of the custom house must be duly authorised in this behalf in the application form, duly supported by power of attorney, articles of memorandum or partnership deed etc, as the case may be, and their specimen signatures and authority must have been duly accepted and registered in the department concerned.

(ii) All bonds and guarantees presented for acceptance in the appraising department must be signed by the party/parties concerned in the presence of the Appraiser, provided the parties signing bonds and guarantees will not be required to appear personally before the customs officers when their signatures are attested by: -

- (a) A notary public, or
- (b) A justice of the peace, or
- (c) A magistrate, or
- (d) In a civil court,

and the attestation is confirmed by his official seal. The signatures on bonds and guarantees should invariably be verified from the department concerned to ascertain that the signatures are of authorised person duly empowered to sign on bonds and guarantees.

[\(Copy of \(C.B.R. 7/8/59-Cus. vii dated 16.4.60\).](#)

(ii) Ref. CRC report no 49 - As an additional facility to the trade, senior preventive officers of the custom house will be posted in deserving cases and subject to such officers being available, to witness the party's signature at his own premises on payment of the requisite fees. In such cases, the party should be asked to make arrangements for the conveyance of the officers posted or in the alternative should be required to pay the conveyance charges.

(iii) The signatures of persons owning bonded warehouses may be attested by the preventive officer posted to the warehouse.

(iv) It has been decided that the parties signing bonds and guarantees will not be required to appear before the customs officers when their signatures on the bonds and guarantees are duly attested by a licensed clearing agent of the custom house, of status and standing, who is reliable

and well known to the customs officers. For this purpose a clearing agent must have a satisfactory record in the custom house of service as a clearing agent for a period of 10 years or more. In cases of doubt the orders of the Assistant Collector in-charge should be obtained as to whether attestation by a particular clearing agent would be acceptable. Only such office bearers of the firms of clearing agents will be permitted to witness signature on bonds and guarantee as have been duly authorised by the firm concerned to sign bonds and guarantees and whose authorization has been duly registered in the custom house on being supported by a power of attorney.

[\(C.B.C. Circular no. 120 para 4, chapter xii vol-I of CRC report\).](#)

(v) The signatories of bond/guarantee will notify in block letters their full names on the bond or guarantees.

(vi) Signature on the guarantee should be attested by witnesses (two) with the names and occupations of each. This will apply to banks as well when any of their officers sign as surety on behalf of the bank.

(vii) In all cases before bonds are accepted, checks should be exercised by the unit concerned to see that the signatures of executor(s) and surety (where there is one) are attested by two witnesses.

(viii) The signature of the officer authorised to accept a bond should also likewise be attested by two witnesses (may be departmental officers).

Note: - The above orders equally apply to sureties or guarantors of bonds whose signatures therefore should be attested in a similar manner. In case of banks standing as surety, however, the attestations of the signatures of their officials need not be insisted upon when the guarantee bonds executed by them are accepted only on getting a confirmatory advice from Reserve Bank of India.

[\(C.B.R. 7/8/59-Cus. vii dated 16.4.60\).](#)

1(r) Surety and its nature- Every bond or guarantee should be supported by a surety or where the rule provides by cash deposits or Government securities or by national plan bonds. In cases where the 'form' of bonds or guarantees only set out the liability which the importer or

exporter has undertaken and does not contain words indicating that the surety agrees to perform the promise or discharge the obligation in the event of his (importer's /exporter's) default, an endorsement to the following effect should be taken from the surety at the foot of the bond/guarantee where he signs.

"We guarantee to the President of India for due performance by..... of the terms and conditions of the agreement and under taking set out above and to pay on demand to the Collector any extra duty levied and penalty imposed irrespective of any dispute between the said..... and the Government regarding the same". The name and address of the surety and also of the importer/exporter should always be legibly recorded on bonds/guarantees in block letters. In the case of bonds other than bonds for clearance of goods pending chemical test, the surety must be a scheduled bank and under conditions approved by the Reserve Bank of India, without this requirement being satisfied bonds will not be accepted. In respect of the bonds for clearance of goods pending chemical tests the surety need not necessarily be that of a scheduled bank and the Assistant Collector in charge may accept any other suitable surety in exercise of his discretion. No standing bond or guarantee whether in respect of chemical test or for any other purpose will ordinarily be accepted in the custom house unless countersigned by a scheduled bank. (See provision regarding surety of a firm of standing in lieu of bank guarantee in the para i (u) below). The surety of a scheduled bank should ordinarily be without any limitation of time. In cases of genuine difficulties, however, such surety be accepted with limitation of time at the discretion of the Assistant Collector concerned, provided that in all cases where the liability of the surety is limited in time, the time limit shall extend for at least one year beyond the date upto which the benefit under the bond or guarantee are to be enjoyed by the executor of the bond or guarantee or approximately four times the normal period for completion of action in the custom house whichever was safer for revenue. (CBR letter C.no. 70326354-cus. i-iv DT. 30.11.56). In respect of the bonds executed in cases where the licence is sent to ITC authorities for amendment/revalidation or is misplaced or lost, the period of surety should be 3 months over and above the period specified in the bond for production of the licence. In respect of the bond executed in terms of exemption notification the period of surety should be 6 months over and above the period specified for fulfillment of the condition.

1(s) Acceptance of bonds backed by securities placed in favour of customs authorities in lieu of surety by bank guarantees- It has been decided that in respect of different bonds executed in the appraising department, national plan bonds, national savings certificates, treasury savings certificates and post office savings bank account will be accepted as securities in lieu of bank sureties.

The following procedure should be observed in the appraising department/groups as soon as an importer applies for tendering securities of the above description in lieu of bank sureties.

(1) The acceptable securities should either be purchased by the parties concerned in favour of the Collector of Customs or if the parties already possess securities in their names, the same should be transferred to the Collector of Customs. The securities of the types enclosed in sealed cover will accompany the bonds or guarantees which are to be accepted in groups.

(2) The Assistant Collector of the group concerned will check the bond or guarantee as to whether they are in proper form and should ensure that the relevant security is acceptable and fully covers the Government dues, if any which may be found payable by the party, subsequently. The sealed cover containing the securities intended to be pledged should not be opened by any body of the group, except by the group Assistant Collector in his room.

(3) If the securities pledged are found to be free from any defect and are acceptable, only then the bonds or guarantees should be accepted in the groups.

(4) The group after obtaining the orders of Assistant Collector of Customs, Appraising to accept the bond will re-seal the covers containing the securities and Assistant Collector of the group concerned should attest the re-sealing of the covers.

(5) The group will thereafter register the bonds and enter the details of the securities in a special register in the following proforma.

Sr.no. & date 1	Short details of the security 2	Party tendering security 3	Rot.& Line vessels name & amount 4	signature of the receiving clerk 5	Signature of the Assistant Collectors. 6
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Signature of Treasurer of Cash Dept. 7	Date of Cancellation of Bond 8	Date of Receipt of Security from Cash Dept. 9	Date of Return of Security to the Party 10	Remarks 11
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(6) After acceptance of the bonds or guarantees in the groups, the latter will take sufficient care to see that the securities, other than post office savings bank accounts, are forwarded to the treasurer, cash department in sealed covers. The security register maintained in the groups together with the relevant security should be sent to the cash department where the security will be received against signature in the group security register.

(7) The group Assistant Collector should also ensure that the post office savings bank accounts have been endorsed in favour of the Collector of Customs. The particulars of the securities should be entered in the register as in para 5. The Assistant Collector of the group concerned will retain all such post office savings bank accounts, after acceptance of bonds or guarantees, in the group almira. He will also be responsible for their safe custody till the documents are returned to the party.

(8) Should in any case, the bonds or guarantees be required to be enforced for default of the party the question of realisation of Govt. dues will be taken up by the group Assistant Collector concerned by encashing the securities, in all such cases the group Assistant Collector concerned should

take the prior approval of the Collector for realization of dues by encashment.

(9) After cancellation of each bond or guarantee, the group concerned should take back the pledged securities from the cash department, properly enter in the register and return to the party concerned together with the intimation memo for cancellation of bond.

1(t) Deposit of cash as surety- Cash deposit instead of a bank guarantee is acceptable.

(Ref. Bd's F.no. 21/32/58 Cus-iv Dt. 1.9.1958).

1(u) Acceptance of surety from a firm of standing in lieu of bank surety: Even in the case of continuing standing bonds/guarantees, the surety of a firm can be accepted by an officer of not below the rank of an Assistant Collector. (CBR Ltr no. F. 7/1/61-Cus vii dt.28.3.1961). In case where the bank surety is waived and it is proposed to accept surety of a firm of standing the following instructions should be observed.

(i) It should be verified that the surety firm is of good reputation, sound financial position and is long established.

(ii) If the surety firm is a company registered under the Indian Companies Act, 1956 the concerned group or department should in cases of doubt verify by making a reference to the estt. department who should first call for the memo, and articles of association of the company and refer them together with the bond or letter of guarantee under a U.O. reference to the local Govt. Solicitor for opinion as to whether the memo, and articles of association of the company permits giving of a surety by the company for some other party and whether the draft bond or letter of guarantee has been drawn up on a manner permissible under the articles of association of the company. Only after such an opinion has been received the surety of the company should be accepted. In order to avoid delay in the completion of the bill of entry in such cases they should be dealt with expeditiously at all stages by the groups or departments concerned and U.O. reference to the Govt. Solicitor should also be marked "immediate."

(iii) If the surety firm is a partnership concern, the bonds or letter of guarantee should be signed by all the partners of the firm or by a partner who is expressly authorised by a power of attorney to execute guarantee bonds on behalf of his other partners.

(iv) Whenever partnership firms or limited companies intend to join execution of a bond by way of surety to another firm/company, the question arises whether the partnership firm or the limited company has the power to do guarantee and indemnity business. A bond executed by a partner for his firm or by the attorney holder/ director for his limited company will not be binding on the firm/company as the case may be if the purpose for which it has been executed is outside the scope of business of such firm/company. While execution such bonds where the firm/company itself is the principal debtor, it is quite normal. Special care is, therefore, required to be taken when the firm/company is signing the same as a surety, in such cases, the partnership deed or the articles of association of the limited company should be examined to verify whether or not guarantee and indemnity business is within the scope of their normal business activities.

[\(C.B.E. & C Ltr. no. 7/13/63-Cus, VI Dt. 181.1965\)](#)

Note: (1) The establishment department of the custom house will from time to time verify financial standing of various firms from banking and other circles and make this information available to the departments where guarantees and bonds with commercial firms as surety are accepted.

[\(Collector of Customs, Calcutta order Dt. 29.11.1969 F. no. 821-385/68a\)](#)

Note: (2) Customs officers not below the rank of an Assistant Collector to accept in his discretion the surety of a firm of standing even in the case of continuing bond/guarantee will continue till further orders.

[\(Board's F.no. 7/1/61-Cus. vii, Dt. 8.2.1962\).](#)

1(v) Acceptance of surety from an individual- A private individual of sound financial standing as distinct from surety of a scheduled bank or firm or standing, may be accepted as a surety in the case of import of agricultural tractors.

[\(Board's F.no. 7/12/61-Cus. vii Dt. 1.4.1963.\)](#)

1(w) Specification of amount recoverable under bond/ guarantee and limiting of surety's liability- The customs law in so far as it deals with unauthorized import of prohibited goods contemplates two distinct measures being taken. The first is the confiscation of the offending good themselves. The second is action taken against the person concerned or otherwise responsible for the unauthorized import. The personal penalty is distinct from the fine in lieu of confiscation which operates to lift the order against the goods themselves. This principle should be kept in view while the amount covered by a bond/guarantee is fixed against which the goods are released. It should be ensured that the amount specified in the bond / guarantee covers not only the redemption fine but also the personal penalty that may have to be imposed in the circumstances of the individual case. Normally the liability of the surety under a bond/ guarantee is co-extensive with the liability of the principal executor. Where, however, the amount of penalty which might be imposed is uncertain the liability of the surety is not fixed. In such cases if the surety (e.g. a bank) wishes to limit his liability, there is no legal objection to the surety limiting the liability, by a suitable endorsement to that effect on the bond/guarantee. It should be ensured in such a cases that the limit fixed by the surety is sufficient to cover not only the estimated amount of fine in lieu of confiscation which is specified in the bond/guarantee but also any sum of money which may subsequently be imposed as personal penalty on the importers.

1(x) Surety or security- Waiver of - (i) It is left to the discretion of the Collector of Customs to waive both surety and security altogether in the case of individual bonds or continuing bonds executed by importers in cases where provisional assessment is made under section 18(1) or the Customs Act, 1962.

[\(Bd's F.no. 7/12/61-Cus.vii, Dt. 1.4.1963 see para \(iii\) below also\).](#)

(ii) The Customs Collector may in his discretion dispense with either security or surety but not both. It is not, however, necessary to make surety/security obligatory in respect of Government departments (or even Govt. undertakings) where the Collector is satisfied that this can be safely dispensed with.

[\(Board's F.no. 21/92/57-Cus.iv. Dt.13.9.1961\).](#)

(iii) The Board agrees that in case where letters of guarantee have been executed by the importers in most cases where the consignments are pending tests, the Collector should have discretion to waive both surety and security but the discretion should be utilised not with reference to the commodity, but with reference to the status of the importing firm only.

(Board's F.no. 7/12/61-Cus.vii, Dt. 1.4.1963).

(iv) It has been a uniform practice not to take surety for warehousing bonds since the warehoused goods themselves are a security in kind. There is no necessity to deviate from this practice merely because a general continuing bond is taken.

(Board's F.no. 3/29/60-Cus. vii, Dt. 2.6.1963).

(v) Guarantees executed by the State Trading Corporation of India (STC), may be accepted without sureties, since it is a Govt. concern.

(CBR Ltr. no. F.21/25/57-Cus. iv, Dt. 4.4.1957).

1(y) Waiver of surety of bonds in certain cases under recommendation of customs study team- On the recommendations of the customs study team it has been decided by the Government of India that surety to bonds may be waived in the following types of cases in the discretion of the Assistant Collectors viz.

(a) For regular importers, where the value of bond is not more than Rs. 25000/- and the period of the bond not more than two months; and

(b) For specified commodities like newsprint, wood pulp, etc. imported by newspapers, established industrial undertakings, etc. in cases if previous tests have generally confirmed the declaration. The concession under (a) above should be extended to firm of repute which import regularly through the port. Firms which have been black listed by any authority should be denied this concession.

(Ref. G.O.I. M.F. (D.R. & I.) Ltr. no. F 7/10/67-Cus. Vii. Dt. 19.11.68 C.S.T. recommendation no.204 of part I- Implemental instruction no. 66).

Notes: (1) Whenever such importers execute a bond with the custom house, the value of which does not exceed Rs. 25,000/- and the total period

of bond not more than 2 months, the following procedure should be observed:-

(i) The scrutinising Appraiser before recommending acceptance of the bond will first ensure that the applicant is a regular importer through this port.

(ii) He will further ensure that the importer is a firm of repute and has not been blacklisted by any authority.

(iii) Thereafter the scrutinising Appraiser concerned will recommend to the Assistant Collector of the group/ unit for waiver of surety and for acceptance of the bond for a period of one month. In no case should the bond be extended to cover a total period of more than 2 months.

(iv) In the light of the recommendations made by the scrutinising Appraiser the Assistant Collector in charge of the group/unit will exercise his discretion in the matter of waiver of the surety.

(2) In respect of bonds covering specified commodities like newsprint, wood pulp etc, the following procedure should be observed.

(i) The scrutinising Appraiser will ensure that the applicant is a newspaper or an established industrial undertaking.

(ii) He will then send the bond to the test clerk for putting up the previous, test report in respect of the goods covered by the bond.

(iii) If the previous test report generally confirms the declaration, the scrutinising Appraiser will make an endorsement on the guarantee as well as on the relative bill of entry "previous test report generally confirms the declaration."

(iv) He will thereafter put up the bond to the Assistant Collector, recommending waiver of surety and for accepting the bond.

(v) Before recommending acceptance of a bond of guarantee the officers concerned should carefully verify that the various requirements, prescribed in the matter have been duly complied with. He should in his note recommending acceptance of the bond or guarantee especially state that necessary verification has been done by him.

1(z) Bonds under section 18 Customs Act,1962- Consideration regarding-Question of differential excess duty and bank surety- It has been reported to the Board that in cases of provisional assessment under section 18 of the Customs Act,1962 involving the question of correct assessment at a rate higher than that declared, the differential excess duty is collected at the time of provisional assessment, and the same time bonds with bank

surety are taken for the differential excess duty pending final assessment. The Board considers that there is no justification for taking a bond with bank surety when the excess differential duty is already collected. The Board, therefore, desires that in these cases where the differential excess duty is collected at the time of provisional assessment, bonds under section 18 ibid may be accepted without any bank surety. In cases, where the differential excess duty is not collected at the time of provisional assessment, bonds with adequate surety should be taken. These instructions would not, however, affect the arrangements for covering attendant ITC contraventions, if any, and suitable surety should.

Bonds & guarantee-Special privileges to diplomatic mission:

The Government of India have decided that no bonds or guarantees on stamp papers will henceforth be required from the diplomatic missions in India in the case of importation made by them and that the custom house will instead accept only simple letters of assurances from the embassy concerned, the assurance being given by a responsible officer like the ambassador or the first secretary in the name of the embassy.

(Bd's F.1/14/97-Cus.iv, dated 22.2.1957, C.B.R. Tech. Bulletin Customs Vol-vii (1961) page 89).

Waiver of bank surety and bond formalities incase registered licence lost in C.H. has sufficient balance:

Bank surety and detailed formalities in connection with execution of bonds may be waived where licence lost in the custom house is found to be already registered in the custom house where the firm is of good standing and the ITC bulletin indicates that sufficient balance is available against the licence. Similar concession may be extended even if the licence is not already registered with the custom house provided the group Assistant Collector is satisfied that such a facility is deserving depending upon the merit of the case.

Conditional exemption notification under section 25 of Customs Act, 1962-Question of retirements under bonds:

(a) Production of evidence regarding end use question of time required for submission:- The Government of India recently had occasion to consider as to what should be the time-limit for production of end-use certificates in cases where the exemption notification issued under section 23 of the Sea Customs Act (section 25 Customs Act, 1962) specially provide for execution of bond to enable the customs authorities to demand end-use certificates in respect of the articles cleared at the concessional rate of duty. It is understood that the custom houses have generally prescribed a period of six months for this purpose which is extended in the discretion of the Customs Collector, if necessary. It has been represented that this period is too short. Accordingly the Government of India has decided that the period should ordinarily be one year.

It has also been brought to the notice of the Government of India that the firms, who are borne on the list of the development wing, find difficulty in the production of end-use certificates from the state Director of Industries as demanded by the customs. It has been decided that in such case the end-use certificate issued by the development wing should be accepted if they are otherwise in order.

(M.F. (D.R.) letter no. 17/11/82-Cus. i Dt. 13.1.1962)

**Bond submitted in terms of notification 179-Cus. Dated 4.9.1980-
Evidence of end-use:**

After the incomplete sets of machinery imported in each case have been actually utilised for fabrication indigenously, the importer will file a sworn-affidavit to that effect. In the case of all companies the affidavit should be made by the Managing Director or the Principal Officer of the company. The said affidavit will be affirmed before a Magistrate or before any person who is authorised to administer oath. Such affidavit will be made on the required stamp paper and further the required court fee stamp will be paid at the time of the affirmations before the officer entailed to administer oaths. A test check of the cases will be made by the custom house by random selection. Action to cancel the bonds however, may not necessarily await the result of the test check.

Number of bonds required for assessment under project import:

Board has considered that only one bond would be necessary in case the value of the bond is sufficient to cover the subsidiary contracts which are in existence when the bond is executed.

(Board's letter F.no. 369/14/78.Cus. i dated 8.1.79).

Number of bonds in cases conditional exemption is claimed but goods warehoused pending fulfillment of condition:

In regard to the assessment of goods covered by conditional exemption the Board has observed that the goods claimed at the concessional rate under conditional exemption could also be warehoused at the discretion of the "importer". So long as the goods in a warehouse cannot satisfy the condition subject to which the conditional rate is applicable, it will be appropriate to calculate the amount of bond with reference to normal rate of duty applicable to the goods. However, the importer could also give two separate bonds, one for the warehousing calculated at twice the difference between the standard and concessional duty and the second bond for fulfilling the conditions for conditional exemption so that between the warehousing bond and bond for concessional rate, the full revenue risk could be covered.

If any bond is accepted from an importer for the goods to be re-exported within a certain period, there should always be a clause inserted that shipment will be made under customs supervision.

(C.B.R. letter no. 20(11)-Cus. iv/55 dated 23.6.1955).

Bonds/guarantees/letter of undertaking in the case of charitable institution:

Consumption/distribution certificates for charitable consumable stores for free distribution will be produced within six months. The Board has been advised that the practice is legally in order. Board has decided that-

(a) Assistant Collector should liberally exercise their discretion in the matter of accepting letters of undertakings on plain paper instead of stamped paper. For this purpose custom house may maintain a record of organization/individual based on experience who import charitable consignments on a regular basis and in their case undertakings on plain paper should be accepted and

(b) When the value of the consignment does not exceed Rs. 100/- and when certificate from state government certifying the institution/individual is deserving of duty concession is produced, a guarantee in non judicial stamp paper should not be insisted.

Board has on administrative grounds decided that there is no objection to taking continuity guarantees in such cases from organisations or individuals of repute.

(Bd's F.no. 10/215/59-Cus. v dated 24.11.1960).

Bonds by Public/Private Sector Undertakings and Government Departments' - Procedure reg.:

(1) Government Undertakings: The question whether Public Sector Undertakings also execute bonds paying appropriate stamp duty, in the same way as any private importer/exporter is called upon to with reference to the provisions of the Customs Act, 1962 or the regulations made thereunder has been considered in consultation with the Ministry of Law. Public Sector Undertakings may be limited companies incorporated under the Companies Act, 1956 or may be statutory Corporations. In either case, they are distinct legal entities and therefore, it has been decided that they are under the obligation just as any other importer/exporter to execute the prescribed bonds on stamp paper with surety or security as the case may be. The quantum of security where applicable, need not, however, be the same as for private parties. It is within the discretion of the proper officer to accept a low or a nominal security. Government of India has decided that ordinarily surety and security may be waived in respect of Public Sector Undertakings. Such undertakings should be encouraged to file continuing bonds to avoid procedural delays and difficulties in filing individual bonds. It is clarified, however, that where for valid reasons it is considered necessary; it is open to officers of and above the rank of Assistant Collectors to insist on

surety and/or security while accepting bonds. In particular, if any public sector project which has been giving such bonds had not been co-operating satisfactorily in finalisation of the bonds, Assistant Collectors should consider requiring such projects to give security in the form of deposit (in preference to surety).

(M.F. letter no 7/11/67-Cus vii dated 22.12.1967)

(2) Central Govt. Departments: The position is somewhat different when the Govt. of India i.e. any Ministry or a Department or Office of the Govt. of India, is itself importer/exporter. Since bonds are to be executed in favour of the President of India, and the importer/exporter is in a legal sense the President of India, it is not proper to have bonds executed in such cases. It is necessary in the circumstances to have an assurance on plain durable paper. A specimen form of the assurance is given in form no. 6 of the appendix vol.-vi for guidance of all concerned and may be adopted suitably to meet the different situations arising during day-to-day work. Government departments will in general be required to submit the undertakings in the following situations: - (a) Where Government department has no invoice or related documents and undertakes to produce the same after clearance of goods/live stock, as the case may be.

(b) Where valid Import Licence has been sent for revalidation/amendment etc. although it covers the imported goods and is registered in the custom house.

(c) Where provisional assessment is desired.

(d) Where post importation obligations are required to be fulfilled such as submission of distribution certificates for free gifts or end use certificates etc. the undertaking will be required to specify in situations (a) bill of entry, invoice, import trade control Licence and other documents; in situation (b) import trade control Licence no. and date, and in situation (c) invoice, bank draft, contract other connected documents and information and in situations (d) distribution certificate, end use certificate etc. The period which the undertaking will specify to fulfill the obligation normally will be 15 days/two months/one month/six months respectively for situations (a) and (d) above, however, for submission of end-use certificates the period should be ordinarily one year in terms of orders at para 4(a) above. The

mention of the required documents and the period in the proper places of the undertakings will be ensured by the groups/units according to the situation for which Govt. of India Department/Office will submit the undertakings.

Indemnity bonds under Merchandise Marks Act job treated as security bond and not customs bond:

Security bonds: Indemnity bonds filed for detention of packages under the Merchandise Marks Act should be treated as "security bonds" and not as customs bonds and should be charged with the stamp duty for such bonds.

Scope of alteration in bonds executed by the importers:

An alteration made in a bond even after its execution in some particulars, which are not material, would not in any way affect the validity of the bond. On the other hand, any material alteration in an instrument (which has already been executed) even with consent of the parties, vacates the original instrument and makes it an instrument liable to a fresh stamp duty. What alteration is material is a question which has been frequently considered by English and Indian courts. The result is summarized in Salisbury's laws of England as follows: "a material alteration is one which varies the rights, liabilities or legal position of the parties ascertained by the deed in its original state, or otherwise varies the legal effect of the instrument as originally expressed or reduced to certainty some provision which was originally un-ascertained and as such void, or may otherwise prejudice the party bound by the deed originally executed".

[\(Salisbury's laws of England volume ii page 368, section 599\).](#)

In this view of the matter, there would be no legal objection if the corrections and omissions are carried out in the original bond under attestation of the parties thereto, subject of course to the condition that the Collector is fully satisfied that such omissions and corrections are not material alterations indicated above. In case of doubt, it would be safe to execute fresh supplemental document.

Bonds for reduced sums on partial fulfillment of the terms of the bond-Instructions regarding renewal of:

(a) On the recommendations of the Customs study team it has been decided to renew the bonds executed by the importers, exporters and others for reduced amounts on partial fulfillment of the conditions of the bond. Requests for this purpose should be made to the Assistant Collector in the prescribed form of bond (from no. 40 of the appendix vol.-vi) with the prescribed form of application (see form no. 40 of the appendix) to be submitted by the parties concerned for reduction in the amount of bond. In allowing reduction in the amount of bond the following procedure shall be followed: -

(i) On receipt of the party's application in the prescribed form, supported by requisite documents, the appraiser concerned will verify the party's statement in the application with reference to the documents furnished by them as also by referring to the terms and conditions specified in the relative principal deed (original bond).

(ii) When the appraiser is satisfied that condition of the bond have been partially fulfilled warranting reduction in the amount of the bond, he will make recommendation in that behalf and put up the relative case file to the Assistant Collector concerned for approval.

(iii) After Assistant Collector has approved of the Appraiser's recommendation, the party concerned will be asked to execute an agreement in duplicate (original being on requisite stamp paper) vide prescribed specimen at form 38 appendix vol.-vi. The surety concerned shall also be intimated suitably. The agreement so executed shall be deemed to have the effect of only reducing the amount specified in the principal deed (original bond) to the extent indicated in the agreements, the other terms and conditions contained in the relative principal deed (original bond) remaining the same. The sureties to the principal deed (original bond) and to the agreement shall be one and the same.

(iv) The bond register should invariably be noted and thereafter the original agreement shall be kept in safe custody together with the original bond. All actions shall be taken on the duplicate copies in the case file except when the bond is to be discharged.

(v) The same procedure shall be applicable in respect of reduction of amount in continuity bond as well.

ITC Bonds and Guarantees - Revision of the form:

In consideration of the fact that many scheduled banks object to the signing of bonds as sureties as in the clause providing for "any other punishment provided by law" viz. punishment other than the payment of duty or fine and since it is considered that the banks should not be expected to stand surety for any punishment other than payment of duty, fine etc. the Board in consultation with the Ministry of Law has decided that the clause in question be deleted from all the forms of bonds and letters of guarantee taken for Import Trade Control purposes by the custom house. Accordingly, in all forms of bonds and letters guarantee taken by the custom house for ITC purposes, the clause viz. "any other punishment provided by law" should be deleted. It should however, be ensured that all forcible liabilities are specifically provided for in the bond.

[\(C.B.R. letter F.no. 7/11/59-Cus. vii dated 15.1.1960\)](#)

Contract procedure - Surety in respect of- Revalidation stamp paper- Orders regarding:

The surety bonds which are executed in respect of machinery imported under the contract procedure are required to be revalidated from time to time. In such an event the extension advice in respect of the period of validity of such surety bonds should be prepared on stamp paper and in the prescribed form.

Guarantee offered by banks to Railways and other Government department regarding the payment of freight, implementation of Governments contracts, etc.:

The revised bank guarantee scheme introduced in terms of this Ministry's office memorandum no. 7(27) - EI/54 dated the 25th February, 1955 covering all scheduled banks, has been allowed to remain in force until further orders, vide this Ministry's office memorandum no.F. 7(136)-FI/55 dated the 8th February, 1956.

The requirements to be complied with by (a) scheduled commercial banks which tender guarantees, etc. and (b) the Government departments which accept such guarantees, etc. under the existing bank guarantee scheme have been clarified in this Ministry's office memorandum no. F. 7(27) FI/54 dated 17th May, 1955. Following a review of the working of the scheme recently by Government in consultation with the Reserve Bank of India, it has been decided to do away with all the said requirements. Accordingly, in future, Government departments may freely accept guarantees from all scheduled commercial banks without observing any of the formalities contained in the office memorandum of the 17th May, 1955, referred to above. The above arrangement will take affect from 1st September 1972. From the said date, Reserve Bank of India will not issue any confirmatory advice in respect of guarantees etc. issued by scheduled commercial banks in favour of Government departments, nor will it, from that date, accept from scheduled commercial banks cash/Government securities as cover for guarantees issued by them to Government departments.

(Department of banking O.M. no. F 9 (5) BC/67 Dt 29.6.1972 & M.F. IR. G. no. 30/46/72 concerned date 26.7.1972)

Dispatch of duplicate bills of entry to the appraising department, custom house:

The procedure laid down in chapter for examination of goods regarding endorsement of duplicate bills of entry in chemical test cases for their return to the Superintendent, Appraising department immediately after the passing of the goods shall also be followed in cases where provisional

duty or other bonds including import trade control bonds or guarantees have been submitted. On receipt of the bills of entry the Superintendent, Appraising department will send them to the concerned group clerks for necessary action.

Bond or guarantee - Goods passed under cases to be sent to the internal audit department:

Cases where the goods have been passed under bond or guarantee pending production of documents should be sent to the internal audit department with all the relevant documents for final audit after completion of action in the appraising department. Intimation regarding cancellation of the guarantee should not be sent to the importers until action in the internal audit department has been completed.

Importers failure to honour the terms of bond: Surety's liability to pay the amount in connection therewith:

Solicitor to the Central Government at Calcutta has advised that when a surety executes a bond binding himself to pay a certain sum of money on the importer's failure to honour the terms of the bond, the liability will devolve upon the surety to pay the said sum under the bond. A demand should accordingly, be made on the surety calling upon to pay the total amounts that may be due as part of the money which he binds himself to pay in terms of the bond. For recovery of the amount due under bond and guarantee in the event of non-compliance of the conditions of the instruments, recourse to procedure under section 142 of the Customs Act, may be taken.

Timely action against the obligors for not fulfilling the terms and condition of bond and guarantee:

It is desired by the Board that all bonds and guarantee in respect of which some time-limit for the continuance of the obligation of the surety is indicated, must be kept under special and close personal watch of the

Assistant Collector concerned in order to ensure that timely action is taken in respect of such bonds and guarantees and the relevant case is finalised and the amount, if any due under the guarantees or bond realised before the expiry of the time-limit specified. in order to take timely action against the obligor for not fulfilling the terms and conditions of the bond/guarantee it has been decided that a "forward diary" should be maintained by each bond and guarantee clerk in the custom house where in the file number in which action is required to be taken on a particular date, should be noted by him. This will ensure prompt follow-up action on the part of the custom house in each and every case as soon as it becomes ripe for initiating action. The forward diary should be periodically checked by the supervising officers to ensure that timely action is being taken in all the cases. The bonds and guarantees can be accepted only by the group Assistant Collector. Registers in the following form should be devised, one for each one of the various groups in the appraising department.

SR. NO.	NAME OF THE BONDER OR THE EXECUTOR	NAME OF INDIVIDUAL OR FIRM EXECUTING SURETY	F.NO.	NATURE OF THE OBLIGATION UNDER THE GUARANTEE	DATE BY WHICH THE OBLIGATION OR GUARANTEES IS TO BE DISCHARGED
1	2	3	4	5	6

TIME LIMIT UPTO WHICH LIABILITY OF THE SURETY CONTINUES	SIGN. OF ASSISTANT COLLECTOR ACCEPTING BOND OR GUARANTEE.	DATE WHEN THE BOND OR GUARANTEE CANCELED	REMARKS
7	8	9	10

Whenever any bond or guarantee is put up to the group Assistant Collector for acceptance, the register must invariably be put up to him with as many columns filled in as possible. The Assistant Collector will not accept any bond or guarantee unless and until entry thereof has been made in the register and the register put up to him for signature. The Assistant Collector will sign the entry in the register at the time of accepting the bond or the guarantee and will ensure that timely action is taken for finalisation of the cases in respect of each one of the bond and guarantee scheme in the respective group register which will be put up to him periodically for the purpose. It must be ensured that in no case the time-limit is allowed to expire without action in respect of the bond or guarantee having been taken and the amount, if any, under the bond or guarantee recovered when necessary.

[\(Inst. no. 45 of 1963- Bonds and guarantee- Central Board of Revenue Ltr. F. no. 7/15/63- Cus. vii Dt. 4-12-1963\).](#)

Registry, custody and cancellation of bonds and guarantee: The guarantee and bonds after acceptance by the appropriate authority should be entered in full details together with expiry date in the register maintained for the purpose by group clerk and submitted to the supervisor-in-charge of the unit or section alongwith the register, the supervision-in-charge will check each entry in the register and put his initials against each entry in token of his check. The register should be kept in proper custody under lock and key for which the Office Superintendent and/or D.O.S. of the department/group concerned will be held responsible.

Necessary actions should be taken on the duplicate unstamped copy of the guarantee or bond and on completion of all actions the guarantee or bond should be sent to IAD for having its approval of the recommendation of cancellation of the documents made by the department concerned. All bonds and guarantees should be reviewed by the Deputy Office Superintendent or the Superintendent concerned at least a month in advance of the expiry period and if the conditions of the bond guarantee have not been fulfilled, action should be taken to recover the amount asked to be held in deposit pending finalisation of the case. Such action should be taken invariably except when orders for deferring such recovery are given by the Assistant Collector or Deputy Collector. Since all bonds and guarantees are to be treated as valuable securities their custody is to be with the treasury officer

in the cash accounts departments who are personally responsible for them. As soon as the bond/guarantee is accepted and registered the original bond bear the seals of the department and an indication of the contents namely, bond no., date of bond, party's name, and forwarded in a special transit book to be maintained by the cash department for entering the particulars of all bonds and guarantees received by it for safe custody.

Bonds and guarantees should after cancellation be normally retained with the relative papers. Intimation of such cancellation should be immediately sent to the executor and surety. In cases where the executors demand return of the bond/guarantee the department concerned should return the original duly cancelled and retain the duplicate for record.

[\(C.B.R. Ltr.no. 7/10/58-Cus. vii Dt. 1.8.1960\)](#)

Notes: (i) Timely action should invariably be taken for cancellation/enforcement of guarantees and bonds accepted by the custom house with a view to avoid unnecessary cause for complaints and also loss to the importers.

[\(S.O. \(Genl\). no. 11 dt.11.6.63: C.B.R. Ltr.no. 7/6/65-Cus. vii Dt. 22.5.63 Inst. no. 19 of 63 bond and guarantees\)](#)

(ii) (a) Cancellation of banker's guarantees or bonds should be completed as far as possible within 30 days of fulfillment of the obligation written in the bonds or guarantees under intimation to the party's concerned.

(ii) (b) Cancellation of bank guarantee. It has been decided by the Government of India that all bonds executed by banks under the bank guarantee scheme (whether executed directly or by countersignature) should be returned to the bank concerned, on expiry of the guarantee period duly cancelled, after verifying that no action in terms of the bond is pending. A duplicate copy may be retained for records.

[Ref.: G.O.I. M.F. \(D.R.I.\) letter F.no. 7/6/66-Cus. Vii dated 8th May, 1969.](#)

[Expeditious cancellation of letters of guarantee accepted pending test order-Regarding:](#)

At the time of acceptance of guarantees assessing officers should indicate the following particulars on the reverse of the duplicate letter of guarantee.

(a) The particulars of import Licence numbers, thereof, ITC sr. no. and description thereof.

(b) Test report no. under cover of which goods are sent for test.

(c) CAT/CET item under which the goods have been assessed pending test result.

(d) Important particulars such as usage and technical information ascertained from the catalogue and literature etc. when the findings of test result alone would not be the only criterion to decide the ITC classification and the issue of acceptability or otherwise of import Licence. The above details when indicated on letters of guarantee would enable quick allocation of letters of guarantee with relative documents and would also help the staff to take prompt decision regarding the appropriate CAT classification and acceptability of import Licence produced.

Supervisory officers of the group concerned should ensure that parallel crossed lines are drawn and the word 'cancelled' written on both original and duplicate guarantees when any bond/guarantee is cancelled under Collector/Assistant Collector's order in the relevant case file.

The relevant case file number and date of the Collector/Assistant Collector's order i.e. cancellation of the bond guarantee should also be endorsed on it at the time of the cancellation.

[\(A.M.O. Ap. no. 5 Dt. 29.1.64 D.I.'s letter no. C 121/38/63 Dt. 17.7.63 F.no. C vii/39/63\(Pt\).](#)

Cancellation of letters of guarantee- Production invoices for verification procedure –Regarding:

It is observed that a number of letters of guarantee executed by the exporters and/or clearing agents for production of documents like original contract, letter of credit, consignee's acceptance etc. were pending cancellation for want of copies of invoices produced at the time of assessment. In some cases the exporters/ clearing agents produce the contract or letter of credit in terms of the letter of guarantee executed by

them but fail to produce the relative invoice bearing the assessing officer's initials in spite of reminders. As verification of the unit price etc. accepted at the time of assessment can be verified only from the invoice the non-production of the same causes undue delay in closing the letters of guarantee. To obviate delay in such cases henceforth exporter/clearing agents are required to file an additional copy of the invoice which should be checked by the assessing officer and kept with duplicate copy of the letter of guarantee executed so that the same will be readily available at the time of finalisation for scrutiny.

(Issued from Cochin custom house, File C. 1/116/75 Cus.).

Note: - When a bond is accepted in lieu of an ITC Licence for purposes of clearance of goods the amount/quantity covered by the Licence and the bond particulars should be noted in the Licence register against the entries relating to the Licence. Such amount or amounts should be taken into account in working out the balance before allowing clearance of another consignment against the same Licence. Acceptance of more than one bond against the same Licence must be carefully considered by the group concerned.

Acceptance of bonds/bank guarantees and difficulties faced by foreign participants in India trade fairs- Instructions regarding:

A representation was made to the Board by the Trade Fair Authority of India regarding the difficulties experienced by the participants in Indian trade fairs at the time of clearance of goods in terms of notification No. 116-Cus dated 1.6.1979. It has been reported that the practice in the custom houses in this respect is to insist on bond/bank guarantees equivalent to 250% of the C.I.F. value of the goods and that as re-export and subsequent cancellation of the bonds take a long time their cash resources remain tied up for a considerable period. It has also been stated that permission for transport of the goods from the port of clearance to the site by road is not being granted, thereby causing difficulties for the participants.

The matter was examined by the Board and the Board has observed that in so far as bond/bank guarantee is concerned, the percentage for such bank guarantee should be lowered in appropriate cases instead of adopting a uniform rate. With regard to the advertisement and publicity materials

covered by the notification the bank guarantee may be waived as most of them are used up or distributed. As regards transit of goods, Board has observed that there is no statutory requirement that the imported goods shall be transhipped by railways or airways only. Permission for road transit should also be given taking into consideration the merits of each case. Board has further observed that officers for the purpose of escorting the goods should be made available promptly to avoid delay in clearance.

Board's instructions indicated above should be noted by all concerned for guidance. In this connection however it may be noted that the value of the bond or the bank guarantee will depend upon the amount of duty otherwise leviable on the goods plus the approximate amount of penalty that may be imposed, in case of failure to re-export the goods, secondly the question of mode of transit and preventive escort would not arise as the importers under the subject notification have to execute the necessary re-export bonds/undertakings and also the goods are normally examined before clearance from the docks and suitable identification marks kept to facilitate identification at the time of re-export. Preventive escort may be necessary only in special cases where the goods are allowed to be examined at site after clearance from the docks.

[Authority: Govt. of India, Ministry of Finance, Department of Revenue, New Delhi, letter F.no. 523/83-Cus (TU) Dt. 19.5.1983].

End-use bonds under exemption notification- Execution of:

A number of notifications have been issued by the Government where the exemption on goods is based on the end-use for a specified purpose. In providing for the end-use, not in all cases the notifications prescribe for taking a bond for fulfilling the end use obligation. However, where a specific provision is made for taking a bond which is subject to cancellation on fulfillment of the condition, the bond should invariably be taken. There are some exemption notifications which do not specifically provide for execution of any end-use bond at the time of clearance of the goods but it is a condition of the notification that the imported goods are in fact used for the purpose specified in the notifications. To ensure that the goods are in fact so used, the custom house practice to accept end-use bonds in such cases may continue till further clarification as to whether in

such cases end-use bonds should be insisted upon or not is reviewed from the Board. In case of import of fertilizer, however, since the import are by Govt. Undertaking and distribution is controlled by the Govt. a declaration may be taken from the importers that the fertilizer imported shall be used solely for the purpose specified in the notification without insisting on an end-use bond unless the exemption notification expressly provides for it. As regards exemption notifications, which merely say that the specified goods when "imported for manufacture of etc. "used in leather industry", required for manufacture of" etc. no end-use bond need be taken at the time of clearance of the goods. In such cases, the assessing officers will obtain a declaration from the importer regarding end-use of the goods and satisfy themselves by appropriate enquiries with the importers, which may include seeing documentary evidence that, prima facie, the imported goods are meant for the use specified in the exemption notification.

Cancellation of end-use bond regarding: Board, letter F.no.523/59/83-Cus (TU) dated 28th May, 1983 on the above subject is reproduced below for guidance:

F.no. 523/59/83-Cus (TU)
Government of India Ministry of Finance,
Department of Revenue,
Central Board of Excise & Customs,
New Delhi, the 28th May, 1983.

I am directed to state that representations have been received by the Board from the Electronic Component Industries Association regarding difficulties faced by the members in getting end-use bonds cancelled as the central excise authorities take a long time in giving consumption certificate resulting in delay in finalisation of such cases. These representations have been carefully considered by the Board. Having regard to the difficulties pointed out and the need for quick finalisation of the end-use bonds, the Board desires that in future the end-use bond may be cancelled on the basis of the consumption certificate either from central excise authorities/ DGTD/Director of Industries or on the basis of the affidavit supported by the consumption certificate issued by a chartered accountant, if the Assistant Collector is satisfied about the bonafide consumption. All the pending cases of end-use bonds may be dealt with accordingly.

Monitoring of end-use for consignments imported at concessional rate of duty:

In order to effect monitoring of end-use for consignments imported at concessional rate of duty under various notifications, there should be co-ordination between the customs and central excise departments for verification of the imported materials so as to ensure their proper use in the manufacture against particular end-use and to ensure that they are not put to any different use. It has been decided as per instructions contained in the Ministry's letter F.no. 523/3/85-Cus. (TU) dated 17.1.1985 that particulars regarding import consignments (particularly raw materials and components valued over Rs. 10 lakhs) should be referred to the Collector of Central Excise with a copy to the Assistant Collector in whose jurisdiction the factory is located and also to D.R.I. before the end-use bonds are redeemed.