Bonded Warehouses & Manufacture and Other Operations in a Bonded Warehouse

16th August 2023

Advantages - Customs Bonded Warehouse in India

Better Cash Flow Management

- Import duty payments for goods stored in a bonded warehouse deferred till the time of their actual clearance for home consumption
- GST dues are to be charged appropriately in case the goods are removed to make a 'supply'
- No duties of Customs are charged if goods stored in a bonded warehouse are removed for export

A Better Managed Supply Chain

- Goods can be imported in advance and at a time when the prices are low with the intention of using them to meet peak demands at times of festivals , on account of changie in season etc.
- Risks associated with shipping delays and consequential disruptions to the supply chain negated as goods are close at hand at the warehouse

The Three types of Customs Warehouses in India

Public Warehouse.

This is for businesses who want to store goods belonging to other people also known as depositors – licensed under Section 57 of the Customs Act.

Private Warehouse.

This is for businesses who want to store their Dutiable goods imported by or on their behalf – the licensee and the depositor are the same person – licensed under Section 58 of the Customs Act.

Special Warehouses:

The goods are gold, silver, other precious metals and articles thereof; goods warehoused for the purpose of supply to duty free shops, supply as stores to vessels or aircrafts under Chapter XI, and for supply to foreign privileged persons

For specific class of dutiable goods notified by the CBIC, can be deposited- licensed under Section 58 A of the Customs Act – these goods are specified in Notification 66/2016-Customs (N.T), dated 14th May, 2016 as amended by Notification 61/2020-Customs (N.T), dated 27th July 2020.

CUSTOMS ACT CHAPTER IX WAREHOUSING

Section 57. Licensing of Public Warehouses

- Public Warehouse Licensing Regulations, 2016
- Warehouse (Custody and Handling of Goods) Regulations, 2016
- Warehoused Goods (Removal) Regulations, 2016

Section 58. Licensing of Private Warehouses

- Private Warehouse Licensing Regulations, 2016
- Warehouse (Custody and Handling of Goods) Regulations, 2016
- Warehoused Goods (Removal) Regulations, 2016

Section 58A. Licensing of special warehouses

- Special Warehouse Licensing Regulations, 2016
- Notification 66/16-Cus. (N.T.), dated 14th May 2016 under sub-section (2) of Section 58A
- Special Warehouse (Custody and Handling of Goods) Regulations, 2016
- Warehoused Goods (Removal) Regulations, 2016

The Vision behind the Section 65 Scheme

- The **Press Release made on 15th October, 2019 1:38PM by PIB Delhi**, announced that the Central Board of Indirect Taxes and Customs has launched a revamped and streamlined programme to attract investments into India and strengthen *Make in India* through manufacture and other operations under bond scheme, under Customs Act, 1962.
  - Section 65 of the Customs Act, 1962 enables conduct of manufacture and other operations in a customs bonded warehouse.
- **The scheme was expected to play a critical role in promoting investments in India and in enhancing ease of doing business.**
  - It can enable the 'Make in India' programme, encourage exports, create hubs for electronics assembly, repair & refurbishment operations, inward and outward processing, facilitate global e-commerce hubs etc.
    - Refer Page Title | URL: CBIC and Customs launches scheme to attract investment and support Make in India programme | https://pib.gov.in/Pressreleaseshare.aspx?PRID=1588121

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

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- Private Warehouse licensed under Section 58
- Special Warehouse licensed under Section 58A

Manufacture and Other Operations in a Warehouse- Section 65 of the Customs Act

Private Warehouses

- Private Warehouses licensed under Section 58 can be permitted on an application being made by the licensee to the Principal Commissioner/ Commissioner of Customs, to engage in **Manufacture and other operations in relation to goods in a Warehouse – Manufacture and Other Operations in Warehouse (no. 2) Regulations,2019 - Notification 69/2019-Customs (N.T.)dated the 1st October,2019**

Special Warehouses

- Manufacture and Other Operations in Special Warehouse Regulations, 2020 **have been issued vide Notification No. 75/2020-Customs (N.T.) dated 17th August, 2020.** These regulations allow manufacturing and other operations in a special warehouse licensed under section 58A of the Customs Act, 1962, with regard to warehoused goods specified in clause (1) of Notification No. 66/2016-Customs (N.T) dated 14th May, 2020- Circular No. 36 /2020-Customs, dated 17th August 2020

Manufacture and Other Operations

Section 65

- **Notifications**
  - Notification No. 69/2019-Cus. (N.T.), dated 1-10-2019 - Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019 – Section 58
  - Manufacture and Other Operations in Special Warehouse Regulations, 2020 have been issued vide Notification No. 75/2020-Customs (N.T.) dated 17th August, 2020 – Section 58 A
- **Circulars**
  - Circular No. 34/2019-Cus., dated 1-10-2019 [F. No: 473/03/2015-LC(pt.)]
    - Manufacture and Other Operations in Customs Warehouse- Frequently Asked Questions- https://www.cbic.gov.in/resources//htdocs-cbec/customs/FAQs_manufacture_inbond_scheme(MOOWR2019)
  - Circular No. 36 /2020-Customs, dated 17th August 2020 – Section 58A

Features of the Scheme under Section 65

** refund of input taxes or IGST paid on export can be availed of

*** Customs duties to be paid on the value declared at the time of filing the Warehouse Bill of Entry for these goods.

SECTION 65A: Goods brought for operations in warehouse to have ordinarily paid certain taxes- Section 130 of the Finance Act, 2023

(1) Application to Goods for Manufacturing or Other Operations:

- Effective from Central Government's notified date.
- Applies to goods eligible for manufacturing or operations under section 65.

- **(A) Condition for Deposited Goods:**
  - Dutiable goods in the warehouse must have paid integrated tax (sub-section 7) and goods and services tax compensation cess (sub-section 9) under section 3 of the Customs Tariff Act, 1975 (51 of 1975).
  - Such dutiable goods are considered as warehoused goods for duty purposes.
- **(B) Removal of Goods for Deposit:**
  - **Goods can be removed for deposit in the warehouse under certain conditions:**
  - Entry through electronic bill of entry for home consumption under section 46.
  - Duty assessed under section 17 or 18, as per section 15(a).
  - Integrated tax and compensation cess paid under section 47.
  - If goods are removed from another warehouse (section 67), additional conditions apply - a bill of entry for home consumption under clause (a) of section 68 has been presented and the integrated tax under sub-section (7) and the goods and services tax compensation cess under sub-section (9), of section 3 of the Customs Tariff Act, 1975 (51 of 1975.) have been paid before the goods are so removed from that other warehouse;

SECTION 65A: Goods brought for operations in warehouse to have ordinarily paid certain taxes- Section 130 of the Finance Act, 2023

- **(C) Duty Payment Requirement:**
  - Duty payable (excluding integrated tax and compensation cess) for warehoused goods must be paid before removal from the warehouse.
  - Payment as per prescribed manner.
- **(2) Exemption for Prior Deposits:**
  - Goods deposited or permitted for deposit in the warehouse before the notified date are exempt from these provisions.
- **(3) Central Government Exemption Authority:**
  - The Central Government can exempt goods from these provisions by notification.
  - Exemption based on criteria including nature, class, categories of goods, importers/exporters, or industry sector.the supply chain – The Customer knows availability of what he wishes to buy in your stock.
- **Megatrend -** there is a continuing growth of the rural areas worldwide, with wealth shifting into regions that have not been served before.
- **Customer expectations increasing** –
- Expectations of reduced the delivery time
  - Increasing service expectations
  - No downtime desirable on account of wait (for spares etc.)

What is the eligibility for application for operating under Section 65? [Private Warehouse Scenario]

In terms of Regulation 4 of the Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019, the eligibility for application to operate a warehouse under Section 65 is the following: -

- A person applying **should have been granted a licence for a warehouse under section 58 of the Act**, in accordance with Private Warehouse Licensing Regulations, 2016.
- In case the person applying for a licence to operate under Section 65 **does not already possess a license for a warehouse under section 58 of the Act, he should apply concurrently for a license under Section 58** (to set up a private warehouse) and to undertake manufacturing or other operations in that warehouse under section 65 of the Act.

The regulations do not mandate that a structure fully closed from all sides is a pre-requisite for grant of license.

- [Authority: Paragraph 13 of Circular No. 34/2019-Customs, dated 1st of October 2019]

To operate a Private Warehouse under Section 58 of the Customs Act, you should:

Be	A Citizen of India or an entity incorporated or registered in India
Agree	To comply with the terms and conditions specified by the Proper Authority
Furnish	A solvency certificate from a scheduled bank for an amount to indicated by the Proper Authority

Not have	Any bankruptcy proceedings pending
Not have	Any criminal proceedings pending for offences of a nature that the Commissioner/ Principal Commissioner determines as making the case not a fit one for grant of license

NOT BE

- Declared an insolvent or bankrupt by a Court or Tribunal
- Convicted for an offence under any law in force
- Penalized for an offence under the Customs Act, Central Excise Act or Chapter V of the Finance Act, 1994 (Service Tax law)
- Of Unsound mind

☞ * Undertakings of the Central/ State/ Union Territory Government are not required to furnish a solvency certificate.

What is the eligibility for application for operating under Section 65? **[Private Warehouse Scenario]**

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  - In case the person applying for a licence to operate under Section 65 does not already possess a license for a warehouse under section 58 of the Act, he should apply concurrently for a license under Section 58 (to set up a private warehouse) and to undertake manufacturing or other operations in that warehouse under section 65 of the Act.
- **The regulations do not mandate that a structure fully closed from all sides is a pre-requisite for grant of license.**
  - [Authority: Paragraph 13 of Circular No. 34/2019-Customs, dated 1st of October 2019]

Applying for permission to operate under Section 65

- The application for operating under **Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019**, made to Licensing Authority, has to be made along with an undertaking to:
  - maintain accounts of receipt and removal of goods in digital form in such format as may be specified and furnish the same to the bond officer on monthly basis digitally;
  - execute a bond in such format as may be specified; and
  - Inform the input-output norms, <u>wherever considered necessary for raw materials and the final products</u> and to inform the revised input-output norms in case of change therein.
- [Refer to **Regulation** 4 of **Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019**]

Applying for a Section 65 license [Private Bonded Warehouse]

What forms are available? Where do I get the application Form?

Initial application form:	Manufacturing in Bond Application Form– Create CBIC Submit Form | Invest India https://www.investindia.gov.in/bonded-manufacturing/application-form

- **Source: Create CBIC Submit Form | Invest India**
  - https://www.investindia.gov.in/bonded-manufacturing/application-form

Documents That Are Mandatory To Upload

Application For License	Site Plan	Lease Deed
NOC From Owner	PAN Card Copy	Aadhar Card
Bank Solvency Certificate	Undertakings	ID Proof Of Directors
Certifiacte Of Incorporation	List Of Director	Board Resolution
General Continuity Bond	Indemnity Bond	Fire Fighting Installation
Insurance	ITR and Balance Sheet	Memorandum & Articles
Appointment Letter Of Warehouse Keeper	Work Experience Certificate Of Warehouse Keeper	Importer Exporter Code

Private Warehouse & In Bond Manufacturing

- Regulation 4 of the Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019, provides that the applicant under section 65 shall undertake to **execute a bond** in such format as specified. Further, Section 59 of the Customs Act requires the owner of the warehoused goods to execute a triple duty bond for the warehoused goods.
  - The bond prescribed under Circular No. 34/2019-Customs, dated 1st of October 2019 as per **Annexure C** serves the requirements of both Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019 and Section 59 of the Customs Act.
- In terms of Regulation 6 of the Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019, the license granted under Regulation 5 by the Principal Commissioner/ Commissioner remains valid till it is cancelled or surrendered, or the license issued under section 58 is cancelled or surrendered.
  - The license granted under Section 58 in terms of Regulation 5 of Private Warehouse Licensing Regulations, 2016 remains valid until and unless it is cancelled in terms of the provisions under section 58B or sub-regulation (2) of regulation 8 of the Private Warehouse Licensing Regulations, 2016.
  - **Thus, there is no need to renew the license under Section 58 or to renew the permission under Section 65 – they remain valid unless surrender or cancellation as above happens.**
- **The regulations do not mandate that a structure fully closed from all sides is a pre-requisite for grant of license.**
  - [Authority: Paragraph 13 of Circular No. 34/2019-Customs, dated 1st of October 2019]
- Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019 in **Regulation 7** calls for the appointment of warehouse keeper. The person who has been granted permission under **Regulation** 5 (licensee) is required to appoint a warehouse keeper. **The warehouse keeper should have sufficient experience in warehousing operations and customs procedures to discharge functions on behalf of the one who has appointed him.**
- Facilities, equipment and personnel to be made available at the site are dealt with in terms of Regulation 8 of Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019.
  - Signage that prominently indicates that the site or building is a customs bonded warehouse; a computerized system for accounting of receipt, storage, operations and removal of goods; such other facilities, equipment and personnel as are sufficient to control access to the warehouse, provide secure storage of the goods in it, and ensure compliance to Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019, by officers of customs – are to be made available onsite by the licensee.

After the Application is received… (Section 58+ Section 65 situation)

- The Licensing Authority proceeds to satisfy itself that the site or building of the proposed private warehouse: -
  - Is suitable for secure storage of dutiable goods;
  - Is suitable for general supervision by officers of Customs
  - An inspection of the premises of the proposed private warehouse takes place by an Officer of the Customs.
- Upon due verification of the application made as per regulation 4 of the Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019, the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, grants permission to operate under the provisions of these regulations.

- When the Principal Commissioner or the Commissioner of Customs approves of your application for the grant of a license to operate under Section 65 of the Customs Act, you will receive a communication that sets out the licensing conditions.
- Conditions include things like: -
  - Undertaking to pay Customs Duty and other charges as and when the liabilities are required to be discharged
  - To maintain accounts of receipt and removal of goods in digital form in specified format
  - To agree and accept that the Accounts of receipt and removal of goods is to be furnished to the bond officer on monthly basis digitally.
  - To inform the input-output norms, wherever considered necessary for raw materials and the final products and to inform the revised input-output norms in case of change therein.

Validity of permission & Warehouse Keeper

- In terms of **Regulation 5**, permission to operate under Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019 [MOOWR (NO.2)], is granted by the Licensing Authority after due verification of the application.
- This permission granted remains valid unless it is cancelled or surrendered, or the license issued under section 58 is cancelled or surrendered [**Regulation 6**].
- **MOOWR (NO.2) Regulation 7** calls for the appointment of warehouse keeper. The warehouse keeper should have sufficient experience in warehousing operations and customs procedures to discharge functions on behalf of the one who has appointed him. The warehouse keeper is required to obtain a digital signature.

@ABS

Facilities, equipment and personnel to me made available

- Facilities, equipment and personnel to me made available at the site are dealt with in terms of **Regulation 8**. Signage that prominently indicates that the site or building is a customs bonded warehouse; a computerized system for accounting of receipt, storage, operations and removal of goods; such other facilities, equipment and personnel as are sufficient to control access to the warehouse, provide secure storage of the goods are to be made available onsite by the licensee.
- **The regulations do not mandate that a structure fully closed from all sides is a pre-requisite for grant of license.**

@ABS

Movement of Goods, Audit etc.

- MOOWR (NO.2) Regulation 9 deals with Conditions for transport of goods. A one – time – lock (OTL) is to be used to securely seal the load compartment of the truck/ train etc. (the mode of transport), where the goods are transported from the customs station of import to a warehouse or from one warehouse to another warehouse or from the warehouse to a customs station for export.
- **MOOWR (NO.2) Regulation 10 deals with Receipt of goods from customs station.**
- **MOOWR (NO.2) Regulation 12 is concerned with Receipt of domestically procured goods.**
- **MOOWR (NO.2) Regulation 13 deals with Transfer of goods from a warehouse**.
- **MOOWR (NO.2) Regulation 14 concerns itself with the Removal of resultant goods for home consumption**.
- **MOOWR (NO.2) Regulation 16 lays down Conditions for due arrival of goods.**
- **MOOWR (NO.2) Regulation 17 deals with the Maintenance of records in relation to warehoused goods.**
- **MOOWR (NO.2) Regulation 18 deals with Audit**
- **MOOWR (NO.2) Regulation 19 deals with Penalty**
- **MOOWR (NO.2) Regulation 20 grants the Power to exempt**

Removal of mandatory warehousing for EOUs, STPIs, EHTPs, etc.

Revised procedure prescribed- [Circular No. 35/2016-Cus., dated 29-7-2016] [F. No. 484/3/2015-LC (Pt II)]

5. In view of the condition of warehousing having been dispensed with respect to the units, the warehoused goods register (warehousing bond register) shall not be required to be maintained w.e.f. 13th August, 2016. However, in order to maintain records of receipts, storage, processing and removal of goods, imported by the units, as required under notification 52/2003-Cus., dated 31-3-2003, the Board has prescribed that the units shall maintain records of imported goods, in digital form, based upon data elements contained in Form A

In-bond Manufacture — Warehousing facility under Section 65 of Customs Act — Circular No. 132/95-Cus. rescinded M.F. (D.R.) Circular No. 6/2019-Cus., dated 20-2-2019 [F. No. 484/03/2015-LC (Pt)]

Board vide its Circular No. 35/2016-Customs, dated 29th July, 2016 [2016 (338) E.L.T. (T59)], has already removed the mandatory warehousing requirements for EOUs, STPIs, EHTPs etc. Further, the said Circular clarified that all these units shall stand delicensed as warehouses under Customs Act, 1962, with effect from 13th August, 2016. Therefore, section 65 of the Customs Act, is no longer applicable to EOUs, STPIs, EHTPs etc. In view of above, the Circular No. 132/95-Customs dated 22nd December, 1995, is rescinded to avoid any misinterpretation.

Non application of Certain Regulations to Section 65

The Warehouse (Custody and Handling of Goods) Regulations, 2016, and the Warehoused Goods (Removal) Regulations, 2016, which governed the procedure for custody and handling of goods in and removal of goods from public and private bonded warehouses, have been amended vide Notification 70/2019-Customs (N.T.) and 71/2019-Customs (N.T.) both dated 01.10.2019 to exclude their application for warehouses operating under section 65.

The Warehouse (Custody and Handling of Goods) Regulations, 2016, and the Warehoused Goods (Removal) Regulations, 2016, will continue to be applicable for warehouses, not operating under Section 65 – that is to warehouses operating under Section 57 (Public Warehouse) or 58 (Private Warehouse) of the Customs Act.

Special Warehouse (Custody and Handling of Goods) Amendment Regulations, 2020 -Notification No.77/2020-Customs (N.T.)- dated 17th August 2020 - Special Warehouse (Custody and Handling of Goods) Regulations, 2016 do not apply to Special Warehouses also licensed under Section 65

Section 65 of the Customs Act

Manufacture and other operations **in relation to goods in a warehouse**

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

Section 2(43) "warehouse" means a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or a special warehouse licensed under section 58A

- The dutiable goods & other goods in a Section 65 warehouse

Private Warehouse u/s 58

Section 65 (1) :**With the permission of the Principal Commissioner of Customs** or Commissioner of Customs **and subject to such conditions** as may be prescribed

Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019- Notification 69/2019-Customs (N.T.), dated 1st October, 2019

In terms of **Regulation 5**, permission to operate under Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019 [MOOWR (NO.2)], is granted by the Licensing Authority after due verification of the application. This permission granted remains valid unless it is cancelled or surrendered, or the license issued under section 58 is cancelled or surrendered [**Regulation 6**].

The **owner of any warehoused goods** *may carry on* ***<u>any manufacturing process or other operations</u>*** *in the warehouse* <u>in relation to such goods.</u>

SECTION 65 (2). Manufacture and other operations in relation to goods in a warehouse - Payment of duty on Waste & Refuse

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

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

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

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

Input- Output Norms Declaration

Warehoused Goods contained in waste/ scrap

+

Warehoused Goods contained in Resultant Goods (exported or cleared to home market or in stock)

=

Warehoused Goods consumed in Operations + Warehoused Goods in Stock

Warehoused Goods

SECTION 69. Clearance of warehoused goods for export by filing a S/B

Regulation 4 of **Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019**: Inform the **input-output norms**, wherever considered necessary for raw materials and the final products and to inform the revised input-output norms in case of change therein.

- **Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019 – FORM - (See clause (iv) of sub-regulation (1) of regulation 2) Part A/ Part B**
- **Annexure B & C to Circular 34/2019- Cus., dated 1st October 2019**

SECTION 68. Clearance of warehoused goods for home consumption by filing a B/E for Home consumption

@Interest: Paragraph 12 of Circular 34/2019- Cus., dated 1st October 2019 - The licensees shall also be required to submit monthly returns in "Form B" as prescribed under Circular No. 25/2016-Cus dated 8th June 2016 in case the warehouse is used for such purposes i.e. non-section 65 purposes. This is being allowed to enable optimum utilization of available infrastructure.

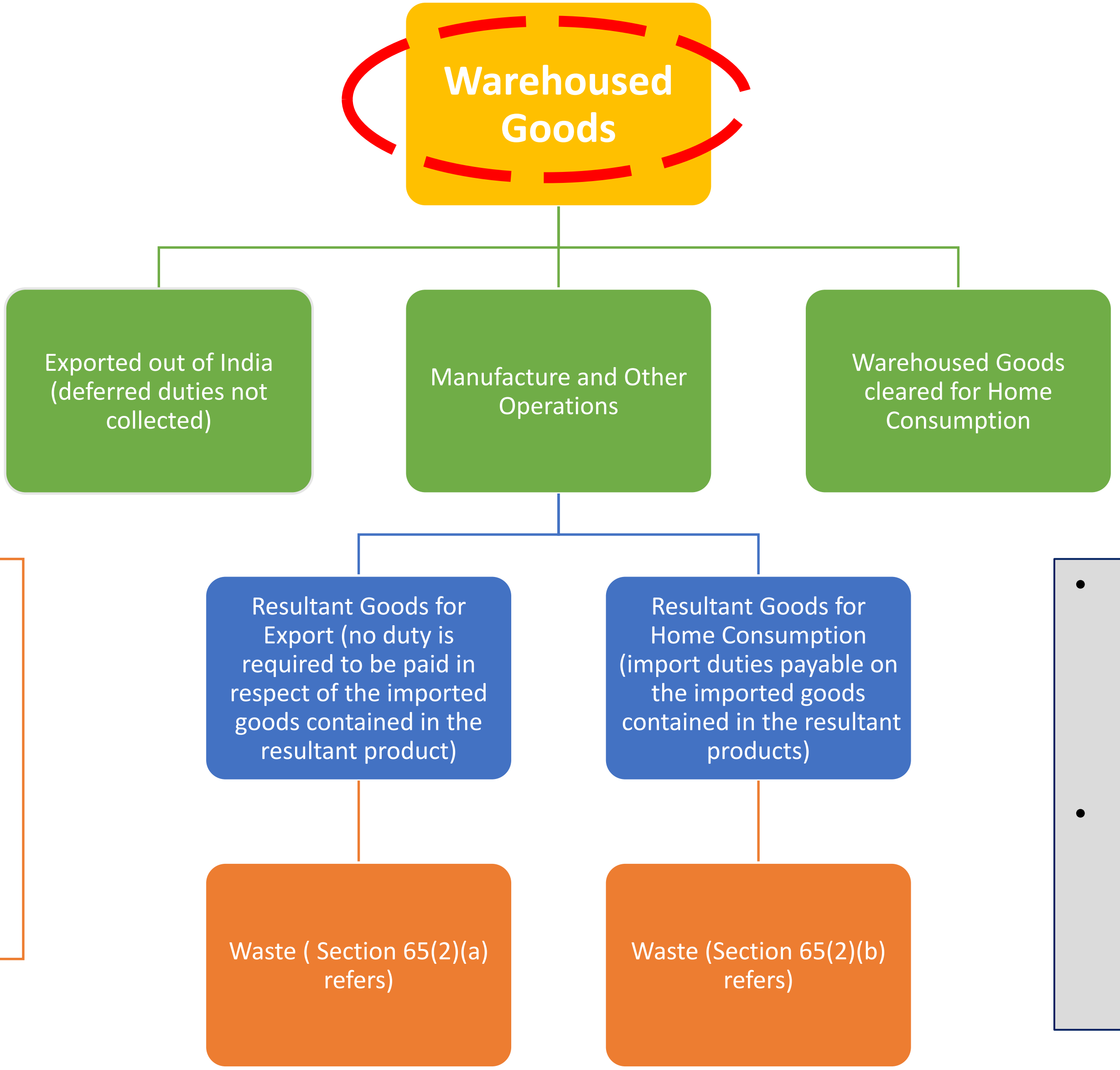
SECTION 65.Manufacture and other operations in relation to goods in a warehouse.

Resultant Goods for Export (no duty is required to be paid in respect of the imported goods contained in the resultant product)

Waste: import duty shall be remitted on the quantity of the warehoused goods contained in so much of the waste or refuse as has arisen from the operations carried on in relation to the goods exported : Provided that such waste or refuse is either destroyed or duty is paid on such waste or refuse as if it had been imported into India in that form

Resultant Goods for Home Consumption (import duties payable on the imported goods contained in the resultant products)-deferred duties on warehoused goods used, to be paid along with applicable GST

Waste: import duty shall be charged on the quantity of the warehoused goods contained in so much of the waste or refuse as has arisen from the operations carried on in relation to the goods cleared for home consumption.



Regulation 4 of **Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019**: Inform the **input-output norms**, wherever considered necessary for raw materials and the final products and to inform the revised input-output norms in case of change therein.

- **Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019 – FORM -(See clause (iv) of sub-regulation (1) of regulation 2) Part A/ Part B**
- **Annexure B & C to Circular 34/2019- Cus., dated 1st October 2019**

Advantages of Bonded Manufacturing

Single point of approval

- Commissioner of Customs acts as the single point of contact for all approvals

Common form

- Common application cum approval form for a license for private bonded facility and permission for manufacturing and other operations

Unlimited period of warehousing

- Capital and non-capital goods (raw materials, components, etc.) can remain warehoused until clearance or consumption
- Permits Warehouse to Warehouse Transfers seamlessly

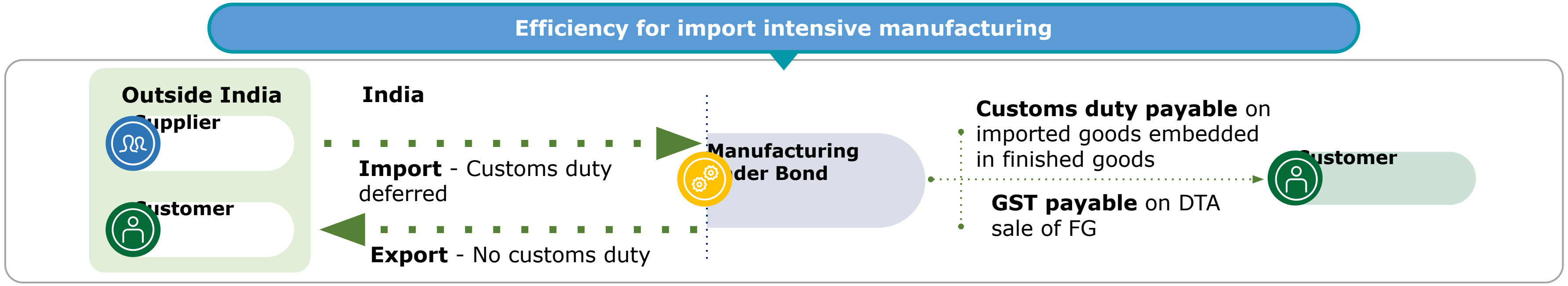
No geographical restriction

- New manufacturing facility can be set up or an existing facility can be converted into a bonded manufacturing facility irrespective of its location in India

Easy compliance

- Maintain all records of manufacturing and other operations digitally in a single format as per Annexure B

Duty Payment on Exports & Domestic Supplies Explained



Key benefits

- Unlocks working capital
- No forex earning condition
- No export obligation
- No restriction on DTA supply

Purpose

- Alternative to duty exemption schemes under FTP
- Minimum regulatory interface
- Supports "Make in India"

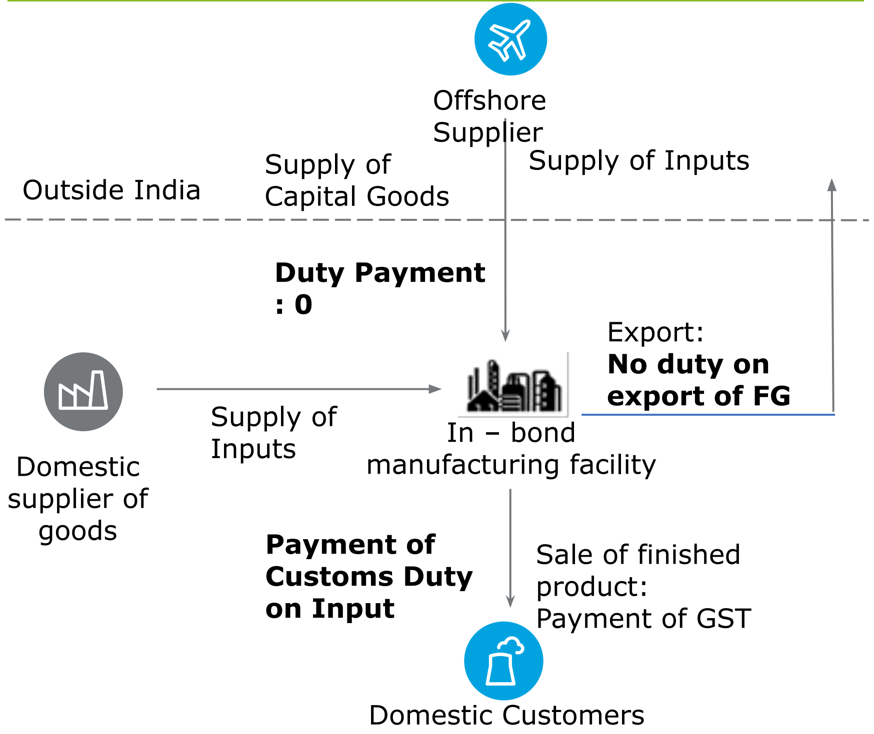
Potential beneficiaries

Businesses with:

- Significant imported raw material
- High raw material holding period
- Fluctuating, seasonal demand

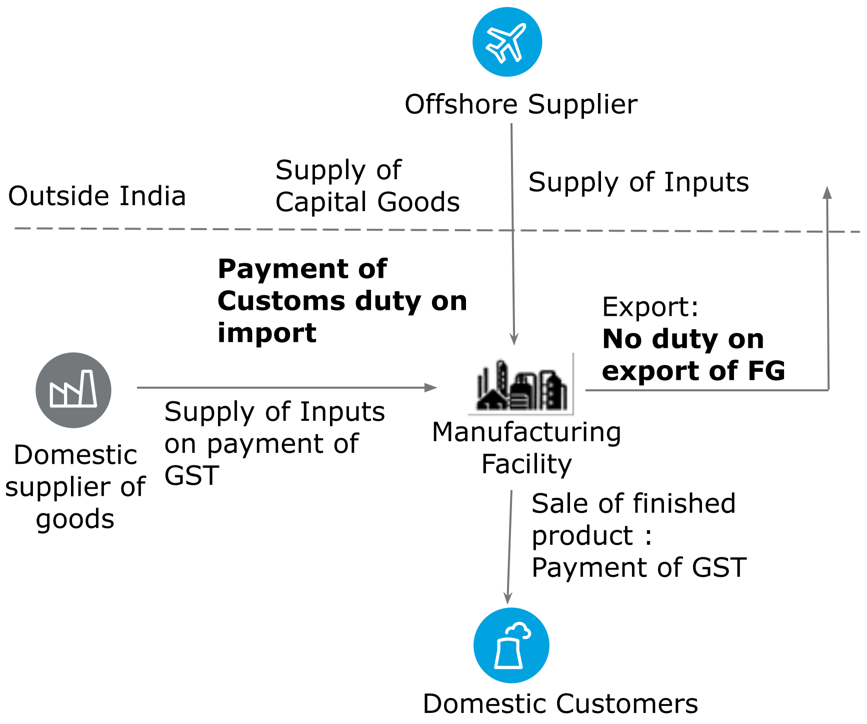
Comparison of In Bond Manufacturing vs DTA Manufacturing

Import under bond -In Bond Manufacturing



- **Import of capital goods/ Input … Duty cost Zero (in case of export supply)/ deferment (in case of domestic supply)**
- Export of FG … No Credit Refund situation
- Reduced working capital blockages

Import on payment of duty – Manufacture



- **Duty Payment on import of Capital Goods & Inputs**
- Export of FG …..GST Refund on procurement & drawback on Basic Customs Duty
- Domestic supplies….. Credit of GST paid on procurement