

Circular No. 22 /2024-Customs**File No. 520/32/2022-Cus-VI**

Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
Customs Policy Wing

Room No. 252A, North Block, New Delhi

Dated: 08-11-2024

To,

All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive)/Customs & Central Taxes,
All Principal Commissioners/Commissioners of Customs/Customs (Preventive),
All Principal Director Generals/Director Generals of Directorates under CBIC.

Subject: Clarification on Insurance Amount and Bond Value for CCSPs and validity of Bond for AEO-LO-reg.

Madam/Sir,

Kind attention is invited to Board's Circular No. 42/2016-Customs dated 31.08.2016 which provided that average time taken for clearance of goods should be a relevant factor in deciding amount of insurance and accordingly prescribed 10 days as an average dwell time to be considered while calculating the insurance amount as provided under Regulation 5(1)(iii) of the Handling of Cargo in Customs Areas Regulations, 2009 (hereinafter referred to as HCCAR).

1.2 Further, attention is also invited to the Board's Circular No. 32/2013-Customs dated 16.08.2013 which additionally clarifies that the custodian bond executed by CCSPs under Regulation 5(3) shall remain valid till the validity of approval granted to Customs Cargo Service Providers (CCSPs) under Regulation 10.

2. It has been represented to the Board that the guidelines prescribed vide the above referred circulars may be reviewed for reduction of cost incurred on insurance amount by Customs Cargo Service Providers (CCSPs) under Regulation 5(1)(iii) of HCCAR, 2009 by also bringing the attention of the Board regarding the reduction in average dwell time of imported goods and transit time for export goods.

3. The matter has been examined. In view of the present NTRS data and as a measure of Ease of Doing Business, it has been decided to partially modify the earlier Circular No. 42/2016-Customs dated 31.08.2016 with regard to Regulation 5(1)(iii) of HCCAR, to lay down that the amount of insurance to be provided by CCSPs should be equal to the average value of goods likely to be stored in the Customs area for a period of 5 days (based on projected capacity) and for an amount as Commissioner of Customs may specify having regard to the goods that are already insured by the importers or exporters. Corresponding changes have also been carried out in Regulation 5(3) of HCCAR, 2009 vide Notification No. 75/2024-Customs (N.T.) dated 07.11.2024 to reduce the value of custodian bond being furnished in respect of imported/export goods to the extent of 5 days storage from the current 10 days as stipulated in Notification No. 115/2016-Customs (N.T.) dated 26.08.2016.

4. The Notification No. 75/2024-Customs (N.T.) dated 07.11.2024 also amends Regulation 10 of HCCAR, 2009 providing that the approval for appointment of AEO-LO CCSPs as custodian has been made valid, till such time their AEO authorisation is valid and not suspended or revoked in terms of Regulation 12 of HCCAR, 2009. Accordingly, in terms of clarification provided in Circular No.32/2013-Customs dated 16.08.2013, the custodian bond executed by CCSPs i.e. ICDs/CFSS etc who are AEO-LO shall have the validity same as the validity of approval granted under Regulation 10 of HCCAR, 2009.

5. Suitable Public Notice may be issued by the jurisdictional Pr. Commissioners or Commissioners.

6. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.

Hindi version follows.

Yours faithfully,

(Tribhuwan Yadav)

Dy. Commissioner /OSD, Cus-VI

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