Circular No. 128/95-cus
dated 14/12/95

F.No. 434/ 12/92- Cus. IV

Government of India
Ministry of Finance
Central Board of Excise & Customs, New Delhi

Subject: Standard set guidelines for appointment of custodian of EPZs/ ICDs/ CFSs.

The Government have decided that the private sector would also be involved in infrastructure development. Accordingly this sector has been allowed to open CFSs/ ICDs/ CPZs in addition to public sector agencies. The other intention of the Government has been to bring the Customs facilities to the doorstep of the exporting and importing community; therefore, many CFSs/ ICDs/ EPZs have been allowed to be opened in the interior, apart from port towns so as to decongest the ports.

2. To ensure smooth working of all the facilities, a need was felt to draw up a standard set of undertakings to be given by the custodians before they are so appointed under section 45 of the Customs Act or otherwise. To elicit suggestion from all Commissioners of Customs, a letter of even number dated 11.10.95 was circulated to all Chief Commissioner of Customs & Central Excise, all Commissioners of Custom and some Commissioners of Customs & Central Excise in whose Jurisdiction these facilities are being created. Sub-sequently, this was discussed as an Agenda point in the Conference of Commissioners held at Cochin on 20/21st October, 1995. As per the consensus arrived at in the said conference the set of undertakings has been revised. The revised set of guidelines is enclosed for your ready reference. It may be mentioned that the residential accommodation may be asked for in places where ICD/ CFSs are sanctioned in a newly developed area like Gandhi nagar or New Township created e.g. J.N. Port, and places where we do not have any accommodation.

3. It is necessary that the major aspirants for custodian ship, i.e. parties wanting to open CFS / ICD or EPZ may be appraised of these requirements through a Public Notice/ Trade Notice.

4. The need for CFS / ICD / EPZ is first felt by the trade before it is felt by the Department. The trade should also be informed through the Regional Advisory Committee that if they want to avail such opening of CFS /ICD / EPZ they may approach the Commissioner of Customs / Central Excise of the area concerned.

Sd/-
(Vijay Kumar)
Under Secretary to the Govt. of India

Annexure

Guidelines on undertaking to be given by the custodians before being appointed as custodians of ICDs / CFSs / EPZs

(1) The custodian should provide safe, secure and spacious premises for loading/ unloading/storing of the cargo. The infrastructure for loading / unloading and storage operations should be designed to handle a minimum traffic of at least 10 TEU per day (two-way). The premises should be so designed that there should be provision for expansion of storage space, office accommodation, handling space, etc. for a period of 10 years.

(2) Customs shall provide sufficient modern handling equipment in operational condition for handling the containers and cargo in the area;

(3) No alteration of the plan in the accommodation, boundary wall and building, etc. shall be made without the concurrence of the Commissioner of Customs;

(4) Insurance of all goods held in the ICD / CFs shall be made by the custodian;

(5) Custodian shall abide by all the rules and regulations under the Customs Act;

(6) For proper discharge of duties the custodian shall execute a bond equal to the value of the goods likely to be stored in the premises for a period of 30 days, supported by a bank guarantee or a government bond or cash deposit equivalent to 10% of the value of goods;

(7) The custodian shall bear the duty on the goods lost or pilfered from the CFS / ICD;

(8) The custodian shall give separate bond with sufficient bank guarantee of the value of the bond towards the duty element of the Export goods transported from the customs area to the gateway port/ any other customs area for export/ transshipment. Custodian would also be held responsible for the duty and for other penalties leviable for the goods lost during transshipment from the said customs area to the gateway port/ other customs area;

(9) Security of the premises shall be the responsibility of the custodian subject to the prior approval of the Commissioner of Customs of the arrangements. The cost for the security has to be borne by the custodian;

(10) custodian shall bear the cost of the Customs staff, posted for the ICD/ CFS/ EPZ. The commissioner of Customs shall decide the number of staff which is required to be posted in thefacility considering the workload in the station;

(11) Custodian shall provide free furnished office space for the Customs Department;

(12) Residential accommodation for the customs staff posted in the area shall be provided for by the custodian, wherever requisitioned by the Commissioner of Customs;

(13) Free suitable transport from the nearest railway-head or suitable point shall be provided for the customs staff by the custodian;

(14) In the ICD/ CFS / EPZ the custodian shall make adequate arrangements for sanitary facilities, water supply and other allied facilities, including canteen facility, for the officers working in the area;

(15) Custodian shall not charge any rent/ demurrage on the goods detained by Customs Department under the Customs Department shall pay the rent to the custodian after the Customs Department shall pay the rent to the custodian after the ownership of the goods vests in the Government after confiscation. The rate of rent for such goods shall be fixed by the Commissioner in consultation with CPWD or local Revenue or Rent Control authorities;

(16) In case the custodian wants to sublet any to the functions inside the customs area or connected with the customs area, the same should be done with prior approval of the Commissioner of Customs and the custodian shall remain responsible for the omissions and commissions of the said agency;

(17) Duration of the appointment shall initially remain for 5 years and subject to the satisfaction of the Commissioner of Customs. Commissioner of Customs shall have the right to terminate the appointment at any time after assigning specific reasons and giving an opportunity for the customs to explain his case. The appointment shall be reviewed after every 5 years thereafter.

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