



## Chapter 9

# WARHOUSING

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**01. Sec 57:- Licensing of Public Warehouses****MCQ 09.01.01.00**

Any licensed public warehouses can be used for depositing..... goods

- |              |             |
|--------------|-------------|
| a. duty free | b. dutiable |
| c. exempt    | d. import   |

[Hint:- Refer Sec 57]

**02. Sec 58 Licensing of private warehouses.****MCQ 09.02.01.01**

Mr. Mota Lal is engaged in the wholesale business of dry fruits. He imported 5,150 kg of almonds from California. Post importation, he did not clear them for home consumption but kept the imported almonds in a customs warehouse due to the renovation work going on in his retail store. Mr. Bansilal, the warehouse keeper, is of the view that titular rights of the almonds vest with him and Mr. Mota Lal has no access to them. However, Mr. Mota Lal wishes to inspect the goods and ensure that goods do not deteriorate during storage in the warehouse and thereafter, show them for sale to Mr. Manohar Lal.

Which of the following statement(s) is correct in the given case as per the provisions of the Customs Act, 1962? [CA Final RTP Nov 24]

- (a) The view taken by Mr. Bansilal is correct.  
 (b) The view taken by Mr. Bansilal is incorrect. However, Mr. Mota Lal can only inspect the goods.

(c) The view taken by Mr. Bansilal is incorrect. However, Mr. Mota Lal can only inspect the goods and ensure that goods do not deteriorate during storage in the warehouse but thereafter he cannot show them in warehouse for sale to Mr. Manohar Lal.

(d) The view taken by Mr. Bansilal is incorrect. Further, Mr. Mota Lal can inspect the goods and ensure that goods do not deteriorate during storage in the warehouse and also thereafter, he can show them in warehouse for sale to Mr. Manohar Lal.

[Hint :- Sec 58 Customs Act, 1962]

**03. Sec 58A:- Licensing of special Warehouse****MCQ 09.03.02.00**

Which of the following goods has been notified by the Board to be deposited in the licensed Special Warehouses?

- |  |
|--|
| a. Gold, silver, other precious & semi-precious metals     |
| b. Goods to be supplied to duty free shops in customs area |
| c. Goods to be supplied to foreign privileged person       |
| d. All of the above  |

[Hint:- Refer Sec 58A read with N/No. 66/2016]

**04. Sec 59:- Warehousing Bond****MCQ 09.04.03.00**

Mr. Raj imported goods worth ₹ 20 lakhs on which duty is payable at the rate of 10%. Determine the amount of bond to be executed by Mr. Raj if he wants to file bill of entry for warehousing u/s 46 and assessed duty u/s 17 or 18.

- |              |              |
|--------------|--------------|
| a. ₹ 2 lakhs | b. ₹ 4 lakhs |
| c. ₹ 6 lakhs | d. ₹ 8 lakhs |

[Hint:- Refer Sec 59- (₹20 lakhs \* 10%) \* 3 times = ₹6 lakhs]

**MCQ 09.04.04.00**

In case of multiple sales in high sea, the transaction value under rule 4 of Customs Valuation Rules shall be:

- |   |
|---|
| a. The price paid by the first buyer                                  |
| b. The average price paid by all the buyers involved in high sea sale |
| c. The price paid by the last buyer                                   |
| d. The highest price paid by any of the buyer                         |

[Hint:- Refer Circular 32/2004]

**05. Sec 61:- Period for which goods may remain warehoused****MCQ 09.05.05.00**

Star Industries imported music instruments from Russia for ₹ 10 lakhs. The proper officer issued order for clearance of goods for warehousing on 1.1.20XX. Star Industries cleared goods for home consumption on 31.12.20XX by paying custom duty @ 10%. Calculate the interest payable by Star Industries as

per warehousing provisions.

- a. ₹ 15,000                      b. ₹ 18,000  
c. ₹ 13,562                      d. ₹ 11,301

[Hint:- Refer Sec 61 - (₹10 lakhs \*10% duty)\*  
15% p.a. \* 275/365]

#### MCQ 09.05.06.00

Pratibha Industries imported metal sheets from Australia for ₹ 20 lakhs. The proper officer issued order for clearance of goods for warehousing for a period of 1 year on 1.1.20XX. On 30.9.20XX 100% exemption has been granted to metal sheets from custom duty in India. Pratibha Industries cleared goods for home consumption on 31.12.20XX. State at which rate Pratibha Industries is liable to pay interest on goods remained in warehouse.

- a. 18% p.a. on duty payable at the time of clearance for home consumption  
b. 15% p.a. on duty payable at the time of clearance for home consumption  
c. No interest is payable as goods are exempt at the time of clearance for home consumption  
d. 12% p.a. on duty payable at the time of clearance for home consumption

[Hint:- Refer Sec 61- if no custom duty is payable at the time of clearance of goods from warehouse, no interest is payable]

#### 06. Sec 65:- Manufacture & other operations in relation to goods in a warehouse

##### MCQ 09.06.07.00

If any importer imported goods for carrying out manufacturing or other processes in warehouse, then the import duty shall be remitted on quantity of warehoused goods contained in waste generated for the goods exported, if:-

- a. Resultant product is fully exported  
b. Such waste product is fully destroyed or duty has been paid on such waste as if it is imported in that form  
c. Resultant product is fully cleared for home consumption in India  
d. Both a & b above

[Hint:- Refer sec 65]

##### MCQ 09.06.08.00

If the resultant product emerged out of manufacturing process carried out in warehouse, is fully cleared for home consumption then the warehoused goods contained in waste or refusal shall be liable to duty at the rate applicable to:

- a. Original imported goods      b. Waste product  
c. Resultant product                  d. Either b or c above

[Hint:- Refer sec 65]

#### 07. Sec 72:- Goods improperly removed from warehouse, etc.

##### MCQ 09.07.09.00

Mr. Gujral imported certain goods in Jan 20XX. An into bond bill of entry was presented on 10th Jan, 20XX. Assessable value was \$ 15,00,000. The order permitting the deposit of goods in warehouse for two months was issued on 15th Jan, 20XX. Mr. Gujral failed to clear the imported goods before the expiry of warehousing period i.e. upto 14th March, 20XX. Mr. Gujral did not obtain any extension of time as well. Mr. Gujral cleared the goods on 30th April, 20XX.

Date	10.01.XX	15.01.XX	14.03.XX	30.04.XX
Basic Custom Duty	10%	8%	18%	Exempt

Identify the rate of duty applicable on clearance of goods by Mr. Gujral

- a. 10%                                      b. 8%  
c. 18%                                      d. Exempt

[Hint:- Rate of Duty shall be the rate on the date of deemed removal i.e. when the warehousing period expires]

Answer:-

09.01.01	b
09.02.01.01	d
09.03.02	d
09.04.03	c
09.04.04	c
09.05.05	d
09.05.06	c
09.06.07	d
09.06.08	a
09.07.09	c

CH.09

Warehousing