

OFFICE OF COMMISSIONER OF CUSTOMS (IMPORT),  
JAWAHARLAL NEHRU CUSTOM HOUSE,  
SHEVA, TAL: URAN, DIST: RAIGAD.

F.No. S/22-Gen-84/2005 A(M) JCH DT. 10/08/2005

STANDING ORDER NO: 31/2005

Subject: Directions of the Honorable High Court with regard to  
the Bank Guarantees issued.

It has been observed and noticed by the Honorable High Court, Bombay particularly in Customs, Central Excise and Enforcement matters, the Bank Guarantees given by the parties at the time of passing interlocutory order are not renewed, which resulted in loss of Revenue. Time and again the Honorable Court has been giving oral instructions to the Counsels representing the Revenue departments to take appropriate measures, so that Bank Guarantees obtained from the parties are kept alive till the final disposal of the petition.

◆◆◆◆◆◆◆◆◆◆ Recently, the Division Bench comprising Hon◆ble Justice S. Radhakrishna and the Hon◆ble Justice Aguiar have inter-alia passed the following directions to be complied with immediate affect by the concerned departments of Excise and Customs.

1. The concerned departments to maintain a Register of Bank Guarantees issued along with the case numbers in which the said Bank Guarantees are issued.
2. The Register should also contain the dates of renewals of the said Bank Guarantees and the steps taken by the department concerned to ensure timely renewals.
3. As per the terms of the Bank Guarantee, the concerned party has to renew the Bank Guarantee given by it at least 30 days prior to the expiry date.◆ If the same is not renewed within the said period, steps should be taken to encash by invoking the Bank Guarantee.
4. Whether the Bank Guarantees have been encashed; the steps taken by the concerned department in connection with timely encashment of such Bank Guarantees.
5. The Hon◆ble Court is further pleased to direct that if no steps are taken by the concerned department to encash the Bank Guarantees, in order to prevent the loss to the Revenue, which in certain cases may run into huge amounts, such amounts will be recovered from the departmental officer concerned.

The aforesaid directions are issued inter-alia with the objective of protecting the Revenue from incurring huge loss, particularly in cases where the said Bank Guarantees are not encashed in time.◆ As the said directions are forthcoming from the Hon◆ble Court, due compliance of the same with immediate effect is required.

