CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS · CUSTOMS ACT, 1962

MOOWR Scheme

Manufacture and Other Operations in Warehouse Regulations, 2019 — a customs duty deferment framework that lets manufacturers import inputs and capital goods into a bonded warehouse without paying duty upfront.

Administered under the Customs Act, 1962 · Sections 58 & 65

Prepared by **ProIndiaClub** (A Unit of VNCA Consultants and Advisors Private Limited)

THE FRAMEWORK

What is the MOOWR Scheme?

WHAT IS MOOWR

- A customs duty deferment framework under the Manufacture and Other Operations in Warehouse Regulations, 2019.
- Eligible businesses import raw materials, components, consumables and capital goods into a bonded warehouse without paying customs duty upfront.
- Duty becomes payable only when goods are cleared for home consumption; on exports, deferred duty on inputs is generally not payable.

LEGAL FRAMEWORK

- Operates through licensing of a private bonded warehouse under Section 58 of the Customs Act, 1962.
- Manufacturing and other operations are permitted under Section 65 of the same Act.
- Governed by the Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019, notified by the CBIC.
- Revamped in 2019 to boost manufacturing competitiveness and ease of doing business.

OBJECTIVES

Objectives of the MOOWR Scheme

1
Global manufacturing hub

Promote India as a global hub for manufacturing and exports.

Global hub

2
Duty deferment

Reduce upfront customs duty outflow and improve working-capital efficiency.

Cash flow

3
Market flexibility

Give manufacturers flexibility to serve both domestic and export markets.

Domestic + export

4
Simplified licensing

Combine warehouse licensing and manufacturing approval in one process.

One approval

5
Make in India

Encourage manufacturing within India and build competitiveness.

Atmanirbhar Bharat

How the MOOWR scheme works & who can apply

HOW IT WORKS

- An eligible business obtains approval to operate a bonded manufacturing facility.
- Imported goods enter the licensed premises without upfront payment of customs duty.
- Goods may be used for manufacturing, processing, packaging, testing, repair or other permitted operations.
- Duty is paid on imported inputs when finished goods are sold domestically; on exports the duty liability is not triggered in the same way.

WHO IS ELIGIBLE

- Open to new and existing manufacturers and businesses carrying out permitted operations in a bonded warehouse.
- Generally no sector restriction, no minimum investment threshold and no mandatory export obligation.
- Existing premises can be converted into bonded manufacturing facilities, subject to approval and customs compliance.

KEY BENEFITS

Key benefits of the MOOWR Scheme

DUTY DEFERMENT

- Customs duty on imported inputs and capital goods is deferred until the goods are cleared for home consumption.
- No duty on inputs used in exported finished goods.

WORKING CAPITAL

- Avoiding upfront duty at the import stage improves liquidity and cash-flow efficiency.
- Capital stays in the business rather than locked in duty payments.

NO EXPORT OBLIGATION

- Unlike many export-promotion schemes, MOOWR imposes no mandatory export commitment.
- Units may freely supply both domestic and export markets.

FLEXIBLE & PAN-INDIA

- Facilities can be set up or converted anywhere in India, subject to approval.
- Duty on capital goods is deferred until removal, under a simplified single-window approval.

How duty is treated under MOOWR

ABOUT DUTY TREATMENT

- Under MOOWR, customs duty on imported inputs and capital goods is deferred, not waived.
- The point at which duty becomes payable depends on how the goods are finally used.
- Exports generally do not trigger duty on the inputs consumed, improving competitiveness.
- Accurate records and reconciliation are essential to compute and discharge duty correctly.

Duty treatment by scenario

Scenario	Duty treatment
Inputs used in goods sold in India	Payable on home clearance
Inputs used in exported goods	Generally not payable
Capital goods kept in bonded premises	Duty stays deferred
Capital goods removed for domestic use	Payable on removal
Waste or scrap generated	Treatment case-dependent

Duty is deferred, not exempted. Actual liability is determined at the point of clearance, removal or disposal of the goods.

Applying for MOOWR & staying compliant

APPLICATION & APPROVAL

- Apply for licensing of a private bonded warehouse and permission for manufacturing or other operations.
- Submit details of the premises, process, inputs, capital goods, expected output, layout plan and IEC.
- The jurisdictional customs authority reviews the application and may verify the premises.
- Execute the required bond and undertakings; on approval, import goods for permitted operations.

COMPLIANCE REQUIREMENTS

- Maintain digital records of receipt, storage, consumption, production, clearance, transfer and export.
- File periodic returns and keep physical and accounting control over bonded goods.
- Use imported goods only for approved operations and pay duty before domestic clearance.
- Track waste, scrap and by-products and meet audit, inspection and reconciliation requirements.

Which businesses benefit most from MOOWR

HEAVY IMPORTERS

"We import large volumes of raw materials or components."

MOOWR defers duty on imported inputs, freeing up working capital otherwise tied in imports.

CAPITAL INVESTMENT

"We are importing machinery and equipment."

Duty on capital goods stays deferred until the goods are removed from the bonded facility.

MIXED MARKETS

"We sell to both domestic and export customers."

No mandatory export obligation, so you can flexibly serve either market as demand shifts.

BROWNFIELD CONVERSION

"We want to convert an existing facility."

Existing premises can be licensed as bonded manufacturing units, subject to approval and compliance.

Practical challenges & recent developments

COMPLIANCE INTENSITY

- Strict record-keeping and reconciliation are essential; weak controls can lead to disputes, duty demands and penalties.
- Robust inventory and accounting systems are non-negotiable.

DUTY & DOCUMENTATION

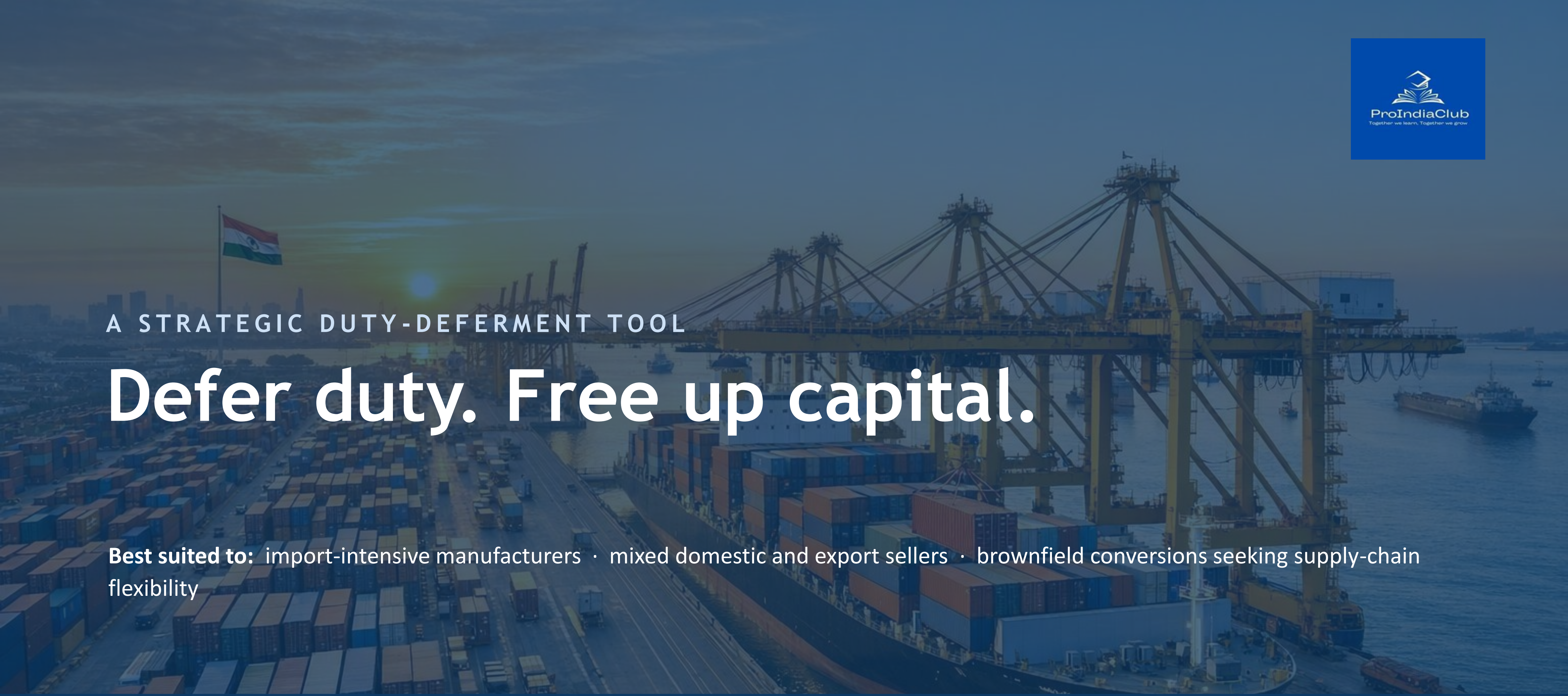
- Domestic clearances need accurate duty computation and timely filing, backed by robust inventory systems.
- Errors can delay clearance and trigger interest liabilities.

INCENTIVE INTERPLAY

- Certain export-incentive benefits may be restricted or need careful evaluation when operating under MOOWR.
- Weigh the scheme trade-offs before opting in.

GOING DIGITAL

- Approvals and compliance are moving to online modules, improving transparency and standardisation.
- Refer to the latest customs circulars, ICEGATE and jurisdictional public notices.



A STRATEGIC DUTY-DEFERMENT TOOL

Defer duty. Free up capital.

Best suited to: import-intensive manufacturers · mixed domestic and export sellers · brownfield conversions seeking supply-chain flexibility

MOOWR benefits are best realised with strong compliance systems and disciplined inventory controls. Verify current customs provisions and circulars before opting in.

How we can assist you with the MOOWR Scheme

LICENSING & APPROVAL

End-to-end assistance in obtaining the private bonded warehouse licence and Section 65 manufacturing permission.

APPLICATION & DOCUMENTATION

Preparing applications, layout plans, bonds and undertakings and liaising with jurisdictional customs authorities.

COMPLIANCE & RECORDS

Setting up digital record-keeping, periodic returns and reconciliation of inputs, production and clearances.

DUTY & COST ADVISORY

Cost-benefit analysis of duty deferment, working-capital impact and interplay with other export schemes.

AUDIT & REPRESENTATION

Support during audits and inspections and representation before customs and CBIC authorities.