

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

New Delhi, dated the 31st March, 2000
11Chaitra, 1922 (Saka)

NOTIFICATION

No. 28/2000-Central Excise (N.T.), dated 31-3-2000.

In exercise of the powers conferred by rule 57AK of the Central Excise Rules, 1944, the Central Government, hereby declares the following inputs (hereinafter referred to as the "declared inputs") and final products falling within the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), namely:-

S.No.	Inputs	Final products
(1)	Goods falling within heading No. 51.05, 51.06, 51.07, 52.05, 52.06, 53.06, 53.07, 53.08, 54.02, 54.03, 54.04, 54.05, 55.01, 55.02, 55.03, 55.04, 55.05, 55.06, 55.07, 55.09, 55.10, 56.04, 56.05 or 56.06 of the said First Schedule.	The following goods manufactured by a composite mill, namely:- (i) Processed fabrics falling under Chapters 52 (except sub-heading Nos. 5207.10, 5208.10 and 5209.10), 54 (except sub-heading Nos. 5406.10 and 5407.10) or 55 (except sub-heading Nos. 5511.10, 5512.10, 5513.10 and 5514.10); or (ii) Fabrics of cotton or man-made fibres, whether or not processed, falling under heading Nos. 58.01, 58.02, 58.06 (except sub-heading No. 5806.20), 60.01, 60.02 (except sub-heading No. 6002.10) of the said First Schedule.
(2)	(i) Goods falling within heading No. 51.05, 51.06, 51.07, 52.05, 52.06, 53.06, 53.07, 53.08, 54.02, 54.03, 54.04, 54.05, 55.01, 55.02, 55.03, 55.04, 55.05, 55.06, 55.07, 55.09, 55.10, 56.04, 56.05 or 56.06 of the said First Schedule; (ii) Dyes, chemicals, consumables, packaging materials falling within the said First Schedule.	The following goods manufactured by a manufacturer other than a composite mill, namely:- (i) Processed fabrics falling under Chapters 52 (except sub-heading nos. 5207.10, 5208.10 and 5209.10), 54 (except sub-heading Nos. 5406.10 and 5407.10) or 55 (except sub-heading Nos. 5511.10, 5512.10, 5513.10 and 5514.10); or (ii) Fabrics of cotton or man-made fibres, whether or not processed, falling under heading Nos. 58.01, 58.02, 58.06 (except sub-heading No. 5806.20), 60.01, 60.02 (except sub-heading No. 6002.10) of the said First Schedule.
(3)	Goods falling within heading Nos. 52.05 or 52.06 of the said First Schedule	The following goods manufactured by a manufacturer other than a composite mill, namely:- (a) Gauze falling under heading No. 58.03 of the said First Schedule; (b) Book binding cloth falling under sub-heading No. 5901.10 of the said First Schedule.

2. The Central Government further declares that -

(i) the duty of excise under the Central Excise Act, 1944 (1 of 1944);

(ii) the additional duty under section 3 of the Customs Tariff Act, 1975 (51 of 1975); or

(iii) the additional duty of excise under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978 (40 of 1978),

(hereinafter referred to as the declared duty) shall be deemed to have been paid on the declared inputs and the same,-

(i) in case of a composite mill, shall be equivalent to the amount calculated at the rate of -

(a) 40 per cent. of the duty of excise leviable under the Central Excise Act, 1944 (1 of 1944) read with any notification for the time being in force, on the final products of cotton (not containing any other-textile material) declared herein;

(b) 50 per cent. of the duty of excise leviable under the Central Excise Act, 1944 (1 of 1944), read with any notification for the time being in force, on the final products other than those specified in sub-clause (a),

(ii) in case of a manufacturer other than a composite mill, shall be equivalent to the amount calculated at the rate of -

(a) 50 per cent. of the duty of excise leviable under the Central Excise Act, 1944 (1 of 1944) read with any notification for the time being in force, on the final products of cotton (not containing any other textile material) declared herein;

(b) 60 per cent of the duty of excise leviable under the Central Excise Act, 1944 (1 of 1944), read with any notification for the time being in force, on the final products other than those specified in sub-clause (a), and credit of the declared duty so deemed to have been paid shall be allowed to the manufacturer of the final products, without production of documents evidencing payment of duty on the said inputs, at the time of clearance of the said final products.

3. The credit of declared duty allowed in respect of the said inputs shall be utilized only towards payment of duty of excise leviable under the said Central Excise Act, on the said final products:

Provided that the credit of declared duty in respect of the inputs used in the final products cleared for export under bond shall be allowed to be utilized towards payment of duty of excise on any final products cleared for home consumption or for export on payment of duty and, where for any reason, such adjustment is not possible, by refund to the manufacturer subject to such safeguards, conditions and limitations as may be specified by the Central Government in the Official Gazette:

Provided further that no such refund of declared duty shall be allowed if the manufacturer avails of drawback allowed under the Customs and Central Excise Duties (Drawback) Rules, 1971 or claims rebate of duty under rule 12 of the Central Excise Rules, 1944, in respect of such duty.

4. The provisions of this notification shall not apply to a manufacturer (other than a composite mill) who avails any credit, under rule 57AB of the Central Excise Rules, 1944, in respect of the said inputs and the said inputs are used in the manufacture of the said final products.

5. In respect of a composite mill, the provisions of this notification shall apply only to processed fabrics manufactured from unprocessed fabrics not woven in the same composite mill.

6. Where the final products have been removed clandestinely without payment of duty of excise leviable under the Central Excise Act, 1944 (1 of 1944), or as the case may be, the additional duty leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957), at the time of clearance of such final products, nothing contained in this notification shall apply in respect of such final products even if the duty of excise leviable on such final products is paid after such removal.

7. The provisions of this notification shall not apply to final products on which duty of excise leviable under the Central Excise Act, 1944 (1 of 1944), or as the case may be, the additional duty leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957), has not been levied or paid or has been short-levied or short paid or erroneously refunded by reason of fraud, collusion or any wilful misstatement or suppression of facts, or contravention of any provisions of the Central Excise Act or of the rules made thereunder with intent to evade payment of duty.

8. Notwithstanding anything contained in this notification, the declared duty in respect of the declared inputs shall be deemed to have been paid and the credit of the declared duty shall be allowed for an amount calculated at the rate of

(a) 50 per cent. of the duty of excise leviable under the Central Excise Act, 1944 (1 of 1944) read with any notification for the time being in force, on the final products of cotton (not containing any other textile material) declared herein;

(b) 60 per cent of the duty of excise leviable under the Central Excise Act, 1944 (1 of 1944), read with any notification for the time being in force, on the final products other than those specified in sub-clause (a),

at the time of clearance of-

(i) final products lying in stock in the processing factory of a multi-locational composite mill as on the 2nd day of June, 1998; or
(ii) final products, manufactured from unprocessed, or semi-processed fabrics lying in stock in the processing factory of a multi-locational composite mill as on the 2nd day of June, 1998:

Provided that no credit under this paragraph shall be taken where the processing factory of the said multi-locational composite mill has taken credit in respect of the said inputs under any other rule or notification.

9. The provisions of this notification shall not apply to an independent processor, i.e., 'a manufacturer who is engaged primarily in the processing of fabrics with the aid of power and who also has the facility in his factory (including plant and equipment) for carrying out heat-setting or drying, with the aid of power or steam in a hot-air stenter and who has no proprietary interest in any factory primarily and substantially engaged in the spinning of yarn or weaving or knitting of fabrics, on or after the 10th December, 1998, in respect of final products falling under heading Nos. 52.07, 52.08, 52.09, 54.06, 54.07, 55.11, 55.12, 55.13 or 55.14, or processed textile fabrics of cotton or man-made fibres, falling under heading Nos. or sub-heading Nos. 58.01, 58.02, 5806.10, 5806.40, 6001.12, 6001.22, 6001.92, 6002.20, 6002.30, 6002.43 or 6002.93, of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).

10. This notification shall come into effect on and from the 1st day of April, 2000.

Explanation I.- It is clarified that even if the declared inputs are used directly by a manufacturer of final products the credit of the

declared duty shall, notwithstanding the actual amount of duty paid on such declared inputs, be deemed to be equivalent to the amount specified in this notification and the credit of the declared duty shall be allowed to such manufacturer.

Explanation II.- For the purposes of this notification, "Composite ariil" means a manufacturer who is engaged in the processing of fabrics with the aid of power along with weaving or knitting or crocheting of fabrics within the same factory and includes a multi-locational-composite mill, i.e., a public limited company which is engaged in the processing of fabrics with the aid of power along with weaving or knitting or crocheting of fabrics in one or more factories owned by the same public limited company.

Explanation III .- For removal of doubts, it is clarified that the provisions of this notification shall not apply where processed fabric itself is used as an input for further processing.

Explanation IV .- For the removal of doubts, it is clarified that the provisions of paragraph 4 shall not apply to a manufacturer who avails of any credit, under rule 57AB of the Central Excise Rules, 1944, in respect of the declared inputs where the said declared inputs are used in manufacture of final products other than the said final products.

(Sanjeev Sachdeva)
Deputy Secretary to the Government of India

F.No. B4/4/2000-TRU