

Notification No. 54/2001-Central Excise (N.T.)

In exercise of the powers conferred by rule 11 of the CENVAT Credit Rules, 2001, 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) (hereinafter referred to as the said First Schedule), as specified in the Table below, namely:-

Table

Inputs	Final products
(i) Fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58, 59 or 60 of the said First Schedule.	Articles of apparel and clothing accessories, not knitted or crocheted, falling under Chapter 62 of the said First Schedule.
(ii) Other raw materials, parts, components, trimmings and embellishments, consumables and packaging materials falling within 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); or
(ii) the additional duty under section 3 of the Customs Tariff Act, 1975 (51 of 1975)

(hereinafter referred to as the declared duty) shall be deemed to have been paid on the declared inputs and the same shall be equivalent to the amount calculated at the rate of 20 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 declared herein 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 declared inputs, at the time of clearance of the said final products.

3. The credit of declared duty allowed in respect of the declared inputs shall be utilized 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 declared inputs used in the final products cleared for export under bond shall be allowed to be utilized towards payment of duty of excise on the 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 credit or refund of such 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 18 of the Central Excise (No. 2) Rules, 2001, in respect of such duty.

4. The provisions of this notification shall not apply to a manufacturer who avails of any credit under rule 3 of the CENVAT Credit Rules, 2001, in respect of the declared inputs and the declared inputs are used in the manufacture of the said final products.

Explanation .- It is clarified that the CENVAT credit in respect of capital goods, under rule 3 of the CENVAT Credit Rules, 2001, shall be allowed to the said manufacturer subject to the conditions as specified under rules 4 of that rules.

5. 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), 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 mis-statement or suppression of facts, or contravention of any provision of the said Central Excise Act or of the rules made thereunder with intent to evade payment of duty.

6. This notification shall come into effect on and from the 1st day of July, 2001.

Explanation I.- For the purposes of this notification, the expression "manufacturer" shall include a person who is liable to pay the duty of excise leviable on the said final products under sub-rule (3) of rule 4 of the Central Excise (No. 2) Rules, 2001.

Explanation II.- 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 III.- For the removal of doubt, it is clarified that the provisions of paragraph 4 shall not apply to a manufacturer who avails of any credit under rule 3 of the CENVAT Credit Rules, 2001, in respect of the declared inputs where the said declared inputs are used in manufacture of final products other than the said final products.

Explanation IV .- It is hereby clarified that credit of the declared duty shall be allowed in respect of final products lying in stock as on the 30th April, 2001 in the premises of the manufacturer registered under rule 174 of the Central Excise Rules, 1944 and removed on or after the 1st July, 2001.

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