

F.No.102/2/2010-CX-3
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, dated the 22nd December, 2010

To

All Directors General
All Chief Commissioners of Central Excise
All Chief Commissioners of Central Excise and Customs

Sir/Madam,

Subject: Scope of Notification Nos.49/2003-CE and 50/2003-CE both dated 10.06.2003

Kind attention is invited to Notification Nos. 49/2003-CE and 50/2003-CE both dated 10.06.2003 which provide full exemption from excise duties to goods cleared from industrial units in the states of Uttarakhand and Himachal Pradesh for a period of ten years from the date of commencement of commercial production. The exemption is available to new units set up or existing units which have undergone substantial expansion in terms of the said notifications and commence commercial production before the cut-off date, that is, on or before 31.3.2010

2. Representations have been received from Trade and Industry Associations seeking clarification on the availability of the exemption benefit under these notifications in the following situations:

- (i) Where a unit starts producing some new products after the cut-off date using plant and machinery installed up to the said cut-off date and without any further addition to the plant and machinery.
- (ii) Where the installed capacity in a particular unit is upgraded after the cut-off date, so as to increase the efficiency of the machinery by installing ancillary machines or replacement of some parts etc but in such a way that it does not lead to increase in capacity of production.
- (i) Where new dosage forms are manufactured after the cut-off date on the same line of production with the same machinery.
- (ii) Where a unit manufactures a new product by installing fresh plant, machinery or capital goods after the cut-off date.

3. Board has examined the matter. Under the said notifications, any new unit set up or an existing unit which has undergone substantial expansion that commences commercial production before the cut-off date is entitled to excise duty exemption in respect of excisable goods (other than those appearing in the negative list) manufactured and cleared for a period of ten years from the date of commencement of commercial production. The provisions of these notifications do not place a bar or restriction on any addition/modification in the plant or machinery or on the production of new products by an eligible unit after the cut-off date and during the exemption period of ten years as per the notification. Therefore, it is clarified that in all the above situations, the benefit of the excise duty exemption under the notifications would continue to be available to eligible industrial units. However the period of exemption would remain ten years and would not get extended on account of such modifications or additions under any circumstances.

4. Trade and industry and field formations may be suitably informed.

5. Receipt of the Circular may be acknowledged.

6. Hindi version will follow.

Yours faithfully

(Dr. Ravindra J Dange)
Under Secretary (CX-3)