

Circular No. 963/06/2012-CX

F.No.101/9/2011-CX.3
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

New Delhi, the, 29th March, 2012

To

All Chief Commissioners of Central Excise & Customs,
All Chief Commissioners of Central Excise,
All Directors Generals

Sir/Madam,

Sub: Clarification Regarding Mega Power Project (MPP) exemption - reg.

Representations have been received seeking clarification regarding the entry at S.No. 91B of Notification No.6/2006-CE dated 1.3.2006 (present entry no. 338 of Notification No. 12/2012-CE dated 17.3.2012). Sl.No.91B of Notification No.6/2006-CE dated 1.3.2006 prescribes exemption to specified goods when supplied to Mega Power Projects. The exemption is available subject to condition No.28 which, inter alia, prescribes that in case the certificate issued by the Joint Secretary in the Ministry of Power regarding the project having the status of Mega Power Project is provisional, the Chief Executive Officer of the Project has to furnish a Fixed Deposit Receipt (FDR) for an amount equal to the Central Excise duty payable for a term of thirty six months or more to the Deputy Commissioner or the Assistant Commissioner of Central Excise having jurisdiction.

2. Representations have been received in the Board seeking clarification on certain issues relating to clearances of goods for Mega Power Projects under the aforesaid Notification. These have been examined by the Board and the following issues are clarified for guidance of the field formations and the trade:

a) **Whether the FDR is required to be submitted to the jurisdictional officer in-charge of the Mega Power Project or to the jurisdictional officer in-charge of the factory from where the goods are cleared for supply to such project:** It is clarified that the FDR is required to be submitted to the jurisdictional Deputy Commissioner or Assistant Commissioner, in-charge of the factory from where the goods are cleared in terms of this notification and not to the jurisdictional officer, in-charge of the Project.

b) **Whether only one FDR is required to be submitted in respect of the clearances which are likely to take place over a period of time or the fixed deposits can be submitted at regular intervals:** It is clarified that the notification do not provide for submission of a single FDR. The FDRs can be submitted by the Project Director at regular intervals as and when the clearances take place. However, each FDR has to be for a period of thirty six months or as stipulated in the notification.

c) **Clarification has also been sought as to whether the provisions of Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001 are applicable to such clearances:** These rules are applicable in case the inputs are removed for further use by a manufacturer and not for use in a project. In fact neither entry no.91B of Notification No.6/2006-CE dated 1.3.2006, as amended, nor condition no.28 corresponding to the said entry prescribes that to avail the exemption, the procedures prescribed under the above mentioned Rules have to be followed. Therefore, it is clarified that the provisions of Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001 are not applicable in case of such removals.

3. Trade may be informed accordingly.

4. Hindi version would follow

Yours faithfully,

(Madan Mohan)
Under Secretary (CX3)