

G.S.R. (E).- In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby makes the following rules further to amend the Central Excise Rules, 1944, except as respects things done or omitted to be done before such amendment, namely:-

1. (1) These rules may be called the Central Excise (Third Amendment) Rules, 2001.
(2) They shall come into force on the 1st day of March, 2001.
2. In the Central Excise Rules, 1944 (hereinafter referred to as the said rules), in rule 52A, in sub-rule (2), for the word "quaduplicate", the word "triplicate" shall be substituted.
3. In the said rules, in rule 57AA,-
 - (a) in clause (a), after sub-clause (vi), following shall be inserted, namely:-

“(vii) storage tank.”;
 - (b) in clause (d), the “*Explanation*” shall be numbered as “*Explanation 1*” and after “*Explanation 1*” as so numbered, the following shall be inserted, namely:-

“*Explanation 2.-* Inputs include goods used in the manufacture of capital goods which are further used in the factory of the manufacturer. ”.
4. In the said rules, in rule 57AB,-
 - (A) for sub-rule (1), the following shall be substituted, namely:-

“(1) A manufacturer or producer of final products shall be allowed to take credit (hereinafter referred to as the CENVAT credit) of ,-
 - (i) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 (hereinafter referred to as the said First Schedule), leviable under the Act;
 - (ii) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985, leviable under the Act;
 - (iii) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;
 - (iv) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;
 - (v) the National Calamity Contingent duty leviable under clause 129 of the Finance Bill, 2001, which clause has, by virtue of the declaration made in the said Finance Bill under the Provisional Collection of Taxes Act, 1931, the force of law; and

- (vi) the additional duty leviable under section 3 of the Customs Tariff Act, 1975, equivalent to the duty of excise specified under clauses (i), (ii), (iii), (iv) and (v) above,

paid on any inputs or capital goods received in the factory on or after the first day of March, 2001, including, the said duties paid on any inputs or capital goods used in the manufacture of intermediate products, by a job-worker availing the benefit of exemption specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 214/86- Central Excise, dated the 25th March, 1986, published in the Gazette of India vide number GSR 547(E), dated the 25th March, 1986, and received by the manufacturer for use in or in relation to the manufacture of final products, on or after the first day of March, 2001.

Explanation.- For removal of doubts it is clarified that the manufacturer of the final products shall be allowed CENVAT credit of additional duty leviable under section 3 of the Customs Tariff Act, 1975 on goods falling under heading No. 98.01 of the First Schedule to the said Customs Tariff Act.

(1A) Notwithstanding anything contained in sub-rule (1), the manufacturer or producer of final products shall be allowed to take CENVAT credit of the duty paid on inputs lying in stock or in process or inputs contained in the final products lying in stock on the date on which any goods cease to be exempted goods or any goods become excisable.

(1B) The CENVAT credit may be utilized for payment of any duty of excise on any final products manufactured by the manufacturer or for payment of duty on inputs or capital goods themselves if such inputs are removed as such or after being partially processed, or such capital goods are removed as such.

Provided that while paying duty in the manner specified under sub-rule (1) of rule 49 or sub-rule (1) of rule 173G, as the case may be, the CENVAT credit shall be utilised only to the extent such credit is available on the fifteenth day of a month for payment of duty relating to the first fortnight of the month, and the last day of a month for payment of duty relating to the second fortnight of the month or in case of a manufacturer availing exemption by notification based on value of clearances in a financial year, for payment of duty relating to the entire month.”;

(1C) When inputs or capital goods, on which credit has been taken, are removed as such from the factory, the manufacturer of the final products shall pay an amount equal to the duty of excise which is leviable on such goods at the rate applicable to such goods on the date of such removal and on the value determined for such goods under section 4 of the said Central Excise Act, and such removal shall be made under the cover of an invoice referred to in rule 52A.

(1D) The amount paid under sub-rule (1C) shall be eligible as credit as if it was a duty paid by the person who removed such goods under sub-rule (1C).

(B) in sub-rule (2), after clause (d) and before the *Explanation*, the following shall be inserted, namely:-

“(e) credit in respect of-

(i) the National Calamity Contingent duty leviable under clause 129 of the Finance Bill, 2001; and

(ii) the additional duty under section 3 of the Customs Tariff Act, 1975, equivalent to the duty of excise specified under clause (i) above

shall be utilized only towards payment of National Calamity Contingent duty leviable under clause 129 of the Finance Bill, 2001 on any final products manufactured by the manufacturer or for

payment of such duty on inputs themselves if such inputs are removed as such or after being partially processed.”.

5. In the said rules, in rule 57AC,-

(A) in sub-rule (5), in clause (b), for the words “moulds and dies”, the words “jigs, fixtures, moulds and dies” shall be substituted;

(B) in sub-rule (6), for the words “ by an order in each removal”, the words “by an order, which shall be valid for a financial year, in respect of removal” shall be substituted.

6. In the said rules, in rule 57AE, in sub-rule (1), for clause (i), the following shall be substituted, namely:-

“(i) a supplementary invoice, issued by a manufacturer of inputs or capital goods under rule 52A or rule 52AA or rule 100E from his factory or from his depot or from the premises of the consignment agent of the said manufacturer or from any other premises from where the goods are sold by or on behalf of the said manufacturer, in case additional amount of excise duties has been paid, except where the additional amount of duty became recoverable from the manufacturer or importer of inputs or capital goods on account of any non-levy or short-levy by reason of fraud, collusion or any wilful mis-statement or suppression of facts or contravention of any provisions of the Act or of the Customs Act, 1962 or the rules made thereunder with intent to evade payment of duty.”.

7. In the said rules, rule 57AI, rule 96ZO, rule 96 ZP and rule 96ZQ shall be omitted.

F. No. 334/1/2001-TRU

(T. R. Rustagi)
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Footnote.- The principal rules were published vide notification number IV D-C.E., dated the 28th February, 1944 and were last amended vide notification No. 2/2001- Central Excise (N.T.), dated the 2nd February, 2001, published in the Gazette of India vide number G.S.R. 66 (E), dated the 2nd February, 2001.