

G.S.R. (E).- In exercise of the powers conferred by rule 11 of the CENVAT Credit Rules, 2002, and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 53/2001-Central Excise (N.T.), dated the 29th June, 2001, published in the Gazette of India vide number G.S.R. 497 (E), dated the 29th June, 2001, except as respects things done or omitted to have been done before such supersession, 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

S.No. (1)	Inputs (2)	Final products (3)
(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. 5207.20, 5208.20 and 5209.10), 54 (except sub-heading Nos. 5406.10 and 5407.10), 55 (except sub-heading Nos. 5511.10, 5512.10, 5513.10 and 5514.10), 60.01 or 60.02 (except sub-heading No. 6002.10); or (ii) Fabrics of cotton or man-made fibres, whether or not processed, falling under heading Nos. 58.01, 58.02 or 58.06 (except sub-heading No. 5806.20) 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. 5207.20, 5208.20 and 5209.10), 54 (except sub-heading Nos. 5406.10 and 5407.10), 55 (except sub-heading Nos. 5511.10, 5512.10, 5513.10 and 5514.10) or 60.01, 60.02 (except sub-heading No. 6002.10); or (ii) Fabrics of cotton or man-made fibres, whether or not processed, falling under heading Nos. 58.01, 58.02 or 58.06 (except sub-heading No. 5806.20), of the said First Schedule.
(3)	Goods falling within heading No. 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 (Textiles 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) 26 per cent. of the aggregate of the duty of excise leviable under the Central Excise Act, 1944 and the additional duty of excise leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) 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 aggregate of the duty of excise leviable under the Central Excise Act, 1944 and the additional duty of excise leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 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) 33 ¹/₃ per cent. of the aggregate of the duty of excise leviable under the Central Excise Act, 1944 and the additional duty of excise leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 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) 66 ²/₃ per cent. of the aggregate of the duty of excise leviable under the Central Excise Act, 1944 and the additional duty of excise leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 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 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 or the additional duty of excise leviable under the said Central Excise Act and the Additional Duties of Excise (Goods of Special Importance) 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 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 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, 1995 or claims rebate of duty under rule 18 of the Central Excise Rules, 2002, 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 3 of the CENVAT Credit Rules, 2002, in respect of the declared inputs or unprocessed fabrics which 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, 2002, shall be allowed to the said manufacturer (other than a composite mill) subject to the conditions as specified under rule 4 of that rules.

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, subject to the condition that no

credit, under rule 3 of the CENVAT Credit Rules, 2002, in respect of the said unprocessed fabrics is availed of by that composite mill.

Explanation. – It is clarified that the CENVAT credit in respect of capital goods, under rule 3 of the CENVAT Credit Rules, 2002, shall be allowed to the said composite mill subject to the conditions as specified under rule 4 of that rules.

6. The provisions of this notification shall not apply to final products on which duty of excise leviable under the Central Excise Act, 1944, or as the case may be, the additional duty leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 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 mis-statement 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.

Explanation 1.- 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 2.- For the purposes of this notification, “composite mill” means a manufacturer who is engaged in the processing of fabrics with the aid of power along with the spinning of yarn from fibres and 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 the spinning of yarn from fibres and weaving or knitting or crocheting of fabrics in one or more factories owned by the same public limited company.

Explanation 3.- For the removal of doubt 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 4.- For the removal of doubt it is clarified that the provisions of para graph 4 shall not apply to a manufacturer who avails of any credit, under rule 3 of the CENVAT Credit Rules, 2002, in respect of the declared inputs where the said declared inputs are used in manufacture of final products other than the said final products .

[F. No. 334/1/2002-TRU]

(T.R. Rustagi)
Joint Secretary to the Government of India