

## **Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001**

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## **Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001**

-Enforced w.e.f. 1.7.2001. 272. G.S.R. 448(E) In exercise of the powers conferred by Sec. 37 of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby makes the following rules, namely:-

### **1. Short title, extent and commencement :-**

(1) These rules may be called the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001.

(2) They extend to the whole of India.

(3) They shall come into force on and from the 1st day of July, 2001.

### **2. Application :-**

These rules shall apply to a manufacturer who intends to avail of the benefit of a notification issued under sub-sec. (1) of Sec. 5-A of

the Central Excise Act, 1944 (1 of 1944) (hereinafter referred to as the Act) granting exemption of duty to excisable goods (hereinafter referred to as subject goods) when used for the purpose specified in that notification.

### **3. Application by the manufacturer to obtain the benefit :-**

- (1) A manufacturer who intends to receive subject goods for specified use at concessional rate of duty, shall make an application in quadruplicate in the Form at Annexure I to the jurisdictional Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be (hereinafter referred to as the said Assistant Commissioner or Deputy Commissioner).
- (2) The manufacturer shall make separate application in respect of each supplier of subject goods.
- (3) The manufacturer shall execute a general bond with surety or security.
- (4) The bond shall be for such amount as considered appropriate by the said Assistant Commissioner or Deputy Commissioner, to cover the recovery of duty liability estimated to be involved at any given point of time.
- (5) The application shall be countersigned by the said Assistant Commissioner or Deputy Commissioner who shall certify therein that the said person has executed a bond to his satisfaction in respect of end use of the subject goods and indicate the particulars of such bond.
- (6) Of the four copies of the application referred to in sub-rule (5), one copy shall be forwarded to the jurisdictional range Superintendent of the manufacturer of the subject goods, two copies shall be handed over to the manufacturer and one copy shall be retained by the said Assistant Commissioner or Deputy

Commissioner.

(7) One copy of the application referred to in sub-rule (6) received by the manufacturer, shall be forwarded by the said manufacturer to the manufacturer of subject goods.

**4. Procedure to be followed by the manufacturer of subject goods :-**

(1) On the basis of the application referred to in sub-rule (7) of Rule 3, the manufacturer of subject goods shall avail the benefit of the exemption notification.

(2) The manufacturer of the subject goods shall record on the application the removal details, such as No. and date of invoice, description, quantity and value of subject goods and amount of excise duty paid at concessional rate.

**5. Manufacturer to give information receipt of the subject goods and maintain records :-**

The manufacturer, receiving subject goods, shall maintain a simple account indicating the quantity and value of subject goods, the quantity of subject goods consumed for the intended purpose, and the quantity remaining in stock, invoice wise and shall submit a monthly return in Return at Annexure II to the said Assistant Commissioner or Deputy Commissioner by the tenth day of the following month.

**6. Recovery of duty in certain cases :-**

Where the subject goods are not used by the manufacturer for the intended purpose, the manufacturer shall be liable to pay the amount equal to the difference between the duty leviable on such goods but for the exemption and that already paid, if any, at the time of removal from the factory of the manufacturer of the

subject; goods, alongwith interest and the provisions of Sec. 11-A and Sec. 11-AB of the Central Excise Act, 1944 (1 of 1944) shall apply mutatis mutandis for effecting such recoveries. <sup>1</sup>

"Provided that if the subject goods on receipt are found to be defective or damaged or unsuitable or surplus to the needs of the manufacturer, he may return the subject goods to the original manufacturer of the goods from whom he had obtained these and every such returned goods shall be added to the non-duty paid stock of the manufacturer of the subject goods and dealt with accordingly.";

**Explanation:-**For the removal of doubts, it is hereby clarified that subject goods shall be deemed not to have been used for the intended purpose even if any of the quantity of the subject goods is lost or destroyed by natural causes or by unavoidable accidents <sup>2</sup> [during transport from the place of procurement to the manufacturers premises or from the manufactures premises to the place of procurement or during handling or storage in the manufacturers premises.

1. Inserted by Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) (Amendment) Rules, 2003
2. Substituted for the words "during transport from the place of procurement to the manufactures premises" by Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) (Amendment) Rules, 2003