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**GOVERNMENT OF INDIA**  
MINISTRY OF FINANCE  
**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE**  
**CHENNAI – II COMMISSIONERATE**  
M.H.U. COMPLEX, 692, ANNA SALAI, NANDANAM, CHENNAI 600 035

TRADE NOTICE NO. 36 /2003.

Dated: 16.06.2003.

Subject: CE- Passing on of the credit of duty paid yarn by the exempted  
Power loom units to multiple buyers- regarding.

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Copy of Board's Circular No 722/38/2003-CX, Dated: June 9, 2003  
regarding Passing on of the credit of duty paid yarn by the exempted powerloom units to  
multiple buyers, is Communicated herewith for information and necessary action.

The contents of this Trade Notice may please be brought to the notice of  
all the constituent members of your Association and the manufacturers in particular

(Issued from file C. No.IV/16/ 217/2003-CX. POL PF I )

(K.R. UDAY BHASKAR)  
ADDITIONAL COMMISSIONER (TECH)

To  
The Trade and Field formations as per the Mailing List

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**Copy of Board's Circular NO 722/38/2003-CX, Dated: June 9, 2003**

**Subject: Passing on of the credit of duty paid yarn by the exempted  
Power loom units to multiple buyers- regarding.**

01. It may be recalled, that power loom weavers who avail exemption under  
notification No. 35/2003-CE, dated 30th April, 2003, as amended by notification  
No. 47/2003-CE, dated 17th May, 2003 are allowed to pass on the credit available  
on their inputs, i.e. yarns by endorsing the duty paying document, in favour of the  
buyer (please refer to notification No. 25/2003-CE(NT) dated 25th March, 2003).

documents are endorsed in full i.e. in favour of ONE person. For those who send their exempted grey fabrics, made from a single consignment of yarn (i.e. yarn covered under single input invoice), to various users, this option is not available.

02. The power loom weavers who are availing of the aforesaid clearance based exemption i.e. full exemption upto first annual clearance of Rs. 25 lakhs, have represented that a mechanism may be devised so that they can pass on the credit even if their exempted final products, made from a single consignment of yarn and covered under single invoice, is sold to more than one user. The Board, having considered the issue, have devised the following procedure :-

- This will be an optional scheme for independent weavers of unprocessed fabrics falling under Chapters 51, 52, 54, 55, 58 or 60.

- The person opting for the scheme shall file an application in the similar simplified format (Annexure-IA to notification No. 35/2001-CE(NT), dated 26th June, 2001, as amended) as that in case of registration of textile manufacturers. (Please see notification No. 53/2003-CE(NT) dated 9th June amending notification No. 36/2001-CE(NT) dated 26th June, 2001. The weavers may take assistance of trade association for filing such application.

- Instead of granting registration to the person, he shall be allotted (within 24 hours of the receipt of the application) a declarant code which will be 12 digit code i.e. first two digit for Commissionerate, 3rd and 4th digits for division, 5th and 6th digits for range and balance 6 digits would be running serial number of such assessee. The first six digits i.e. location codes should be as per the codes given by the Directorate General of Systems and Data Management. The balance six numbers would be running serial numbers, starting from 000001.

- The exempted unit will receive inputs i.e. yarns under duty paying documents and retain the said documents. While clearing exempted fabrics, along with his commercial invoice/document, he shall enclose a pre-printed serially numbered challan (in triplicate), in a format prescribed under Notification No.

his input/inputs and the related invoice/invoices,(b) particulars of duty paid thereon and (c) the proportionate amount of excise duty paid on inputs i.e. yarn, which is attributable to have been used in the manufacture of the fabrics being cleared under this challan. The ORIGINAL copy of this challan would be an eligible document for the buyer to claim CENVAT credit to the extent of such attributable duty. (Please see notification No. 54/2003-CE(N.T.), dated 9th June, 2003].

□ Such exempted units shall file a quarterly statement in a format prescribed under notification No. 54/2003- CE(N.T.), dated 9th June, 2003, showing the quantity and value of goods received as well as sold and the proportionate credit passed on. The person shall enclose all original copies (he may keep photocopies for his own records) of their input invoices (on the strength of which the credits were passed on) received and all the DUPLICATE copies of the challan issued during the year.

03. The ranges are to maintain a record for each assessee in the format prescribed below. The purpose of this record is to monitor whether the assessee has passed the correct credit to his buyer and whether the input out put ratio. It shall be the responsibility of the Superintendent of the concerned range to periodically review the records as well as statements file by the weavers and conduct test checks (without visiting the unit of the person) of the credits passed on under a challan and to reconcile the credit mentioned in the input invoices with the challan. If necessary, the units may be visited, but with the approval of the Commissioner.

<b>PROFORMA OF THE RANGE RECORD</b>	:	
<b>NAME &amp; ADDRESS OF THE EXEMPTED WEAVER(MANUFACTURER)</b>	:	
<b>DECLARANT CODE (12 DIGIT CODE)</b>	:	
<b>QUARTER ENDING ON</b>	:	
<b>STATEMENT FILED BY THE WEAVER ON</b>	:	

**RECONCILIATION OF CREDIT AVAILMENT**

S.No	Input invoice number and date	Name, address and registration no. of supplier of yarn	Amount of duty paid on such yarn	Details of credit passed on by the weaver				Challan No. and date	(5A) Credit passed on (in Rs.)	(5B) Balance credit available against the Invoice (In Rs.)	(5C)	
				(1)	(2)	(3)	(4)				(1)	(2)

**CONSUMPTION OF RAW MATERIAL AND PRODUCTION/ CLEARANCE OF FINISHED GOODS**

S. No.	Quarter ending on	Consumption of yarn during the quarter.,		Production of fabrics during the quarter		Ratio =The production of fabrics over the consumption of yarn				Cumulative value of clearance during the financial year, since 1st may, 2003 (in Rs.)
		1.Quantity (In Kgs./ Mts.)	2.Value (In Rs.)	1.Quantity (In Kgs./ Mts.)	2.Value (In Rs.)	(1).Of quantity	(2).Of value Clearance of goods during the quarter	1.Quantity (In Kgs./ Mts.)	2.Value (In Rs.)	

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**(Gautam Bhattacharya)**  
**Director (TRU)**