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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 . 37 / 2003.

Dated :17 -06-2003.

Subject : CE - Communication of Notification Nos.50/2003-
CE(NT), 53/2003 CE (NT) And 54/2003 CE (NT) - reg .

The following Notifications issued by the Government of India, are communicated herewith for information to the Trade and department.

- Notification No. 50/2003 CE (NT) dated 20-05-2003 - (Issued under Section 11C of Central Excise Act, 1944).
- Notification No. 53/2003 CE (NT) dated 09-06-2003. - (Amends Notification No. 36/2001 CE (NT) dated 26.06.2001.)
- Notification No. 54/2003 CE (NT) dated 09.06.2003 - (Amends Cenvat Credit Rules, 2002.)

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 MF)

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

To
As per mailing list
(Both Trade and Deptt.)

53 / 2003-CENTRAL EXCISE (N.T.), Dated: June 9, 2003

G.S.R. (E).- In exercise of the powers conferred by sub-rule (2) of rule 9 read with rule 33 of the Central Excise Rules, 2002, the Board, being satisfied that it is necessary and expedient in the public interest so to do, hereby makes the following further amendment in notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 36/2001-Central Excise(N.T.), dated the 26th June, 2001, namely:-

In the said notification, in clause (i) of sub-para (1) of the opening paragraph, the following shall be inserted at the end, namely:-

³Provided that an independent weaver who intends to opt for the procedure specified in rule 8A of the CENVAT Credit Rules, 2002, shall file an application in the form specified in Annexure-IA to the notification No. 35/2001-Central Excise(N.T.), dated 26th June, 2001 (G.S.R. 464 (E), dated the 26th June, 2001) and shall obtain a twelve digit declarant code from the Superintendent of Central Excise having jurisdiction in this behalf, before issuance of any challan referred to in the said rule 8A; such option once exercised during a financial year can not be withdrawn during the same financial year.².

[F.No. B3/1/2003-TRU]

(V.Sivasubramanian)

Deputy Secretary to the Government of India

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Footnote,- The principal notification No. 36/2001-Central Excise (N.T.), dated the 26th June, 2001 was published in the Gazette of India vide number G.S.R. 465(E), dated the 26th June, 2001 and was last amended vide notification No.31/2002 -Central Excise (N.T.), dated the 17th September, 2002, number G.S.R. 654 (E), dated the 17th September, 2002.

NOTIFICATION NO. 54/2003-CENTRAL EXCISE (N.T.), Dated: June 9, 2003

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 CENVAT Credit Rules, 2002, namely:-

1. (1) These rules may be called the CENVAT Credit (Fifteenth Amendment) Rules, 2003.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the CENVAT Credit Rules, 2002,

(a) in rule 7, in sub-rule (1) after clause (e), the following clause shall be inserted, namely:-

³(f) a challan, referred to in rule 8A.²;

(b) after Rule 8, the following rule shall be inserted, namely:-

³8A. Transfer of credit by exempted textile manufacturer,- (1) An independent weaver of fabrics, not subjected to any process, falling under Chapters 51, 52, 54, 55, 58 or 60 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter in this rule referred to as the First Schedule to the Central Excise Tariff Act) and which are exempted from the whole of the duty of excise leviable thereon under the said First Schedule to the Central Excise Tariff Act and the First Schedule to the Additional Duties of Excise(Goods of Special Importance) Act, 1957 (58 of 1957), shall observe the following procedure for the purposes of transfer of the credit of duty paid on the inputs, falling under Chapter 51, 52, 54 or 55 of the First Schedule to the Central Excise Tariff Act, used in the manufacture of the said fabrics, to the buyer of the said fabrics, namely:-

(i) the said independent weaver shall obtain a declarant code from the Superintendent of Central Excise having jurisdiction in this behalf, in terms of

the provision contained in notification No. 36/2001-Central Excise(N.T.), dated the 26th June, 2001 (G.S.R. 465(E), dated the 26th June, 2001);

(ii) the said independent weaver shall receive the said inputs on the basis of documents referred to under clause (a), (b), (c), (d) or (e) of sub-rule (1) of rule 7;

(iii) the said independent weaver shall maintain records of receipt, disposal, consumption and inventory of the inputs in the same manner as specified in respect of manufacturers of final products in sub-rule (4) of Rule 7;

(iv) no such fabrics shall be removed from the factory except under an invoice (not to be considered to have been issued in terms of the provisions of Central Excise Rules, 2002 for the purposes of being a document under sub-rule (1) of rule 7) and a challan, and the challan shall be in a format specified in the Annexure-I to these rules as ³CHALLAN FORM² and shall bear pre-printed serial numbers and shall be in triplicate for the following purposes, namely:-

(a) original- for buyer

(b) duplicate- for submission alongwith quarterly return

(c) triplicate-manufacturers office copy;

(v) the said independent weaver shall submit within fifteen days from the close of each quarter of a year to the Superintendent of Central Excise having jurisdiction in this behalf, a statement in the format specified in Annexure-II to these rules, enclosing all duplicate copies of challan issued during the quarter in respect of such fabrics.

Explanation.- For the purposes of this rule ³independent weaver² means a weaver who works on his own, purchases the yarn for such work himself and sells the unprocessed fabrics manufactured out of such work.

(c) after rule 14, the following Annexures shall be inserted, namely:-

ANNEXURE-I

CHALLAN FORM

Printed Serial Number

[See Rule 8A (iv)]

ORIGINAL- FOR BUYER

DUPLICATE- FOR SUBMISSION ALONGWITH QUARTERLY RETURN

TRIPLICATE-MANUFACTURERS OFFICE COPY

1. Name and address of the exempted weaver(manufacturer):

2. Declarant code: (12 digit code)

3. Date of issue;

1. Name, address and central excise Registration No. of the manufacturer or supplier of yarn

2. Invoice No./Nos & date/dates .(herein after called the said invoice/invoices) under which yarn/yarns, used in the manufacture of the unprocessed fabrics being removed under this challan, were received

3. Description of yarns (the invoice No./Nos. of which is mentioned in number 2 above) with identification nos. or marks

4. (a) Total Quantity (in Kgs./meters) of yarns received under the said invoice/invoices,

(b) Total assessable value (in Rs.) of yarns received under the said invoice/invoices.

5. (a) Total Quantity (in Kgs./meters) attributable to yarns used in the manufacture of the unprocessed fabrics being removed under this challan.

(b) Total assessable value (in Rs.) attributable to yarns used in the manufacture of the unprocessed fabrics being removed under this challan.

6. (a) Total amount of excise duty (in Rs.) paid on yarns received under the said invoice/invoices.

(b) Total amount of excise duty (in Rs.) attributable to inputs used in the manufacture of the unprocessed fabrics being removed under this challan.*

7. Nature of Processes carried out

8. Name, address and registration No. of the manufacturer to whom the goods are being sent (i.e. traders or processors)

9. Date and time of dispatch of fabrics

10. Description of goods despatched

11. Quantity (Kgs/meters) and value of fabrics dispatched

12. Cumulative clearance value of fabrics (in 000 Rs.), inclusive of the clearances made under this challan of fabrics, during the financial year

* The amount shown against this column shall be available to the buyer of fabrics for availing CENVAT Credit under the CENVAT Credit Rules, 2002.

DECLARATION

It is hereby declared that-

(a) due central excise duty/additional duty of customs has been paid on the above inputs;

(b) the above mentioned quantity of inputs, having the value mentioned above, have been used in the manufacture of the fabrics being cleared under this challan and under the cover of invoice No. ----- and dated----- ;and

(c) the correct amount of excise duty attributable to the yarn used in the manufacture of fabrics cleared under this challan has been shown against number 6(b) above.

(Signature of Proprietor/Partner/Authorised person)

ANNEXURE-II

TEXTILE QUARTERLY STATEMENT FORM

[See Rule 8A(v)]

1. RETURN FOR THE QUARTER ENDING ON-----
2. NAME AND ADDRESS OF THE EXEMPTED WEAVER(MANUFACTURER):
3. DECLARANT CODE: (12 DIGIT CODE)
4. DETAILS OF INPUTS RECEIVED (TO BE GIVEN SEPARATELY FOR EACH TYPE OF YARN);

Opening balance

Receipt during quarter

Consumed during quarter

Closing balance

1.Quantity

(in Kgs /meters)

2. Value (in Rs.)

3.Excise duty involved (in Rs.)

1.Quantity

(in Kgs /meters)

2. Value (in Rs.)

3.Excise duty involved (in Rs.)

1.Quantity

(in Kgs /meters)

2. Value (in Rs.)

3.Excise duty involved (in Rs.)

1.Quantity

(in Kgs /meters)

2. Value (in Rs.)

3.Excise duty involved (in Rs.)

1.

2.

3.

1.

2.

3.

1.

2.

3.

1.

2.

3.

5. DETAILS OF FABRICS CLEARED DURING THE QUARTER (TO BE GIVEN SEPARATELY FOR EACH TYPE OF FABRICS)

Opening balance

Manufactured during quarter

Removed during quarter

Closing balance

1.Quantity

(in Kgs /meters)

2. Value (in Rs.)

3.Credit of excise duty involved (in Rs.)

1.Quantity

(in Kgs/ meters)

2. Value (in Rs.)

3.Credit of excise duty involved (in Rs.)

1.Quantity

(in Kgs/ meters)

2. Value (in Rs.)

3.Credit of excise duty passed on (in Rs.)

1.Quantity

(in Kgs/ meters)

2. Value (in Rs.)

3.Credit of excise duty involved (in Rs.)

1.

2.

3.

1.

2.

3.

1.

2.

3.

1.

2.

3.

6. CUMULATIVE VALUE OF CLEARNCE DURING THE FINANCIAL YEAR, SINCE
1ST MAY, 2003 (In Rs.)-----

7. ENCLOSE DUPLICATE COPIES OF CHALLAN SERIAL NOS. (FROM)-----
(TO)-----

8. ENCLOSE ORIGINAL COPIES OF INPUT DUTY PAID INVOICES

DECLARATION

I hereby declare that the facts stated above are true and correct.

(Signature of Proprietor/Partner/Authorized person)²

[F.No. B3/1/2003-TRU]

(V.Sivasubramanian)

Deputy Secretary to the Government of India

Foot note.- The principal rules were published in the Gazette of India vide notification No.5/2002-Central Excise (N.T.), dated the 1st March, 2002, vide number GSR 144 (E), dated the 1st March, 2002 and were last amended vide notification No.52/2003-Central Excise (N.T.), dated the 6th June, 2003 number GSR 460 (E), dated the 6th June, 2003.

Circular NO

722/38/2003-CX, Dated: June 9, 2003

Subject: Passing on of the credit of duty paid yarn by the exempted powerloom 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).

However, the facility is available to such weaver only in cases when the input 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. 54/2003-CE(N.T.) dated 9th June, 2003. The challan would give details of (a) 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.

PROFORMA OF THE RANGE RECORD

NAME & ADDRESS OF THE EXEMPTED WEAVER(MANUFACTURER):

DECLARANT CODE: (12 DIGIT CODE)

QUARTER ENDING ON

STATEMENT FILE BY THE WEAVER ON

RECONCILLIATION 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

(1) (2) (3) (4) Challan

No.

and

date

(5A)

Credit

passed

on

(in Rs.)

(5B)

Balance

credit

availabl

e

against

the

Invoice

(In Rs.)

(5C)

1.

2.

CONSUMPTION OF RAW MATERIAL AND PRODUCTION/ CLEARANCE OF
FINISHED

GOODS

S.No. Quarter

ending
on
Consumption
of yarn
during the
quarter.,

1.Quantity
(In Kgs./
Mts.)

2.Value (In
Rs.)

Production
of fabrics
during the
quarter

1.Quantity
(In Kgs./
Mts.)

2.Value(In
Rs.)

Ratio =The
production
of fabrics
over the
consumption
of yarn

(1).Of
quantity

(2).Of value

Clearance
of goods

during the
quarter

1.Quantity

(In Kgs./
Mts.)

2.Value

(In Rs.)

Cumulative

value of

clearnce

during the

financial

year, since

1st may,

2003 (in

Rs.)

(Gautam Bhattacharya)

Director (TRU)