

## **CENTRAL EXCISE (REMOVAL OF GOODS AT CONCESSIONAL RATE OF DUTY FOR MANUFACTURE OF EXCISABLE GOODS) RULES, 2001**

[Notification No. 34/2001-C.E. (N.T.), dated 21-06-2001 as amended by  
Notification No. 37/2003-C.E. (N.T.), dated 17.04.2003 and  
14/2009-C.E. (N.T.), dated 10.06.2009]

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, namely:-

**RULE 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.

**RULE 2 Application.** — These rules shall apply to a manufacturer who intends to avail of the benefit of a notification issued under sub-section (1) of section 5A 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.

**RULE 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.

**RULE 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.

**RULE 5. Manufacturer to give information regarding 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.

**RULE 6. Recovery of duty in certain cases.**

— The said Assistant Commissioner Deputy Commissioner shall ensure that the goods received are used by the manufacturer for the intended purpose and 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, along with interest and the provisions of section 11A and section 11AB of the Central Excise Act, 1944 (1 of 1944) shall apply mutatis mutandis for effecting such recoveries.

**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 during transport from the place of procurement to the manufacturer's premises or from the manufacturer's premises to the place of procurement or during handling or storage in the manufacturer's premises.

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**Annexure I**

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

**( Original with 3 copies to be submitted through the Range Superintendent)**

To,

The Assistant Commissioner or Deputy Commissioner of Central Excise,

Division .....

Vide S. No.....of Notification No.....Central Excise, dated the .....issued under Section 5A (1) of the Central Excise Act, 1944 read with the relevant provisions of the Central Excise Act, 1944 ( 1 of 1944) and the Central Excise Tariff Act, 1985 ( 5 of 1986) and other laws for the time being in force the goods, namely,..... used for the specified purpose of .....attract the following excise duty (ies) (specify rates): Basic excise duty

/Special excise duty /Additional duty(ies) /Other Duty(ies).

We undertake to follow the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001 as required by the above notification. The quantity and value of subject goods, we wish to obtain during the financial year..... for the aforesaid specified purpose is.....(specify quantity and value) and we intend to procure the subject goods for use in our premises at.....

The estimated duty leviable on the subject goods but for the exemption under the above notification is rupees.....only (attach calculation sheet) and the estimated total duty on the subject goods payable at the time of removal under the above notification is rupees .....only (attach calculation sheet).

We also hereby undertake:

(a) to use the subject goods ..... for the purpose of ..... and to follow any other condition that the said notification imposes on us; and

(b) to pay on demand, in the event of failure to comply with (a) above, an amount equal to the difference between the duty leviable on such quantity of the subject goods but for the exemption under the aforesaid notification and that paid at the time of removal.

We have also executed the necessary bond dated..... (enclose the bond executed) for your acceptance.

Signature and stamp of authorised signatory, with name and address of the premise

Date:

Place:

(Endorsement and counter-signature of the said Assistant Commissioner or Deputy Commissioner on the application)

It is hereby certified that M/s ....having their premise at.... Have executed the bond as required by the said rules, for rupees....only, which has been accepted on behalf of the President of India by the undersigned and entered at S. No. dated .....of Bond Register.

F. No.

Signature of the said Assistant Commissioner or

Deputy Commissioner with date, name, stamp and seal

Date:

Place:

## Annexure II

### Monthly Return ( See rule 5)

#### Name of subject goods

S.No.	Description of subject goods	Details	Closing balance	Goods manufactured	Specified purpose for procuring the goods at concessional rate of duty	Whether the goods used for specified purpose or not. In case of export, specify the

										quantity exported with details of ARE 1 /ARE-2.
		Opening balance	Received	Total of columns (3) & (4)	Quantity consumed for the intended purpose		Nature	Nature		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Note.- Separate entries should be made for each variety or class of goods used and manufactured.

I/We declare that I/we have compared the above particulars with the records (and) /books of my/our factory and that they are, insofar as I/we can ascertain complete.

Verified

Date :

Place:

Signature of manufacturer

Name in capital letters

Seal