

Notification No. 23 /2003 - Central Excise

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944) (hereinafter referred to as the Central Excise Act), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts excisable goods of the description specified in column (3) of the Table below, and falling within the Chapter, heading No. or sub-heading No. of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter referred to as the Central Excise Tariff Act), specified in the corresponding entry in column (2) of the said Table, produced or manufactured in an export oriented undertaking or an Electronic Hardware Technology Park (EHTP) Unit or a Software Technology Park (STP) Unit and brought to any other place in India in accordance with the provisions of Export and Import Policy and subject to the relevant conditions specified in the Annexure to this notification, and referred to in the corresponding entry in column (5) of the said Table, from so much of the duty of excise leviable thereon under section 3 of the Central Excise Act as specified in the corresponding entry in column (4) of the said Table.

Table

Sr.No.	Chapter or heading No. or sub-heading No.	Description of Goods	Amount of Duty	Conditions
(1)	(2)	(3)	(4)	(5)
1.	Any Chapter	All goods	Duty of excise leviable thereon as is equivalent to the special additional duty of customs leviable on such goods under section 3 A of the Customs Tariff Act, 1975 (51 of 1975) read with proviso to sub-section (1) of section 3 of the said Central Excise Act, 1944.	1
2.	Any Chapter	All goods	In excess of the amount equal to fifty per cent. of the duty leviable under section 3 of the Central Excise Act: Provided that the duty payable in accordance with this notification in respect of the said goods shall not be less than the duty of excise leviable on the like goods produced or manufactured outside the export oriented undertaking, Electronic Hardware Technology Park unit or Software Technology Park unit, which is specified in the said Schedule read with the any other relevant notification issued under sub-section (1) of section 5A of the Central Excise Act: Provided further that nothing contained in the first proviso shall apply to the goods which are chargeable to "Nil" rate of duty leviable under section 12 of the Customs Act, 1962 read with any other notification for the time being in force issued under sub-section (1) of section 25 of	2

			<p>the said Customs Act.</p> <p>Illustration.- Assuming product X has the value Rs. 100 under section 14 of the Customs Act,1962 and is chargeable to basic custom duty of 25% ad valorem, additional duty of 16% ad valorem and special additional duty of 4% ad valorem. The computation of duty required to be paid would be as follows:</p> <p>Basic Customs duty = Rs. 25/-</p> <p>Value for the purpose of calculation of additional duty= Rs. 100/- + Rs. 25/- = Rs. 125/-</p> <p>Additional duty= 16% of Rs.125/-= Rs. 20/-</p> <p>Value for the purpose of special additional duty if leviable = Rs. 100/- + Rs. 25/- + Rs. 20/- = Rs. 145/-</p> <p>special additional duty if leviable= 4% of Rs. 145/-= Rs. 5.80/-</p> <p>Total duty payable but for this exemption= Rs. 25/-+ Rs. 20/- + Rs. 5.80/-= Rs. 50.80/-</p> <p>50% of aggregates of the duties of customs= 50% of Rs.50.80/-= 25.40/-</p> <p>Duty required to be paid in accordance with this notification is Rs. 25.40/- provided it is not less than the duty of excise leviable on like goods produced or manufactured outside the oriented undertaking, etc.</p>	
3.	Any Chapter	All goods other than those referred to in Sr. Nos. 5, 6 and 7 of this Table.	In excess of amount equal to aggregate of duties of excise leviable under Section 3 of the Central Excise Act or under any other law for the time being in force on like goods produced or manufactured in India other than in an export oriented undertaking, if sold in India.	3
4.	Any Chapter	All goods produced or manufactured wholly from the raw materials produced or manufactured in India, other than those referred to in Sr. Nos. 5, 6	<p>in excess of amount equal to 30% of the duty payable under section 3 of the Central Excise Act, 1944.</p> <p>Illustration.- Assuming product X has the value Rs. 100 under section 14 of the Customs Act,1962 and is chargeable to basic custom duty of 25% ad valorem, special additional duty of 4% ad valorem and not chargeable to additional duty. The computation of duty</p>	4

		and 7 of this table.	<p>required to be paid would be as follows:</p> <p>Basic Customs duty = Rs. 25/-</p> <p>Value for the purpose of special additional duty if leviable = Rs. 100/- + Rs. 25/- = Rs. 125/-</p> <p>special additional duty if leviable= 4% of Rs. 125/-= Rs. 5.00/-</p> <p>Total duty payable but for this exemption= Rs. 25/-+ Rs. 5.00/-= Rs. 30.00/-</p> <p>Thirty per cent. of the aggregates of the duties of customs= 30% of Rs.30.00/-= 9.00/-</p> <p>Duty required to be paid in accordance with this notification = Rs. 9.00/-</p>	
5.	52	Cotton fabric (not containing any other textile material), not subjected to any process,	<p>In excess of amount equal to fifty per cent. of the aggregate duty, not reduced by any other notification for the time being in force:</p> <p>Provided that the fifty per cent. of the aggregate duty leviable on the goods shall be apportioned in the ration 2:1 between the duty leviable under the said Central Excise Tariff Act and the Additional Duties of Excise (Goods of Special Importance)Act, 1957 (58 of 1957).</p> <p><i>Explanation.-</i> For removal of doubt, it is clarified that the value of the goods shall be determined in terms of the section 4 of the Central Excise Act.</p>	5
6.	52, 54 or 55	<p>Fabrics of –</p> <p>i. cotton (containing any other textile material),</p> <p>ii. man-made fibres, -</p> <p>not subjected to any process</p>	<p>In excess of amount equal to fifty per cent. of the aggregate duty, not reduced by any other notification:</p> <p>Provided that the fifty per cent. of the aggregate duty leviable on the goods shall be apportioned in the ration 2:1 between the duty leviable under the Central Excise Tariff Act, 1985 (5 of 1986) and the Additional Duties of Excise (Goods of Special Importance)Act, 1957 (58 of 1957).</p> <p><i>Explanation.-</i> For removal of doubts, it is clarified that the value of the goods shall be determined in terms of the section 4 of the Central Excise Act.</p>	5
7.	60	(i) Knitted or crocheted fabrics	In excess of amount equal to fifty per cent. of the aggregate duty, not reduced by any other	5

		of cotton, whether or not processed; (ii) Knitted or crocheted fabrics of man-made fibres, not subjected to any process,	notification: Provided that the fifty per cent. of the aggregate duty leviable on the goods shall be apportioned in the ration 2:1 between the duty leviable under the said Central Excise Tariff Act and the said Additional Duties of Excise (Goods of Special Importance)Act. <i>Explanation.</i> - For removal of doubts, it is clarified that the value of the goods shall be determined in terms of the section 4 of the Central Excise Act.	
8.	71	Plain Gold Jewellery	In excess of Rs. 250 per 10Gms.	6
9.	71	Studded Gold Jewellery	In excess of 5% ad valorem.	6
10.	71	Plain Silver Jewellery	In excess of Rs. 500 per Kg.	6
11.	Any Chapter	Rags, trimmings and tailor cuttings arising in the course of manufacture of ready made garments	In excess of "Nil".	7
12.	05.01	Waste of fish or crustaceans, mollusks or other aquatic invertebrates	In excess of "Nil".	-
13.	23.01	Castor oil cakes,	In excess of "Nil".	8.
14.	23.02	Guar meal	In excess of "Nil".	9
15.	52.02	Cotton waste (including yarn waste and garneted stock)	In excess of "Nil".	-
16.	53.07, 53.10, 5702.12, 5703.20, 58.01, 58.02, 58.06 or 6305.10	Yarn of jute and goods of jute.	In excess of "Nil".	10
17.	Any Chapter	Bone meal.	In excess of "Nil".	10

18.	Any Chapter	Rice husk and shark, residue of wheat, residue of pulses; and residue of any other cereal.	In excess of "Nil".	10
19	Chapter 9	Tea waste, and coffee waste.	In excess of "Nil".	10
20.	Any Chapter	Waste of Castor oil seed, waste of castor oil derivatives; waste of sesame seed; and waste of any other oil seed.	In excess of "Nil".	10
21.	Any Chapter	Waste from food industries.	In excess of "Nil".	10
22.	Any Chapter	All goods	In excess of "Nil" when cleared to a person holding an advance release order issued by the licensing authority against an Advance Licence in terms of paragraph 4.1.1 of the Export and Import Policy, read with relevant provisions of the Handbook of Procedures, Volume I, or a back to back inland letter of credit issued by a bank in terms of Paragraph 4.1.9 of the Export and Import Policy read with relevant provisions of the Handbook of Procedures, Volume –I.	11
23.	Any Chapter	All goods	In excess of amount equal to additional duty of customs leviable under section 3 of the Customs Tariff Act, 1975 (51 of 1975) on similar goods if imported, when cleared to a person holding an advance release order issued by the licensing authority against a Duty Free Replenishment Certificate in terms of Paragraph 4.2 of the Export and Import Policy read with relevant provision of the Handbook of Procedures, Volume-I or a back to back inland letter of credit issued by a bank in terms of Paragraph 4.1.9 of the Export and Import Policy read with relevant provisions of the Handbook of Procedures, Volume-I.	11

ANNEXURE

Sr. No.	Conditions
1.	If the goods being cleared into Domestic Tariff Area are not exempted by the State Government from payment of sales tax.

2.	<p>If,-</p> <ul style="list-style-type: none"> (i) the goods are cleared into Domestic Tariff Area in accordance with sub-paragraphs (a), (b), (d) and (h) of Paragraph 6.8 of the Export and Import Policy; (ii) exemption shall not be availed until Deputy Commissioner of Customs or Assistant Commissioner of Customs or Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise, as the case may be, is satisfied with the said goods including Software, Rejects, Scrap, Waste or Remnants; <ul style="list-style-type: none"> (a) being cleared in Domestic Tariff Area, other than scrap, waste or remnants are similar to the goods which are exported or expected to be exported from the units during specified period of such clearances in terms of Export and Import Policy; (b) the total value of such goods being cleared under sub-paragraphs (a), (b) (d) and (h) of Paragraph of the Export and Import Policy, into Domestic Tariff Area from the unit does not exceed 50% of the Free on Board value of exports made during the year (starting from 1st April of the year and ending with 31st March of next year) by the said unit; (c) the balance of the production of the goods which are similar to such goods under clearance into Domestic Tariff Area, is exported out of India or disposed of in Domestic Tariff Area in terms of Paragraph 6.9 of the Export and Import Policy; (iii) clearance of goods into Domestic Tariff Area under sub-paragraphs (a), (b), (d) and (h) of Paragraph 6.8 of the Export and Import Policy shall be allowed only when the unit has achieved positive Net Foreign Exchange Earning ; and (iv) clearance of goods into Domestic Tariff Area under sub-paragraph (a) of Paragraph 6.8 of the Export and Import Policy in excess of 5% of free on board value of exports made by the said unit during the year (starting from 1st April of the year and ending with 31st March of the next year) shall be allowed only when the unit has achieved positive Net Foreign Exchange Earning.
3.	<p>If,-</p> <ul style="list-style-type: none"> (i) the goods are produced or manufactured wholly from the raw materials produced or manufactured in India; (ii) the goods are cleared into Domestic Tariff Area in accordance with sub-paragraphs (a), (b), (d) and (h) of Paragraph 6.8 of the Export and Import Policy; and (iii) such finished goods, if manufactured and cleared by the unit other than export oriented undertaking are not wholly exempt from duties of Excise or are not chargeable to "NIL" rate of duty.
4.	<p>If,-</p> <ul style="list-style-type: none"> (i) the goods are produced or manufactured wholly from the raw materials produced or manufactured in India; (ii) such finished goods are cleared into Domestic Tariff Area in accordance with sub-paragraphs (a), (b), (d) and (h) of Paragraph 6.8 of the Export and Import Policy; and (iii) the goods, if manufactured and cleared by the unit other than export oriented undertaking are wholly exempt from duties of Excise or are chargeable to "NIL" rate of duty.

5.	If the goods are cleared into Domestic Tariff Area in accordance with sub-paragraphs (a), (b), (d) and (h) of Paragraph 6.8 of the Export and Import Policy.
6.	If the goods are cleared into Domestic Tariff Area in accordance with Paragraph 6.8 (c) of the Export and Import Policy.
7.	If the percentage of waste material in the form of rags, trimmings and tailor cutting does not exceed the percentage fixed in this regard by the Board of Approvals for export oriented undertakings or as the case may be, by the Development Commissioner.
8.	If the goods are manufactured from indigenous castor oil seeds on indigenous plant and machinery.
9.	If the goods are manufactured wholly from indigenous guar seeds.
10.	If the goods are manufactured wholly from indigenous raw materials.
11.	<p>If,-</p> <p>(i) the Advance Licence holder/ Duty Free Replenishment Certificate holder produces the said advance release order specifying therein the quantity, description (including the technical specifications) and the value of each of the said goods permitted to be cleared in accordance with this notification or, as the case may be, his copy of back to back inland letter of credit specifying therein the name and address of the indigenous supplier in original before the proper officer of Central Excise or Customs; and</p> <p>(ii) the quantity and the value of each of the items are debited by the proper officer of Central Excise or Customs in the said advance release order or as the case may be, the back to back inland letter of credit, before allowing clearance of the said goods.</p>

2. The notifications of the Government of India in the erstwhile Ministry of Finance, Department of Revenue vide Nos. 103/93-Central Excise, dated 27th December, 1993 (G.S.R. 783 (E), dated the 27th December, 1993, 2/95-Central Excise, dated the 4th January, 1995 (G.S.R 9(E), dated the 4th January, 1995) , 6/97-Central Excise, dated 1st March, 1997 (G.S.R. 112 (E), dated the 1st March, 1997), 8/97-Central Excise, dated the 1st March, 1997 (G.S.R. 114(E), dated the 1st March, 1997), 20/97-Central Excise, dated the 11th April, 1997 (G.S.R 219 (E), dated the 11th April, 1997), 13/98-Central Excise, dated the 2nd June, 1998 (G.S.R 308 (E), dated the 2nd June, 1998), 28/2001-Central Excise, dated the 16th May, 2001 (G.S.R. 359 (E), dated the 16th May, 2001), and 20/2002-Central Excise, dated 1st March, 2002 (G.S.R. 141(E), dated the 1st March, 2002) are hereby rescinded.

3. This notification shall come into force on the 1st day of April, 2003.

Explanation.- For the purposes of this notification,-

- (i) " aggregates duty" means aggregate of ,-
 - (i) the duty of excise specified in the First Schedule of the Central Excise Tariff Act, 1985 (5 of 1986); and
 - (ii) the duty of excise specified in the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957);
- (ii) "Export and Import Policy" means the Export and Import Policy, 2002 – 2007 published by the

Government of India in the Ministry of Commerce and Industries vide notification No. 1(RE-2003) /2002-2007, dated the 31st March, 2003, as amended;

- (iii) "export oriented undertaking" has the same meaning as assigned to "hundred percent. export oriented undertaking" in clause (ii) to the *Explanation* of sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944);
- (iv) "Electronic Hardware Technology Park unit " means a unit established under and in accordance with the Electronic Hardware Technology Park (EHTP) Scheme published by the Government of India in the Ministry of Commerce vide notification No. 5(RE- 95) 92-97, dated 30th of April, 1995 and approved by an Inter Ministerial Standing Committee appointed by the Government of India in the Ministry of Industry (Department of Industrial Development) vide notification No. S.O.117 (E), dated the 22nd February, 1993;
- (v) "Handbook of Procedures, Volume I" means the Handbook of Procedures, Volume-I, 2002-2007 published by the Government of India in the Ministry of Commerce and Industry vide Public Notice No. 1(RE-2003) /2002-2007, dated the 31st March, 2003, as amended from time to time;
- (vi) "Software Technology Park unit" means a unit established under and in accordance with Software Technology Parks (STP) Scheme published by the Government of India in the Ministry of Commerce vide notification No. 4/(RE-95)/92-95, dated 30th April, 1995 and approved by an Inter Ministerial Standing Committee appointed by the Government of India in the Ministry of Industry (Department of Industrial Development) vide notification No. S.O. 117(E) dated the 22nd February, 1993;
- (vii) "Domestic Tariff Area" means India except special economic zones and export oriented undertaking, Software Technology Park units and Electronic Hardware Technology Park units.

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F. No. 305/45/2003-FTT