

IX. EXEMPTION TO CERTAIN GOODS AND INDUSTRIES**GENERAL EXEMPTION NO. 40**

Exemption to handicrafts, scented chunnam, katha, vibhuti, contraceptives, enamelware, laminated jute bags, pyrites, fly ash, coke oven and blast furnace gas, sludge, leather board, animal drawn vehicles, erasers and spent fuller's earth.

[Notfn. No. 17/11-CE., dt. 1.3.2011].

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) no. 76/86-Central Excise, published vide G.S.R 168 (E), dated the 10th February, 1986, except as respects things done or omitted to be done before such supersession, the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts goods of the description specified in column (2) of the Table below and falling in the First schedule to the Central Excise Tariff Act, 1985 (5 of 1986), from the whole of the duty of excise leviable thereon under the said Tariff Act.

S.No.	Description of the excisable goods
(1)	(2)
1.	Handicrafts
2.	Scented Chunnam (Lime)
3.	Vibhuthi (Thiruneeru)
4.	Contraceptives
5.	Enamelware
6.	Agriculture grade pyrites
7.	Coke-oven gas and blast furnace gas
8.	Sludge obtained in the sewage or effluent treatment plant belonging to municipal corporation, local authority or an industrial unit
9.	(a) Animal drawn vehicles manufactured out of iron sheets, rods, bars, angles or wooden planks; and (b) the following parts of animal drawn vehicles: (i) Wheels; and (ii) Axles.
10.	Erasers
11.	Spent Fuller's Earth

GENERAL EXEMPTION NO. 41

Exemption to all items of machinery and their components/parts and pipes required for setting up of water supply plants.

[Notfn. No.3/04-CE., dt. 8.1.2004].

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts –

- (i) **All items of machinery, including instruments, apparatus and appliances, auxiliary equipment and their components/ parts required for setting up of water supply plants; and**
- (ii) **Pipes needed for delivery of water from its source to the plant and from there to the storage facility,**

falling under the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), **from whole of the duty of excise** leviable thereon under the said First Schedule, subject to the condition that a certificate issued by the Collector/ Deputy Commissioner/ District Magistrate of the District in which the project is located, is produced to the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, having jurisdiction, to the effect that such goods are cleared for the intended use specified above.

Explanation.- For the purpose of this notification, water supply plant includes a plant for desalination, demineralization or purification of water or for carrying out any similar process or processes intended to make the water fit for agricultural or industrial use.

2. This notification shall come into force on the 9th day of January, 2004.

GENERAL EXEMPTION NO. 42

Exemption to all items of machinery and their components/parts required for setting up of a project for the generation of power using non-conventional materials:
[Notifn. No.33/05-C.E., dt. 8.9.2005 as amended by 38/05, 34/10, 14/14]

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government being satisfied that it is necessary in the public interest so to do, hereby exempts all items of machinery, including prime movers, instruments, apparatus and appliances, control gear and transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for initial setting up of a project for the generation of power or generation of compressed bio-gas (Bio-CNG) using non-conventional materials, namely, agricultural, forestry, agro-industrial, industrial, municipal and urban waste, bio waste or poultry litter, falling under any Chapter of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986), from the whole of the duty of excise leviable thereon which is specified in the said First Schedule, subject to the following conditions,-

- (i) before the clearance of the goods from the factory, the manufacturer produces to the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, a certificate, from an officer not below the rank of a Deputy Secretary to the Government of India in the Ministry of Non-Conventional Energy Sources recommending the grant of this exemption and the said officer certifies that the goods are required for initial setting up of a project for the generation of power or generation of compressed bio-gas (Bio-CNG) using non-conventional materials, namely, agricultural, forestry, agro-industrial, industrial, municipal and urban waste, bio waste or poultry litter; and
- (ii) in the case of projects for the generation of power, the manufacturer proves to the satisfaction of the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, that there is a valid power purchase agreement between the producer of power and the purchaser, for the sale and purchase of electricity generated using non-conventional materials, for a period of not less than ten years from the date of commissioning of the project.

Provided that this condition shall not apply to the power generation projects promoted by State electricity boards or corporations which are notified by the respective State Governments as the State Transmission Utility and Licensee.

GENERAL EXEMPTION NO. 43

Exemption to improved chulhas (including smokless chulhas), made of metal or pottery.
[Notfn. No. 62/91-CE., dt. 25.7.1991].

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excises and Salt Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby **exempts improved chulhas (including smokeless chulhas), made of mild steel, cast iron, stainless steel, galvanised iron sheets or combination of any two or more of these metals including ceramic or pottery or metal clad chulhas and parts thereof including ceramic pottery liners for improved chulhas**, and falling within the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) from the **whole of the duty of excise** leviable thereon under section 3 of the said Central Excises and Salt Act, subject to the following conditions, namely:-

- (i) that the said chulhas are capable of burning all the following materials, namely, wood, agrowaste, cowdung, briquettes and coal; and
- (ii) that an officer not below the rank of Deputy Secretary to the Government of India in the Department of Non-conventional Energy Sources recommends the grant of the above exemption.

GENERAL EXEMPTION NO.44

Exemption to strips of plastics, films of plastics, parts and components of one day alarm time pieces, flavouring essences, plaster of paris moulds and refractory container used as inputs in the manufacture of specified final products.

[Notfn. No. 221/86-CE., dt. 2.4.1986 as amended by Notfn. Nos. 267/86, 324/86, 334/86, 89/87, 168/87, 106/88, 89/89 and 19/06].

In exercise of the powers conferred by sub-rule (1) of rule 8 of the Central Excise Rules, 1944, the Central Government hereby exempts goods of the description specified in column (3) of the Table hereto annexed (such goods being hereinafter referred to as "inputs") and falling under Chapter, heading or sub-heading No. of the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), specified in the corresponding entry in column (2) of the said Table from the **whole of the duty of excise leviable thereon** which is specified in the said Schedule if such inputs are **used in the factory of their production for manufacture of goods** of the description specified in the corresponding entry in **column (5)** of the said Table (such goods being hereinafter referred to as "final products") and falling under Chapter, heading or sub-heading Nos. of the said Schedule as is specified in the corresponding entry in column (4) of the said Table.

TABLE

Sl. No.	Chapter, Heading No. or sub-heading No.	Description of inputs	Chapter, Heading No. or sub-heading Nos.	Description of final products
(1)	(2)	(3)	(4)	(5)
1.	3920, 3921, (except 3921 11 00, 3921 12 00, 3921 13 10, 3921 13 90,	Strips of plastics	5404 90 20	Strips and the like of synthetic textile material.

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(1)	(2)	(3)	(4)	(5)
	3921 14 00, 3921 19 00 and 3921 90 10)			
2.	Omitted			
3.	3920, 3921 (except 3921 11 00, 3921 12 00, 3921 13 10, 3921 13 90, 3921 14 00, 3921 19 00, and 3921 90 10)	Films of Plastics	3920 or 5404 90 20	Strips and the like of plastics and the like of synthetic textile material.
4.	Omitted			
5.	Omitted			
6.	Omitted			
7.	91	Parts and components of one-day alarm time pieces.	9103 or 9105	One-day alarm time-pieces.
8.	Omitted			
9.	330210	Flavouring essences and concentrates	2202 10 10	Aerated waters.
10.	68	Plaster of Paris moulds, in which more than 25% by weight of red mud, press mud or blast furnace slag or one or more of their materials have been used.	69	Ceramic products.
11.	69	Refractory containers (Saggar)	69	Ceramic products.

GENERAL EXEMPTION NO. 45

Exemption to all the goods supplied to UN or an International Organisation for their official use or for supply to G.O.I. approved projects financed by them,
[Notfn. No. 108/95-CE., dt. 28.8.1995 as amended by Notfn. Nos. 7/98, 33/98, 4/99, 40/99, 36/01, 50/01, 13/08, 11/14].

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excises and Salt Act, 1944 (1 of 1944), read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby **exempts all goods** falling under the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter referred to as the said goods) when **supplied to the United Nations or an international organisation for their official use or supplied to the projects financed by the said United Nations or an international organisation and approved by the Government of India, from the whole of-**

- (i) the **duty of the excise** leviable thereon under section 3 of the Central Excises and Salt Act, 1944 (1 of 1944); and

- (ii) the **additional duty of excise** leviable thereon under sub-section (1) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957);

"Provided that before clearance of the said goods, the manufacturer produces before the Assistant Commissioner of Central Excise having jurisdiction over his factory,-

- (a) in case the said goods are intended for the official use by the United Nations or an international organisation, a certificate from the United Nations or the international organisation that the said goods are intended for such use;
- (b) In case the said goods are -
- (i) supplied to an international organisation listed in the Annexure appended to this notification for use in a project that has been approved by the Government of India and financed (whether by a loan or a grant) by such an organisation, a certificate from such an organisation that the said goods are required for the execution of the said project and that the said project has duly been approved by the Government of India; or
- (ii) supplied to a project has been approved by the Government of India and financed (whether by a loan or a grant) by an international organisation listed in the said Annexure, a certificate from an officer not below the rank of Deputy Secretary to the Government of India, in the Ministry of Finance (Department of Economic Affairs) that the said goods are required for the execution of the said project and that the said project has duly been approved by the Government of India;
- (c) in case the said goods are intended to be supplied to a project finance (whether by a loan or a grant) by the World Bank, the Asian Development Bank or any international organisation, and other than those listed in the Annexure; and
- (i) if the said project has been approved by the Government of India, a certificate from the executive head of the Project Implementing Authority and countersigned by an officer not below the rank of a Joint Secretary to the Government of India, in the concerned Line Ministry in the Government of India, that the said goods are required for the execution of the said project and that the said project has duly been approved by the Government of India, and
- (ii) if the said project has been approved by the Government of India for implementation by the Government of a State or a Union Territory, a certificate from the executive head of the Project Implementing Authority and countersigned by the Principal Secretary or the Secretary (Finance), as the case may be, in the concerned State Government or the Union Territory, that the said goods are required for the execution of the said project, and that the said project has duly been approved by the Government of India for implementation by the concerned State Government.
2. Where the said goods are cleared prior to the 1st March, 2008, the manufacturer may -
- (a) transfer the said goods to a new project subject to the condition that the manufacturer produces before the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, having jurisdiction over the factory of manufacture, a certificate from the officer concerned of the Central Government, State Government or Union territory Administration, as the case may be, that the said goods are no longer required for the said project and a declaration from the United Nations, the World Bank, the Asian Development Bank or any other international organization listed in the Annexure to

- the said notification that the said goods are required for the new project and the said project has duly been approved by the Government of India; or
- (b) pay duty of excise which would have been payable but for the exemption contained herein on the depreciated value of the said goods subject to the condition that the importer produces before the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, having jurisdiction over the factory of manufacture, a certificate from the officer concerned of the Central Government, State Government or Union territory Administration, as the case may be, that the said goods are no longer required for the existing project. The depreciated value of the said goods shall be equal to the original value of the goods at the time of clearance reduced by the percentage points calculated by straight line method as specified below for each quarter of a year or part thereof from the date of clearance of the said goods, namely:-
- (i) for each quarter in the first year at the rate of 4 per cent;
 - (ii) for each quarter in the second year at the rate of 3 per cent;
 - (iii) for each quarter in the third year at the rate of 2.5 per cent; and
 - (iv) for each quarter in the fourth year and subsequent years at the rate of 2%,

subject to the maximum of 70%.

Explanation -1 . - for the purposes of this notification, -

- (a) "*international organisation*" means an international organisation to which the Central Government has declared, in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), that the provisions of the Schedule to the said Act shall apply;
- (b) "*Line Ministry*" means a Ministry in the Government of India, which has been so nominated with respect to a project, by the Government of India, in the Ministry of Finance (Department of Economic Affairs).

Explanation 2.- For the removal of doubts, it is hereby clarified that the benefit under this notification, in the case of goods supplied to the projects financed by the United Nations or an international organisation, is available when the goods brought into the project are not withdrawn by the supplier or contractor and the expression "goods are required for the execution of the project" shall be construed accordingly

ANNEXURE

1. United Nations Development Programme,
2. United Nations International Childrens' Fund,
3. Food and Agricultural Organisation,
4. International Labour Organisation,
5. World Health Organisation,
6. United Nations Population Fund.
7. United Nations World Food Programme.
8. United Nations Industrial Development Organisation

GENERAL EXEMPTION NO. 46

Exemption to all capital goods, components and Raw Materials cleared for repair of goods falling under Heading 89.01, 89.02, 89.04 and 89.05 (excluding float or submersible drilling or production platforms) and 89.06.

[Notfn. No. 82/84-CE., dt. 31.3.1984 as amended by Notfn. Nos. 80/86,227/87,15/91, 96/95, 35/01 and 20/06].

In exercise of the powers conferred by sub-rule (1) of Rule 8 of the Central Excise Rules, 1944, the Central Government hereby exempts all capital goods, components and raw materials, falling under the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) and cleared for repair of goods falling under Heading 8901, 8902, 8904 and 8905 (excluding floating or submersible drilling or production platforms) and 89.06, by ship repair units, from the whole of the duty of excise leviable thereon under Section 3 of the Central Excise Act, 1944 (1 of 1944):

Provided that -

- (i) The manufacturer of the said capital goods, components and raw materials produces, before the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise having jurisdiction over the factory, a certificate from the indenting ship repair unit that the said capital goods, components and raw materials are required solely for the purpose of the repair of goods falling under Heading Nos. 8901, 8902, 8904 and 8905 (excluding floating or submersible drilling or production platforms) and 8906 and that the ship repair unit is registered with the Director General of Shipping, Government of India, for this purpose; and
- (ii) the procedure set out in the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001, is followed.

GENERAL EXEMPTION NO. 47

Exemption to waste and parings arising during manufacture of exempted goods.

[Notfn.89/95 -CE dt.18.5.1995.]

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excises and Salt Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts waste, parings and scrap arising in the course of manufacture of exempted goods and falling within the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), from the **whole of the duty of excise** leviable thereon which is specified in the said Schedule:

Provided that nothing contained in this notification shall apply to waste, parings and scrap cleared from a factory in which any other excisable goods other than exempted goods are also manufactured.

Explanation.- For the purpose of the notification, the expression "exempted goods" means excisable goods which are chargeable to "Nil" rate of duty or, are exempted from the whole of the duty of excise leviable thereon by any other notification (not being a notification where exemption from the whole of duty of excise is granted based upon the value or quantity of clearances made in a financial year) issued under sub-rule (1) of rule 8 of the Central Excise Rules, 1944 or sub-section (1) of section 5A of the said Act.