

## GENERAL EXEMPTION NO. 3

**Concessional rates of excise duties to certain specified excisable goods produced or manufactured in an EOU, STP Unit or EHTP Unit and cleared for DTA:**

[Notifn. No. 23/03-CE., dt. 31.3.2003 as amended by 46/04 dt. 6.9.2004, 52/04 dt.20.9.2004, 8/05 dt. 1.3.2005, 22/05 dt. 13.5.2005, 26/05 dt. 16.5.2005, 28/05 dt. 30.5.2005, 22/06 dt. 1.3.2006, 48/06 dt. 30.12.2006, 29/07, 10/08, 26/08, 58/08, 10/09, 23/09, 25/09, 3/12, 5/12, 18/14, 16/15, 28/15]

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 **Foreign Trade 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	<b>Duty of excise</b> leviable thereon as is <b>equivalent to the additional duty</b> of customs leviable on such goods under sub-section (5) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), read with the proviso to sub-section (1) of section (3) of the said Central Excise Act.	1
1A.	Omitted			
1B.	Omitted			
2.	Any Chapter	All goods	In excess of the amount equal to the aggregate of duties of Customs leviable on like goods, as if,- (a) the duty of customs specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), read with any other notification in force was reduced by 50%, and (b) no additional duty of customs was leviable under sub-section (5) of the section 3 of the said Customs Tariff Act:	2

(1)	(2)	(3)	(4)	(5)
			<p>Provided that while calculating the aggregate of customs duties, additional duty of customs leviable under sub-section (5) of the section 3 of the said Customs Tariff Act shall be included if the goods cleared into Domestic Tariff Area are exempt from payment of sales tax or value added tax.</p> <p><i>Illustration:</i> - Assuming product X has the value Rs.100/- under section 14 of the Customs Act, 1962, and for the purposes of this illustration, is chargeable to basic customs duty of 10% <i>ad valorem</i> and additional duty of 20% <i>ad valorem</i> only, then the computation of duty required to be paid would be as follows:  Basic Customs duty but for this exemption= Rs 10/-  Basic Customs duty because of this exemption= Rs.5/-  Value for the purposes of calculation of additional duty = Rs. 100/- + Rs. 5/- = Rs. 105/-  Additional duty= 20% of Rs.105/- = Rs.21/-.  Total duty payable after this exemption= Rs. 5/- + Rs. 21/- = Rs 26</p>	
3.	Any Chapter	All goods other than those referred to in Sr. Nos.5, 5A, 6,7 and 7A of this Table	<p><b>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</b> produced or manufactured in India other than in an export oriented undertaking, if sold in India.</p>	3
3A	. (i) 50 to 63; (ii) 25 or 68	i) Textile and textile articles; ii) Granite and granite articles	<p>In excess of an amount equal to the aggregate of duties of excise leviable under section 3 of the Central Excise Act, 1944 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.</p>	3A
4.	Any Chapter	All goods produced or manufactured wholly from the raw materials produced or manufactured in India, other than those referred to	<p>In excess of amount equal to <b>30%</b> of the duty payable under <b>section 3</b> of the <b>Central Excise Act, 1944.</b></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</p>	4

(1)	(2)	(3)	(4)	(5)
		in Sr. Nos. 5, 5A, 6,7 and 7A of this table.	duty required to be paid would be as follows: Basic Customs duty = Rs. 25/- Value for the purpose of special additional duty if leviable = Rs. 100/- + Rs. 25/- = Rs. 125/- special additional duty if leviable= 4% of Rs. 125/-= Rs. 5.00/- Total duty payable but for this exemption= Rs. 25/-+ Rs. 5.00/-= Rs. 30.00/- Thirty per cent of the aggregates of the duties of customs= 30% of Rs.30.00/-= 9.00/- Duty required to be paid in accordance with this notification = Rs. 9.00/-	
5.	5208 to 5212	All goods, of cotton not containing any other textile material and not subjected to any process;	In excess of amount equal to 4% of duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986). <i>Explanation.</i> - The value of the goods shall be determined in terms of section 4 of the Central Excise Act.	5
5A.	5208 to 5212	All goods, not subjected to any process other than the goods specified against Sl . No.5.	In excess of amount equal to 12.5% of duty of excise specified in the First Schedule to the Central Excise Tariff Act,1985 (5 of 1986) <i>Explanation.</i> - The value of the goods shall be determined in terms of section 4 of the Central Excise Act.	5
6.	5407,5408, 5512,5513, 5514, 5515, 5516	All goods, not subjected to any process	In excess of amount equal to 12.5% of duty of excise specified in the First Schedule to the Central Excise Tariff Act,1985( 5 of 1986). <i>Explanation.</i> - The value of the goods shall be determined in terms of section 4 of the Central Excise Act.	5
7.	3006 10 or 60	All goods, of cotton not containing any other textile material whether or not processed	In excess of amount equal to 4% of duty of excise in the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986). <i>Explanation.</i> - The value of the goods shall be determined in terms of section 4 of the Central Excise Act.	5
7A.	3006 10 or 60	All goods, of man made fiber not subjected to any process	In excess of amount equal to 12.5% of duty of excise specified in the First Schedule to the Central Excise Tariff Act,1985 ( 5 of 1986) <i>Explanation.</i> - The value of the goods shall be	5

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(1)	(2)	(3)	(4)	(5)
			determined in terms of section 4 of the Central Excise Act.	
8.	71	Plain Gold Jewellery	In excess of <b>10%</b> ad valorem.	6
9.	71	Studded Gold Jewellery	In excess of <b>5%</b> ad valorem.	6
10.	71	Plain Silver Jewellery	In excess of <b>6%</b> ad valorem.	6
11.	Any	Rags, trimmings and tailor cuttings arising in the course of manufacture of ready made garments	In excess of "Nil".	7
12.	05	Waste of fish or crustaceans, mollusks or other aquatic invertebrates	In excess of "Nil".	—
13.	2306 90 17 and 2306 90 27	Castor oil cakes,	In excess of "Nil".	8
14.	2309	Guar meal	In excess of "Nil".	9
15.	5202	Cotton waste (including yarn waste and garneted stock)	In excess of "Nil".	-
16.	5307,5310, 57, 5801, 5802, 5806 or 6305	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	In excess of "Nil".	10

(1)	(2)	(3)	(4)	(5)
		of wheat, residue of pulses; and residue of any other cereal.		
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 11 an <b>Advance License</b> issued by the licensing authority in terms of paragraph 4.1.3 of the Foreign Trade Policy, read with relevant provisions of the Hand book of Procedures, Volume-I	
23.	Any Chapter	All goods	In excess of amount equal to <b>additional duty of 11 customs</b> leviable under section 3 of the Customs Tariff Act, 1975 (51 of 1975) on similar goods if imported, when cleared to a person holding <b>Duty Free Replenishment Certificate</b> in terms of Paragraph 4.2 of the Foreign Trade Policy, read with relevant provisions of the Handbook of Procedures, Volume-I	

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**ANNEXURE**

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

2. If,-

- (i) the goods are cleared into Domestic Tariff Area in accordance with sub-paragraphs (a), (d), (e) and (g) of Paragraph 6.8 of the Foreign Trade 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;
  - (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 Foreign Trade Policy;
  - (b) the total value of such goods being cleared under sub-paragraphs (a), (d), (e) and (g) of Paragraph of the Foreign Trade 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 1<sup>st</sup> April of the year and ending with 31<sup>st</sup> 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 Foreign Trade Policy;
- (iii) **clearance of goods into Domestic Tariff Area** under sub-paragraphs (a), (d), (e) and (g) of Paragraph 6.8 of the Foreign Trade 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 (d) of Paragraph 6.8 of the Foreign Trade Policy in excess of 5% of free on board value of exports made by the said unit during the year (starting from 1<sup>st</sup> April of the year and ending with 31<sup>st</sup> March of the next year) shall be allowed **only** when the unit has achieved **positive Net Foreign Exchange Earning.**

3. If,-

- (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), (d), (e) and (g) of Paragraph 6.8 of the Foreign Trade Policy; and
- (iii) such 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.

3A. If-

- (i) the said goods are cleared into Domestic Tariff Area in accordance with sub-paragraphs

Sr. No.	Conditions
	<p>(a), (d), (e), (g) and (k) of Paragraph 6.8 of the Foreign Trade Policy;</p> <p>(ii) the said unit has achieved positive Net Foreign Exchange Earning;</p> <p>(iii) the said goods are produced or manufactured by the unit wholly from the raw materials produced or manufactured in India except the use of duty paid imported inputs upto 3% of the FOB value of exports of the said unit in the preceding financial year;</p> <p>(iv) the said unit exercises an option in terms of Para 6.8 (l) of the Foreign Trade Policy for availing this exemption by informing in writing to the jurisdictional Deputy/Assistant Commissioner of Customs or Central Excise:</p> <p>Provided that-</p> <p>(a) such option is exercised before effecting first clearances into Domestic Tariff Area on or after 1st day of April in any financial year:</p> <p style="padding-left: 40px;">Provided that for the remaining period of the year 2008-09, such option shall be exercised before effecting first clearances in Domestic Tariff Area on or after 1st June, 2008;</p> <p>(b) such option shall not be withdrawn during the remaining part of the financial year; and</p> <p>(c) once such option is exercised, the unit shall not be allowed to import or utilize duty free inputs for any purpose; and</p> <p>(v) the said goods, if manufactured and cleared by a unit other than an export oriented undertaking are not wholly exempt from duties of Excise or are not chargeable to "NIL" rate of duty.</p>
4.	<p>If,-</p> <p>(i) the goods are produced or manufactured wholly from the raw materials produced or manufactured in India;</p> <p>(ii) such goods are cleared in the Domestic Tariff Area in accordance with sub-paragraphs (a), (d), (e) and (g) of Paragraph 6.8 of the Foreign Trade Policy; and</p> <p>(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.</p>
5.	<p>If,-</p> <p>(i) the goods are produced or manufactured wholly from the raw materials produced or manufactured in India; and</p> <p>(ii) the goods are cleared in the Domestic Tariff Area in accordance with sub-paragraphs</p>

Sr. No.	Conditions
	(a) (d), (e) and (g) of paragraph 6.8 of the Foreign Trade 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.	If,- <ul style="list-style-type: none"> <li>(i) the Advance License Holder/Duty Free Replenishment Certificate holder fulfills all the procedural requirements of Customs which are required to be fulfilled if the goods are imported against such Advance License or Duty Free Replenishment Certificate except the requirement of specific port of import ; and</li> <li>(ii) the quantity and the value of each of the items are debited by the Deputy Commissioner or Assistant Commissioner of Customs or Central Excise as the case may be, in the said Advance License or Duty Free Replenishment Certificate and legible endorsement made by the Deputy Commissioner or Assistant Commissioner of Customs or Central Excise as the case may be, on the said Advance License or Duty Free Replenishment Certificate to that effect.</li> </ul>

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

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

*Explanation I* - For the purposes of this notification,-

(i) Omitted.

(ii) 'Foreign Trade Policy' means Foreign Trade Policy, 2015-2020 notified by the Government of India in the Ministry of Commerce and Industry published in the Gazette of India,



Extraordinary, Part-II, Section 3, Sub-section (ii) vide notification No. 01/2015-2020 dated the 1st April, 2015

- (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” means Handbook of Procedures notified by the Government of India in the Ministry of Commerce and Industry published in the Gazette of India, Extraordinary, Part-I, Section 1, vide Public Notice No. 01/2015-2020, dated the 1st April, 2015;
- (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 30<sup>th</sup> 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 22<sup>nd</sup> 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.

Explanation II. - For the purposes of this notification, following supplies shall be treated as imported goods:

- (i) goods received from any export oriented undertaking or Software Technology Park unit or Electronic Hardware Technology Park unit, as the case may be;
- (ii) goods received from Domestic Tariff Area under benefits of deemed exports under Paragraph 8.3 (a) and (b) of the Foreign Trade Policy.

#### GENERAL EXEMPTION NO. 4

##### Exemption to goods produced or manufactured in EOU

[Notfn. No. 24/2003-CE., dt. 31.3.2003]

In exercise of the power conferred by sub-section (1) of section 5A of Central Excise 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) and sub-section (3) of section 3 of the Additional Duties of Excise (Textiles and Textile Articles ) Act, 1978 (40 of 1978), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby,-

- (a) exempts all excisable goods produced or manufactured in an export oriented undertaking from whole of duty of excise leviable thereon under section 3 of Central Excise Act, 1944 ( 1 of 1944) and additional duty of excise leviable thereon under section 3 of Additional Duty of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and additional duty of excise leviable thereon under the section 3 of Additional duty of Excise (Textiles and Textile Articles)Act, 1978 (40 of 1978):

Provided that the exemption contained in this notification in respect of duty of excise leviable under section 3 of said Central Excise Act shall not apply to such goods if brought to any other place in India;

(b) rescinds the notification Nos. 125/84- Central Excise, dated the 26th May 1984 (G.S.R. 403(E), dated the 26th May, 1984), 127/84 Central Excise dated the 26th May 1984 ( G.S.R. 405(E), dated the 26th May, 1984) and 55/91-Central Excise, dated the 25th July, 91 (G.S.R. 389 (E), dated the 25th July, 1991).

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

### GENERAL EXEMPTION NO. 5

#### **Exemption to excisable goods for use in manufacture of jewellery in a 100% EOU located in Special Export Oriented Complex at Jhandewalan, New Delhi.**

[Notfn No. 147/89-CE., dt. 19.5.1989 as amended by Notfn. Nos. 96/95 and 21/97].

In exercise of 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 excisable capital goods, components, raw materials, packaging materials, consumables and spares** (hereinafter referred to as the said goods), when brought for the purposes of **use in the manufacture of jewellery for export out of India by a hundred per cent export-oriented undertaking in the Special Export Oriented Complex for the manufacture of jewellery at Jhandewalan, New Delhi** (hereinafter referred to as the said Complex), **from the whole of -**

- (i) the duty of 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),

subject to the following conditions, namely:-

- (a) the hundred per cent export oriented undertaking has been approved as a hundred per cent export oriented undertaking for the manufacture of jewellery in the said Complex by the Board of Approval;
- (b) the said goods required by such undertaking for the manufacture of jewellery are brought directly to the factory of manufacture of the undertaking in the said Complex and are used in the manufacture of such jewellery solely meant for export out of India;
- (c) such undertaking exports out of India all the jewellery manufactured in the said Complex for the period stipulated by the Board of Approval or such extended period as may be specified by the said Board;

- (d) the jewellery, including the waste, refuse and rejects thereof, manufactured by the hundred per cent. export oriented undertaking in the said Complex are not brought to any other place in India for whatever purpose;

Provided that the plain gold or silver jewellery upto 10% of the value of export of the said jewellery during the preceding financial year by the unit may be allowed clearance into the Domestic Tariff Area by the Development Commissioner in consultation with the Commissioner of Customs if the recipient furnishes a freely transferable Special Import Licence for clearance of such items from the hundred per cent export oriented undertaking and agrees to pay the appropriate duty of excise leviable on such clearance from his Exchange Earners Foreign Currency (EEFC) account in free foreign exchange;

- (e) on expiry of the period referred to in condition (c) above, such undertaking shall pay the said duty of excise and the additional duty of excise on the said goods which are unused and the jewellery manufactured from the said goods, at the rate in force at the time of clearance;
- (f) the loss of gold in the said manufacturing process, or other operations not exceeding 3% in the case of studded jewellery, and 2% in the case of handcrafted or machine made plain jewellery, may be allowed by the Assistant Commissioner of Customs, subject to the fulfilment of such conditions as the Commissioner of Customs may think fit to specify; and in case of findings and mountings and the like, the loss allowed shall be determined on the basis of the weight of the gold content of each findings, mountings and the like exported out of India;
- (g) the export of jewellery shall be allowed only by air-freight through the Customs Airport at Delhi;
- (h) the movement of the goods for the manufacture of jewellery for export shall be regulated under and in accordance with the procedure set out in the Appendix to this Notification.
- (i) the Assistant Commissioner of Customs, may subject to such conditions and limitations as may be imposed by him and subject to the provisions of the Export-Import Policy, permit the clearance of dead-stock or broken stones into the Domestic Tariff Area, upto 5% of the value of import or indigenous stones on payment of the appropriate duty of excise leviable thereon and

**Explanation:** For the purposes of this notification,-

- (a) "Board of Approval" means the Board referred to in clause (ii) of Explanation 2 to sub-section (1) of section 3 of the Central Excises and Salt Act, 1944 (1 of 1944);
- (b) "hundred per cent export-oriented undertaking" shall have the same meaning as in clause (ii) of Explanation 2 to sub-section (1) of section 3 of the Central Excises and Salt Act, 1944 (1 of 1944);
- (c) "Special Export Oriented Complex for the manufacture of jewellery at Jhandewalan, New Delhi" shall comprise of Blocks F and G of the Jhandewalan Flatted Factory Complex, New Delhi.
- (d) 'dead stock' means goods which have not been exported for two years after their manufacture in a unit in the hundred percent export oriented undertaking.

## THE APPENDIX

**Procedure for regulation of the movement of the goods for  
manufacture of jewellery for export**

- (a) Application for obtaining the goods free of duty. Any person intending to obtain the goods free of duty for use by him in his 100% export-oriented undertaking shall make an application in writing to the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise in proper form to be prescribed by the Commissioner of Central Excise stating therein the annual quantity of the goods required and the purpose for and the manner in which such goods are intended to be used and declaring that the goods shall be used for such purpose and in such manner only. The Assistant Commissioner or Deputy Commissioner of C. Excise may grant the application after causing such enquiries to be made as he may deem fit and the applicant shall then enter into a bond in the form given at Annexure A below with such surety or sufficient security, in such amount and under such conditions as the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise approves. The Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise may, however, allow the annual quantity of the goods to be brought as furnished by the manufacturer to be extended when a request to that effect is made. The concession shall expire on the 31st December every year, but may be renewed if the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise sees no reason to the contrary:

Provided that, in the event of death, insolvency or insufficiency of the surety, or where the amount of the bond is inadequate, the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise in his discretion, may demand a fresh bond, and may, if the security furnished for a bond is not adequate, demand additional security.

After the grant of the application and execution of bond by the applicant, the Central Excise Officer-in-charge of the 100% Export-oriented undertaking shall issue a certificate, in the form given in Annexure B below certifying that -

- (i) the said undertaking has executed a bond in the form given in Annexure A below with the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise showing the number and particulars of the bond; and
- (ii) the specimen signature of the agent of the said undertaking furnished on the body of the certificate is genuine and he would attest it. The certificate shall be sent by the said officer-in-charge under registered post (acknowledgement due) to the factory from which the goods are to be obtained. A copy of the certificate shall also be sent by the said undertaking to the Superintendent-in-charge of the range of the factory from where the goods are to be received.
- (b) **Removal of goods to 100% Export-oriented undertaking.** On receipt of the aforesaid certificate the factory (consignor) from where the goods have to be removed shall prepare an application in the form given in Annexure C below in quadruplicate for removal of non-duty paid goods from one warehouse to another mentioning clearly the number and date of the bond in Annexure A below as per the certificate issued by the Central Excise Officer in charge of the 100% Export oriented undertaking. Removal application in Annexure C below must be serially numbered. The serial No.

should be according to the financial year. The serial No. must be noted on all the copies. Whenever any removal application has to be cited in the course of correspondence, the name of the factory, the Serial No. and date of Annexure C below should always be quoted as reference. The Consignor shall however intimate to the Central Excise Officer-in-charge of the 100% Export-oriented gem and jewellery unit undertaking about the removal of goods at least 12 hours before such removal is expected to take place.

- (c) **Marking of the Packages.-** Packages to be marked and address to be noted in the application.

The factory of removals (consignor) must -

- (i) ensure that packages bear proper marking and number.
- (ii) ensure that all copies of Annexure 'C' below are prominently marked "intended for use in the undertaking approved for manufacturing 100% Export-oriented gem & jewellery.
- (iii) give the full address of the factory of removal as well as of the Superintendent-in-charge of the range under which the factory falls and the Commissionerate to which it is attached.

Whenever any of these addresses is used for despatching purposes, care must be taken by the despatching factory to see that the full address of the Superintendent-in-charge of the range including the name of the district is properly reproduced.

- (d) **Preparation of Gate Pass.-** The consignor shall also prepare a gate pass in Form G.P. 2 in Appendix I (Central Excise Series No. 65 AA) to the Central Excise Rules, 1944, in respect of the goods proposed to be removed from his factory and will thereafter clear the goods on his own without any verification by any Central Excise Officer.
- (e) **Disposal of documents in Annexure C and Gate Pass.-** The consignor shall send the original and triplicate copy of Annexure C below and original copy of the gate pass along with the consignments to the consignee. The duplicate copy of Annexure C below will be sent by the consignor to the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise in-charge of the 100% Export oriented undertaking. The quadruplicate copy of Annexure C below along with a copy of the gate pass will be sent by the consignor to the officer in-charge of his factory within 24 hours of the removal of the consignment in question. The said officer-in-charge shall maintain an account of all such removals in Annexure D.
- (f) **Action at destination.-** On receipt of the duplicate copy by the Assistant Commissioner of Central Excise, or Deputy Commissioner of C. Excise it must immediately be entered in the "Record of Receipts in Bond" given in Annexure E below and forwarded the same day to the Central Excise Officer-in-charge of the 100% Export-oriented undertaking. The entries in this record should be verified against relative entries of the Record of Raw Materials prescribed by the Commissioner.
- (g) **Responsibility for further accounting.-** After delivery of the goods from a manufacturer, proper accounting of these goods shall be the responsibility of the Central Excise Officer-in-charge of the 100% Export-oriented undertaking.
- (h)(i) **Examination of the consignment on receipt.-** The consignee must give intimation of the arrival of the consignment at his premises to the Central Excise Officer-in-charge of the 100% Export-

oriented undertaking without any delay and should store the same separately and intact, pending examination and check by the said officer after taking account of the goods, will identify them with the marks and numbers, and weigh the consignment in full. Thereafter, he shall complete the re-warehousing certificate on the duplicate copy received from the Central Excise Superintendent in-charge of the factory at destination and original and triplicate copy of the applications presented by the consignee, return duplicate to the Central Excise Officer-in-charge of the factory of removal direct and triplicate to the consignee for despatch to the consignor after noting thereon the deficiency or excess, if any.

- (2) **Duty on shortages or losses in transit.-** Since the bond in Annexure A below would have been executed by the consignee, duty on shortages will be demanded from him after condoning the permissible losses in transit. For each commodity a separate schedule of losses will be formulated and issued by the Commissioner of Central Excise.
- (i) **Re-entry.-** If the duplicate application is received by the Central Excise Officer-in-charge of the 100% Export oriented undertaking before the arrival of the goods is reported to him by the consignee, he must keep it pending securely and systematically file in file marked "Pending duplicate in Annexure B application" and record the particulars of the consignment in his "Record of Receipts in bond" prescribed as in Annexure E below and no sooner the consignment is received, he will follow the procedure prescribed in paragraph (h) above.
- (j) **Duty leviable on excisable goods not duly accounted for as having been utilised in the manufacture of goods for export, etc.-** If any excisable goods obtained under the procedure are not duly accounted for as having been utilised in connection with the manufacture of articles of export or are not shown to the satisfaction of the Central Excise Officer-in-charge of 100% Export oriented undertaking to have been lost or destroyed by natural causes or by unavoidable accidents during storage or handling in the approved premises within the permissible limits prescribed by the Commissioner of Central Excise, the applicant shall, on demand by the said Central Excise Officer, immediately pay the duty leviable on such goods. The concession may at any time be withdrawn by the Commissioner of Central Excise, the applicant shall, on demand by the said Central Excise Officer, immediately pay the duty leviable on such goods. The concession may at any time be withdrawn by the Commissioner of Central Excise if a breach of the procedure is committed by the applicant, his agent or any person employed by him. In the event of such a breach the Commissioner of Central Excise may also order the forfeiture of the security deposited under paragraph (a) above and may also confiscate the goods and all articles manufactured from such goods in store in the premises of 100% Export-oriented undertaking.
- (k) **Despatch of duplicates by registered post acknowledgement due.** Despatch of duplicate application in Annexure B referred to in paragraph (a) above must always be made by registered post acknowledgement due, and the postal receipt acknowledgement must be systematically filed by the consignor and presented for inspection to the Central Excise Officer-in-charge of the factory whenever required.
- (l) **Demand of duty on goods not reaching destination.-** Under sub-rule (1) of rule 156B of Central Excise Rules, 1944, if the certificate of receipt of consignment of the goods despatched to the consignee (as per paragraph (h)(1)) is not received back by the consignor within 90 days of the removal

of the goods or within such extended period as may be allowed by the Commissioner of Central Excise, it is the responsibility of the consignor to himself pay the duty leviable on the consignment by a debit entry in his account current. However, a provision has been made that in such cases where the consignor produces proof of re-warehousing to the satisfaction of the Central Excise Officer in-charge of the factory after payment of duty in the manner indicated above, he will be eligible for grant of refund on the duty so paid by making an application.

The Central Excise Officer-in-charge of the factory may also demand duty on a consignment the certificate in respect of which has not been received within the stipulated period. In such cases if the consignor has already paid the duty leviable on the consignment by a debit entry in his account-current, he may intimate the officer-in charge of the 100% Export-oriented undertaking about the particulars of such deposit in reply to this notice of demand.

- (m) **Action by the officer-in-charge of the factory of removal in case of non-receipt of the warehousing certificates.-** If the duplicate copy of Annexure B below is not returned to the officer-in-charge of the factory of removal within a month of the removal of consignment, reminders must be issued regularly at fortnightly intervals to the Central Excise Officer-in-charge of the 100% Export-oriented undertaking. If, despite such reminders the duplicate application is not received within two months of the date of removal of the consignment, the matter should be reported to the Assistant Commissioner of Central Excise or Deputy Commissioner of C. Excise in whose charge the consignor operates, who will either secure a satisfactory proof of the consignment having been duly received by the consignee or ensure that the duty properly due on the goods not so received at destination is recovered as per paragraph (1) above.
- (n) **Verification of the use of non-duty paid goods.-** On receipt by the consignee, the goods shall be utilised in the manufacture of articles intended (solely) for export. It shall be the responsibility of the Central Excise Officer-in-charge of the 100% Export-oriented undertaking to ensure that all the goods have been fully utilised for manufacture of articles intended for export or are otherwise accounted for to the satisfaction of the Assistant Commissioner, Central Excise in-charge of the 100% Export-oriented undertaking.

#### ANNEXURE -A

General bond (with surety(ies)/security) for obtaining provisional assessment of goods to Excise duty under rule 9-B, removal from time to time for export to a foreign country of excisable goods without payment of duty, for due accounting and disposal of excisable goods obtained without payment of the whole or part of the duty for use in special industrial purposes.\*

(Rules 9-B, 13,14 and 192)

I/We.....of .....(hereinafter called “the obligor(s)”) and ..... of ..... (hereinafter called “the surety(ies)”) am/are held firmly bound to the President of India (hereinafter called the “President”) in the sum of ..... rupees to be paid to the President of India for which payment will and truly to be made. I/We jointly and severally bind myself/ourselves and my/our respective heirs, executors, administrators, and legal representatives/successors and assigns by these presents;

Dated this ..... day of .....

**B.1** WHEREAS the above bounden obligor has been permitted to remove from time to time the excisable goods from his warehouse licensed factory at ..... for export to foreign countries without payment of duty.

**B.8** WHEREAS the above bounden obligor having been permitted by the Commissioner of Central Excise at ..... (hereinafter called “the Commissioner”) to purchase from time to time such quantities of ..... as may be required, not exceeding ..... per year for use in his factory at ..... for the manufacture of the commodity(ies) and in the manner, specified in his application No..... dated ..... without payment of the whole or part of the duty.

**B.10 and B.13** WHEREAS final assessment of excise duty of ..... (hereinafter called the “goods) manufactured cured/warehoused by the above bounden obligor from time to time could not be made for want of full information as regards value/description/quality or of proof therefor or for the non-completion of the chemical or other tests in respect thereof or otherwise and whereas the obligor desires that the Government should make provisional assessment as per provisions contained in rule 9B of the Central Excise Rules, 1944.

**For Security** AND WHEREAS the Commissioner has required the obligor to deposit as security for the amount of this bound, the sum of ..... rupees in cash (the securities as hereinafter mentioned of a total value of ..... rupees endorsed in favour of the President and accepted on his behalf by the Commissioner, Deputy Commissioner, Assistant Commissioner, Superintendent of Central Excises namely .....) and whereas the obligor has furnished such guarantee by depositing with the Commissioner the cash/securities as aforementioned.

The condition of this bond is that if the obligor and his representatives shall observe all the provisions of the Central Excise Rules, 1944, and all such amendments thereto, as may be issued from time to time to be observed in respect of -

**B.10 and B.13** (i) provisional assessment of goods to excise duty under rule 9-B.

**B.1** (ii) export of excisable goods to a foreign country.

**B.8** (iii) use of excisable goods for special industrial purposes without payment of the whole or part of the duty.

**B.1 & B-8** AND if the relevant and specific goods are duly exported to destination within such time as the Commissioner directs and/or all the dues whether excise duty or other lawful charges, which shall be demandable on the goods obtained by the obligor without payment of the whole or part of the duty and transported from the place of procurement to the premises of the obligor(s) for use in the special industrial purpose as shown by the records of the proper officer be duly paid into the treasury to the account of the



Commissioner within ten days of the demands thereof being made by the proper officer; and/or full information as regards value description/quality or of the proof thereof in respect of goods which were assessed on provisional basis under rule 9-B are furnished within such period as may be fixed by the proper officer and if all dues, whether excise duty or other lawful charges, which shall be demandable in respect of such goods on the basis of value, description or quality as ascertained after final assessment by the proper officer be duly paid into the treasury to the account of the Commissioner within ten days of the date of demand thereof being made in writing by such officer.

**For Surety Bond only**

THIS OBLIGATION SHALL BE VOID OTHERWISE and on breach or failure in the performance of any part of this condition and same shall be in full force and virtue.

Provided always that the liability of the Surety hereunder shall not be impaired or discharged by reason of any time being granted or any forbearance, act or omission of the Government (whether with or without the knowledge or the consent of the surety) in respect of or in relation to the obligation and condition to be performed or discharged by the obligor(s) nor shall it be necessary to sue the obligor(s) before suing the surety for amounts due hereunder,

AND the President shall, at his option, be competent to make good all the loss and damages from the amount of the security deposit or by endorsing his rights under the above written bond or both;

**For Security Bond only**

I/We further declare that this bond is given under the orders of the Central Government in the performance of an act in which the public are interested.

In these presents the words imposing singular only shall also include the plural and vice versa where the context so requires.

IN WITNESS THEREOF these presents have been signed the day hereinbefore written by the obligor(s) and the surety(ies).

Place  
Date

Signature of Obligor

Witness

Address

Occupation

1. \_\_\_\_\_  
\_\_\_\_\_  
2. \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of Surety

Witness	Address	Occupation
1. _____ _____	_____ _____	_____ _____
2. _____ _____	_____ _____	_____ _____

Signature and date  
Name .....  
Designation .....

ACCEPTED for and on behalf of the President of India.

Signature and date  
Name .....  
Designation .....

\*Delete the words clauses wherever not applicable

For Security Bond only.

**ANNEXURE - B**

**No.....**

**Date .....**

**FORM C.T. 3**

**CERTIFICATE FOR REMOVAL OF EXCISABLE GOODS UNDER BOND**

This is to certify that:

- (1) Mr./Messrs ..... (Name and address) is/are bonafide licensee holding licence No..... valid upto .....
- (2) That he/they has/have executed a bond in Form B-16 (General Surety)/(General Security).  
  
No.....date.....for Rs..... with the Asstt. Commissioner of Central Excise ..... and as such may be permitted to remove ..... (Qty) of ..... (excisable goods) from the unit at ..... to their undertaking ..... at .....
- (3) That the specimen signature of his/their authorised agent namely Shri ..... are furnished herebelow duly attested;

**GENERAL EXEMPTION NO. 5**

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Specimen Signatures  
of owner or his  
authorised agent  
Oriented Undertaking

Sd/-  
Attested

Central Excise  
Officer-in-charge  
of the 100% E.O.U.  
Oriented undertaking

**ANNEXURE - C  
FORM A.R. 3-A**

**Range..... Original  
Duplicate  
Triplicate**

Application for removal of excisable goods from a factory in India to hundred per cent export oriented undertaking.

I/We holder(s) of Central Excise Licence No..... in Form ..... apply for leave to remove the undermentioned goods from the factory at ..... to the 100% Export-oriented undertaking of Mr./Messrs .....

Number and Date Gross weight of of entry in RG 1 register	Description of goods	No. and description	
		of packages	packages
(1)	(2)	(3)	(4)

Marks and number of packages	Quantity of goods	Value	Duty		Manner of transport	Remarks
			Rate	Amount		
(5)	(6)	(7)	(8)	(9)	(10)	(11)

- (1) To be entered by the consignor/owner or his authorised agent in words and figures.  
 (2) The aforesaid Mr./Messrs ..... has/have executed a bond at destination; in Form B-16 Gen. Surety/Security bearing No.....dated..... for rupees .....

Delete the entries not applicable.

A certificate from the Central Excise Officer of Central Excise ..... in Form C.T. 3 is attached.

- (3) I/We hereby declare the above particulars to be true.

**GENERAL EXEMPTION NO. 5**

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Place

Signature of Consignor(s)

Date

Owner(s) or his/their  
authorised agent.

(1) Certificate of Central Excise Officer at factory of removal.

To

The Officer of Central Excise,  
In-charge of the 100% Export Oriented Undertaking.

I hereby certify that the consignment conforms in all respects to the description given above and I have permitted removal under Transport permit in Form G.S. No.....

Dated .....

Place

Date

(2) Certificate of Officer-in-charge of the 100% Export Oriented Undertaking Central Excise Officer I/C of factory of removal.

I hereby certify that the consignment arrived at and that the goods conform in all respect to the description given above/overleaf/except for the following discrepancies and that they have been entered under Entry No..... dated ..... of the Raw Materials Account Register prescribed by the Commissioner of Central Excise.

Place

Date

Officer-in-charge 100%  
Export Oriented  
Undertaking.

**ANNEXURE - D**

**Range Officer**

**Record of Removals in Bond**

Sl. No.	AR3 No. & DATE	Name, address & L.4 of the Unit of Removal	GOODS		DESTINATION
			Description	Net Quantity despatched	Name, address and L.4 No. of the Undertaking
(1)	(2)	(3)	(4)	(5)	(6)

**DUPLICATE A.R. 3**

No. and date of	Date of Despatch	Date of reminders	Date of	Date of despatch
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**GENERAL EXEMPTION NO. 5**

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B-16 bond and by whom executed (consignor or consignee)	to A.C.C.E. and destination	issued for return	return of duplicate	to A.C. of Cen. Ex. of origin for record
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(7)	(8)	(9)	(10)	(11)
-----	-----	-----	------	------

Whether triplicate A.R. 3A received by consignor from consignee Yes/No.	Date of Receipt	Gain (Plus) or loss (Minus) in transit		Action taken on loss, if bond taken from consignor.	Remarks
		Total	Percentage		

(12)	(13)	(14)	(15)	(16)	(17)
------	------	------	------	------	------

**ANNEXURE-E  
Record of Receipts in Bond**

S.No.	No. and date of		Description of goods	Rate of duty
	A.R. 3A	Gate Pass		

(1)	(2)	(3)	(4)
-----	-----	-----	-----

No. of packages	Net quantity and address of consignor	Name, L.4 No. Date of receipt	Duplicate A.R. 3A	
			Date of receipt	Date of return

**GENERAL EXEMPTION NO. 5**

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(5)	(6)	(7)	(8)	(9)
<u>Gain (Plus) or loss (Minus) in transit</u>			Action taken on loss if bond	Remarks
Total	Percentage of Col.6		taken from consignee	
(10)	(11)		(12)	(13)