

**GENERAL EXEMPTIONS - CENTRAL EXCISE TARIFF****I. VALUE BASED EXEMPTION NOTIFICATIONS FOR SMALL SCALE****GENERAL EXEMPTION NO. 1**

**Exemption to first clearances of specified goods upto a value of Rs. 1 Crore, if CENVAT facility not availed and exemption to goods captively consumed.**

[Notfn. No. 8/03-CE., dt. 1.3.2003 as amended by Notfn. Nos. 30/03, 67/03, 24/04,10/05, 8/06, 39/06, 45/06, 48/06, 8/07, 8/08 (w.e.f. 1.4.08), 47/08, 2/09, 9/09, 24/10,8/11, 28/11, 15/12, 8/16, 28/16 and 14/17, dt 30.06.2017].

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944) (herein after referred to as the Central Excise Act) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 8/2002-Central Excise, dated the 1st March, 2002, published in the Gazette of India vide number G.S.R. 129(E), dated the 1st March, 2002, the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts clearances, specified in column (2) of the Table below (hereinafter referred to as the said Table) for home consumption of excisable goods of the description specified in the Annexure appended to this notification (hereinafter referred to as the specified goods), from so much of the aggregate of, -

- (i) the **duty of excise** specified thereon in the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (herein after referred to as the First Schedule); and
- (ii) the **special duty of excise** specified thereon in the Second Schedule to the said Central Excise Tariff Act, 1985 (herein after referred to as the Second Schedule), as is in excess of the amount calculated at the rate specified in the corresponding entry in column (3) of the said Table:

Provided that nothing contained in this notification shall apply to a manufacturer who has availed the exemption under notification No. 39/2001-Central Excise, dated the 31st July, 2001, published in the Gazette of India vide number G.S.R. 565 (E), dated the 31st July, 2001, in the same financial year.

Provided further that exemption contained in this notification shall not apply to goods which are chargeable to nil rate of duty or are exempt from the whole of the duty of excise leviable thereon.

**Table**

S.No.	Value of clearances	Rate of duty
(1)	(2)	(3)
1.	First clearances up to an aggregate value not exceeding one hundred lakh rupees <b>*(one hundred and fifty lakh rupees)</b> made on or after the 1st day of April in any financial year	Nil
2.	All clearances of the specified goods which are used as inputs for further manufacture of any specified goods within the factory of production of the specified goods.	Nil

\* The words "one hundred and fifty lakh rupees" effective w.e.f. 1st day of April, 2007.

(1)	(2)	(3)
3.	Omitted.	
2.	<p>The exemption contained in this notification shall apply subject to the following conditions, namely: -</p> <p>(i) a manufacturer has the option not to avail the exemption contained in this notification and instead pay the normal rate of duty on the goods cleared by him. Such option shall be exercised before effecting his first clearances at the normal rate of duty. Such option shall not be withdrawn during the remaining part of the financial year;</p> <p>(ii) while exercising the option under condition (i), the manufacturer shall inform in writing to the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise with a copy to the Superintendent of Central Excise giving the following particulars, namely:-</p> <p style="margin-left: 2em;">(a) name and address of the manufacturer;</p> <p style="margin-left: 2em;">(b) location/locations of factory/factories;</p> <p style="margin-left: 2em;">(c) description of inputs used in manufacture of specified goods ;</p> <p style="margin-left: 2em;">(d) description of specified goods produced;</p> <p style="margin-left: 2em;">(e) date from which option under this notification has been exercised;</p> <p style="margin-left: 2em;">(f) aggregate value of clearances of specified goods (excluding the value of clearances referred to in paragraph 3 of this notification) till the date of exercising the option;</p> <p>(iii) the <b>manufacturer shall not avail the credit of duty on inputs</b> under rule 3 or rule 11 of the CENVAT Credit Rules, 2002 (herein after referred to as the said rules), paid on inputs used in the manufacture of the specified goods cleared for home consumption, the aggregate value of first clearances of which, as calculated in the manner specified in the said Table does not exceed rupees one hundred lakh <b>*(one hundred and fifty lakh rupees)</b>;</p> <p>Provided that nothing contained in this sub-paragraph shall apply to the inputs used in the manufacture of specified goods bearing the brand name or trade name of another person, which are ineligible for the grant of this exemption in terms of paragraph 4.</p>	
	<p>(iv) the manufacturer also <b>does not utilise the credit of duty on capital goods</b> under rule 3 or rule 11 of the said rules, paid on capital goods, for payment of duty, if any, on the aforesaid clearances, the aggregate value of first clearances of which does not exceed one hundred lakh <b>*(one hundred and fifty lakh rupees)</b>, as calculated in the manner specified in the said Table;</p> <p>(v) where a manufacturer clears the specified goods from one or more factories, the exemption in his case shall apply to the aggregate value of clearances mentioned against each of the serial numbers in the said Table and not separately for each factory;</p> <p>(vi) where the specified goods are cleared by one or more manufacturers from a factory, the exemption shall apply to the aggregate value of clearances mentioned against each of the serial numbers in the said Table and not separately for each manufacturer;</p> <p>(vii) the aggregate value of clearances of all excisable goods for home consumption by a manufacturer from one or more factories, or from a factory by one or more manufacturers, <b>does not exceed rupees three hundred lakhs in the preceding financial year.</b>  <b>[The words “rupees three hundred lakhs”, shall be substituted as “rupees four hundred lakhs” w.e.f. 1st day of April, 2005]</b></p>	

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\* The words "one hundred and fifty lakh rupees" effective w.e.f. 1st day of April, 2007.

3. For the purposes of determining the first clearances upto an aggregate value not exceeding one hundred and fifty lakh rupees made against serial number 1 or upto an aggregate value not exceeding ten crore rupees made against serial number 3, of the said Table, as the case may be, on or after the 1st day of April in any financial year, the following clearances shall not be taken into account, namely:-

- (a) clearances, which are exempt from the whole of the excise duty leviable thereon (other than an exemption based on quantity or value of clearances) under any other notification or on which no excise duty is payable for any other reason;
- (b) clearances bearing the brand name or trade name of another person, which are ineligible for the grant of this exemption in terms of paragraph 4;
- (c) clearances of the specified goods which are used as inputs for further manufacture of any specified goods within the factory of production of the specified goods;
- <sup>1</sup>(d) clearances of strips of plastics used within the factory of production for weaving of fabrics or for manufacture of sacks or bags made of polymers of ethylene or propylene.

3A. For the purposes of determining the aggregate value of clearances of all excisable goods for home consumption, mentioned in clause (vii) of paragraph 2 of this notification, the following clearances shall not be taken into account, namely:-

- (a) clearances of excisable goods without payment of duty-
  - (i) to a unit in a free trade zone; or
  - (ii) to a unit in a special economic zone; or
  - (iii) to a hundred percent export-oriented undertaking; or
  - (iv) to a unit in an Electronic Hardware Technology Park or Software Technology Park;  
or
  - (v) supplied to the United Nations or an international organization for their official use or supplied to projects funded by them, on which exemption of duty is available under notification of the Government of India in the erstwhile Ministry of Finance (Department of Revenue) No.108/95-Central Excise, dated the 28th August, 1995, vide number GSR. 602 (E), dated the 28th August, 1995.
- (b) clearances bearing the brand name or trade name of another person, which are ineligible for the grant of this exemption in terms of paragraph 4;
- (c) clearances of the specified goods which are used as inputs for further manufacture of any specified goods within the factory of production of the specified goods;
- <sup>2</sup>(d) clearances of strips of plastics used within the factory of production for weaving of fabrics or for manufacture of sacks or bags made of polymers of ethylene or propylene.
- (e) clearances, which are exempt from the whole of the excise duty leviable thereon under notifications No. 214/86-Central Excise, dated the 25th March, 1986 (G.S.R. 547 (E), dated the 25th March, 1986), or No. 83/94-Central Excise, dated the 11th April, 1994 (G.S.R. 375(E), dated the 11th April 1994), or No. 84/94-Central Excise, dated the 11th April, 1994 (G.S.R. 376(E), dated the 11th April, 1994).

4. The exemption contained in this **notification shall not apply to specified goods bearing a brand name or trade name, whether registered or not**, of another person, except in the following cases: -

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\* The words "one hundred and fifty lakh rupees" effective w.e.f. 1st day of April, 2007.

**(a) where the specified goods, being in the nature of components or parts of any machinery or equipment or appliances, are cleared for use as original equipment in the manufacture of the said machinery or equipment or appliances by following the procedure laid down in the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001:**

Provided that manufacturers, whose aggregate value of clearances of the specified goods for use as original equipment does not exceed rupees one hundred lakhs in the financial year 2002-2003 as calculated in the manner specified in paragraph 1, may submit a declaration regarding such use instead of following the procedure laid down in the said Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001;

(b) where the specified goods bear a brand name or trade name of-

- (i) the Khadi and Village Industries Commission; or
- (ii) a State Khadi and Village Industry Board; or
- (iii) the National Small Industries Corporation; or
- (iv) a State Small Industries Development Corporation; or
- (v) a State Small Industries Corporation;

(c) where the specified goods are manufactured in a factory located in a rural area;

(d) where the specified goods are account books, registers, writing pads and file folders falling under heading 4820 or 4821 of the said First Schedule.

(e) where the specified goods are in the nature of packing materials and are meant for use as packing material by or on behalf of the person whose brand name they bear.

Provided that in respect of plastic containers and plastic bottles, the exemption under this notifications shall apply only where such plastic containers or plastic bottles are meant for use as packing materials by the person whose brand name such goods bear

Explanation - For, the removal of doubts it is hereby clarified that "packing material" includes labels of all kinds.

4A. Notwithstanding anything contained in the preceding paragraphs, the exemption in respect of goods specified in entries (xi), (xii) and (xiv) of the Annexure, contained in this notification, shall be restricted to rupees ten lakhs during the month of March of the financial year 2005-06.

4B. Notwithstanding anything contained in the preceding paragraphs, the exemption in respect of goods specified in clause (e) of paragraph 4, contained in this notification, shall be restricted to rupees ninety lakhs for the remaining part of the financial year 2008-09.

4C. Notwithstanding anything contained in the preceding paragraphs, the exemption in respect of goods bearing a brand name or sold under a brand name and having a retail price (RSP) of Rs. 1000 and above, falling under Chapters 61, 62, 63 (except laminated jute bags falling under 6305, 6309 00 00, 6310), shall be restricted to rupees twelve lakh fifty thousand for the remaining part of the financial year 2015-16.

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

Explanation.- For the purposes of this notification,-

- (A) “brand name” or “trade name” means a brand name or a trade name, whether registered or not, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person;
- (B) where the specified goods manufactured by a manufacturer bear a brand name or trade name, whether registered or not, of another manufacturer or trader, such specified goods shall not, merely by reason of that fact, be deemed to have been manufactured by such other manufacturer or trader;
- (C) “value” means,-
  - (i) in respect of specified goods which have been notified under section 4A of the Central Excise Act, the value as determined in accordance with the provisions of that section, and
  - (ii) in respect of specified goods other than those referred to in sub clause (i), the value as determined in accordance with the provisions of section 4 of the Central Excise Act, or the tariff value fixed under section 3 of the said Act;
- (D) in the determination of the value of clearances of Chinaware or Porcelainware or both, where a manufacturer gets Chinaware or Porcelainware or both fired in a kiln belonging to or maintained by a Pottery Development Centre run by the Central Government or a State Government or by the Khadi and Village Industries Commission, the value of the Chinaware or Porcelainware or both, belonging to the said manufacturer and fired in such kiln shall be taken into account;
- (E) where the specified goods are manufactured in a factory belonging to or maintained by the Central Government or by a State Government, or by a State Industries Corporation, or by a State Small Industries Corporation or by the Khadi and Village Industries Commission, then the value of excisable goods cleared from such factory alone shall be taken into account;
- (F) “normal rate of duty” means the aggregate of duty of excise specified in the said First Schedule and the special duty of excise specified in the said Second Schedule read with any relevant notification (other than this notification or a notification in which exemption is based on the value or quantity of clearance) issued under sub-section (1) of section 5A of the Central Excise Act;
- (G) "clearances for home consumption", wherever referred to in this notification, shall include clearances for export to Bhutan;
- (H) “rural area” means the area comprised in a village as defined in the land revenue records, excluding-
  - (i) the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee, or
  - (ii) any area that may be notified as an urban area by the Central Government or a State Government.
- (I) In respect of goods falling under chapter 61, 62 or 63 of the First Schedule, the expression “manufacturer” shall include a person who is liable to pay the duty of excise leviable on such goods under sub-rule (1A) of rule 4 of the Central Excise Rules, 2002.
- (J) “retail sale price” means the maximum price at which the excisable goods in packaged form may be sold to the ultimate consumer and includes all taxes local or otherwise, freight, transport charges, commission payable to dealers, and all charges towards advertisement,

delivery, packing, forwarding and the like, as the case may be, and the price is the sole consideration of such sale;

#### ANNEXURE

Description of excisable goods falling under the Chapter, heading, sub-heading or tariff items of the Fourth Schedule to the Central Excise Act, 1944, namely:-

- (i) Tobacco, used for smoking through 'hookah' or 'chilam', commonly known as 'hookah'tobacco or 'gudaku' falling under tariff item 2403 10 10;
- (ii) Other smoking tobacco falling under tariff item 2403 10 90, other than those bearing a brand name;
- (iii) Chewing tobacco, chewing tobacco preparations and tobacco extracts and essences, falling under heading 2403, other than those bearing a brand name;
- (iv) Other manufactured tobacco and manufactured tobacco substitutes falling under 2403 9990, other than those bearing a brand name
- (v) All goods falling under Chapter 27."
- (vi) all goods falling under tariff item 2105 00 00;
- (vii) all goods falling under heading 2106 (except tariff item 2106 90 20);
- (viii) all goods falling under heading 2201 or 2202;
- (ix) all goods falling under tariff item 2207 20 00;
- (x) all goods falling under heading 2209;
- (xi) Tobacco, used for smoking through 'hookah' or 'chilam', commonly known as 'hookah' tobacco or 'gudaku' falling under tariff item 2403 10 10;
- (xii) Other smoking tobacco falling under tariff item 2403 10 90, other than those bearing a brand name;
- (xiii) Chewing tobacco, chewing tobacco preparations and tobacco extracts and essences, falling under heading 2403, other than those bearing a brand name;
- (xiv) Other manufactured tobacco and manufactured tobacco substitutes falling under 2403 99 90, other than those bearing a brand name
- (xv) all goods falling under Chapters 25, 26, 27, 28, 29, 30 (except sterile absorbable surgical or dental yarns and sterile surgical or dental adhesion barriers), 31 or 32.
- (xvi) all goods falling under Chapter 33 (except tariff item 3301 29 37);
- (xvii) all goods falling under Chapter 34 or 35;
- (xviii) all goods falling under heading 3601, 3602, 3603 or 3604;
- (xix) Bengal lights falling under heading 3605;
- (xx) all goods falling under heading 3606;
- (xxi) all goods falling under heading 3703 (except photographic paper and paper board);
- (xxii) all goods falling under heading 3704, 3705, 3706 or 3707;
- (xxiii) all goods falling under Chapter 38;
- <sup>3</sup>(xxiv) all goods falling under Chapter 39 (other than strips of plastics intended for weaving of fabrics or sacks of polyurethane foam, falling under Ch. 39 of the said First Schedule.
- (xxv) all goods falling under Chapter 40, 41, 42, 43, 44, 45, 46, 47, 48 or 49;
- (xxvi) all goods falling under-
  - (a) Chapter 57, 61, 62, 63, 64, 65, 66, 67 or 68;
  - (b) Headings 5805, 5807;
  - (c) Tariff item 5601 10 00;
- (xxvii) all goods falling under Chapter 69 (excluding ceramic tiles other than those subjected to the process of printing, decorating or ornamenting in a factory which does not have the facilities (including plant and equipment) of producing ceramic tiles);

- (xxviii) all goods falling under Chapter 70 or 71;
- (xxix) all goods falling under Chapter 72 (except stainless steel patties /pattas);
- (xxx) all goods falling under Chapters 73;
- (xxxi) all goods falling under headings 7401 and 7402;
- (xxxii) following goods falling under tariff item 7403 21 00, namely:-
  - (a) cast brass bars/rods of a length not exceeding three feet;
  - (b) cast brass bars/rods of a length not exceeding ten feet used in the factory of production for making wires of copper alloys falling under sub-heading 7408 (other than wire of which the maximum cross-sectional dimension exceeds 6 mm and wire of which the maximum cross-sectional dimension does not exceed 0.315 mm and used for manufacture of Zari);
  - (c) copper flats of a weight not exceeding two kilograms used for making copper strips falling under heading 7409;
  - (d) brass billets weighing up to five kilograms;
- (xxxiii) all goods falling under heading 7404, 7405 or 7406;
- (xxxiv) all goods falling under heading 7407 (except bars and rods of refined copper and copper alloys);
- (xxxv) all goods falling under heading 7408 (except wire of which the maximum cross-sectional dimension exceeds 6 mm and );
- (xxxvi) copper strips produced from copper flats of a weight not exceeding two kilograms, falling under heading 7409;
- (xxxvii) all goods falling under headings 7410, 7411, 7412, tariff item 7413 00 00, headings 7415, 7418 or 7419 (except copper circles, whether or not trimmed);
- (xxxviii) all goods falling under Chapter 75 or 76 (except aluminium circles, whether or not trimmed);
- (xxxix) all goods falling under Chapters 77, 78, 79, 80, 81, 82 or 83;
- (xl) all goods falling under Chapter 84\* (w.e.f the date of publication of notification no.39/06-C.E. dated 10.8.06 in the official Gazette and till 31.12.06).
- (xli) all goods falling under Chapter 85 or 86;
- (xlii) all goods falling under headings 8707, 8708, 8709, 8710, 8712, 8713, 8714, 8715 or 8716;
- (xliii) powered cycles and powered cycle rickshaw ("powered cycle" or powered rickshaw means a mechanically propelled cycle or, as the case may be, mechanically propelled cycle rickshaw, which may also be peddled, if any necessity arises for so doing) falling under heading 8711;
- (xliv) all goods falling under Chapters 88, 89 or 90;
- (xlv) watches of retail sale price not exceeding ` 500 per piece and parts thereof, falling under heading 9101 or 9102;
- (xlvi) all goods falling under headings 9103, 9104, 9105, 9106, 9107, 9108, 9109, 9110, 9111, 9112, 9113 or 9114;
- (xlvii) all goods falling under Chapters 92;
- (xlviii) all goods falling under headings 9301 or 9305;
- (xlix) parts falling under heading 9306 or 9307;
- (l) air guns, air rifles and air pistols which are exempt from the provisions of the Arms Act, 1959 (54 of 1959), falling under tariff item 9304 00 00;
- (li) all goods falling under Chapters 94 or 95;
- (lii) all goods falling under Chapters 96 (except tariff item 9605 00 10).

\* For the entry (xl), with effect from 1st day of April, 2006, the following entry substituted:

"all goods falling under Chapter 84 {other than power driven pumps primarily designed for handling water which do not conform to standards specified by BIS (Bureau of Indian Standards) for such pumps"}"

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- <sup>1</sup> In paragraph 3, sub-paragraph (d) and entries relating thereto shall be omitted w.e.f. 1st day of April 2008.
- <sup>2</sup> In paragraph 3A, sub paragraph (d) and the entries relating thereto shall be omitted w.e.f. 1st day of April 2008.
- <sup>3</sup> In the annexure, for Sl. No. (xxiv) and entries relating thereto, the following entry shall be substituted w.e.f 1st April 2008:  
"(xxiv) all goods falling under chapter 39 (other than polyurethane foam and articles of polyurethane foam) of the said First Schedule."