

Dy. No. R-106/DS(CX.1)/06/
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, 21st March 2006

To

Shri Sanjeev Chopra
Secretary (Industrial Development)
Government of Uttaranchal
Uttaranchal Secretariat
Dehradun

1. Kind attention is invited towards your DO letter addressed to Member (Central Excise) dated 31st January 2006 and this office letter dated 6th February 2006 on the above-mentioned subject (copies enclosed).

2. The issue has been further examined. In partial modification to the letter issued earlier on 6th February 2006, this is to clarify that the benefit of the exemption contained in the Notification No. 50/2003-CE dated 10.6.2003 would only be applicable to those new industrial units, which commence commercial production before 31.3.2007. In other words, if a new industrial unit is installed after 31.3.2007 and it commences commercial production after 31.3.2007, then such industrial unit would not be eligible to avail exemption under the said notification. For example, in case of a manufacturer, producing motor vehicles, if a new assembly line/production line is installed after 31.3.2007 that would commence production after 31.3.2007, then the benefit of said notification would not be available to motor vehicles manufactured on such assembly/production line. Similarly, if the commercial production of a particular kind of specified goods has not commenced before 31.3.2007, then again the benefit of the said Notification would not be available to such goods. Accordingly, the situations described in Paragraphs 3(a) and 3(b)(ii) of your letter dated 31.1.2006 would not get covered by the exemption contained in the said Notification.

3. I have been directed by Member (Central Excise) to request you to advise M/s Tata Motors Limited accordingly and also to advise them to approach the jurisdictional Chief Commissioner with full facts of the case for further clarification/assistance, if required.

Yours faithfully,

(Abhai Kumar Srivastav)
Deputy Secretary (CX.1)

Copy 1.

Copy 2.

Rakshn Jan ✓

Copy to: 1. Shri Ravi Kant, Managing Director, Tata Motors, Mumbai
2. Chief Commissioner of Central Excise, Meerut

सचिव
औद्योगिक विकास विभाग
समस्यात्मक शासन

Tatepali

पत्रांक 686 / स.औ.वि./सू.प्र./2006
दिनांक 23/3/06

G...

Sanjeev Chopra
Secretary & Director of Industries



Industrial Development
Government of Uttarakhand
Dehradun

DO.No. 573/PS/2006
Date: 31 Jan, 2006
E-mail: choprasanjeev@gmail.com

Dear Mr. Singh,

Sub: Excise Exemption under excise notification 50/2003 dated 10th June, 2003

As you are aware vide the above notification goods manufactured from units set-up in Uttarakhand are exempt from Excise duty for a period of 10 years from the date of commercial operation. The extract from the notification is reproduced hereunder:

"the goods specified in the First Schedule and the Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), other than the goods specified in Annexure-I appended hereto, and cleared from a unit located in the Industrial Growth Centre or Industrial Infrastructure Development Centre or Export Promotion Industrial Park or Industrial Estate or Industrial Area or Commercial Estate or Scheme Area, as the case may be, specified in Annexure-II appended hereto, from the whole of the duty of excise or additional duty of excise, as the case may be, leviable thereon under any of the said Acts

2. The exemption contained in this notification shall apply only to the following kinds of units, namely:-

- (a) new industrial units which have commenced their commercial production on or after the 7th day of January, 2003;
- (b) industrial units existing before the 7th day of January, 2003, but which have undertaken substantial expansion by way of increase in installed capacity by not less than twenty five per cent, on or after the 7th day of January, 2003."

WE WILL EITHER FIND A WAY OF MAKE ONE

Uttarakhand Secretariat: 4, Subhash Road, Dehradun INDIA
Ph: 0091-135-2713554, Fax: 135-2713553, <http://ua.nic.in>
SIDCUL: Ph: 0091-135-2743292/97, 2743837/38, www.sidcul.com

QWELL by
MCCP
DS(CA)
1/2/06
Classification on this notification may be issued by TRU.

MCCP
M (Budget)
State is Member (CR) in
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R-1006/DS(CA)/06
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R-174/M(CA)/06
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3 We have now received representation from M/s Tata Motors Limited seeking clarification/interpretation on the above notification.

(a) the unit commences commercial production of items and registers under the excise classification of 87.02 & 87.03. Can the unit subsequently manufacture any product that falls under these excise classifications? Say, the unit commences with cars of less than 1000 cc before 31 March, 2007 but subsequently starts manufacturing cars of more than 1000 cc subsequent to 31 March, 2007, both of which fall under the excise classification number 87.03. Would both all types of vehicles falling under 87.03 qualify for the exemption as long as the 10-year period starts from the date of commercial production of first vehicle and as long as all vehicles are cleared from the same unit?

(b) the unit commences commercial operations with a capacity of say 100,000 vehicles, 2 years down the line (after 31 March, 2007) it increases capacity to 200,000 vehicles using:

- i. the same production line;
- ii. setting up new production line

Will the exemption be available in (b) (i) above? or
Will it be available for (b) (ii) as well?

4 As we are just 1 year away from the sun-set date of 31 March, 2007, a clarification on the above issues will go a long way to enable decision making not just by Tata Motors but also by various other units desirous of setting operations in Uttaranchal. Confusion on the above issues is dissuading people to take decisions, especially in case of consumer products which undergo substantial changes over a 10-year period.

5. An early clarification of the above issue will help the Government of Uttaranchal to take full advantage of the Fiscal Package awarded by the Government of India.

With regard to
~~Member (Industrial Development)~~ & Director of Industries
Member (Central Excise)
North Block, Ministry of Finance
New Delhi

WE WILL EITHER FIND A WAY OF MAKE ONE

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