



**Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade**

**Policy Circular
No. 36 (RE 2004)/2002-2007**

Dated 3rd June, 2004

To
All Licensing Authorities
All Commissioners of Customs

**Extension of the Status Holder
Certificate expiring on 31.03.2004**

Attention is invited to Public Notice No. 57 dated 31.03.2004 wherein paragraph 3.2 of the Handbook of Procedures (Vol. 1) was amended in order to incorporate the provision for the renewal of the status holder certificates (including the Golden Status Certificates) that were expiring on 31.03.2004.

2. The provision specifically mandated that the "The Status Holder status also stands automatically renewed from 01.04.2004 till the date of allotment of the renewed status holder certificate for applicants who are eligible for renewal of status certificate and have made the application accordingly."

3. A confusion seems to have arisen on the arrangement for the interim period from 01.04.2004 till the date of application for renewal of the status holder status. It seems that some of the Customs Houses are insisting on specific documents for granting the status holder scheme benefits such as exemption from Bank Guarantee etc.

4. The matter has been deliberated upon in this office and it has been decided that the benefits of the status holder scheme may be granted to exporters whose status holder status (including Golden status) expired on 31.03.2004 provided they give a one time undertaking to the DGFT, its regional offices, Customs or any other appropriate authority indicating that they have achieved the export turnover mandated for the grant of status holder certificate and would be making the application for renewal on or before 31.10.2004.

This issues with the approval of DGFT.

Sd/-
(AJAY SRIVASTAVA)
Joint Director General of Foreign Trade
(F. No : 01/94/180/11/AM05/ PC IV)

**F. No. 267 /11/2002-CX
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs**

**Central Excise
Circular No. 785/18/2004-CX**

Dated 17th May, 2004

To
All Chief Commissioners of Central Excise
All Chief Commissioners of Customs and Central Excise
All Commissioners of Central Excise
All Commissioners of Central Excise (Appeals)
The Comptroller and Auditor General of India

**Reversal of CENVAT Credit on
clearance of goods under rule 19(2) of
Central Excise Rules, 2002 under
notification 43/2001-CE (NT) dated
26.6.2001 – regarding.**

I am directed to invite your attention to Notification No. 43/2001-CE (NT) dated 26.6.2001 as amended issued under rule 19(3) read with rule 19(2) of Central Excise Rules, 2002 wherein procurement of excisable goods without payment of duty for the purpose of use in manufacture or processing of export goods and their exportation out of India has been provided subject to the conditions, safeguards and procedures mentioned therein. Doubts have arisen over application of sub-rule (1), (2) and (3) of rule 6 of CENVAT Credit Rules, 2002 relating to the clearances of excisable goods made by the supplier under Notification No. 43/2001-CE (NT).

2. The matter has been examined by Board. As per sub-rule (1) of rule 6 of CENVAT Credit Rules, 2002, the credit is not available on inputs which are used in the manufacture of exempted goods. Sub-rule (2) and sub-rule (3) of the said rule gives an option to the manufacturer to maintain the separate

inventory of inputs for use in exempted goods or pay an amount of 8% of the price of the exempted goods (barring the exceptions mentioned therein) in case he chooses not to maintain separate inventory and to avail the credit on common inputs i.e. inputs used for both exempted and dutiable goods. Thus, the provisions of sub-rule (1), (2) and (3) are applicable to those manufacturers who manufacture both dutiable and exempted goods. Since Notification No. 43/2001-CE (NT) has been issued under rule 19 of Central Excise Rules, 2002 which only prescribes conditions, safeguards and procedures, the goods procured under this notification does not attract the provisions of sub-rule (1), (2) and (3) of rule 6 of CENVAT Credit Rules, 2002.

3. However, a doubt was raised whether the exporter can claim Drawback in case the inputs are procured without payment of duty under the said notification and the resultant goods are exported under claim of drawback. It was also stated that since the exporter declares his intention while exporting the goods to avail duty drawback in Form ARE-2 {clause (d)}, the verification as to whether the exporter has procured the inputs without payment of duty or not can take place only at the time of sanction of drawback. In this connection, your attention is invited to clause (ii) of the second proviso to rule 3(1) of the Customs and Central Excise Duties Drawback Rules, 1995 which states that no drawback shall be allowed if the export goods are produced or manufactured using imported materials or excisable materials in respect of which the duties have not been paid. Accordingly, the exporter at the time of claiming of drawback is required to give a declaration that the facility under sub-rule (2) of rule 19 of Central Excise Rules, 2002 has not been or shall not be availed of i.e. no inputs procured without payment of duty have been used in the export goods. In other words, the exporter cannot claim Drawback in case any of the inputs has been obtained without payment of duty except to the extent and in the manner explicitly permitted under Customs and Central Excise Duties Drawback Rules, 1995.

Sd/-
(VIJAY MOHAN JAIN)
Under Secretary to the Govt. of India