

Collector of Central Excise

Vs

.M/S. Jay Engineering Works Ltd., Calcutta

Civil Appeal No. 1630 of 1988

(S. Ranganathan, Sabyasachi Mukharji JJ)

28.11.1988

SABYASACHI MUKHARJI, J.-

1. This is an appeal against the decision and order of the Customs, Excise and Gold (Control) Appellate Tribunal under of the Section 35-L (b) of the Central Excise and Salt Act, 1944 (hereinafter called 'the Act').
2. The respondent is the manufacturer of electric fans, and brought into its factory name plates under tariff item 68 of the erstwhile Central Excise Tariff. The name plates were affixed to the fans before marketing them. The respondent claimed the benefit of pro forma credit in terms of Notification No. 201/79 date June 4, 1979, which was for the purpose of relief on the duty of excise paid on goods falling under tariff item 68, when these goods are used in the manufacture of other excisable goods. The said notification stated in supersession of the Notification No. 178/77 of the Central Excise, dated June 18, 1977, all excisable goods on which duty of excise is leviable and in the manufacture of which any goods falling under item 68 (hereinafter referred to as 'the inputs') have been used, are exempt from so much of the duty of excise leviable thereon as is equivalent to the duty of excise already paid on the inputs.
3. It enjoins that the procedure set out in the Appendix should be followed; and further that nothing contained in the said notification shall apply to the said goods which are exempted from the whole of the duty of excise leviable thereon or are chargeable to nil duty.
4. It further stipulated that the credit of the duty allowed in respect of the inputs shall not be denied or varied on the ground that part of such inputs is contained in any waste, refuse or by-product arising during the process of manufacture of the said goods irrespective of the fact that such wast, refuse or by-product is exempt from the whole of the duty of excise leviable thereon or is chargeable to nil rate of duty, or is not mentioned in the declaration referred to in the Appendix to this notification. Provided, also that nothing contained in any notification should apply to the said goods on which duty of excise is paid through bandrols.
5. The Appendix provides the procedure. The benefit of pro forma was claimed for the said goods on the plea that the goods were intended to be used (as inputs) in the manufacture of electric fans. The Assistant Collector, Central Excise, Calcutta-XV Division, disallowed pro forma credit to the said goods on the ground that name plates are not essential ingredients or raw materials in the manufacture of finished goods i. e. electric fans and thus cannot be considered as inputs in terms of the Notification No. 201/79 dated June 4, 1979.
6. The respondent preferred an appeal against the decision before the Collector (Appeals) Central

Excise, Calcutta, and the same was allowed holding, inter alia, that para 8 of the supplement to the manual of departmental instructions on electric fans, has clarified the utility of the use of "name plate" on electric fan and, hence, viewed from this angle, the said goods should be treated as 'inputs' in terms of the Notification No. 201/79 dated June 4, 1979.

7. The Collector, therefore, set aside the order of the Assistant Collector. There was an appeal to the Tribunal. The Tribunal in its order noted that the short point requiring decision in this case was : whether the name plate could be considered as component part of the electric fan, so as to be eligible for pro forma credit under the exemption notification. The Tribunal further noted that no electric fan was removed from the factory for being marketed without the name plate. The Tribunal also noted that even though it could be said that electric fans could function without the name plates, for actual marketing of the fan, the affixation of the name plate was considered an essential requirement. The Tribunal further noted that it was an essential requirement even from the point of view of the Excise Tariff because the rate of duty on different types of electric fans, depended on their variety and the sweep size of the fan. This information was given in the name plate only.

8. It appears that the department's own instructions in their Commodity Manual made it obligatory for every manufacturer to affix the name plates on the fans. In those circumstances, namely, for marketing the name plates (sic fans), these were essential. In other words, they could not be marketed without the name plates. The relevant particulars of the fan for the determination of duty, depended on the particulars which are contained only in the name plates. The department's instructions requiring every manufacture to affix the name plates on the fans, indicate that name plate was an essential ingredient to complete the process of manufacture for marketable electric fans.

9. In those circumstances, in our opinion, the Tribunal was right in arriving at the conclusion that the name plate was not a piece of decoration. Without the name plate, the electric fans as such could not be marketed; and that the dealer was entitled to the benefit of Notification No. 201/79-CE for the purpose of obtaining pro forma credit. Fans with name plates, have certain value which the fans without the name plates, did not have. If that be so, then the value added for the accretion of name plate was entitled to pro forma credit it terms of the said notification. It is true that an electric fan may perform its essential function without affixation of the name plate, but that is not enough. Electric fans do not become marketable products without affixation of name plates.

10. In that view of the matter, it appears to us that the Tribunal followed the correct principles applicable in this case. All the relevant and material factors were taken into consideration. The approach of the Tribunal was right. The decision arrived at on that basis appears to be correct.

11. In the premises the appeal fails and is accordingly dismissed.

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