

**Cce Vs. Micro Turner**

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**Court :** Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

**Decided On :** Aug-29-2000

**Reported in :** (2001)(94)LC742Tri(Delhi)

**Judge :** B T K.K.

**Appellant :** Cce

**Respondent :** Micro Turner

**Judgement :**

1. The respondents availed modvat credit amounting to Rs. 3359.95 on the inputs Hypsin BP and CRB plus. They declared that during the manufacturing process of precision machine, components, these oils are used as coolants in turning and grinding operations. The Assistant Commissioner of Central Excise Rohtak Division vide his Order dated 26.2.1998 held that lubricants and greases are not eligible inputs in terms of Rule 57A. He consequently disallowed the credit of the above amount and also imposed a penalty of Rs. 500/- on the party.

2. On appeal, the Commissioner (Appeals), New Delhi allowed the appeal of the party setting aside the order passed by the Assistant Commissioner.

3. The Revenue is in appeal against the above order of Commissioner (Appeals). I have heard Sh. M.D. Singh, SDR for the Revenue. The respondents are not represented. Sh. M.D. Singh, SDR for the Revenue very fairly submitted that the issue under consideration stands settled in favour of the assesseees and against

the Revenue in CEGAT Larger Bench decision in CCE Meerut-I v. Modi Rubber Ltd. . In this decision it is held that lubricating oils and greases used for the purpose of lubricating the machines and machinery which are used for the manufacture of the final product are essential for their working and are integrally connected with the manufacture. Hence these items are qualified to be input for the purpose of modvat credit under Rule 57A.4. In view of the above decision of the Larger Bench of the CEGAT, there is no force in the Revenue's appeal and the same is accordingly rejected.

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