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**Universal Cables Ltd. Vs. Cce**

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**SooperKanoon Citation** : sooperkanoon.com/29228

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

**Decided On :** Oct-31-2002

**Reported in** : (2003)(86)ECC105

**Judge** : P Bajaj

**Appellant** : Universal Cables Ltd.

**Respondent** : Cce

**Judgement** :

1. This appeal has been filed by the appellants against the impugned Order-in-Original dated 27.2.2002/7.3.2002.

2. This issue involved in the present appeal relates to the availability of modvat credit to the appellants in respect of Polythene Bags. The appellants have taken modvat credit of Rs. 19,323 in respect of these bags by declaring the same as inputs. The adjudicating authority had disallowed the modvat credit on the ground that the polythene bags were never used in or in relation to the manufacture of the final products i. e. insulated wires and cables. The plea of the appellants was that the bags were being used by them for filling the PVC compound which was used in the manufacture of cables. But that plea had not been accepted by the adjudicating authority keeping in view the provisions of Rule 57-A(4) of the Rules for denying modvat credit to them in respect of those bags.

3. I have heard both sides. The learned counsel has only contended that since the polythene bags were used for storing the PVC compound which was used in the manufacture of cables the modvat credit in respect of those bags was admissible under Rule 57-A(4) of the Rules. But in my view, this contention of the counsel is wholly misconceived and cannot be accepted. The bare perusal of the said Rules shows that the modvat credit can be claimed in respect of inputs used in the manufacture of the final products or used in or in relation to the manufacture of the final products. In the instant case, the polythene bags are being neither used directly in the manufacture of the final products i.e.

cables nor indirectly in or in relation to the manufacture of the final products. These are being used by the appellants only for filling raw material i.e. PVC. Therefore, the modvat credit on polythene bags of the disputed amount had been rightly disallowed to the appellants.

4. The penalty had been also rightly imposed on the appellants for having availed the modvat credit knowingly, wrongly on the polythene bags to which they are otherwise not entitled to under the law.

5. In view of the discussion madeabove, the impugned order of the Commissioner is perfectly valid and the same is upheld. The appeal is, therefore, dismissed being without any merit.

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