

Samtel Colour Ltd. Vs. Cce

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Apr-25-2005

Reported in : (2005)(192)ELT363TriDel

Judge : S Kang, Vice

Appellant : Samtel Colour Ltd.

Respondent : Cce

Judgement :

2. The appellants filed this appeal against order-in-appeal passed by the Commissioner (Appeals) whereby the benefit of Modvat credit in respect of paints used in the shop floor is denied to the appellant.

3. The appellant claimed the benefit of Modvat credit in respect of the paints used in the shop floor as input in view of the definition of input under Rule 2(f) of CENVAT Credit Rules 2001. The contention of the appellant is that the credit was denied on the ground that the paint is used for the maintenance of building and does not relate to the manufacturing activity of the final product.

4. The Contention of the appellant is that they are engaged in the manufacture of colour picture tubes and for the assembly of colour picture tubes dust free atmosphere is required in the shop floor. To attain this dust free environment. They are using special type of paint on the shop floor of production hall to make it dust free and fire retardant. The contention of the appellant is that as per the

definition of input during the relevant period includes all goods used in or in relation to the manufacture of final products whether directly or indirectly and whether contained in the final product or not and includes goods used as paints used for manufacture of final product or for any other purpose within the factory of production. The contention is that special paints are used to attain the dust free environment and also fire retardant atmosphere in the factory.

5. The contention of the Revenue is that the paint is used for the maintenance of floor of production hall, it is not used in or in relation to the manufacture of final product directly or indirectly.

Therefore, the appellants are not entitled for the benefit in respect of paints.

6. I find that the definition of input under CENVAT Credit Rules 2001 is as under : "Input" means all goods, except high speed diesel oil and motor spirit commonly known as petrol, used in or in relation to the manufacture of final products whether directly or indirectly and whether contained in the final product or not, and includes lubricating oils, greases, cutting oil, coolants, accessories of the final products cleared along with the final product, goods used as paint, or as packing material, or as fuel, or for generating of electricity or steam used for manufacture of final products or for any other purpose, within the factory of production.

7. The reading of the rule provides that input includes all goods except high speed diesel oil or motor spirit used in or in relation to the manufacture of final product and includes goods used as paint used for manufacture of final product or for any other purpose, within the factory of production.

8. In the present case, the paint is used is used on the floor of production hall to make it dust free and fire retardant. The definition of inputs includes all goods used as pain used for the manufacture of final product or within the factory of production for any other purpose. In view of the above definition of the inputs during the relevant period, I find that the appellants are entitled for the benefit of Modvat credit in respect of the paint in question. The impugned order is set aside and the appeal is allowed.