CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
CHANDIGARH

REGIONAL BENCH - COURT NO. I

Excise Appeal No. 60261 of 2023

[Arising out of Order-in-Appeal No. LUD-EXCUS-001-APP-46-2023 dated 23.01.2023 passed by the Commissioner (Appeals), Central Goods & Service Tax, F-Block, Rishi Nagar, Ludhiana]

M/s Fine Switchgears **......Appellant**
40, Industrial Area, Phagwara
Kapurthala Punjab 144401

VERSUS

Commissioner of Central Excise and Central Goods & Service Tax, Jalandhar **......Respondent**
Plot No. 19, Central Revenue Building, Jalandhar Punjab-144008

APPEARANCE:

Shri Poojan Malhotra, Advocate for the Appellant

Shri Narinder Singh, Shri Harish Kapoor and Shri Shivam Syal, Authorized Representatives for the Respondent

CORAM: HON'BLE MR. S. S. GARG, MEMBER (JUDICIAL)

FINAL ORDER NO. 60147/2025

DATE OF HEARING: 27.11.2025
DATE OF DECISION:21.02.2025

The present appeal is directed against the impugned order dated 23.01.2023 passed by the Commissioner (Appeals), Ludhiana whereby the appeal of the appellant was dismissed and the Order-in-Original is upheld.

2. Briefly the facts of the present case are that the appellant is engaged in the manufacture of electrical switches and electrical accessories falling under Chapter 85 of Central Excise Tariff Act,

1985 since Sept. 1995. The DGCEI staff, Ludhiana searched the premises of appellant and directed the appellant to deposit Rs. 10 lakhs on 18.03.2010 during the investigation; thereafter, the show cause notice dated 01.09.2010 was issued by Ld. Additional Director, DGCEI (RU), Ludhiana demanding duty, interest by invocation of penal provisions. Thereafter, the Addl. Commissioner, vide Order-in-Original dated 21.09.2017 confirmed the demand and imposed penalty under Rule 26 clause (i) of Central Excise Rules, 2002. Aggrieved by the said order, the appellant filed the appeal before the Commissioner (Appeals) who vide the Order-in-Appeal dated 12.07.2018 upheld the Order-in-Original and rejected the appeals. Aggrieved by the same, the appellant filed appeal before the CESTAT and the CESTAT vide Final Order dated 21.02.2019 set aside the impugned order and allowed the appeals of the parties. Thereafter, the appellant vide letter dated 14.10.2019 filed refund application to the Deputy Commissioner for refund of Rs. 12,89,660/- along with interest, thereafter, a show cause notice dated 09.12.2019 was issued for rejection of the claim of interest on refund of Rs. 10,00,000/- and the Deputy Commissioner, Phagwara vide Order-in-Original dated 18.12.2019 sanctioned refund of Rs. 12,89,660/- plus interest of Rs. 20,232/- on Rs. 2,89,660/- but denied interest on Rs. 10 lakhs being deposited on 18.03.2010 i.e. prior to amendment of Section 35FF dated 06.08.2014. Aggrieved by the denial of interest, the appellant filed the appeal before the Commissioner (Appeals) who rejected the same. Hence, the present appeal.

3. Heard both the parties and perused the record.

4. Ld. Counsel for the appellant submits that the impugned order denied the interest on the amount of Rs.10 lakhs deposited during the investigation on 18.03.2010 till its refund to appellant on 18.12.2019. He further submits that this issue has been considered by various Benches of the Tribunal and it has been consistently held that the assessee is entitled to claim interest on an amount deposited during investigation and @ 12% per annum till the refund is paid. In support of his submissions, he relied upon the various decisions:

- ***Amidhara Texturising (P) Ltd. Vs. Commr. Of Central Excise, Surat - 2012 (278) E.L.T. 257 (Tri. - Ahmd.)***

- ***G.S. Promotors & Developers Vs. Commissioner of CGST, Ludhiana Hon'ble Cestat Final Order No. 60703/2023 dt. 11.12.2023***

- ***Impressive Management Solutions Pvt. Ltd. Vs. C.G. & S.T., Chandigarh Hon'ble Cestat Final Order No. 60090/2023 dt. 06.04.2023***

- ***Pr. Commr. Of CGST, New Delhi Vs. Emmar MGF Construction Pvt. Ltd. 2021 (55) G.S.T.L. 311 (Tri. -Del.)***

- ***Churchit International Vs. Commissioner of Customs (Exports), New Delhi - Hon'ble Cestat Final Order No. 58537/2024 dt. 06.09.2024***

- ***Continental Engines Pvt. Ltd. Vs. Commissioner (Appeals), C. Ex. & CGST, Jaipur-I- 2022 (382) E.L.T. 522 (Tri. - Del.)***

- ***Allied Chemicals & Pharmaceuticals Pvt. Ltd. Vs. Commissioner Of Central Excise & CGST, Jaipur - 2022 (382) E.L.T. 371 (Tri. - Del.)***

- ***Pensla Exports Pvt. Ltd. Vs. CCE 2020-TIOL-78-CESTAT-CHD.***

5. On the other hand, Ld. AR reiterated the findings of the impugned order and submits that the appellant is not entitled to any interest on Rs. 10 lakhs which was deposited during the investigation because there was no provision for grant of interest under Section 35FF prior to 06.08.2014. Ld. DR also relied upon the decision of the Hon'ble Apex Court in the case of ***Union of India vs. Willowood Chemicals Pvt. Ltd. reported in 2022 (60) G.S.T.L. 3 (S.C.),*** and submits that when it has been held by the Hon'ble Apex Court that whenever the assessee is eligible to interest @ prescribed under the relevant Rules will be given and not 12% as claimed by the appellant.

6. After considering the submissions of both the parties and perusal of the material on record, I find that only issue involved in the present case is whether the appellant is entitled to interest on the refund of Rs. 10 lakhs deposited during investigation, if so at what rate and from which rate.

7. Further, I find that in view of the various decisions of the High Court and various Benches of the Tribunal, wherein, it has been

consistently held that interest on refund of deposit made during investigation is required to be computed @ 12% per annum. I also find that the jurisdictional High Court of this Tribunal has already held that rate of interest applicable in such cases is 12% per annum as held in the cases of CCE, Panchkula Vs. Riba Textiles Limited, reported in 2022 (5) TMI 1531 – Punjab and Haryana High Court and Sunrise Immigration Consultants Private Limited Vs. Union of India reported in 2023 (6) TMI 411.

8. Further, I find that this Tribunal has followed the ratio of the High court decision in the cases of Sunrise Immigration Consultants Private Limited Vs.CGST-Chandigarh Reported in 2023 (4) TMI 504 CESTAT, Chandigarh and Impressive Management Solutions Pvt. Ltd Vs. CGST, Chandigarh, 2023 (4) TMI 433 – CESTAT Chandigarh.

9. Further, I may refer to the decision of the Tribunal in the case of **Indore Treasure Market City Pvt Ltd** (supra) wherein the Tribunal after considering the various decisions of the Courts, has held that the assessee is entitled for interest on the amount of refund sanctioned @12% to be calculated from the date of payment till the date of disbursement. This decision of the Tribunal was challenged by the Revenue before the Hon'ble Madhya Pradesh High Court and the Hon'ble High Court vide its order dated 22.04.2024 reported as **CGST & CE vs. Indore Treasure Market City Pvt Ltd - 2024 (5) TMI 367 - MADHYA PRADESH HIGH COURT**, has dismissed the Revenue's appeal and has held in para 14 as under :

> "**14.** In view of the aforesaid discussions and the rival submissions made by learned counsel for the parties, the issues raised in the present appeal is covered by the judgments in the case of M/s Green

> Valley Industries Pvt. Ltd. (Supra) and M/s Riba Textiles Ltd. (Supra), therefore, this Court is of the considered opinion that no substantial question of law arises for consideration in the present appeal. The appeal *sans merit* and is hereby dismissed."

10. I also find that this issue was also decided by the Hon'ble Meghalaya High Court in the case of **CGST vs. M/s Green Valliey Industries Pvt Ltd – 2023 (7) TMI 1176 – MEGHALAYA HIGH COURT**, wherein the Hon'ble High Court vide its order dated 26.07.2023 has upheld the order of the Tribunal granting interest from the date of deposit @12% per annum till the refund is made. The relevant findings of the Hon'ble High Court in para 11 of its order is reproduced herein below :

> "**11**. The Tribunal has given adequate reasons in both the orders impugned, including the order by which the Department's application for correction or modification was rejected. According to the Tribunal, the deposit was made at a time when no quantified claim had been made on the assessee. On such basis, the Tribunal found that the deposit had not been made on account of any duty or interest which would attract the implied bar under
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> Section 11B of the Act. It was a possible view taken on the set of facts that presented themselves before the Tribunal and, in this appellate jurisdiction, such interpretation does not call for any interference. Further, as to the quantum of interest awarded, the Tribunal, which is a specialised body dealing in matters pertaining to excise duty, took into account the previous judgments of the Supreme Court, High Courts and the Tribunal itself to justify that the rate of 12 per cent per annum would apply in the facts of the

present case. Again, since there is some basis to the award of interest by the Appellate Tribunal, the same does not call for any interdiction."

10.2. I also find that in the case of **Raghuveer Metal Industries Ltd** (supra), the Tribunal has held that the appellant is entitled to receive interest at the rate of 12% from the date of deposit of the amount till the date of refund thereof.

11. In view of the decisions of the Hon'ble High Courts in the cases cited (Supra) wherein the Hon'ble High Court has granted the interest @ 12% per annum I follow the ratio of the decisions of the High Court and hold that the appellant is entitled to the rate of interest @ 12 % per annum on the amount deposited during investigation.

12. Consequently, the appeal filed by the appellant is allowed and I hold that the appellant is entitled to claim interest @ 12% from the date of deposit i.e. 18.03.2010 to 18.12.2019. The Original Authority is directed to compute the interest accordingly and pay the same to the appellant.

(Order pronounced in the open court on 21.02.2025)

(S. S. GARG)
MEMBER (JUDICIAL)

Kailash