

**IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
EASTERN ZONAL BENCH: KOLKATA**

REGIONAL BENCH – COURT NO. 1

Excise Appeal No. 76802 of 2018

(Arising out of Order-in-Appeal No. 633/HWH/CE/2017-18 dated 12.03.2018 passed by the Commissioner of Central Excise (Appeals-II), Kolkata, Bamboo Villa, 3rd Floor, 169, A.J.C. Bose Road, Kolkata – 700 014)

M/s. Bally Fabs International Limited : **Appellant**
Ambica Jute Mill Compound,
3, Haren Mukherjee Road, Belurmath,
Howrah – 711 202

VERSUS

Commissioner of C.G.S.T. and Central Excise : **Respondent**
Howrah Commissionerate,
Custom House, M.S. Building, 15/1, Strand Road,
Kolkata – 700 001

APPEARANCE:

Shri N.K. Chowdhury, Advocate, for the Appellant

Shri Debapriya Sue, Authorized Representative, for the Respondent

CORAM:

HON'BLE SHRI ASHOK JINDAL, MEMBER (JUDICIAL)
HON'BLE SHRI K. ANPAZHAKAN, MEMBER (TECHNICAL)

FINAL ORDER NO. 77858 / 2025

DATE OF HEARING / DECISION: 03.12.2025

ORDER: [PER SHRI ASHOK JINDAL]

The appellant is in appeal against the impugned order wherein demand on account of Jute Cess has been confirmed against the appellant.

2. The facts of the case are that the appellant is a manufacturer of Jute / Hessian bags. The appellant purchased cess-paid jute fabric and the same was converted into jute bags by stitching, during the relevant period, for home clearances. The appellant was also exporting the same under claim of LUT. At the time of clearance of jute items from their factory,

the appellant did not pay Jute Cess again in view of Notification No. S.O. 779(E) dated 08.11.1996 and Notification No. S.O. 526 (E) dated 17.05.2002. These Notifications exempt articles of jute manufacture specified in Column 2 of the Schedule to the Act and consumed within the factory in which it is manufactured for the final jute products cleared from the manufacturer's premises, from the whole of the duty of excise leviable thereon. The said Notifications also provided that where such consumption is made elsewhere than in the factory of manufacture, the exemption contained in these Notifications shall be allowable only if the procedure laid down in the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001 is followed.

3. Since the appellant manufactured jute bags and did not pay Jute Cess thereon, for the period from March, 2012 to May, 2014, four Show Cause Notices were issued, to demand Jute Cess from the appellant.

4. The matter was adjudicated wherein the Id. adjudicating authority dropped the demand of Jute Cess.

5. On appeal being filed by the Revenue, the Ld. Commissioner (Appeals), vide the impugned order, confirmed the demand of Jute Cess against the appellant.

5.1. Aggrieved from the said order, the appellant is before us.

6. The Ld. Counsel appearing on behalf of the appellant submits that the issue is no longer *res integra* in the light of the decision of this Tribunal in the case of *Royal Touch Fablon (P) Ltd. v. Commissioner of Central Excise, Kolkata-IV [Final Order No. A-222/KOL/2009 dated 17.04.2009 in Ex. Appeal No. EDM-404/05 (CESTAT, Kolkata)]* wherein it has been held that, on conversion of cess-paid jute fabric into jute bags, no jute cess is payable by the assessee; the said decision was also followed by this Tribunal in the case of *Royal Touch Fablon (P) Ltd.* for the subsequent period; on appeal by the Revenue before the Hon'ble High Court at Calcutta, the appeal was dismissed. He further submits that the issue was again raised before the Tribunal in the case of *Mohan Jute Ltd. & anr. v. Commissioner of Central Excise, Kolkata-II [Final Order Nos. 76926-76927 of 2025 dated 14.07.2025 in Excise Appeal No. 75423 of 2017 & anr. (CESTAT, Kolkata)]* wherein, following the decision in the case of *Royal Touch Fablon (P) Ltd. (supra)*, the Tribunal dropped the demand of Jute Cess. Accordingly, he prays that the impugned order be set aside.

7. On the other hand, the Ld. Authorized Representative of the Revenue supports the impugned order saying that 'jute fabric' and 'jute bag' are falling under two different headings and therefore, cess is payable.

8. Heard both sides and considered their submissions.

9. On going through the records placed before us, we find that the only issue that arises is whether the appellant is liable to pay Jute Cess after conversion of cess-paid jute fabrics into jute bags, or not.

10. The said issue has been decided by this Tribunal in the case of *Royal Touch Fablon (P) Ltd. v. Commissioner of Central Excise, Kolkata-IV [Final Order No. A-222/KOL/2009 dated 17.04.2009 in Ex. Appeal No. EDM-404/05 (CESTAT, Kolkata)]*, which has been affirmed by the Hon'ble Calcutta High Court. In these circumstances, following the precedent decision of this Tribunal and the Hon'ble High Court, we hold that the appellant is not liable to pay Jute Cess for conversion of cess-paid jute fabric into jute bags.

11. In these terms, we set aside the impugned order and allow the appeal with consequential relief, if any.

(Dictated and pronounced in the open court)

Sd/-

(ASHOK JINDAL)
MEMBER (JUDICIAL)

Sd/-

(K. ANPAZHAKAN)
MEMBER (TECHNICAL)