
(2014) 07 P&H CK 0208
In the Punjab And Haryana At Chandigarh
Case No : CEA No. 14 of 2014 (O and M)

Commissioner of Central Excise Commissionerate	APPELLANT
Vs	
Malwa Iron and Steel Co.	RESPONDENT

Date of Decision : 17-07-2014

Acts Referred:

Central Excises and Salt Act, 1944 — Section 11A, 35G, 38A, 3A
Finance Act, 2001 — Section 131, 132

Citation : (2015) 320 ELT 533 : (2014) 47 GST 739 : (2015) 30 GSTR 209

Hon'ble Judges : Jaspal Singh, J;Ajay Kumar Mittal, J

Bench : Division Bench

Advocate : Sukhdev Sharma, Advocate for the Appellant

Judgement

Ajay Kumar Mittal, J.—This appeal has been preferred by the revenue under Section 35G of the Central Excise Act, 1944 (in short "the Act") against the order dated 5.6.2013 (Annexure A-3) passed by the Customs, Excise and Service Tax Appellate Tribunal, New Delhi (hereinafter referred to as "the Tribunal") claiming the following substantial questions of law:--

"(i) Whether under the compounded levy scheme, the provisions of erstwhile Rule 96(ZP) of the Central Excise Rules, 1944 permitting imposition of penalty equal to the amount of duty for delay in payment of duty without any discretion and without having regard to extent and circumstances of delay, could be held to be ultra vires of the Central Excise Act, 1944 and the Constitution of India?

(ii) Whether mandatory penalty equal to amount of duty on the assessee in case of violation of the provisions of erstwhile Rule 96(ZP) of the Central Excise Rules, 1944 could be waived or reduced at the discretion of the adjudicating authority having regard to extent and circumstances of delay in payment of duty?

(iii) Whether provisions of Section 11A of the Central Excise Act, 1944 regarding limitation shall apply to the Compounded Levy Scheme, being a comprehensive scheme in itself with general provisions of Central Excise Act and Rules excluded?

(iv) Whether the provisions of Section 38A of the Central Excise Act, 1944 inserted by Section 131 of the Finance Act, 2001 (validation of action taken has been provided for by virtue of Section 132 of the Finance Act, 2001) shall be applicable in respect of obligation and liabilities incurred under Rules 96ZO and 96ZP of erstwhile Central Excise Rules, 1944 before the same were omitted, notwithstanding the omission of Section 3A w.e.f. 11.05.2001?"

The facts necessary for adjudication of the instant appeal as al as narrated therein may be noticed. The assessee was engaged in the business of manufacture of Hot Rolled products of Non Alloys Steel. It was working under the Compounded Levy Scheme from September 1997 to March 2000 and opted to discharge their liability under Rule 96ZP(3) of the Central Excise Rules, 1944 (for brevity "1944 Rules") read with Section 3A of the Act. As per 1944 Rules, where a manufacturer failed to pay the whole of the amount of duty payable for any month by the 10th day of such month, he would be liable to pay the outstanding amount of duty along with interest @ 18% per annum till the date of actual payment of outstanding amount and penalty equal to the amount of duty outstanding. During the course of scrutiny of RT-12 returns of the assessee, it was found that it had failed to discharge its liability of Rs. 1,16,838/- for the months from April, 1998 to September, 1999 within the prescribed time limit. Accordingly, a show cause notice was issued to the assessee. The adjudicating authority vide order dated 26.2.2009 (Annexure A-1) imposed penalty of Rs. 1,16,838/- (i.e. equal amount of the duty liability) under Rule 96ZP(3) of the 1944 Rules read with Section 3A of the Act. Feeling aggrieved, the assessee filed an appeal before the Commissioner (Appeals) who vide order dated 13.1.2010 (Annexure A-2) set aside the imposition of penalty. Against the order dated 13.1.2010 (Annexure A-2), the revenue filed an appeal before the Tribunal. The Tribunal vide order dated 5.6.2013 (Annexure A-3) dismissed the appeal by relying upon the judgment of this Court in Commissioner of Central Excise Vs. Hari Concast (P) Ltd. .According to the appellant, the Special Leave Petition filed against the said judgment is pending in the Hon"ble Apex Court. Hence, the present appeal.

2. Learned counsel for the appellant relied upon judgment of the Apex Court in Collector of Central Excise, Jaipur Vs. M/s. Raghuvar (India) Ltd., to contend that the penalty in the present case had been validly imposed as it was levied within reasonable time from the date when it came to the notice of the authority imposing the penalty.

3. After hearing learned counsel for the appellant, we do not find any merit in the aforesaid contention.

4. A Division Bench of this Court in Hari Concast (P.) Ltd. (supra), after relying upon judgment of the Apex Court in State of Punjab and Others Vs. Bhatinda District Coop. Milk P. Union Ltd., held as under:--

"It is conceded position that proceedings against the respondent-assessee for

imposing penalty were initiated after the expiry of period of five years. Although there is no statutory period of limitation yet reasonable period of limitation for initiating proceedings is five years. In that regard reliance may be placed on the judgment of Hon"ble the Supreme Court in the case of State of Punjab and Others Vs. Bhatinda District Coop. Milk P. Union Ltd., ."

5. In so far as judgment in Raghuvar (India) Ltd. case (supra) is concerned, therein also, the Apex Court held that any law or stipulation prescribing a period of limitation to do or not to do a thing after the expiry of period so stipulated has the consequence of creation and destruction of rights and, therefore, must be specifically enacted and prescribed therefor. It is not for the Courts to import any specific period of limitation by implication, where there is really none, though Courts may always hold when any such exercise of power had the effect of disturbing rights of a citizen that it should be exercised within a reasonable period. The period of five years has been held to be reasonable period for initiating penalty proceedings. Thus, no advantage can be derived by the revenue from the aforesaid pronouncement. In view of the above, the Tribunal had rightly upheld the order of Commissioner (Appeals) deleting the penalty on the ground that the proceedings for the same were initiated after 5 years from the relevant date. Accordingly, no substantial question of law arises. Thus, finding no merit in the appeal, the same is hereby dismissed.