

**Circular No. 692/08/2003-CX**  
**13<sup>th</sup> February, 2003**

**F.No.6/29/2002-CX.I**  
**Government of India**  
**Ministry of Finance and Company Affairs**  
**Department of Revenue**

**Subject:- Valuation of goods captively consumed.**

I am directed to say that on introduction of Central Excise Valuation (Determination of Price of Excisable goods) Rules, 2000, w.e.f. 1.7.2000, it was clarified by the Board vide Circular No.354/81/2000-TRU dated 30.6.2000 (para 21) that for valuing goods which are captively consumed, the general principles of costing would be adopted for applying Rule 8. The Board has interacted with the Institute of Cost & Works Accountants of India (ICWAI) for developing costing standards for costing of captively consumed goods.

(2) The Institute of Cost & Works Accountants of India [ICWAI] has since developed the Cost Accounting Standards, CAS 2, 3 and 4, on capacity determination, overheads & cost of production for captive consumption, respectively, which were released by the Chairman , CBEC on 23.1.2003.

(3) It is, therefore, clarified that cost of production of captively consumed goods will henceforth be done strictly in accordance with CAS-4. Copies of CAS-4 may be obtained from the local Chapter of ICWAI.

(4) Board's Circular No.258/92/96-CX dated 30.10.96, may be deemed to be modified accordingly so far as it relates to determination of cost of production for captively consumed goods.

(5) This Circular may be brought to the notice of the field formations.

(6) Suitable Trade Notices may be issued for the benefit of the Trade.

(7) Hindi version will follow.

(8) Receipt of these instructions may be acknowledged.