

ZUARI INDUSTRIES LTD.

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v

COMMISSIONER OF CENTRAL EXCISE & CUSTOMS

MARCH 29, 2007

[S. H. KAPADIA AND B. SUDERSHAN REDDY, JJ.]

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*Customs Act, 1962—Customs duty—Exemption from—Entitlement—Expansion of Fertilizer Project by assessee—Goods imported for such project entitled to benefit of Project Import Assessment and benefit under Notification specifying 'nil' rate of duty in respect of goods required for fertilizer plant—Assessee seeking 'Essentiality Certificate' in respect of 6 M W Captive Power Plant as part of the entire capital goods for the project—Sponsoring Ministry granting the certificate in respect of the Power Plant as well—Revenue denying the exemption on the Power Plant—Order of Revenue upheld by the authorities and courts below—On appeal, held: when the sponsoring Ministry certifies that such Power Plant was essential for the project, the Revenue cannot go behind such certificate and deny the benefit of exemption—Customs Exemption Notification No. 11/97 dated 1.3.1997—Project Import Regulations—Customs Tariff Act, 1975—Heading 98.01.*

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*Customs Tariff Act, 1975—Heading 98.01—Nature and interpretation of the Heading—Held: The heading is a specific entry—It is neither general nor residuary entry—It should be interpreted liberally as it deals with industrialization—It has to be read in the context of the exemption Notification—Customs Exemption Notification No. 11/97 dated 1.3.1997.*

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*Assessee was the manufacturer of fertilizers. It obtained registration of all its imports required for expansion of its fertilizer project under the provisions of Project Import Regulations, 1986. The goods imported for such expansion were entitled to the benefit of Project Import Assessment under Heading 98.01 of Schedule to Customs Tariff Act, 1975 and also to the benefit of Customs Exemption Notification No. 11/97 dated 1.3.1997. The Notification specified nil rate of duty in respect of "goods required for fertilizer plant". The assessee gave its project report to the sponsoring Ministry under the Regulations, seeking 'Essentiality Certificate'. It was indicated therein that for the expansion of the fertilizer project they also needed 6 MW Captive*

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**A** Power Plant for continuous flow of electricity which was required for the project. The sponsoring Ministry by the 'Essentiality Certificate' recommended the Power Plant as part of the entire capital goods required by the assessee for substantial expansion of the fertilizer project. Revenue denied the assessee the benefit of 'nil' duty in respect of the Power Plant and held the same liable to duty at 20% to 2% and additional duty of 13% holding that fertilizer project and the Captive Power Plant were two distinct projects so far as the rate of duty was concerned. All the Authorities below as well as Customs, Excise and Gold (Control) Appellate Tribunal upheld the view of the Revenue. Hence the present appeal.

**C** Allowing the appeal, the Court

**HELD:** 1.1. The assessee had given to the sponsoring Ministry its entire Project Report. In that they had indicated that for the expansion of the fertilizer project they needed an extra item of capital goods, namely, 6MW Captive Power Plant. In their application, the assessee had made it clear that

**D** the fertilizer project was dependent on continuous flow of electricity, which could be provided by such Captive Power Plant. Therefore, it was not open to the Revenue to reject the assessee's case for nil rate of duty on the said item, particularly when the certificate says so. Essentiality certificate must be treated as a proof of fulfilment of the eligibility conditions by the importer for obtaining the benefit of the exemption notification. The essentiality certificate is also a proof that an item like Captive Power Plant in a given case could be treated as capital goods for the fertilizer project. It would depend upon the facts of each case. If a project is to be installed in an area where there is shortage of electricity supply and if the project needs continuous flow of electricity and if that project is approved by the sponsoring Ministry

**E** saying that such supply is needed then the Revenue cannot go behind such certificate and deny the benefit of exemption from payment of duty or deny nil rate of duty. Once an essentiality certificate was issued by the sponsoring authority, it was mandatory for the Revenue to register the contract.

[Para 10] [564-G-H; 565-A, B, C, D]

**G** *Commissioner of Customs (Imports), Mumbai v. Tullow India Operations Ltd, [2005] 13 SCC 789 and Asiatic Oxygen Ltd. v. Assistant Collector of Customs, (1992) 57 ELT 563, relied on.*

**H** 1.2. It cannot be said that the sponsoring Ministry had not applied its mind to the list appended to the essentiality certificate. All the items in the

list annexed to the certificate have been certified and recommended by the A  
sponsoring Ministry as the entire capital goods required for the substantial  
expansion of the fertilizer project. Therefore in this case, 6 MW Captive  
Power Plant is one of the items out of 14 items constituting capital goods  
required substantial expansion of the fertilizer project, and, therefore, it fell  
under serial no. 226(i) as goods required for the fertilizer project entitled to  
the benefit of nil rate of duty. [Para 11] [565-E, F; 566-A, B]

2. Heading 98.01 is a specific entry. It is not a general entry. It is not B  
a residuary entry. It needs to be liberally interpreted as it deals with  
industrialization. It has to be read in the context of the exemption Notification  
No. 11/97. [Para 12] [566-C]

*Appraiser, Madras Customs v. Tamil Nadu Newsprint Papers Ltd., [1988] 36 ELT 272, relied on.*

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 465 of 2002.

From the final Order No. C-I/3653/WZB/2001 dated 15.11.2001 in Appeal D  
No. C/277/01-Bom passed by the Customs, Excise and Gold (Control) Appellate  
Tribunal, West Regional Bench at Mumbai.

K.N. Bhatt, U.A. Rana and Abhishek Rao (for M/s. Gagrat & Co.) for E  
the Appellants.

K. Radhakrishnan, P. Narasimhan and B. Krishna Prasad for the E  
Respondents.

The Judgment of the Court was delivered by

**KAPADIA, J.** 1. This statutory appeal is filed by the assessee-Zuari F  
Industries Ltd. under section 130 E of the Customs Act, 1962 directed against  
Order dated 15.11.2001 passed by Customs, Excise & Gold (Control) Appellate  
Tribunal ("CEGAT") in appeal No. C/277/01-Bom denying the assessee the  
benefit of exemption under Notification No. 11/1997 dated 1.3.1997. The appeal  
involves the issue as to the rate of duty applicable to the imports made for  
expansion of a Fertiliser Project.

2. Assessee is the manufacturer of fertilizers at their facility at Goa. It G  
obtained registration of all their imports required for expansion of their fertilizer  
project under the provisions of the Project Import Regulations, 1986 (for short  
"the PIR"). In respect of the said expansion, the goods imported were entitled H

- A to the benefit of Project Import Assessment under Heading 98.01 of the Schedule to the Customs Tariff Act, 1975 and correspondingly the company was entitled to the benefit of customs exemption Notification No. 11/97 dated 1.3.1997. The said notification specified nil rate of duty in respect of "goods required for fertilizer plant". Ministry of Chemicals and Fertilisers was the duly constituted Sponsoring Authority under the said PIR. The said Ministry had issued a certificate dated 22.10.1997 (Essentiality Certificate) to the effect that the import of capital goods for expansion of the fertilizer project stood examined and the list of goods annexed to the certificate had been attested from the essentiality angle by the Deputy Secretary to the Government of India. At this stage, it may be noted that in their application for issuance of essentiality certificate, the assessee had stated that on account of load shedding in the concerned area, a Captive Power Plant was essential for the substantial expansion of the fertilizer project. By the said essentiality certificate dated 22.10.1997, the sponsoring Ministry requested the Customs to exempt the customs duty on import of equipments by the assessee vide Notification No. 11/97. The said certificate indicated vide item nos. 14.a and 14.b, a 6 Mega Watt Captive Power Plant. The essentiality certificate 'recommended' the said Captive Power Plant as part of the entire capital goods required by the assessee-company for substantial expansion of the fertilizer project.

- 3. As stated above, the dispute which arises in the present case is the rate of duty applicable to the imports made by the assessee for the fertilizer project. According to the Department, the goods imported under serial nos. 14.a and 14.b of annexure 'A' to the essentiality certificate did not fall under serial no. 226(i) of the said notification no. 11/97 and, therefore, the assessee was not entitled to the benefit of nil rate of duty in respect of 6 MW Captive Power Plant. According to the Department, items 14.a and 14.b fell under serial no. 226(iii) which stated that Captive Power Plants of 5 MW or more are liable to duty at  $20\% + 2\%$  and additional duty of 13%. By the impugned order of adjudication, the Adjudicating Authority held that 6 MW Captive Power Plant imported under Heading 98.01 as part of the fertilizer project, in terms of the essentiality certificate, cannot be given the benefit of nil rate of duty, which was available only to fertilizer projects. In other words, according to the Department, the fertilizer project and the Captive Power Plant are two distinct and separate projects as far as the rate of duty was concerned. This contention of the Department has been accepted by all the authorities below. It has been confirmed even by the CEGAT vide the impugned judgment dated 15.11.2001.

- 4. Heading 98.01 is a specific entry. It is not a general entry. It is not

residuary entry. It finds place in the exemption notification no. 11/97. Project imports fall under this entry. It is for this reason that Entry 98.01 is said to be a specific entry. A

5. We quote hereinbelow the relevant entry of the Notification No. 11/97. B

"S No.	Chapter or heading No. or sub- heading no.	Description of goods	Standard rate	Addl. Duty rate	Condi- tion No.
226	98.01	Goods required for i) fertilizer projects;	Nil	Nil	70
		ii) coal mining projects;	20%	Nil	<span style="float: right;">C</span>
		iii) captive power plants of 5 MW or more;	20%	13%	<span style="float: right;">D</span>
		iv) power generation projects including gas turbine power projects (excluding captive power plants set up by projects engaged in activities other than in power generation);	20%	Nil	<span style="float: right;">E</span>
		v) power transmission projects of 66 KV and above;	20%	10%	<span style="float: right;">F</span>
		vi) Other industrial plants or projects."	20%	13%	

6. We also quote hereinbelow the Essentiality Certificate dated 22.10.1997 along with the attested copy of list of capital goods to be imported for the expansion of the fertilizer project. G

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"No. 15027/1/97-FP-III  
Government of India  
Ministry of Chemicals & Fertilisers  
Department of Fertilisers.

Dated 22nd October, 1997

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To

The Assistant Commissioner of Customs, Mormugao, GOA-803

Subject: Customs duty exemption for import of capital goods for  
substantial expansion of existing NPK Plant by M/s Zuari  
C Agro Chemicals Ltd. At Zuarinagar, Goa.

Sir,

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I am directed to say that M/s Zuari Agro Chemicals Ltd. has  
proposal for the Substantial Expansion of existing NPK Plant at  
Zuarinagar, Goa. To implement the project, they require to import  
capital goods. The matter has been examined in the Department. The  
list of goods has been attested on essentiality angle by Shri S.  
Chandra, Deputy Adviser (F), who is equivalent to the rank of Deputy  
Secretary to the Government of India. The attested copy of list of  
goods valued at a CIF of US \$ 544359.60 + FF 4760042.80 + FM  
E 12764000 (C&F Mumbai) is sent herewith.

2. You are requested to exempt the customs duty on import of  
equipments being made by M/s Zuari Agro Chemicals Ltd. under  
Custom Notification No. 11/97 dated 01.03.1997.

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Yours faithfully,

Sd/-

(A.K. Sinha)  
Development Officer  
Tel:3383829

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Encl: Attested list is enclosed.

Copy to: M/s Zuari Agro Chemicals Ltd., 505 Surya Kiran, 19, Kasturba  
Gandhi Marg, New Delhi-110001

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Sd/-  
(A.K. Sinha)  
Development Officer"

**"LIST OF GOODS AND SPARES TO BE IMPORTED FOR EXPANSION  
OF NPK PLANT**

**A**

S.No.	Description	Vendor	Qty.	Total C&F Price US \$	Total C&F Price FF	Total C&F Price FM (Finish Marks)
1.a)	Microprocessor based Dot Printing Recorder with Battery backup	M/s Yokogawa Electrical Corp., 2-9-32 Nakacho, Musahino-Shi, Tokyo 180, Japan	3 Nos	5183.00		
1.b)	Spares for above.	- do -	1 Lot	518.30		<b>C</b>
2.a)	Current to Pneumatic Signal Converter (1/P Converted)	- do -	13 nos.	7582.00		<b>D</b>
2.b)	Spares for above	- do -	1 Lot	758.20		
3.a)	Magnetic Flow meter (Remote Type) Assembly with Converter & Signal cable.	- do -	6 nos.	18026.00		<b>E</b>
3.b)	Spares for above.	- do -	1 Lot	1802.60		
4.a)	Vibrating Screen complete with static dust casting motor & other accessories	M/s Chauvin S.A., 13a 25 Rue Alfred De Vigny, BP 2426-38034 Grenoble, Cedex 2, France.	4 nos.		1076250.00	<b>F</b>
4.b)	Spares for above	- do -	1 Lot		107625.00	<b>G</b>

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A	5)	Centrifugal Pump with motor, flexible coupling mounted on common frame.	M/s A.R. Wilfley and Sons, Inc Post Box No. 2330, Denver, Colorado 80201, U.S.A.	136425.00
B				
C	5.a)	Phosphoric acid (H <sub>3</sub> PO <sub>4</sub> ) supply pump.	- do - 2 nos.	
	5.b)	Scrubber Effluent Pump	- do - 2 nos.	
	5.c)	Fummes Scrubber Liquor pump	- do - 2 nos.	
D	5.d)	Dryer Scrubber Liquor pump	- do - 2 nos.	
E	5.e)	Molten Urea pump	- do - 2 nos.	
	5.f)	Spares for above	- do - 1 Lot	13642.50
F	6.a)	Ammonia Sparger	M/s Maguin 1 no. S.A. 2, Rue Pierre Semard, 02800 Charmes, France	2313320.00
G	6.b)	Dryer Knocker	- do - 5 nos.	
	6.c)	Oversize Crusher with Motor, Base frame and Remote Control	- do - 2 nos.	
	6.d)	Scrubber Liquor Sprayer	- do - 1 no.	
H	6.e)	Spares for above	- do - 1 Lot	231332.20

7.a)	Butyl Rubber Panels with Polyester Polyamide Carcass	M/s Welby S.A., Z.I. Voie No. 5, 10, Rue Claude Chappe, BP-53, 76302 Sotteville, Les Routen Cedex, France	24 nos.	91718.00	A
7.b)	Spares for above.	- do -	1 Lot	9171.80	C
8.a)	Dryer pipe Reactor (Dual pipe cross Reactor)	M/s Situb S.A., 76430 Tancarville, St. Romain-De-Colbosc, B.P. 123, France	1 no.	357000.00	D
8.b)	Spares for above	- do -	1 Lot	35700.00	E
9.a)	Link Chain No. 6859 R with attachments	M/s Jeffrey Chain Corporation, 2307 Maden Drive, Morristown, Tennessee 37813, U.S.A	900 Ft.	40100.00	F
9.b)	Link Chain No. 9118 P with attachments	- do -	550 Ft.	58150.00	G
9.c)	Link Chain No. 698A with attachment	- do -	1225 Ft.	170850.00	H

A	9.d) Sprockets	- do -	8 nos.	42050.00
	9.e) Spares for above.	- do -	1 Lot	31115.00
	10.a) Ball Lift check valve	M/s Guichon International S.A., Industrial Valves, Rue De Choudy-BP 401, 73104 Ax Les Bains Cedex, France	10 nos.	64294.00
B				
C	10.b) Spares for above.	- do -	1 Lot	6429.40
	11.a) Control Valve	M/s Dresser Products Inds. Ltd., Division Masoneilan, 4, Place de Saverne, 92971 Paris La Defense Cedex, France.	9 nos.	199769.00
D				
E	11.b) Spares for above.	- do -	1 Lot	55875.00
	12.a) Flap Valve	M/s Vraco SA, Zacles Gatins, 3 AV-Du Garigiliano, France,	2 nos.	192324.00
F				
	12.b) Spares for above.	- do -	1 Lot	19232.40
G	13.a) Bulk Solid Recycle Flow Measurement	M/s Ramsey, Sydney Office, Sydney Box RA, Teren Point,	1 no.	16507.00
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NSW- Australia 2229				A
13.b)	Spares for above.	- do -	1 Lot	1650.00
14.a)	Equipment for 6 MW Power Plant consisting One (1) Wartsila Vasa 18V32LN, Diesel Generating set with auxiliary equipment.	M/s Wartsila Diesel, Wartsila Diesel Oy., P.O. Box 252, Fin-65100, Vaasa, Finland	1 Lot	11382000.00
14.b)	Spares for above.	- do -	1 Lot	1382000.00
Total without the spares		494873.00	4294677.00	11382000.00
Total Spares		49486.60	465365.80	1382000.00
Total with Spares		544359.60	4760042.80	12764000.00

This is to certify that the above goods are most essential for the substantial expansion of the NPK plant of Zuari Agro Chemicals Ltd., at Zuarinagar, Goa and are hence eligible for nil rate of Customs Duty under Customs Notification No. 11/97 dated 01.03.1997.

For ZUARI AGRO CHEMICALS LTD. For ZUARI AGRO CHEMICALS LTD.

Sd/-

(Resident Director)

Sd/-

(S.K. Chatterjee)

Vice President-Technical"

7. There is no dispute regarding other items mentioned in the list. Regarding those items, the Department has accepted that they have been attested by the Sponsoring Ministry. According to the Department, the only dispute is with regard to the Captive Power Plant. According to the Department, Captive Power Plant needs to be segregated from the fertilizer project on the ground that the fertilizer project can work even without the Captive Power Plant and that the output from the fertilizer project can be produced even without the Captive Power Plant. According to the Department, the power plant is a separate project by itself. According to the Department, the power plant is not a component or an integral part of the fertilizer project. According to the Department, 6 MW Power Plant consisted of a generating set which operated on diesel. According to the Department, even if on the technical side a Captive Power Plant constituted an aid to the working of the fertilizer project

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A still for the purposes of chargeability one has to go by the strict interpretation of the exemption notification no. 11/97 under which the rate of duty is nil for the fertilizer project whereas it is 20% for the power generation project. According to the Department, since fertilizer project and power generation project are two different and independent projects, the assessee was not entitled to claim nil rate of duty in respect of 6 MW Captive Power Plant.

B 8. On the other hand, on behalf of the assessee, the case put up before all the authorities was that, once an Essentiality Certificate was issued by the Sponsoring Ministry, it was not open to the Revenue to go behind that certificate. According to the assessee, an essentiality certificate constituted a proof of fulfilment of the eligibility conditions by the importer for obtaining the benefit of exemption notification. According to the assessee, project imports fell under a specific Heading 98.01. According to the assessee, the import of capital goods indicated in the list annexed to the essentiality certificate showed that the sponsoring Ministry cleared the project on the footing that, in this particular case, looking to the ground reality in the area

C in which the plant was located, in which there was paucity of electricity, 6MW Captive Power Plant was an essential requirement for expansion of the fertilizer project. According to the assessee, the essentiality certificate along with the attested list constituted a proof of the need to expand the fertilizer project and for that Captive Power Plant was an essential part. According to the assessee, it was not open to the Revenue to say that the Captive Power Plant was not

D an essential requirement for the expansion of the fertilizer project, once an essentiality certificate stands issued by the sponsoring Ministry. In this connection, reliance is placed by the assessee on the judgment of this court in the case of *Commissioner of Customs (Imports), Mumbai v. Tullow India Operations Ltd.*, reported in [2005] 13 SCC 789. Reliance is also placed by the

E assessee on the judgment of the Calcutta High Court in the case of *Asiatic Oxygen Ltd. v. Assistant Collector of Customs*, reported in 1992 (57) ELT 563.

9. We find merit in this civil appeal filed by the assessee for the following reasons.

G 10. Firstly, on the facts we find that the assessee had given to the sponsoring Ministry its entire Project Report. In that report they had indicated that for the expansion of the fertilizer project they needed an extra item of capital goods, namely, 6MW Captive Power Plant. In their application, the assessee had made it clear that the fertilizer project was dependant on continuous flow of electricity, which could be provided by such Captive Power Plant. Therefore, it was not open to the Revenue to reject the assessee's

case for nil rate of duty on the said item, particularly when the certificate says so. In the judgment of this Court in the case of *Tullow India Operations Ltd.* (supra), this Court held that essentiality certificate must be treated as a proof of fulfilment of the eligibility conditions by the importer for obtaining the benefit of the exemption notification. We may add that, the essentiality certificate is also a proof that an item like Captive Power Plant in a given case could be treated as capital goods for the fertilizer project. It would depend upon the facts of each case. If a project is to be installed in an area where there is shortage of electricity supply and if the project needs continuous flow of electricity and if that project is approved by the sponsoring Ministry saying that such supply is needed then the Revenue cannot go behind such certificate and deny the benefit of exemption from payment of duty or deny nil rate of duty. To the said effect is the judgment of the Calcutta High Court in the case of *Asiatic Oxygen Ltd.* (supra) in which it was held that the object behind the specific Heading 98.01 in Customs Tariff Act, 1975 was to promote industrialization and, therefore, the heading was required to be interpreted liberally. It was further held that, once an essentiality certificate was issued by the sponsoring authority, it was mandatory for the Revenue to register the contract.

11. Secondly, before us, it has been vehemently urged that although the essentiality certificate stood issued by the sponsoring Ministry, there is non-application of mind by that Ministry with regard to the list of items appended to the certificate. According to the Department, the said list has not been countersigned by the competent authority in the sponsoring Ministry. We do not find any merit in the said contention. The list consists of 14 items. The Department has accepted 13 out of 14 items as capital goods required for the fertilizer project, therefore, it cannot be said that the sponsoring Ministry had not applied its mind to the list appended to the essentiality certificate. This point needs further clarification. The power plant in the conceptual sense or in the technical sense is certainly different from the fertilizer plant. However, when we come to Heading 98.01 of the Customs Tariff Act, 1975, the assessment is for the Project. As stated above, Heading 98.01 is the specific entry applicable in the case of the Project Imports. An item like a power plant could be in a given case an independent Plant. Generally, it is a stand-alone equipment. However, when it becomes a part of the entire Project/System, the same power plant can also become one of the items of capital goods. The essentiality certificate given by the sponsoring Ministry has treated Captive Power Plant, in this case, as "capital goods" along with 13 other items. The assessee has also treated the Captive Power Plant as one of the capital goods

- A required for the expansion of the fertilizer project. In the above circumstances, all the items in the list annexed to the certificate have been certified and recommended by the sponsoring Ministry as the entire capital goods required for the substantial expansion of the fertilizer project. Therefore, in our view, the assessee is right in its contention that, in this case, 6 MW Captive Power Plant is one of the items out of 14 items constituting capital goods required for the substantial expansion of the fertilizer project, and, therefore, it fell under serial no. 226(i) as goods required for the fertilizer project entitled to the benefit of nil rate of duty.

- C 12. Before concluding, we may point out that, on behalf of the Department, a large number of authorities were cited on interpretation of entries in the Customs Tariff Act, 1975. It is not necessary to examine those authorities on interpretation. Suffice it to state that, Heading 98.01 is a specific entry. It is not a general entry. It is not a residuary entry. It needs to be liberally interpreted as it deals with industrialization. It has to be read in the context of the above Notification No. 11/97.

- D 13. In the case of *Appraiser, Madras Customs v. Tamil Nadu Newsprint Papers Ltd.*, reported in (1988) 36 ELT 272 it has been held that Heading 84.66 (now 98.01) is not a residuary heading or a general heading relating to any class of goods. It is the specific entry introduced with a purpose and it relates to goods imported for initial setting up of a unit or a substantial expansion of an existing unit. It was held that when an importer registers a contract under the specific entry no. 84.66 (now 98.01), all the goods imported by him under that contract will be subjected to duty only as per that entry and it will not be open for the Revenue to pick out some of the goods imported under that contract and impose a different rate of duty on the footing that they are covered by a different heading. If the conditions prescribed under Heading 84.66 are satisfied, the duty shall be imposed on the goods under the said Heading 84.66 as if the said goods formed the composite unit. In that case there was another Heading 84.31 which referred also to 'paper making machinery'. The Department contended that duty was payable on the said item under Heading 84.31. It was held by Madras High Court that even if the rate of duty under Heading 84.31 was different from the rate of duty under Heading 84.66, still the rate applicable to the paper making machinery imported for producing papers under the PIR has to fall under specific Heading 84.66 (now 98.01) and not under Heading 84.31, even if paper making machinery came under both the headings. This is because once an item is imported under Project Imports then that item will fall under the specific entry because
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that item is imported as a part of composite unit (see para 10). In our view, A the said judgment of the Madras High Court on interpretation of Heading 98.01 is squarely applicable to the present case, particularly on the interpretation of the entries in the Customs Tariff Act, 1975.

14. For the above reasons, we set aside the impugned judgment of the CEGAT dated 15.11.2001 in appeal no. C/277/01-Bom and accordingly the assessee's appeal stands allowed with no order as to costs. B

K.K.T.

Appeal allowed.