

CIRCULAR NO : 927/17/2010-CX., Dated: June 24, 2010

Subject : Whether process of pickling and oiling would amount to manufacture - reg

It has been represented to the Board that certain units are undertaking the process of pickling and oiling in addition to process of de-coiling, cutting and slitting and whereas by circular No 811/08/2005-CX dated 02.03.2005 it has been clarified that processes of de-coiling, cutting and slitting do not amount to manufacture.

2. As per ASM Metal Reference Book, Third Edition page 65 "Pickling is removing surface oxides from metals by chemical or electro chemical reaction" and pickle means "the chemical removal of surface oxides (scale) and other contaminants such as dirt from metal by immersion in an aqueous acid solution." Therefore it can be said that the process of pickling is only a chemical cleaning process to remove scales and dirt from the metal by immersion in chemical solution and does not result in emergence of any new commercially different commodity.

3. For a process to amount to manufacture under Section 2f of the Central Excise Act, 1944, the process undertaken should result in emergence of commodity having different name, character and use. Since in the present case no new product emerges as a result of the process of pickling it will not amount to manufacture.

4. The tribunal has in the case of Resistance Alloys [1996 (84) ELT 507 (T)] & Bothra Metal Industries [1998 (99) E.L.T. 120 (Tribunal)] held that the process of pickling being preparatory process to drawing of wire does not amount to manufacture.

5. Therefore it is clarified that mere undertaking the process of oiling and pickling as preparatory steps do not amount to manufacture.

6. The trade and the field formations may be suitably informed.

7. Hindi version will follow.

8. Receipt of this Circular may please be acknowledged.

F. No. 167/17/2010-CX.4

**(Madan Mohan)
Under Secretary (CX-4)**