

Circular No. 611/2/2002-CX
14-1-2002

F. No. 126/1/2000-CX.3

Government of India

Ministry of Finance (Department of Revenue)

Central Board of Excise & Customs, New Delhi

Subject : Classification/Excisability of Pesticides for the purpose of levy of excise duty - regarding.

I am directed to invite your attention to Board's 37B order No. 40/2/95-CX, dated 27-7-1995 [1995 (79) E.L.T. T76] which clarifies that the addition of chemicals and other ingredients like inert carriers or solvents and also surface active dispersing and stabilizing agents to pesticidal chemicals in highly concentrated form would amount to 'manufacture' within the meaning of Section 2(f) of the CETA, 1985, since it results in the emergence of a new and distinct product having different properties viz. pesticide/insecticide fit for direct use. The Pesticide Chemicals and the formulations will both be classified under heading 38.08 of CETA, 1985.

After the 1996 and 1997 2. Budgets, pesticides in bulk form will not fall under heading No. 38.08. These will fall either under chapters applicable to chemicals in general or under heading No. 38.23, depending on whether these are separately defined elements or compounds or not. As per chapter note 2 to chapter 38, introduced in the Budget 1996-97, the process of addition of chemicals and other ingredients to pesticidal chemicals in concentrated form will amount to "manufacture".

In view of the above, the 3. instructions contained in 37B order dated 27-7-1995 would no longer be valid in their entirety. These instructions may, therefore, be treated as withdrawn.

Trade and field formations may 4. be suitably informed.