Modison Metal Refiners Vs. Collector of Central Excise

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Sep-20-1996

Reported in : (1996)(88)ELT292TriDel

Appellant : Modison Metal Refiners

Respondent : Collector of Central Excise

Judgement :

1. The appellants herein manufacture electrical contacts of various kinds and they cleared the same either with or without electroplating (silver plating). They had filed the classification list No. 15/85 in which they had claimed that electroplating on job work basis (which they do in addition to their own manufacture), was not a manufacturing process within the meaning of Section 2(f) of the Central Excises and Salt Act, 1944. The Assistant Collector had held that the process of electroplating was one of manufacture and the goods attracted under T.I. 68 of the Schedule to the Central Excise Tariff. The lower Appellate authority also took the same view and confirmed the order of the Adjudicating authority; hence this appeal.

2. The appellants have asked for a decision on merits and hence we have perused their written submissions and heard the learned DR Shri J.M.Sharma.

3. At the outset, we note that the written submissions filed do not relate to the present case as they speak of refund claim of Rs. 1,25,984/- on gold lumps, while the present appeal relates to silver plating on electrical contacts. The technical

literature filed by the learned DR consists of relevant extracts from the Me Graw Hill Encyclopaedia of Science and Technology, Vol. IV in which the process of Electroplating of metals has been described as a process of "electrodepositing metallic coatings to alter the existing surface properties or the dimensions of an object." "Electroplated coatings are to impart desirable electrical or magnetic properties." The process of electroplating has been described as under :- "The electroplating process consists essentially of connecting the parts to be plated to the negative terminal of a direct current source and Anr. piece of metal to the positive pole, and immersing both in a solution containing ions of the metal to be deposited. The part connected to the negative terminal becomes the cathode, and the other piece the anode. In general, the anode is a piece of the same metal that is to be plated. Metal dissolves at the anode and is plated at the cathode. If the applied current is used only to dissolve and deposit the metal to be plated, the process is 100% efficient. Often, fractions of the applied current are diverted to other reactions such as the evolution of hydrogen at the cathode, which results in lower efficiencies as well as changes in the acidity (pH) of the plating solution. In some processes, such as chromium plating, a piece of metal which is essentially insoluble in the plating solution is the anode. When such insoluble anodes are used, metal ions in the form of soluble compounds must also be added periodically to the plated solution. The anode area is generally about the same as that of the cathode; in some applications it is larger." 4. Our attention has also been drawn to Electroplating by Silver wherein it has been stated that one of the important uses of silver electroplating depositing is for electrical circuits. It has been held by the Hon'ble Supreme Court in the case of TISCO v. Union of India reported in 1988 (35) E.L.T. 605 SC that the process of machining and polishing of forged product is a process of incidental or ancillary to the complete of manufacture of foreign products. Extending the same logic to the present goods where the appellants undertake the job work of silver plating of electrical contacts which result in their increased resistance and better electrical properties, we are of the view that the lower authorities have rightly held that electrical plating is a process incidental or ancillary to the completion of manufacture within the meaning of Section 2(f) of the Central Excises and Salt Act, 1944, and accordingly uphold the impugned order and reject the appeal.