Circular No.56 /2003-Cus
27th June, 2003

F.No. 528/50/2003-Cus (TU)
Government of India
Ministry of Finance
Department of Revenue
Tariff Unit

Sub : Dutiability of Coke Breeze generated in the process of manufacturing of Pig iron/steel.

I am directed to refer to the subject mentioned above and to say that notification no. 21/2001 Cus (Sl. 71) dated 1.3.2002 , upto 28.2.2003 provided concessional rate of customs duty on Metallurgical Coke imported for manufacture of Pig Iron /Steel using a blast furnaces subject to the condition that procedure prescribed in Customs (Import of Goods at Concessional Rate of Duty for the Manufacture of Excisable Goods)Rules, 1996, is followed. Similarly, anti-dumping duty applicable on Metallurgical Coke of chinese origin is also exempted vide notification no. 69/2000-Cus dated 19.5.2000, provided it is imported for manufacture of Pig Iron/Steel using a blast furnace and the said procedure is followed. It has been brought to the notice of the Board that Coke Breeze generated in the process of charging Metallurgical Coke to the blast furnace is not being considered as waste/scrap arising in the process of manufacturing Pig Iron/Steel. Consequently, the Central Excise authorities are demanding payment of differential duty(including anti-dumping duty) on such quantity of Metallurgical Coke as equivalent to the Coke Breeze generated on the ground that this portion of the imported Metallurgical Coke has not been used in the blast furnace.

2. It has been stated that in the process of charging Metallurgical Coke to the blast furnace, some amount of fine/small size particles (0 to 12 mm), commonly known as Coke Breeze, are generated. These small particles cannot be charged to the blast furnace as they clog the blast furnace and adversely affect the manufacturing process and the quality of product. Therefore, these fine particles are segregated/screened on the conveyor system before charging Metallurgical Coke to the blast furnace. The Ministry of Steel has recommended that Coke Breeze may be treated as process waste and it has further stated that Coke Breeze (size 0 to 12 mm) generated up to 5% of the gross Metallurgical Coke may be considered as normal.

3. The matter has been examined. Metallurgical Coke and Coke Breeze are commercially understood as two different products. They have different properties (specially calorific value) and uses. Hence, when Metallurgical Coke is filtered to produce Coke Breeze during the process of charging of Metallurgical Coke to the blast furnace, a different product is produced which is chargeable to excise duty under heading 2704.00 which at present has tariff rate "nil". (Even a waste product can be excisable if it has distinct name, character and use).

4. Further, it cannot be said that Coke Breeze generated in the said manufacturing process is unutilized Metallurgical Coke. As stated above Coke Breeze is a different product which arises in the course of overall manufacturing process in which Metallurgical Coke is used as raw material. It cannot be said that part of the Metallurgical Coke, equivalent to Coke Breeze generated, has not been used in manufacture of Pig Iron/Steel.

5. In view of the above, it is clarified that no customs duty or anti-dumping duty should be charged on the amount of Coke Breeze cleared from the factory. However, if the amount of coke breeze is more than 5%, the Assistant Commissioner/Deputy Commissioner concerned should enquire into it and take decision on merits .

6. This may be brought to notice of all concerned.

7. Please acknowledge receipt of this circular.
8. Hindi version will follow.

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