

REVISITING THE DEFINITION OF MANUFACTURING PROCESS UNDER THE FACTORIES ACT: A JUDICIAL EVOLUTION

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ABSTRACT

This article critically examines the evolving judicial interpretation of the term "manufacturing process" under Section 2(k) of the Factories Act, 1948, a cornerstone of labour legislation in India. Traditionally associated with the mechanical transformation of raw materials into finished products, the definition has undergone significant expansion through a series of landmark judicial pronouncements. Courts have increasingly adopted a purposive and welfare-oriented approach, bringing within its ambit a wide variety of processes that do not necessarily involve mechanization or result in a new product. Activities such as food preparation, packing, grading, refrigerating, and even dry-cleaning have been recognized as manufacturing processes when undertaken with a commercial or utilitarian objective.

The recent Supreme Court ruling in *State of Goa & Anr. v. Namita Tripathi* (2025) marks a notable development in this interpretive trajectory. The Court held that activities like washing, cleaning, and dry-cleaning fall within the ambit of a manufacturing process under the Act, emphasizing the legislative intent to ensure the health, safety, and welfare of workers across evolving sectors. This decision reinforces a broader application of the Act to service-oriented industries that were traditionally considered outside its scope.

Through a detailed analysis of key cases, this paper underscores the judiciary's role in progressively broadening the scope of worker protection under the Factories Act. It also highlights the urgent need for a legislative update to the definition of "manufacturing process," particularly in light of emerging digital, hybrid, and service-based industries. Until such reform is undertaken, courts are likely to continue relying on a functional and intent-based test to determine applicability.

Keywords: Factories Act, manufacturing process, labour law, worker welfare.

INTRODUCTION

The Factories Act, 1948, stands as one of the earliest and most significant labour legislations in India, aimed at ensuring the health, safety, and welfare of workers within factories. Despite the passage of time and the emergence of modern workplace dynamics, this Act continues to hold substantial relevance. The sole test for the application of the Act is whether a particular establishment qualifies as a 'factory', a classification that in turn relies on the existence of a 'manufacturing process.'

Section 2(k) of the Act defines the term 'manufacturing process' expansively and the same can be broken down into three parts, encompassing a range of activities such as making, altering, repairing, packing, oiling, washing, and even preserving items in cold storage. The definition further includes activities like pumping substances, transmitting power, printing, and ship construction, among others. The second element involves any article or substance, and the third requires that the process be undertaken with the intent of its use, sale, transport, delivery, or disposal. In *East West*

Hotels Limited v. Employees' State Insurance Corporation Bangalore,⁵⁵³ where the Court emphasized the importance of disjunctive usage and clarified that each enumerated activity must be understood independently, as capable of invoking the provisions of the Act.

The legal understanding of what constitutes a 'manufacturing process' has not remained static. Over the years, judicial interpretations have significantly broadened the scope of this term. Courts have brought within its ambit various activities that may not traditionally align with the classical notion of manufacturing, such as those that do not involve a complete transformation of raw materials into finished products. Through these evolving interpretations, the law has progressively adapted to changing industrial realities, thereby expanding the Act's protective cover to a wider array of establishments.

JUDICIAL TRENDS AND EXPANDING INTERPRETATION

In one of the earliest rulings the Apex Court in *Ardeshir H. Bhiwandiwalla v. State of Bombay*⁵⁵⁴, held that converting seawater into salt was indeed a manufacturing process. The rationale was rooted in the fact that the activity involved treatment and adaptation of a substance for sale. This established early on that the term "manufacturing" would not be confined to mechanical or high-tech processes alone but would include simple, even traditional methods.

This interpretative flexibility was further clarified in *In re. Seshadrinatha Sarma*⁵⁵⁵, where the Madras High Court emphasized that to constitute a manufacturing process, there must be an indisputable transformation of the substance through the use of machinery, and the transformed substance must be commercially marketable. The Court also held that it is not essential for the resulting article to become commercially a different product from what it originally was so long as there is a

transformation that gives it marketable form. This landmark observation widened the concept of "manufacture" beyond rigid commercial classifications.

In *State of Bombay v. Ali Saheb Kashim Tamboli*⁵⁵⁶, the court held that bidi-making, a predominantly manual and decentralized activity, constituted a manufacturing process. This recognition emphasized that the scale or mechanization of production is not decisive—what matters is whether the process alters or prepares an article for use or sale.

Whereas in *Gujarat Electricity Board v. State of Gujarat and Anr*⁵⁵⁷, the Gujarat High Court examined whether the activities of converting high voltage electricity into low voltage and distributing it amounted to a "manufacturing process" under Section 2(k) of the Factories Act, 1948. The Court held that such activities do not constitute a manufacturing process because they do not involve the **generation** of electricity.

In *Col. Sardar C.S. Angre v. The State and Anr*⁵⁵⁸, the Court considered whether the grading or drying of potatoes amounted to a "manufacturing process." It held that grading could be considered a manufacturing process if done with the intention to create standardized goods for sale. However, if the grading was casual and not aimed at achieving this objective, it would not be treated as a manufacturing process. Thus clarifying that the classification of an activity as a manufacturing process depends on the intention behind it and whether the activity leads to the creation of standardized goods for sale.

In *V.H. Kotecha v. The Regional Inspector of Factories*⁵⁵⁹, the Court held that ghee was melted, put into tins, sealed, and sent to Calcutta, which the court considered to be a manufacturing process. The Court reasoned that even though no transformation of the substance occurs, the process involves

⁵⁵³ 1984 SCC OnLine Kar 217

⁵⁵⁴ 1962 AIR 29

⁵⁵⁵ (1966) ILLJ238MAD

⁵⁵⁶ 1995 II L.L.J 182

⁵⁵⁷ (1984) 1 GLR 51

⁵⁵⁸ AIR 1965 RAJ 65

⁵⁵⁹ (1960) ILLJ 55 AP

handling and treating the ghee with a view to its sale, use, or distribution, which brings it within the scope of "otherwise treating or adapting any article or substance" as mentioned in the definition of a manufacturing process.

In *Lal Mohammad and Others v. Indian Railway Construction Company Ltd.*⁵⁶⁰, the Supreme Court held that adapting raw materials for use, even without transforming them, can amount to a manufacturing process under Section 2(k) of the Factories Act. The Court observed that the assembly and arrangement of bolts, rails, and sleepers for laying railway tracks qualified as "adapting articles for use." It emphasized that even though the definition does not explicitly include the word "assembly," such activities fall within its scope when they prepare materials for a specific functional use.

In another interesting case *Poona Industrial Hotel v. I.C. Sarin* (1980)⁵⁶¹, the Bombay High Court ruled that preparing food using electrical appliances in a hotel kitchen qualifies as a manufacturing process, as it involves making and altering substances for consumption.

In *Shree Gopal Paper Mills Ltd. v. Inspector of Factories, Uttar Pradesh*⁵⁶², the Allahabad High Court clarified that packing qualifies as a "manufacturing process" only when it relates to finished products prepared for sale or transport. The Court held that preliminary packing of raw material such as placing them in sacks or tying them in bundles for delivery to the factory does not amount to a manufacturing process, as it is not intended to make the article fit or convenient for sale. This judgment draws a clear distinction between final packaging for sale and initial packing for transport, recognizing only the former as part of the manufacturing process.

In *Employees State Insurance Corporation v. Central India Institute of Medical Sciences*⁵⁶³, the Bombay High Court ruled mere receiving of

blood samples, examining them, and issuing reports as per the examination would not amount to a manufacturing process. It was noted that there was no production, preparation, or adaptation of articles for commercial sale or distribution. Additionally, it was observed that the testing was conducted for indoor patients, and not as part of a commercial production chain. This judgment clarified that not all forms of scientific or service-related activity would qualify as manufacturing unless they met the specific criteria laid out in the statute.

A KEY SHIFT IN DEFINING MANUFACTURING PROCESS

In a recent judgment on March 3rd 2025, the Supreme Court delivered a landmark judgment in *State of Goa & Anr. v. Namita Tripathi*⁵⁶⁴, redefining the scope of "manufacturing process" under the Factories Act, 1948. The Court held that activities such as washing, cleaning, and dry-cleaning fall within this definition, even if they do not result in the creation of a new or distinct product. This decision significantly extends the Act's regulatory oversight to service-oriented industries like laundry services.

The case originated from an inspection of a professional laundry service operated by Namita Tripathi in Goa. Authorities found that the establishment lacked factory-approved plans, operated without a valid factory license, and had not applied for registration, violating provisions of the Factories Act and the Goa Factories Rules, 1985. The Judicial Magistrate First Class (JMFC) issued summons, but the Bombay High Court quashed the proceedings, ruling that dry-cleaning did not constitute a manufacturing process under the Act.

The bench comprising Justices B.R. Gavai and K.V. Viswanathan, reversed the High Court's decision and emphasized that Section 2(k) of the Factories Act explicitly includes "washing" and "cleaning" within the definition of a manufacturing process. It stated that any

⁵⁶⁰ AIR 1999 SC 355

⁵⁶¹ 1980 Lab I.C. 100 Bom

⁵⁶² AIR1969ALL547

⁵⁶³ 2017 SCC ONLINE BOM 9920

⁵⁶⁴ 2025 INSC 306.

process involving washing or cleaning with a view to its use, sale, transport, delivery, or disposal qualifies as a manufacturing process, regardless of whether a new product is created.

The Court criticized the High Court for relying on interpretations from the Central Excise Act, which defines "manufacture" differently. It clarified that the Factories Act is a social welfare legislation aimed at ensuring the safety and welfare of workers, and its provisions should be interpreted broadly to fulfill this purpose.

The decision underscores the Court's commitment to interpreting welfare legislation in a manner that extends protections to a broader segment of workers, especially in industries that may not traditionally be viewed as manufacturing. It also serves as a reminder to businesses in the service sector to reassess their compliance with labor laws, considering the expanded interpretation of manufacturing processes.

NEED FOR REVISIT TO THE DEFINITION AND FUTURE ADJUDICATION

A careful study of judicial interpretations of the term "manufacturing process" under Section 2(k) of the Factories Act, 1948, reveals a pattern of consistent broadening and purposive reading by Indian courts. The core observation across all cases is that the definition is not confined to traditional industrial manufacturing. Instead, courts have adopted a functional approach that prioritizes the objective behind the activity rather than the form it takes. Whether it involves assembly, cleaning, packing, grading, refrigerating, or even dry-cleaning, the consistent judicial thread is the emphasis on treating or adapting an article with a view to its use, sale, delivery, or transport. The activity need not transform the material into a new product; it is sufficient if the article is altered, standardized, or made fit for a specific end-use.

A common factor that emerges from the case law is the court's focus on the *purpose* of the activity. It looked beyond the mechanical nature of the task to examine whether the process was

undertaken with a commercial, utilitarian, or operational objective. Activities that contribute, even in a minimal or indirect way, to making a product usable or saleable have been brought under the umbrella of manufacturing. The courts also differentiate between casual or preparatory acts and those done with deliberate intent to prepare goods for commercial purposes. For instance, in the grading of potatoes or packing of goods, what mattered was whether the activity aimed to standardize the product for marketability.

This interpretive approach reflects the broader welfare aim of the Factories Act—to protect workers in all forms of industrial and semi-industrial employment. By reading the term inclusively, courts have effectively expanded the Act's applicability to sectors previously considered informal or unregulated. Yet, despite this progressive interpretation, the current statutory definition remains textually rigid and perhaps outdated in light of modern technological advancements and service-oriented industries. Activities like research and development, software compilation, digital editing, or AI-based production processes challenge the traditional boundaries of what constitutes a manufacturing process.

Given this evolving landscape, there is arguably a need to revisit and revise the statutory definition of "manufacturing process." A more future-ready and flexible definition could explicitly recognize digital, service-based, and hybrid processes as manufacturing, thereby reducing ambiguity and litigation. Such a revision would also reflect the economic shift toward non-traditional forms of production.

In the absence of a legislative update, courts have relied on a purposive test—a likely judicial standard that will continue to be relevant. This test may be framed around the following questions: (1) Is the process aimed at adapting or treating an article or substance? (2) Does it render the article fit for use, sale, delivery, transport, or disposal? (3) Is the process an essential or significant step in the value chain of

the final product? If the answer to these is in the affirmative, the activity would likely qualify as a manufacturing process under the existing interpretive framework.

In *State of Goa & Anr. v. Namita Tripathi*⁵⁶⁵, the Supreme Court reinforced this interpretive stance by holding that washing, cleaning, and dry-cleaning activities qualify as manufacturing processes, even in the absence of a new or distinct end product. The Court emphasized a purposive, welfare-driven approach aligned with the objectives of the Factories Act. Notably, it applied both the Rule of Plain Meaning and the Mischief Rule of Interpretation. By applying the Rule of Plain Meaning, the Court affirmed that Section 2(k) clearly includes "washing" and "cleaning," thereby requiring no further interpretive contortion. Simultaneously, by invoking the Mischief Rule, the Court observed that the deliberate inclusion of these terms in the 1948 Act—absent in the earlier 1934 Act—was a legislative measure to expand worker protections in emerging sectors. Thus, the judgment not only affirmed the Act's inclusive intent but also highlighted the judiciary's role in adapting statutory interpretation to contemporary socio-economic realities.

CONCLUSION

In sum, the jurisprudence around the definition of "manufacturing process" reflects an evolving, worker-centric, and purposive legal doctrine. However, as industrial practices continue to diversify, there is both scope and necessity for a legislative update that aligns the legal text with contemporary economic realities. Until then, the courts are expected to rely on the functional and intent-based test established through precedent.

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