

**THE AUTHORITY FOR ADVANCE RULING IN KARNATAKA  
GOODS AND SERVICE TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 27/ 2019  
Dated: 23-04-2020**

Present:

1. Dr.M.P.Ravi Prasad  
Addl. Commissioner of Commercial Taxes . . . . Member (State Tax)
2. Sri.Mashhood Ur Rehman Farooqui,  
Joint Commissioner of Central Tax, . . . .Member (Central Tax)

1.	Name and address of the applicant	M/s SRI BHAGYALAKSHMI TRADING CORPORATION No.28, 2 <sup>nd</sup> Main, New Tharagupet Bengaluru 560002
2.	GSTIN or User ID	29ABDPR6163P1ZU
3.	Date of filing of Form GST ARA-01	30.10.2019
4.	Represented by	Sri Balappa.A, GSTP and DAR
5.	Jurisdictional Authority - Centre	RANGE-BSD1
6.	Jurisdictional Authority - State	LGSTO-110 Bengaluru,
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of 1. Rs.5,000-00 under CGST Act vide CIN SBIN19102900407144 dated 24.10.2019 2. Rs.5,000-00 under KGST Act vide CIN SBIN19102900396137 dated 23.10.2019

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICE TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s Sri Bhagyalakshmi Trading Corporation, (called as the 'Applicant' hereinafter), having GSTIN number 29ABDPR6163P1ZU, has filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 and Section 97 of the



KGST Act, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.

2. The Applicant is a proprietary concern and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:

a) What is the applicable rate of tax (GST) on parched / puffed gram (Hurigadale / Putani)?

3. The applicant furnishes some facts relevant to the stated acti

a. The applicant states that he is in the business of supply of parched / puffed gram which is commonly known as Hurigadale or Putani in the State.

b. The applicant states that Gram undergoes mere treatment and gets converted to Fried Gram (normally known in Kannada as Hurigadale or Putani. The Central Board of Indirect Taxes and the Commissioner of Commercial Taxes have issued Circulars bearing No. 113/32/2019/ GST dated 11.10.2019 and bearing No.18/2019-20 dated 14.10.2019 respectively and on mere reading of the para 3 of the Circulars, it is seen as under

“classification of leguminous vegetables when subject to mild heat treatment (parching): Doubts have been raised whether mild heat treatment of leguminous vegetables (such as gram) would lead to change in classification. It is clarified that Dried Leguminous Vegetables are classified under HS Code 0713. Thus it is clarified that such leguminous vegetables which are subjected to mere heat treatment for removing moisture, or for softening or puffing or removing the skin, and not subjecting to any other processing or addition of any other ingredients such as salt and oil would be classified under HS Code 0713. Such goods if branded and packed in a unit container would attract GST at the rate of 5% (S.No.25 of Notification No.1/2017-Central Tax (Rate) dated 28.06.2017. In all





other cases, such goods would be exempted from GST (S.No.45 of Notification No.2/2017 – Central Tax (Rate) dated 28.06.2017.

- c. The applicant stated that leguminous vegetables means such as Gram, indicate that their trading commodity is included in HSN Code 0713 and is exempted.
  - d. The applicant states that there is confusion amongst the business community about exemption on Fried Gram (commonly known as Hurigadale or Putani) and in general these goods are sold under the common name “Fried Gram” and is nothing but parched or puffed gram. No additives such as salt and oil are used.
4. The applicant has filed a letter to this authority on 12.12.2019 stating as follows:

a. The Bengal Gram is grown and sold by the local agriculturist directly or through Agricultural Regulated Market Committees. The agricultural commodity i.e. Bengal Gram is exempted from tax as it fits into entry Sl.No.45 under Chapter 07, Heading/ Sub-Heading/ Tariff item as “0713” and the description of the commodity is “Dried Leguminous Vegetables, shelled whether or not skinned or split” under the Central Goods and Services Tax Act, 2017 and under Karnataka Goods and Services Tax Act, 2017.

The applicant states that the Bengal gram grown by the agriculturists contain impurities like dust, mud, sticks etc. and after purchasing the goods, they are packed in gunny bags and transported and sent for cleaning to remove the sand and other impurities. Subsequently, the gram is graded. After that grading, the gram is again cleaned and sent for pre-heating by 110 degrees centigrade for removing the water content if any in the gram in a apiral conveyor and temporarily held in sacks or wooden tanks for nearly 8 hours for cooling naturally.

c. The applicant states that they prepare for second heating of the same Gram by sprinkling with water and then dried and heating again at 210



degree centigrade passed through conveyor belt between a plate and roller to peel off the skin and the parched gram / putani is put through the sieve for further grading. In these activities, the applicant states that they donot use salt, oil or any other ingredients. These finished products are packed and sold.

d. The applicant states that this method is nothing but dehydrating the gram for removing the skin of the gram by parching. In the process they get "parched leguminous seeds" locally called as "putani" or "fried gram".

e. The applicant states that "fried gram" is a misnomer as it is not at all fried but parched. Strangely the locals named these goods as "fried gram". This is used as poor man's food article for their daily use and also as 'prasadam' on festival days and in few temples regularly.

f. The applicant reproduces that the dictionary meaning of "parch" and "fry" for ready reference and according to him they are as under:

Parch: dry, dry out, burm, scorch, dehydrate, desiccate

Fry: to cook in a pan or on a griddle over direct heat, usually in fat or oil.

The applicant states that they donot use any fat or oil, or any spices or sale in the process of manufacturing their commodity.

g. The applicant states that the Commercial Tax Department, Government of Gujarat has notified the commodity codes with relevant HSN codes and at page 49 at serial number 21(1)(a) "Roasted Gram" categorized as 0713 50 00 Chapter 7 HSN Code 0713 is exempted to tax.

5. Sri Balappa, GSTP and duly authorised representative of the above concern appeared and reiterated the above submissions made. He submitted that the application for advance ruling is admissible as it is related to the determination of liability to pay tax on the goods and hence gets covered under section 97(2)(e) of the CGST Act, 2017. He also submitted that the applicant contends that the product sold by them falls under HS Code 0713 as per the Circular No.113 dated 11.10.2019 and since it is not branded, is exempt from GST.



## 6. **FINDINGS & DISCUSSION:**

6.1 The contentions of the applicant is verified and the following question needs to be answered - "whether the parched / puffed gram sold by the applicant is exempt from tax".

6.2 As per the applicant, the "Hurigadale" or "Putani" also called as "Fried Gram" albeit misnomer is made out of the drying and puffing process applied on Bengal Gram seeds. It is not in question that dry Bengal gram which is also called Gram is covered under the HS Code 0713 - Dried Leguminous Vegetables, whether or not split.

6.3 Further the applicant states that the process of manufacture of "Hurigadale" or "Putani" does not use salt or oil and is only application of dry heat. It is also seen that by the application of dry heat, the gram gets parched or dehydrated first and then puffs. Hence the commodity in question is "puffed gram" which is commercially called as "Fried Gram" or in kannada as "Hurigadale" or "Putani".

6.4 Regarding the contention of the applicant that the commodity is liable to be exempted as it is unbranded as per Circular No.113/32/2019- GST dated 11.10.2019, the contents of the Circular is reproduced as under:

"Representations have been received seeking clarification in respect of applicable GST rates on the following items:

(i) Classification of leguminous vegetables such as grams when subjected to mild heat treatment

.....

2. The issue wise clarifications are discussed below:

3. Classification of leguminous vegetables when subject to mild heat treatment (parching):





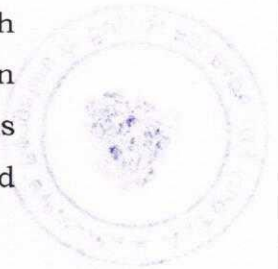
3.1. Doubts have been raised whether mild heat treatment of leguminous vegetables (such as gram) would lead to change in classification.

3.2. Dried leguminous vegetables are classified under HS code 0713. As per the explanatory memorandum to the HS 2017, the heading 0713 covers leguminous vegetables of heading 0708 which have been dried, and shelled, of a kind used for human or animal consumption (e.g., peas, chickpeas etc.). They may have undergone moderate heat treatment designed mainly to ensure better preservation by inactivating the enzymes (the peroxidases in particular) and eliminating part of the moisture.

3.3. Thus, *it is clarified that such leguminous vegetables which are subjected to mere heat treatment for removing moisture, or for softening and puffing or removing the skin, and not subjecting to any other processing or addition of any other ingredients such as salt and oil, would be classified under HS code 0713. Such goods if branded and packed in a unit container would attract GST at the rate of 5% [S. No. 25 of notification No. 1/2017- Central Tax (Rate) dated 28.06.2017]. In all other cases such goods would be exempted from GST [S. No. 45 of notification No. 2/2017- Central Tax (Rate) dated 28.06.2017].*

3.4. However, if the above dried leguminous vegetable is mixed with other ingredients (such as oil, salt etc) or sold as namkeens then the same would be classified under Sub heading 2106 90 as namkeens, bhujia, chabena and similar edible preparations and attract applicable GST rate.”

6.5 It is clear from the above that the clarificatory circular states very clearly that leguminous vegetables which are subjected to mere heat treatment for removing moisture, or for softening and puffing or removing





the skin, and not subjecting to any other processing or addition of any other ingredients such as salt and oil, would be classified under HS code 0713. It is pertinent to note that as per the contention of the applicant that only heat is used to remove moisture and for softening and puffing and for removing the skin and the same is found acceptable. It is also seen that no oil or salt is used in the process and is only dry heat. Hence as per the Clarification issued in the above Circular, the commodity in question "Puffed Gram" commonly called "Fried Gram" or "Hurigadale" or "Putani" in Kannada would be covered under HSN Code 0713.

7. Regarding the applicability of tax, it is seen that the above Circular continues to state that if such goods if branded and packed in a unit container would attract GST at the rate of 5% [S. No. 25 of notification No. 1/2017- Central Tax (Rate) dated 28.06.2017]. In all other cases such goods would be exempted from GST [S. No. 45 of notification No. 2/2017- Central Tax (Rate) dated 28.06.2017]. From the above, it is seen that the goods in question are covered under serial no. 45 of Notification No.2/2017 – Central Tax (Rate) dated 28.06.2017, if the same are not branded and packed in unit containers. If the same goods are branded and packed in unit containers, they get covered under serial no. 25 of Notification No.1/2017- Central Tax (Rate) dated 28.06.2017 and is liable to tax at 2.5% under the CGST Act.

8. Similarly, the goods are exempt or liable to tax at 2.5% under the Karnataka Goods and Services Tax Act, 2017.

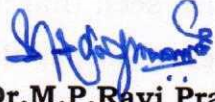
9. In view of the foregoing, we rule as follows

#### **RULING**

1. The puffed gram, commonly called as "Fried Gram" and as "Hurigadale" or "Putani" in Kannada are
  - a. Exempt from tax under the CGST Act and Karnataka GST Act if they are not branded and put up in unit containers



- b. Liable to tax at 2.5% under CGST Act and 2.5% under the Karnataka GST Act, if they are branded and put up in unit containers.



(Dr. M. P. Ravi Prasad)

Member  
**MEMBER**

Karnataka Advance Ruling Authority  
Bengaluru - 560 009

Place : Bengaluru,  
Date : 23-04-2020



(Mashhood Ur Rehman Farooqui)

Member  
**MEMBER**

Karnataka Advance Ruling Authority  
Bengaluru - 560 009



To,

The Applicant

Copy to :

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The. Commissioner of Central Tax, South GST Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-110, Bengaluru.
5. Office Folder.

