

**THE AUTHORITY FOR ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU – 560 009**

**Advance Ruling No. KAR ADRG 16/2023  
Date : 13-04-2023**

Present:

**1. Dr. M.P. Ravi Prasad**

Additional Commissioner of Commercial Taxes

. . . . Member (State)

**2. Sri. Kiran Reddy T**

Additional Commissioner of Customs & Indirect Taxes . . . .Member (Central)

1.	Name and address of the applicant	M/s.CRIYAGEN AGRI & BIOTECH PRIVATE LIMITED, 71/5, Neelamangala Highway Road, Kareem Sonnenahalli, Doddaballapur Taluk, Bengaluru Rural District, Karnataka-562 163
2.	GSTIN or User ID	29AADCC4142P1ZB
3.	Date of filing of Form GST ARA-01	21-01-2023
4.	Represented by	Miss Amita Ganapathy, Sr. Scientist & Authorised Representative
5.	Jurisdictional Authority – Centre	The Commissioner of Central Tax, Bangalore North Commissionerate, Bengaluru. (Range-DND9)
6.	<b>Jurisdictional Authority – State</b>	ACCT, LGSTO-153, Rajipur, Doddaballapur-561 203.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2901230015045 dated 04.01.2023.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017  
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Criyagen Agri & Biotech Private Limited (herein after referred to as Applicant), 71/5, Nelamangala Highway Road, Kareem Sonnenahalli, Doddaballapur Taluk, Bengaluru Rural District, Karnataka-562 163, having GSTIN 29AADCC4142P1ZB, have filed an application for Advance Ruling under Section 97

# Criyagen



of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and KGST Act.

2. The applicant stated that they have been manufacturing Agro inputs like organic manures, Biofertilisers and Fertilisers since 2008; they are pioneers in inventing new products for sustainable agriculture; they have patents to their products namely BO'N (Patent No.389427) and Bio-Phosphate (Patent No.393243); they are launching their new product "Bio-Phosphate".

3. In view of the above, the applicant has sought advance ruling in respect of the following question:

a. What is the HSN code & GST rate applicable to our new product by name Bio-Phosphate?

4. **Admissibility of the Application :** The applicant claimed that the question on which advance rulings has been sought is with regard to "classification of goods" which is covered under Sections 97(2)(a) of the CGST Act 2017 and hence the instant application is admissible.

5. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue:

5.1 Bio-Phosphate is a Phosphate Solubilizing Fungal Biofertilizer Formulation. This product is registered under FCO (Fertilizers Control Order 1985) product category **Phosphate solubilizing Fungal Biofertilizers (Schedule-III, Part A, page no-196) with License No: JDA/F&PP/KAR/FE19-2017145/2019-2020.** Phosphate Solubilizing Fungal and Bacterial cultures are blended with the carrier material Rock Phosphate supplemented with essential mineral nutrients, which are crop nutrients and fertilizers.

5.2 **Product Label Claim:**

1. Phosphate Solubilizing Fungus, minimum :  $1 \times 10^6$  CFU/g
2. P H : 6.5 – 7.5
3. Media ingredients and cell protectants : 1 %
4. Carrier material (Rock Phosphate) : Q.S

Physical form: Granule

Packing Size: 50 Kg

5.3 **Raw Material Details:**

Raw material details and their proportions used in the Bio-Phosphate production are given below:





Sl. \No.	Name of Raw Material	Physical Form	HSN Code	GST %	UOM	Concentration (%)	Qty/Ton Product (in Kgs/Ltrs)
1	Rock Phosphate	Solid	25102010	5	Kg	75	750
2	Bentonite	Solid	25081090	5	Kg	20	200
3	Magnesium Sulphate 9.5%	Solid	28332100	12	Kg	2	20
4	Zinc Sulphate 21 %	Solid	28332610	12	Kg	0.5	5
5	Ferrous Sulphate 19%	Solid	28332910	12	Kg	0.5	5
6	Manganese Sulphate 30.5%	Solid	28332940	12	Kg	0.1	1
7	Boron 10.5 %	Solid	28401900	12	Kg	0.1	1
8	Phosphate Solubilizing Bacteria - 1	Liquid	31010099	5	Ltr	10	100
9	Phosphate Solubilizing Bacteria - 2	Liquid	31010099	5	Ltr	10	100
10	Phosphate Solubilizing Fungus	Solid	31010099	5	Kg	1	10
	<b>Total</b>					<b>119.2</b>	<b>1192</b>

#### 5.4 Production Process:

The above-mentioned microbial cultures i.e., Phosphate Solubilizing Bacteria-1, Phosphate Solubilizing Bacteria - 2 and Phosphate Solubilizing Fungus are grown in specialized fermentors. Later all the raw materials are blended homogeneously in the above-mentioned proportion and granulated in granulation drum. After the granulation granules are dried with hot air where 10% moisture is lost in the form of vapor. Granules are packed in 50 Kg bags through auto packer and shifted to warehouse.

#### 5.5 Importance of Bio-Phosphate in the Crop Nutrition:

Application of 100-150 Kg/ acre of Bio-Phosphate to the soil provide Phosphorous nutrient to the crop. Phosphate Solubilizing Fungal and bacterial cultures in the Bio-Phosphate solubilizes insoluble form of Phosphorous from Rock Phosphate to available form through microbial activity by utilizing supplied essential mineral nutrients for their growth. Unlike chemical Phosphatic fertilizers Phosphorous nutrient availability is continuous to the crop roots due to constant microbial activity.





5.6 **Competitor Products in the Market with their HSN & GST % :**

Sl. No.	Product Name	Product Category	Manufacturer	HSN code	GST %
1	Durga (P. Solubilising Bacteria)	Bio-Fertilizer	Multiplex Biotech Pvt. Ltd.	31010099	5
2	Azolum	Bio-Fertilizer	Microbax (India) Ltd.	31010099	5
3	Urea	Fertilizer	MCF	3102	5
4	Diammonium Phosphate (DAP)	Fertilizer	IFFCO	31053000	5
5	Murate of Potash (MOP)	Fertilizer	Indian Potash Limited (IPL)	31042000	5
6	N P K (14:28:14)	Fertilizer	Zuari Agro Chemicals	3105	5

6. **Applicant's Interpretation of Law:** The applicant, though has not furnished their contention in the application, contended during personal hearing that their product merits classification under HSN code 3101 0099 and accordingly attracts GST @ 5%.

7. The Deputy Commissioner of Central Tax, North Division-9, Bengaluru North Commissionerate vide their letter dated 01.02.2023 offered the following comments with regard to the classification of the product "Bio-Phosphate".

7.1 Bio-Phosphate, as per the technical writings given by M/s Criyagen, is a Phosphate Solubilising Fungal bio-fertiliser formulation. Phosphate solubilizing fungal and Bacterial cultures are blended with the carrier material Rock Phosphate supplemented with essential micro nutrients, which are crop nutrients and fertilisers said to be sold in 50 kg bulk packing. The material is for use by actual users namely farmers / agriculturists. The product proposed to be manufactured and sold as "Bio-Phosphate" by the applicant is classifiable under Chapter (sub chapter) Heading 3102 90 90.

**PERSONAL HEARING PROCEEDINGS HELD ON 21.02.2023**

8. Smt. Amita Ganapathy, Senior Scientist & employee of the applicant company and also Authorised Representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

**FINDINGS & DISCUSSION**

9. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in *pari-materia* and have the same provisions in like matters and differ from each other only on a few specific





provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

10. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

11. The applicant intend to launch their new and patented product "Bio-Phosphate", which is a Phosphate Solubilizing Fungal Biofertilizer Formulation and is also registered under FCO (Fertilizers Control Order 1985) product category **Phosphate solubilizing Fungal Biofertilizers (Schedule-III, Part A, page no-196) with License No: JDA/F&PP/KAR/FE19-2017145/2019-2020**. In view of this, the applicant sought advance ruling in respect of the classification of their product and the applicable rate of GST thereon.

12. In view of the foregoing, we proceed to examine the classification of the impugned product. In this regard we invite reference to Explanations (iii) and (iv) appended to the Notification No. 01/2017- Central Tax (Rate), dated 28.06.2017, which are relevant to determination of Classification of a product & are as under:

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(iv) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

Accordingly we make a reference to the Section Notes and Chapter Notes of the relevant Chapters of the Customs Tariff and also the corresponding Harmonised Commodity Description and Coding System Explanatory Notes of World Customs Organisation (WCO).

13. The impugned product is said to have been manufactured / prepared by blending the carrier material Rock Phosphate with Phosphate Solubilizing Fungal and Bacterial cultures supplemented with essential mineral nutrients, which are crop nutrients and fertilizers. The Phosphorus-solubilizing bacteria are commonly used plant probiotics that promote plant development by converting insoluble Phosphorus into soluble Phosphorus that is easily absorbed and used by roots. Further the applicant furnished the ingredients along with their concentration in the impugned product at para 5.3 supra from which it is clearly evident and also an admitted fact that the Rock Phosphate is the major ingredient and thus it is a



phosphatic mineral fertilizer. The applicant claims that the difference between the impugned product and the normal phosphatic chemical fertilizer is that the Phosphorous nutrient availability is continuous to the crop roots due to constant microbial activity.

13. The applicant contended that their product merits classification under HSN code 3101 0099, whereas it is observed that Chapter 31 covers Fertilisers and the heading 3101 covers (i) Animal or Vegetable fertilisers whether or not together or chemically treated and (ii) fertilisers produced by the mixing or chemical treatment of animal or vegetable products. In the instant case the impugned product is neither animal nor vegetable based fertilizer and also is not prepared by mixing or chemical treatment of animal or vegetable products but admittedly based on the Rock Phosphate. Thus the impugned product does not cover under the heading 3101.

14. The Deputy Commissioner of Central Tax, Division-9, Bengaluru North Commissionerate, Bengaluru, vide their letter dated 01.02.2023, while offering comments, opined that the impugned products merit classification under HSN code 3102 90 90. We observe from the Customs Tariff Act that the heading 3102 covers Minerals or chemical fertilisers of nitrogenous in nature. The impugned product does not contain nitrogen or nitrogen compounds and thus it is not covered under heading 3102.

15. We observe that heading 3103 covers Minerals or chemical fertilisers of phosphatic in nature. Further heading 3103 10 00 covers superphosphates and heading 3103 90 00 covers other phosphatic fertilisers. In the instant case the impugned product contains Rock Phosphate and thus it is a phosphatic in nature. Further it is not a superphosphate and thus it merits classification under heading 3103 90 00. The tariff heading 3103 reads as under:

<i>Chapter/Heading/Sub-heading/Tariff item</i>	<i>Description of goods</i>
3103	<i>Mineral or chemical fertilisers, Phosphatic</i>
3103 10 00	- <i>Superphosphates</i>
3103 90 00	- <i>Other</i>

16. Now we proceed to examine the rate of GST applicable to the impugned products. Notification No.1/2017-Central Tax(Rate) dated 28.06.2017, as amended, specifies GST rate of 5% on the impugned product in terms of Sl.No.182B of Schedule I to the said Notification, which covers Mineral or chemical fertilizers, phosphatic, other than those which are clearly not to be used as fertilizers, which reads as under:

*Schedule I - 2.5%*

<i>S.No.</i>	<i>Chapter/Heading/Sub-heading/Tariff item</i>	<i>Description of goods</i>
182B	3103	<i>Mineral or Chemical fertilisers, Phosphatic, other than those which are clearly not to be used as fertilisers</i>





17. In view of the foregoing, we pass the following

**RULING**

The product "Bio-Phosphate" merits classification under HSN code 3103 90 00 and thus are exigible to GST @ 5%, in terms of Sl.No.182B of Schedule I to the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended.

  
(Dr. M.P. Ravi Prasad)

Member

Karnataka Advance Ruling Authority  
Place : Bengaluru  
Date : 13-04-2023  
Bengaluru - 560 009

  
(Kiran Reddy T)

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, Bangalore North Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-153, Doddaballapur.
5. Office Folder.

