



RAJASTHAN AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX, KAR BHAWAN, AMBEDKAR
CIRCLE, NEAR RAJASTHAN HIGH COURT
JAIPUR - 302005 (RAJASTHAN)



ADVANCE RULING NO. RAJ/AAR/2025-26/03

Mahipal Singh Additional Commissioner	:	Member (Central Tax)
Dr. Akhedan Charan Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s CHAMPALAL AGRICULTURAL WORKS, H-481-1, SARNA DUNGAR INDUSTRIAL AREA EXT PHASE II JHOTWARA, JAIPUR-302012, Rajasthan
GSTIN of the applicant	:	08AAEFC8701C1ZU
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(a) classification of goods and/or services or both
Date of Personal Hearing	:	06.03.2025
Present for the applicant	:	Mr. Rajeev Mathur (C.A.), Sanjay Khatri (Advo.) and Manoj Kedia (Company representative)
Date of Ruling	:	23.04.2025

Note 1: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling, constituted under Section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.

Note 2: At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".

The issue raised by M/s CHAMPALAL AGRICULTURAL WORKS, H-481-1, SARNA DUNGAR INDUSTRIAL AREA EXT PHASE II JHOTWARA, JAIPUR-302012, Rajasthan (hereinafter "the applicant") is fit to pronounce advance ruling as they have deposited prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2) given as under:

(a) classification of goods and/or services or both

A. SUBMISSION OF THE APPLICANT (in brief):-

Brief facts of the case :

- That the Applicant is the holder of GST Registration and is inter-alia engaged in manufacturing of "Blades" cleared as "Spare Parts" for being used in Agricultural Machines, viz., Chaff Cutters Machine which is used for Cutting Straw used for Feeding Animals.

B. INTERPRETATION AND UNDERSTANDING OF APPLICANT ON QUESTION RAISED (IN BRIEF)

That from the very onset the bonafide, the Applicant is clearing the "Blades" as aforementioned under HSN Heading 8208 40 00 thereby collecting and discharging the

burden of GST @ 18%. The precise text of the HSN Heading 8208 40 00 is reproduced as under:

8208	<u>Knives and cutting blades, for machines or for mechanical appliances</u>
8208 10 00	-
8208 20 00	-
8208 30 00	-
<u>8208 40 00</u>	- <u>For agricultural, horticultural or forestry machines</u>
8208 90	- Other

(i) That it is pertinent to note at this juncture that our customers in entirety are farmers dependent on the agricultural activities for their livelihood. We are thus loaded with two folded responsibilities; Firstly to discharge the tax liability to the Government with utmost precision Secondly try not to extent extra burden on the consume farmers other than that intended by the legislature.

(ii) That very recently we have learned from our valued customers and allied trade sources that manufactures and traders in the other states are clearing such "Blades" (thoroughly identical in all respect) as spares of Agricultural Machines, i.e., Chaff Cutters Machine meant and used for Cutting Straw which is nothing but Animal Feed, under HSN Headings **8436 10 00** or **8436 80 90** thereby collecting and discharging the Burden of GST @ 12% as against 18% which is being paid by us presuming the coverage of the same item under HSN Heading **8208 40 00**. This difference in classification outside the state of Rajasthan with that we are adopting in Rajasthan, is exposing us and our consumers (farmers) to a disadvantageous position. The precise text of the HSN Heading **8436 10 00 / 8436 80 90** is reproduced as under:

8436	<u>Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders</u>
<u>8436 10 00</u>	- <u>Machinery for preparing animal feeding stuffs</u>
	- <i>Poultry-keeping machinery; poultry incubator, and brooders :</i>
8436 21 00	- Poultry incubators and brooders
	-
8436 29 00	- Other
	-
8436 80	- <i>Other machinery:</i>
8436 80 10	- Germination plant fitted with mechanical and thermal equipment
	-
	-
8436 80 90	- Other

	-
	-
	- Parts:
8436 91 00	- Of poultry-keeping machinery or poultry incubators and brooders
	-
8436 99 00	- Other
	-

Rule 2 and 3 of the Rules for Interpretation of Customs Tariff as applicable to GST Tariff reads as under:

Rule 2

(a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented; the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.

Rules 3

When by application of Rule 2 (b) or for any other reason, goods are, prima facie, classifiable under two or more headings, classification shall be effected as follows:

(a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

(b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3 (a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.

(c) When goods cannot be classified by reference to 3 (a) or 3 (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

- (iv) **That the relevant portion of the Explanatory Notes of HSN to Heading 82.08** indicating classification of "Blades" used as spares in agriculture machines of the category of Chaff Cutter meant for cutting roots, straw cutters etc., under the purview of chapter sub-heading **8208 40 00** is reiterated herein below:

"This Heading applies to un-mounted knives or cutting blades.....for machines or for mechanical appliance....."

The Heading includes knives or cutting blades:

(1) -----

(4) For Agricultural, horticultural or forestry machines, for example, blades and knives for root cutters, straw cutter, etc. or for lawn movers, blades and segments of blades for harvesting or reaping machines."

- (v) That the Hon'ble CESTAT, NORTHERN BENCH, NEW DELHI in Commissioner of Central Excise, Delhi-III *Versus* Nice Steel Industries reported in 2004 (163) E.L.T. 433 (Tri.-Del) placing reliance upon the Hon'ble Supreme Court's directions on the tariff classification of goods in the case of DUNLOP INDIA LTD. & MADRAS RUBBER FACTORY LTD. *Versus* UNION OF INDIA AND OTHERS reported in 1983 (13) E.L.T. 1566 (S.C.), observed that: The impugned goods Chaff Cutter Blade is a blade for agricultural machine Chaff Cutter. Such a blade is specifically covered by sub-heading 8208.40. Applying Rule 1 of the Interpretative Rules, the impugned goods are classifiable exclusively under Heading 82.08 which covers within its ambit cutting blades for agricultural, horticultural or forestry machines. It is also settled law that a specific Heading must be given preference over the general Heading. Once the Chaff Cutter Blades are specifically covered by Chapter 82, Note 2 to Section XVI cannot be invoked for classification in terms of Note 1(k) to Section XVI. The Explanatory Notes of HSN also support the classification of blades under Heading 82.08. The relevant Para-4, 5, 6 and 7 of the judgment are reiterated herein below:

Para 4 is

We have considered the submissions of both the sides. The rival Tariff Headings read as under:

"82.08

- Knives and cutting blades for machines or for mechanical appliances

8208.40

- For agricultural, horticultural or forestry machines

84.36

- Other agricultural horticultural, forestry, poultry, grain or dried leguminous vegetables; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables; other than farm-type machinery"

Para 5 is

It is not in dispute that impugned goods Chaff Cutter Blade is a blade for agriculture machine Chaff Cutter. Such a blade is specifically covered by sub-heading 8208.40 of the Central Excise Tariff. According to Rule 1 of the Interpretative Rules "classification shall be determined according to the terms of the heading and any relative Section or Chapter Notes". Thus, applying Rule 1, the impugned goods are classifiable only under Heading 82.08 which covers within its ambit cutting blades for agricultural, horticultural or forestry machines. It is also settled law that a specific Heading must be given precedence over the general Heading as held by the Appellate Tribunal in the case of *Eicher Precision Machines Ltd.*, supra. Note 2 to Section XVI, which has been applied by the Commissioner (Appeals) to classify the impugned product under Heading 84.36 is subject to Note 1 to Section XVI. Note 1(k) to Section XVI clearly stipulates that "This section does not cover (k) Articles of Chapter 82 or 83". Once the Chaff Cutter Blades are specifically covered by Chapter 82, Note 2 to Section XVI cannot be invoked for classification in terms of Note 1(k) to Section XVI. There is no force in the submissions of the learned

Advocate that Note 1(f) to Section XV excludes Articles of Section XVI from the purview of Section XV (in which Chapter 82 falls) inasmuch as the impugned goods are specifically covered by Heading 82.38 and, therefore, Note 2 to Section XVI, on the application of which Chaff Cutter blades are being classified along with Chaff Cutter, has no application in terms of Note 1(k) to Section XVI.

Para 6 is

The Explanatory Notes of HSN also supports the classification of blades under Heading 82.08 as it is mentioned therein as under:

"This Heading applies to un-mounted knives or cutting blades.....for machines or for mechanical appliance....."

The Heading includes knives or cutting blades:

(1)

(2)

(3)

(4) For Agricultural, horticultural or forestry machines, for example, blades and knives for root cutters, straw cutter, etc. or for lawn movers, blades and segments of blades for harvesting or reaping machines."

Para 7 is

The Chandigarh Commissionerate Trade Notice No. 27/98, relied upon by the learned Advocate, nowhere mentions that Chaff Cutter Blades fall under Heading 84.36 as it refers only to Chaff Cutter and parts thereof. In absence of Trade Notice specifically referring to the impugned goods, it cannot be claimed by the Respondents that Trade Notice classifies the Chaff Cutter Blade is classifiable under Heading 84.36 of the Tariff. Accordingly, we allow the appeal filed by Revenue.

As submitted foregoing, the judgment with utmost precision has been pronounced by the Hon'ble CESTAT very categorically, in line with **the Explanatory Notes of HSN** and the Hon'ble Supreme Court's directions on the tariff classification of goods in the case of **DUNLOP INDIA LTD. & MADRAS RUBBER FACTORY LTD (Supra)** that, "When an article is by all standards classifiable under a specific item in the Tariff Schedule it would be against the very principle of classification to deny it the parentage and consign its residuary item."

- (vi) That on the trade / business enquiries undertaken in premise of the objections raised by our valued customers and consumers protesting the discharging tax liability at an higher rate i.e. @ 18% as against 12% in the neighboring states, we came across an Adjudication Order No. AGA-EXCUS-000-COM-12-2023-24 dated 28-07-2023 passed by the Learned Commissioner CGST & Central Excise, Agra vide DIN-20230753ZX000000D6BE wherein the Hon'ble Adjudicating Authority placing reliance the upon the principles of interpretation enumerated by the **Hon'ble Supreme Court's** in **Westinghouse Saxby Farmer Ltd. Versus Commissioner of C. Ex., Calcutta** reported in 2021 (376) E.L.T. 14 (S.C.), seeks to classify thoroughly identical goods i.e. "Blades" of "Chaff Cutters Machine" under HSN heading **8436 10 00** consequently attracting levy @ 12% on the same item on which we are discharging burden of GST @ 18%.

Copy of the Order dated 28-07-2023 is enclosed herewith as **Annexure-1**.

Statement containing the applicant's interpretation of law and/or facts, as the case may be, in respect of the aforesaid question(s) (i.e. applicant's view point and submissions on issues on which the advance ruling is sought):

A. Chapter 82 falls under Section XV and vide Note 1(f), articles of Section XVI are excluded from Section XV (which covers Chapter 82). Note 2 of section XVI specifically deals with classification of parts of Machines, Mechanical appliances and electrical goods falling under Chapter 84 and Chapter 85. Therefore, in terms of Note 1(f) *ibid*, parts of Machines falling under Chapter 84 are excluded from the purview of Section XV *ibid*. By this analogy, parts of the Machines falling under Chapter 84 are not classified under any of the Chapters covered by Section XV. Thus Blades used as spares of a Chaff Cutter Machine falls categorically outside the scope and purview of Chapter 82. It is to most humbly and respectfully submit that, Chapter 82 covers "Tools" and not "Parts of Machine". In this respect reliance is place upon the case of **Hadrachalam Paper Boards Ltd. Versus Collector of Customs reported in 1993 (64) E.L.T. 137 (Tribunal)** wherein it was observed by the Larger Bench of the Hon'ble CESTAT, New Delhi that, "A clear reading of the write-up on chipper knives discloses that the item cannot be considered independently as a complete machinery or as a tool. The knives are essential parts of chipper and are specially made for the purpose of machinery for chipper and it is not an independent tool for general purpose. Note 1 of Chapter 98 states that the chapter is to be taken to apply to all goods which satisfy the conditions prescribed therein, even though they may be covered by a more specific heading elsewhere in the Schedule of the Tariff. The chipper knives are, therefore, classifiable under Heading 98.06."

B. Whenever the intention of the Legislature is to classify an article under a particular heading and not as a part as per the "principle use test" or "suitability of use test", a specific exclusion is put in clear terms, as has been done vide Note 2 of Section XVII. Therefore, parts of Chaff Cutter Machine are not excluded from Section XVI and are correctly classifiable and the Chapter 84 of Central Excise Act, 1985. it may please be noted that Rule 3(a) of the General Rules of Interpretation of the tariff also provide that the heading which provides the most specific description shall be preferred to headings providing a more general description. This principle was endorsed by the Apex Court in the cases of *Speedway Rubber Co. versus CCE Chandigarh* reported in 2002 (143) E.L.T 8 (Supreme Court) and *Forbes Gokak Ltd versus CCE Aurangabad* reported in 2003(153) E.L.T 24 (Supreme Court).

C. On bare reading of the description of Tariff Heading No. 8208 40 00, it is apparent that it covers the goods viz., Knives and cutting blades for machines or for mechanical appliances generally for agriculture horticulture or forestry machines purpose. Whereas Tariff Heading No. 8436 10 00 covers the goods viz., other agriculture, horticulture, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipments poultry incubators and brooders for machinery; exclusively for preparing animal feeding stuffs.

As submitted forgoing Note 2 of Section XVI covers Chapter 84 as follows:

Note 2 is

Subject to Note 1 to this Section, Note 1 to Chapter 84 and to Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified according to the following rules:

- (a) Parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 84.09, 84.31, 84.48, 84.66, 84.73, 84.87, 85.03, 85.22, 85.29, 85.38 and 85.48) are in all cases to be classified in their respective headings;
- (b) Other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 84.79 or 85.43) are to be classified with the machines of that kind or in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 85.17 and 85.25 to 85.28 are to be

classified in heading 85.17, and parts which are suitable for use solely or principally with the goods of heading 85.24 are to be classified in heading 85.29;

- (c) All other parts are to be classified in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate or, failing that, in heading 84.87 or 85.48.

It may please be appreciated that, Note 2(b) of Section XVI very categorically mandate that the heading, 'Other Parts', pertains to the parts which are suitable for use solely or principally with a particular kind of machine, are to be classified with such machine. Thus, the 'Blades' manufactured and cleared by the applicant with holes at the blunt edge for being fitted with Chaff Cutter Machine with screw and bolts, squarely fall in the category of "Other Parts", as being pointed out in the Note 2(b). It would not be out of place to mention here that the items in questions are the primary cutting part of a Chaff Cutter Machine to render the same operational for its fundamental usage of cutting the straw for preparing animal stuff. Thus, in terms of Note 2(b), the goods and question being part of Chaff Cutter Machine which is suitable solely and principally for being used in Chaff Cutter Machine, are required to be classified along with the Chaff Cutter Machine only.

- D. It may further be noticed that Rule 3(c) of interpretive Rules provides that when good cannot be classified by reference of Clause (a) and (b) of Rule 3 the good shall be classified under the heading which occurs last in the numerical order among those which equally merits consideration. Your good self may please appreciate that from the provisions and description of tariff items relevant to the goods in question as discussed here in above there is no denying that in terms will rule 3(a) of the interpretative rules the headings which provide the most specific description shall be preferred to heading providing a more general description. In terms with rule 3(c) when goods cannot be classified by reference to clauses (a) and (b) of rule 3 the good shall be classified under the heading which occurs last in the numerical order among those which equally merits consideration, therefore, in premise of Rule 3(a) or Rule 3(c), the goods in question merits classification under Tariff Heading no. 8436 10 00 in preference to Tariff Heading No. 8208 40 00.

There is no denying that Tariff Heading No. 8436 10 00 is more specific in comparison to 8208 40 00 which is seemingly general in nature, in premise of the fact that former besides taking into account of description of goods also specifies the end use condition. It is by a very well settled preposition of law that specific are to be prefer over the general. In this connection we seek to place reliance upon the following precedents:

- (i) Pack Plast Industries versus CCE New Delhi, reported in 2001(133) E.L.T 416 (Tribunal New Delhi);
- (ii) CCE Delhi versus Reed Medway Packing Company of India Limited reported in 2006 (199) E.L.T 108(Tribunal New Delhi).
- (iii) Sandan Vikas India Ltd versus CCE New Delhi, reported in 2017 (357) E.L.T 893 (Tribunal New Delhi):

Reliance is further placed upon the case of Union of India *Versus* Garware Nylons Ltd. reported in 1996 (87) E.L.T. 12 (S.C.) wherein the dispute was regarding the classification of 'Nylon Twine' which the assessee classified under tariff item number 18 as 'Nylon Twine' whereas the department entertained the view that it is classified under residuary entry number 68. The assessee pleaded that 'Nylon Twine' are treated as 'Nylon Yarn' in commercial parlance. The department did not agree to the classification adopted by the assessee and confirm the demand which upon appeal by the assessing was set-aside by the

Hon'ble High Court of Bombay. The Hon'ble Apex Court upheld the order of the Hon'ble High Court holding as under:

Para 15 is

In our view, the conclusion reached by the High Court is fully in accord with the decisions of this Court and the same is justified in law. The burden of proof is on the taxing authorities to show that the particular case or item in question, is taxable in the manner claimed by them. Mere assertion in that regard is of no avail. It has been held by this Court that there should be material to enter appropriate finding in that regard and the material may be either oral or documentary. It is for the taxing authority to lay evidence in that behalf even before the first adjudicating authority. Especially in a case as this, where the claim of the assessee is borne out by the trade inquiries received by them and also the affidavits filed by persons dealing with the subject matter, a heavy burden lay upon the revenue to disprove the said materials by adducing proper evidence. Unfortunately, no such attempt was made. As stated, the evidence led in this case conclusively goes to show that Nylon Twine manufactured by the assessee has been treated as a kind of Nylon Yarn by the people conversant with the trade. It is commonly considered as Nylon Yarn. Hence, it is to be classified under Item 18 of the Act. The Revenue has failed to establish the contrary. We would do well to remember the guidelines laid down by this Court in *Dunlop India Ltd. v. Union of India* [1983 (13) E.L.T. 1566 (SC) = (AIR 1977 SC 597 - at page 607)], in such a situation, wherein it was stated :-

“..... When an article has, by all standards, a reasonable claim to be classified under an enumerated item in the Tariff Schedule, it *will be against* the very principle of classification to deny it the parentage and consign it to an orphanage of the residuary clause.” (Emphasis supplied)

Para 16 is

We concur with the reasoning and conclusion of the High Court.

Attention is further invited to the Apex Court judgment in the case of *Westinghouse Saxby Farmer Ltd. Versus Commissioner of C. Ex., Calcutta* reported in 2021 (376) E.L.T. 14 (S.C.), the relevant 28 to 38 of the same is reproduced as under:

Para 28 is

Rule 3 deals with cases where goods are classifiable under two or more sub-headings. But Rule 3 begins with a reference to Rule 2(b). Therefore, it is necessary to extract Rule 2(b) and Rule 3 together. They read as follows:

“2.(a) xxxx

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.

3. When by application of rule 2(b) or for any other reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:

(a) the heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

(b) mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to (a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.

(c) when goods cannot be classified by reference to (a) or (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration."

Para 29 is

Interestingly Rule 2(a) speaks about "*Article*", Rule 2(b) speaks about "*material or substance*" as well as "*goods of a given material or substance*" and Rule 3 speaks about "*goods*".

Para 30 is

In the case on hand, the claim of the assessee was that the relays manufactured by them were part of the railway signaling equipment. But all the Authorities were of the unanimous view that this product is referable to goods of a specific description in Chapter sub-heading 8536.90 and that, therefore, General Rule 3(a) will apply.

Para 31 is

But in invoking General Rule 3(a), the Authorities have omitted to take note of 2 things. They are : (i) that as laid down by this Court in *Commissioner of Central Excise v. Simplex Mills Co. Ltd.* [(2005) 3 SCC 51 = 2005 (181) E.L.T. 345 (S.C.)] the General Rules of Interpretation will come into play, as mandated in Rule 1 itself, only when no clear picture emerges from the terms of the Headings and the relevant section or chapter notes; and (ii) that in any case, Rule 3 of the General Rules can be invoked only when a particular goods is classifiable under two or more Headings, either by application of Rule 2(b) or for any other reason. Once the authorities have concluded that by virtue of Note 2(f) of Section XVII, 'relays' manufactured by the appellant are not even classifiable under Chapter Heading 8608, we do not know how the Authorities could fall back upon Rule 3(a) of the General Rules. There is a fundamental fallacy in the reasoning of the Authorities, that Rule 3(a) of the General Rules will apply, especially after they had found that 'relays' are not classifiable under Chapter Heading 8608, on account of Note 2(f) of Section XVII.

Para 32 is

Coming to Section XVII, which precedes Chapter 86, the same contains a few notes, one of which is Note 2, which lists out certain articles to which the expressions "*parts*" and "*parts and accessories*" mentioned in Chapter 86 do not apply. Note 2(f) reads as follows: -

"(1) xxxx

(2) xxx

(a) xxxx

(b) xxxx

(c) xxxx

(d) xxxx

(e) xxxx

(f) electrical machinery or equipment (Chapter 85)".

Para 33 is

Note 2(f) is relied upon by the Revenue, in view of the fact that Chapter Heading 8608 uses the words *"parts of the foregoing"* after the words *"Railway or tramway track fixtures and fittings"* etc. Chapter Heading 8608 does not specifically mention *"electrical relays"*. The assessee's contention is that *"it is part of the railway signaling safety or traffic control equipment"* and that, therefore, Relays manufactured by them would fall under Chapter Heading 8608 due to the usage of the word *"parts"*. It is this contention that is sought to be repelled by the Authorities by relying upon Note 2(f) of Section XVII.

Para 34 is

Though at first blush, Note 2(f) seems to apply to the case on hand, it may not, upon a deeper scrutiny.

Para 35 is

Note 3 of Section XVII reads as follows:

"References in Chapters 86 to 88 to *"parts"* or *"accessories"* do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the headings of those Chapters is to be classified under that heading which corresponds to the principal use of that part or accessory."

Para 36 is

What is recognized in Note 3 can be called the *"suitability for use test"* or *'the user test'*. While the exclusion under Note 2(f) may be of goods which are capable of being marketed independently as electrical machinery or equipment, for use otherwise than in or as Railway signaling equipment, *those parts which are suitable for use solely or principally with an article in Chapter 86* cannot be taken to a different Chapter as the same would negate the very object of group classification. This is made clear by Note 3.

Para 37 is

It is conceded by the Revenue that the relays manufactured by the appellant are used solely as part of the railway signaling/traffic control equipment. Therefore, the invocation of Note 2(f) in Section XVII, overlooking the *"sole or principal user test"* indicated in Note 3, is not justified.

Para 38 is

On the question as to what test would be appropriate in a given case, this court pointed out in *A. Nagaraju Bros. v. State of A.P.* [1994 Supp (3) SCC 122 = 1994 (72) E.L.T. 801 (S.C.)], as follows :

".....there is no one single universal test in these matters. The several decided cases drive home this truth quite eloquently. It is for this reason probably that the common parlance test or commercial usage test, as it is called, is treated as the more appropriate test, though not the only one. There may be cases, particularly in the case of new products, where this test may not be appropriate. In such cases, other tests like the test of predominance, either by weight of value or on some other basis may have to be applied. It is indeed not possible, nor desirable, to lay down any hard and fast rules of universal application."

Therefore, the respondents ought not to have overlooked the *'predominant use'* or *'sole/principal use'* test acknowledged by the General Rules for the Interpretation of the Schedule.

C. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT:

Q:HSN Classification of "Blades" cleared as "Spare Parts" for being used in Agricultural Machines, viz., Chaff Cutters which is meant and used for Cutting Straw for preparing AnimalFeed?

D. COMMENTS OF THE JURISDICTIONAL OFFICER: -

Comments received from the Office of the Deputy Commissioner, State Tax, Circle-C, Zone-Jaipur -4, Divisional Kar Bhawan, Jhalana Institutional Area, Jaipur, Rajasthan vide letter S.NO. 504 Dated: 21.01.2025 are as under:-

The applicant wants to seek advance ruling on classification of goods whether blade falls under chapter heading 8436100 or 84368090.

In this regard, it is pertinent to mention here that cutting blade has been classified under HSN 82084000 whether used in agriculture, horticulture, forestry machine.

Only other agricultural, horticultural, forestry poultry keeping or bee keeping machinery including germination plant fitted with mechanical or thermal equipment poultry incubators and brooders, machinery for preparing animal feeding stuffs falls under chapter heading HSN 8436 and taxable @ 12%. Definition of machine in common parlance is- A machine is the device uses energy to perform specific task or function. The whole machine cannot be replaced by specific part, only blade cannot perform the task of chaff cutter machine meant and used for cutting the straw for preparing animal stuff.

Thus, blade is specific entry classify under HSN 8208 is valid and it should be taxable @ 18%

E. PERSONAL HEARING :

In the matter, personal hearing was granted to the applicant on 06.03.2025. Mr. Rajeev Mathur (C.A.), Mr. Sanjay Khatri (Adv.) and Mr. Manoj Kedia Authorized Representative appeared for personal hearing. They reiterated the submission already made by them.

F. DISCUSSIONS AND FINDINGS

- 1) We have carefully examined the statement of facts, contents of the application filed by the applicant, submissions made at the time of hearing and the comments of the jurisdictional Tax Authority. We have also considered the issue involved, on which advance ruling is sought by the applicant and other relevant facts.
- 2) The applicant, M/s CHAMPALAL AGRICULTURAL WORKS, H-481-1, SARNA DUNGAR INDUSTRIAL AREA EXT PHASE II JHOTWARA, JAIPUR-302012, Rajasthan is registered with the GST department and is inter-alia engaged in manufacturing of "Blades" cleared as "Spare Parts" for being used in Agricultural Machines, viz., Chaff Cutters Machine which is used for Cutting Straw used for Feeding Animals and clearing the same under CTH 82084000 of the Tariff Act ibid with GST @18%.
- 3) The present application has been filed by the applicant seeking HSN Classification of "Blades" cleared as "Spare Parts" for being used in Agricultural Machines, viz., Chaff Cutters which is meant and used for Cutting Straw for preparing AnimalFeed.

- 4) We also found that the taxpayer has submitted that many manufacturers in the other states are clearing these "Blades" (thoroughly identical in all respect) as spares of Agricultural Machines, i.e., Chaff Cutters Machine under HSN Headings **8436 10 00 or 8436 80 90** and discharging the GST @ 12%.
- 5) Ongoing through the description of the goods manufactured by the applicant, we found that the goods manufactured by the applicant is cutting blades made of metal which is normally used in chaff cutter.
- 6) The issue to be decided in the impugned application is whether the goods manufactured by the applicant should be classified under CTH 8436100 as claimed by the applicant or be classified under CTH 82084000, in which he is clearing the goods now.
- 7) For brevity of the case, the description mentioned in tariff item no. 82084000 and 84361000 of the GST Tariff are as under: -

Chapter -82

8208		Knives and cutting blades, for machines or for mechanical appliances
8208 10 00	-	
8208 20 00	-	
8208 30 00	-	
8208 40 00	-	For agricultural, horticultural or forestry machines
8208 90	-	Other

8436		Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders
8436 10 00	-	Machinery for preparing animal feeding stuffs
	-	Poultry-keeping machinery; poultry incubator, and brooders :
8436 21 00	--	Poultry incubators and brooders
8436 29 00	--	Other
8436 80	-	Other machinery:
8436 80 10	---	Germination plant fitted with mechanical and thermal equipment
8436 80 90	---	Other
	-	Parts:

8436 91 00	--	Of poultry-keeping machinery or poultry incubators and brooders
8436 99 00	--	Other

- 8) According to Rule 1 of the Interpretative Rules "classification shall be determined according to the terms of the heading and any relative Section or Chapter Notes". Thus, by applying Rule 1, the impugned goods merit Classification under Heading 82.08, which covers within its ambit cutting blades for agricultural, horticultural or forestry machines instead of Heading 84.36 as note 1(k) of Section XVI specifically excludes articles of Chapter 82 or 83. It is also settled law that a specific heading must be given precedence over the general Heading. Note 2 to Section XVI, which govern classification of parts of machines has been applied by the applicant to classify the impugned product under Heading 84.36 is subject to Note 1 to Section XVI. Since, note 1(k) to Section XVI clearly stipulates that "This section does not cover (k) Articles of Chapter 82 or 83". Once, the Chaff Cutter Blades cleared as "Spare Parts" are specifically covered by Chapter 82, Note 2 to Section XVI cannot be invoked for classification in terms of Note 1 (k) to Section XVI.
- 9) The Explanatory Notes of HSN related to chapter 82 also supports the classification of blades under Heading 82.08 as it is mentioned therein as under:

"This Heading applies to unmounted knives or cutting blades for machines or for mechanical appliance.

The Heading includes knives or cutting blades:

(1)

(2)

(3)

(4) *For Agricultural, horticultural or forestry machines, for example, blades and knives for root cutters, straw cutter, etc. or for lawn movers, blades and segments of blades for harvesting or reaping machines."*

- 10) Further, the Explanatory Notes of HSN relate to Chapter heading 84.36 includes machinery for:

(A) to (D)

(E) *Machines and appliances for preparing fodder, etc. such as*

(1) to (3)

(4) *Straw, hay or silage cutter*

(5) to (8)

(F) to (H)

The Heading does not cover:

(a) *Cutting blades and knife for root slicers, straw cutters etc. (82.08).*

(b) to (m)

- 11) From the combined reading of above paragraphs, it is established that the Chaff Cutter Blades cleared as spare parts merit classification under Chapter 82.08 attracting GST at the rate of 18% and not under Chapter heading 84.36 as discussed above.
- 12) In view of the foregoing facts, circumstances and provisions of the GST law, we pass the following ruling:

RULING

Q:HSN Classification of "Blades" cleared as "Spare Parts" for being used in Agricultural Machines, viz., Chaff Cutters which is meant and used for Cutting Straw for preparing Animal Feed?

Ans:-As discussed above, the blades are classifiable under Chapter Heading 8208 4000 and attract GST rate of 18%.

M
23/04/2025

(Mahipal Singh)
MEMBER
CENTRAL TAX



(Dr. Akheda Charan)
MEMBER
STATE TAX

F. No. AAR/SF/2025-26/*24-29*

Date: *28/04/2025*

SPEED POST

To,
M/s CHAMPALAL AGRICULTURAL WORKS,
H-481-1, SARNA DUNGAR INDUSTRIAL AREA EXT PHASE II JHOTWARA,
JAIPUR-302012, Rajasthan

Copy to: -

1. The Pr.Chief Commissioner, CGST and Central Excise (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan-302005.
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. The Pr. Commissioner, CGST and Central Excise Commissionerate, NCRB, Statue Circle, Jaipur, Rajasthan-302005.
4. The Deputy Commissioner, Deputy Commissioner, State Tax, Circle-C, Zone- Jaipur -4 , Divisional Kar Bhawan, Jhalana Institutional Area, Jaipur, Rajasthan.
5. The Deputy/Assistant Commissioner, CGST DIVISION-B, Vidhyadhar Nagar, Jaipur, Rajasthan.

o/c