



RAJASTHAN AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX, KAR BHAWAN, AMBEDKAR
CIRCLE, NEAR RAJASTHAN HIGHCOURT
JAIPUR – 302005 (RAJASTHAN)



ADVANCE RULING NO. RAJ/AAR/2025-26/01

Mahipal Singh Additional Commissioner	:	Member (Central Tax)
Dr. Akhedan Charan Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s SITARAM KUMHAR, 18A, Kalyan Vihar, Nayla Road, Jaisinghpura Khor, JAIPUR- 302027, Rajasthan
GSTIN of the applicant	:	08FCIPS2948E1Z7
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	:	19.02.2025
Present for the applicant	:	Mr. Pankaj Malik (C.A.)
Date of Ruling	:	17.04.2025

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 SITARAM KUMHAR, 18A, Kalyan Vihar, Nayla Road, Jaisinghpura Khor, JAIPUR-302027, 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:

- The applicant states that he is intending to start the business of trading-purchase and sale of Ground Nuts with shell. The applicant will purchase/source ground nuts from farmers (mandi) and then sell/supply it on order to various firm inter-state and intra-state.
- Ground nut is the 'King of Oil seeds' because of its high nutritional values containing proteins, oil, carbohydrate and calorific value. It is grown in Kharif and Rabi seasons

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of India and India is the second largest Ground Nut producing country followed by China.

- Moisture content is a fundamental characteristic of Ground Nut. There are strict moisture content requirements for Ground Nut production. For harvesting, processing, or storage, the moisture content of Ground Nut must be within a particular range. Ground Nuts are susceptible to mold growth, particularly *Aspergillus flavus* and *Aspergillus parasiticus*, which produce aflatoxins—a group of potent carcinogens. Drying reduces the moisture content, inhibiting mold growth and minimizing aflatoxin production. Aflatoxins pose serious health risks and can lead to significant economic losses due to rejected shipments and reduced marketability.
- High moisture content in Ground Nuts can lead to spoilage and degradation. Drying Ground Nuts to an appropriate moisture level slows down the metabolic activity and microbial growth, thereby extending their shelf life. This is crucial for storage and transportation, ensuring that the Ground Nuts remain fresh and safe for consumption over longer periods.
- The applicant after the sourcing of Ground-Nuts from open farms will heat the Ground Nuts in order to ensure that the Ground Nuts are not-spoiled during storage and transportation. It is very necessary to reduce the moisture content of the Ground Nuts without posing fundamental chemical and physical changes in the structure and composition of the Ground Nuts. The heating is essential in order to ensure that the Ground Nuts are retained in their original/raw form only even after transportation and are delivered without spoilage and degradation.

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

- The applicant seeks to supply the nuts under GST HSN Code 1202, the text of GST HSN Code is as follows: -

“1202 - Ground Nuts, Not Roasted or Otherwise Cooked, Whether or Not Shelled or Broken”

The Ground-Nuts sourced by the applicant shall be subjected to 5% GST Rate under Chapter 12 of the GST Tariff Act, 2017 and seeks to sale them further at the same rate of GST.

- The uncertainty of the applicant in such trading business is whether the heating of Ground-Nuts in order to reduce moisture and make it worthy of storage and transportation so that they can be supplied without any change in the fundamental chemical or physical structure and composition may not be interpreted by the authorities as the process of roasting or cooking.
- In order to further clarify and without-prejudice to the classification of goods under various chapters of the Goods and Services Tax Act, 2017, the present situation is a case where the input commodity and output commodity is exactly similar/same. To make it more illustrable, it can be stated that if the commodity dealt by the applicant is to be consumed directly at the source itself, there is no need of such practice by the applicant, it is only to increase the duration for which the Ground Nuts can be

conserved in their original form so that they can be transported from their source to the destination.

- The distinguishing element between drying with heat and roasting or cooking can also be understood as, the process of drying involves heat treatment ranging from 10-90 degrees Celsius while the process of roasting or cooking involves use of excess or very high heat treatment ranging much above 100 degrees Celsius that produces fundamental chemical and physical changes in the structure and composition of the goods, bringing about a slightly charred (darkened) physical appearance. Therefore, drying is a moisture removal process involving methods such as dehydration, evaporation, etc., whereas roasting is a severe heat treatment process.
- That the present Application for Advance Ruling is preferred inter-alia on following grounds:

GROUND:

A. Because Ground Nuts falls under chapter 12 of the Goods and Services Tax Act, 2017 at Tariff Heading 1202 as:

"1202 - Ground Nuts, Not Roasted or Otherwise Cooked, Whether or Not Shelled or Broken"

The proprietor is a trader, not a manufacturer and supplies Ground Nuts against purchase of Ground Nuts without application of any manufacturing process upon it.

Hence, the GST Rate for purchase and sale shall fall under the same Tariff Heading i.e. 1202.

B. Because it is impossible to store and transport Ground Nut without mild heating and evaporation of the moisture content in it.

C. Because the distinguishing point between what is done by the applicant and what is not covered under GST Tariff 1202 which is "not roasted or otherwise cooked" can also be expressed by various Advance Rulings and Case Laws:

- (2024) 23 Centax 199 (A.A.R. - Cus. - Del.) [05-07-2024]
IN RE : EXIM INCORPORATION (FULL ORDER HERE-IN-AFTER ANNEXED AND MARKED AS ANNEXURE-1)

Roasted Areca/Betel Nuts (whole, split or cut) – Roasted using ovens – In range of 150 degrees Celsius then cooled in room temperature and cycle repeated until moisture content is less than 6% - Applicant claimed that product is classifiable under Tariff Item 2008 19 20 of Customs Tariff and not under Heading 0802 ibid - HELD: Roasting is much more than mild heat treatment - Even in its generally understood meaning, roasting involves severe heat treatment and is different from moderate heat treatment and dehydration - Hence, roasting brings into existence roasted nuts, and it is different from all processes mentioned in Note 3 to Chapter 8 of Customs Tariff Act, 1975 - Dry-roasting, oil-roasting and fat-roasting are part of Heading 2008 by virtue of HSN Explanatory Notes – Hence, Roasted areca/betel nuts fall under Heading 2008, ibid specifically under Tariff Item 2008 19 20 ibid as "Other roasted nuts & seeds" [Heading 0802 and Tariff Item 2008 19 20 of Customs Tariff Act, 1975]. [paras 5.1 to 5.8, 6]

- 2020 (36) G.S.T.L. 380 (A.A.R. - GST - Kar.) [23-04-2020]
IN RE : SRI BHAGYALAKSHMI TRADING CORPORATION (FULL ORDER
HERE-IN-AFTER ANNEXED AND MARKED AS ANNEXURE-2)

"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 28-6-2017]. In all other cases such goods would be exempted from GST [S. No. 45 of Notification No. 2/2017-Central Tax (Rate), dated 28-6-2017].

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."

D. Because mere drying of the Ground Nut neither brings about any chemical and physical changes in the composition of goods nor changes the physical appearance of the Ground Nuts, the Ground Nuts sourced are exactly sold without bringing any such change to it. This can also be demonstrated from the following case laws:

- (2023) 7 Centax 36 (A.A.R. - Cus. - Mum.)/2023 (385) E.L.T. 587 (A.A.R. - Cus. - Mum.) [12-05-2023]

IN RE : UNIVERSAL IMPEX (*FULL ORDER HERE-IN-AFTER ANNEXED AND MARKED AS ANNEXURE-3*)

Roasted Beetle Nuts - Classification of - Roasted Areca Nuts are fit for immediate human consumption without addition of any other ingredient and are saleable as tukda (pieces) and shredded roasted supari - Its main use is masticatory - It is produced from de-husked and sun-dried raw betel nut roasted in firewood/palm kernel based ovens at 130-150 degrees Celsius and then is cooled at room temperature - Roasting and cooling cycle is repeated till desired quality is obtained, changing physical and chemical characteristics of nuts in respect of tannin and arecoline content - Ash-like substance is deposited on outer surface of betel nut - Visual comparison indicates that roasted supari is dark grey in colour while normal supari is brown in colour - HELD: Explanatory note to Heading 0802 of Customs Tariff Act, 1975 is satisfied as main uses of nuts is masticatory - Processes mentioned in Chapter 8 ibid do not cover roasting, which is different from moderate heat treatment as well as dehydration - Hence, roasted betel nuts do not satisfy Note 3 to Chapter 8 ibid and is not classifiable under chapter 8 of Tariff - Roasting of betel nut constitutes 'preparation' - Roasted betel nuts are classifiable under Heading No. 2008 ibid, more specifically under Sub-heading 2008 19 20, as they are specifically mentioned in this heading and they are not excluded by any chapter note or explanatory note from CTH Heading No. 2008 - As goods are already included in Heading No. 2008, they are excluded from Chapter 21. [paras 4.3, 4.4, 4.8, 4.9, 4.11, 4.12, 4.18, 4.19 and 5]

Words and phrases - Drying and roasting - These terms have to be understood in commonly accepted sense as they are not defined in Customs Tariff Act, 1975 - In common trade parlance, "drying" is method of food preservation by removal of water content by dehydration, evaporation, etc. - "Roasting" means excess or very high heat treatment that produces fundamental chemical and physical changes in structure and composition of goods, bringing about charred physical appearance. [para 4.8]

The above case is also Affirmed in Commissioner of Customs, Chennai-II Vs. Shahnaz Commodities International Pvt. Ltd. (2023) 9 Centax 183 (Mad.)/2023 (386) E.L.T. 214 (Mad.)

E. Because roasting or cooking in general parlance are used to change the subject further in a more edible or consumable form which shall not be the case of the applicant. The applicant will use mild heat only in order to make the Ground- Nuts more suitable for storage and transportation, therefore the heating done by the applicant shall be neither roasting nor cooking. Hence, the applicant will supplying the same raw form of Ground-

nuts which he will source but only with reduced water content that merits classification under HSN 1202.

C. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT:

Question : Whether mere heating of Ground-Nuts with shell to reduce its water content to make it suitable for storage and transportation makes it in-eligible to be classified under HSN 1202 or not?

D. COMMENTS OF THE JURISDICTIONAL OFFICER: -

Comments received from the Office of the Deputy Commissioner, State Tax, Circle-J, Zone-Jaipur-1st, Room No-508, 4th Floor, Kar Bhawan, Jhalana Institutional Area, Jaipur, Rajasthan vide letter S.NO. 465 dated 03.02.2025 are as under:-

1. The question on which advance ruling is applied by the registered taxable person is reproduced below:-

“whether mere heating of groundnuts with shell to reduce its water content to make it suitable for storage and transportation makes it ineligible to be classified under HSN: 1202 or not ?”

2. As per application, the business of the taxable person is *TRADING* of groundnuts with shell (procurement from farms and supply after dehydration by mild heating). As per point no. 6 of application, the taxable person states that “The groundnuts sourced by the applicant shall be subjected to 5% GST rate under chapter 12 of the GST Tariff Act 2017 and seeks to sale them further **at the same rate** of GST. But in the last of application, in PRAYER, the taxable person prays the hon’ble authority as follows:- “ It is therefore, prayed that in light of the above made submission, the commodity to be traded by the applicant i.e. groundnut with shell (procurement from farms and supply after dehydration by mild heating), to be held as goods falling under chapter heading 12, tariff item 1202 **attracting NIL rate** of GST. Thus, from the applicable tax-rate point of view, it appears that the applicant made **contradictory statements** in the application.
3. As per application, the taxable person wants to reduce water content by mild heating process. Here it appears necessary to understand some terms like drying, heating, roasting and cooking. Normally drying appears to be sun-drying or air-drying in Agri-sector. Sun-drying and Air-drying is a natural process. Drying also carried out artificially or mechanically using heat treatment which can be termed as heating. **Heating holds close proximity with roasting.** Mild heating or roasting have a mild difference based on degree of heat or temperature. Heat-drying or heating can also bring change in physical appearance, structure and composition to subjected goods. Further, cooking is a more intense form of the same. Thus, drying, heating, roasting and cooking are gradually more intense than former. Heating at sufficient degree becomes roasting and roasted groundnuts are intentionally not included in HSN no. 1202 by legislature. Fiction/language of HSN 1202 is reproduced below:-

*“1202- Groundnuts, **not Roasted** or Otherwise Cooked, Whether or Not Shelled or Broken.”*

4. In the light of above mentioned facts, the undersigned is humbly of the opinion that **heating** whether mild or harsh, being proximate to roasting, **makes** groundnuts with shell **ineligible** to be classified under HSN 1202.

E. PERSONAL HEARING:

In the matter, personal hearing was granted to the applicant on 19.02.2025. Mr. Pankaj Malik (C.A.) 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 SITARAM KUMHAR, 18A, Kalyan Vihar, Nayla Road, Jaisinghpura Khor, JAIPUR-302027, Rajasthan, is registered with the GST department having GSTIN 08FCIPS2948E1Z7. The Applicant has stated that he is intending to start the business of trading - purchase and sale of Ground Nuts with shell. The applicant will purchase/source ground nuts from farmers (mandi) and then sell/supply it on order to various firms both inter-state and intra-state.
- 3) The present application has been filed by the applicant seeking that whether mere heating of Ground-Nuts with shell to reduce its water content to make it suitable for storage and transportation makes it in-eligible to be classified under HSN 1202 or not?
- 4) We observe that the applicant has submitted that it is very necessary to reduce the moisture content of the Ground Nuts without posing fundamental chemical and physical changes in the structure and composition of the Ground Nuts. The heating is essential in order to ensure that the Ground Nuts are retained in their original/raw form only even after transportation and are delivered without spoilage and degradation.
- 5) We observe that the taxable person wants to reduce water content of ground nuts by mild heating process. The terminologies related to mild heating are drying, heating, roasting and cooking. Normally drying relates to be sun-drying or air-drying in Agri-sector. Sun-drying and Air-drying is a natural process. Drying also carried out artificially or mechanically using heat treatment which can be termed as heating. Mild heating or roasting has a minor difference based on intensity of heat. Thus, drying, heating, roasting and cooking are gradually more intense than former.
- 6) We observe that heating holds close proximity with roasting. Further, we find that the applicant has not mentioned the details of the heating process to be adopted by him. He has not mentioned details of equipments etc. that will be used to heat ground nuts in order to remove moisture in a controlled way by maintaining adequate temperature. We also find that the applicant has not submitted any details of the infrastructure set up or intended to be set up by him in this regard. Heating at sufficient degree becomes roasting and roasted groundnuts is not classified under HSN - 1202 by legislature. Further, it is

noteworthy that heat-drying or heating can also bring change in physical appearance, structure and composition to subjected goods. We observe that mere heating of Ground-Nuts with shell to reduce its water content is squarely covered under roasting process and therefore, the product so obtained is not covered under HSN 1202.

G. In view of the foregoing facts, circumstances and provisions of the GST law, we pass the following ruling:

RULING

Question : Whether mere heating of Ground-Nuts with shell to reduce its water content to make it suitable for storage and transportation makes it in-eligible to be classified under HSN 1202 or not?

Ans:- Yes, heating of Ground-Nuts with shell to reduce its water content to make it suitable for storage and transportation makes it in-eligible to be classified under HSN 1202.

19/04/2025
(Mahipal Singh)
MEMBER
CENTRAL TAX



(Dr. Akhedan Charan)
MEMBER
STATE TAX

F. No. AAR/SF/2025-26/08-13

Date: 17/04/2025

SPEED POST

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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-J, Zone- Jaipur -1st, Room No-508, 4th Floor, Kar Bhawan, Jhalana Institutional Area, Jaipur, Rajasthan .
5. The Deputy/Assistant Commissioner, CGST DIVISION-E, Vidhyadhar Nagar, Jaipur, Rajasthan.

o/c