



सत्यमेव जयते

**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/2019-20/27**

J.P.Meena Additional Commissioner	:	Member (Central Tax)
Hemant Jain Joint Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s JVS Foods Pvt. Ltd., G-220, Sitapura Industrial Area, Jaipur, Rajasthan
GSTIN of the applicant	:	08AAACJ4620Q1ZA
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 e. Determination of the liability to pay tax on any goods or services or both
Date of Personal Hearing	:	14.11.2019, 20.11.2020
Present for the applicant	:	Shri Sumit Bhargava (Authorised Representative)
Date of Ruling	:	28.11.2019

**Note:** 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.

- At the outset, we would like to make it clear that the provisions of both the CGST Act and the RGST 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 RGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / RGST Act would be mentioned as being under the "GST Act".
- The issue raised by *M/s JVS Foods Pvt. Ltd., G-220, Sitapura Industrial Area, Jaipur, Rajasthan 302006* (hereinafter the applicant) is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2) (a) & (e) given as under: -
  - a. Classification of goods and /or services or both
  - e. Determination of the liability to pay tax on any goods or services or both
- Further, the applicant being a registered person (GSTIN is 08AAACJ4620Q1ZA as per the declaration given by him in Form ARA-01) the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the applicant is admitted to pronounce advance ruling.

1. **SUBMISSION AND INTERPRETATION OF THE APPLICANT:**

- The applicant having its registered office at G-220, RIICO, Sitapura, Industrial Area, Tonk Road, Jaipur. Rajasthan-302022 incorporated in the year 1995, is one of the largest producers of Institutional Foods in the state of Rajasthan. The applicant is catering to the requirements of United Nations Food Aid Agency, World Food Programme, in India, and in neighboring countries too. Its products are also supplied to State Nodal Departments like Women & Child Development Department for distribution to beneficiaries of the

Central Government approved Integrated Child Development Services Scheme (ICDS), and Mid-Day-Meals (MDM) etc.

- The applicant is one of the Largest Manufacturer and Supplier of Energy Food, Babymix, Indiamix, Paushtik Puffs, Halwa Premixes, Khichdi Premixes, Barfi Pretnixes etc. All these products are made of various food grains and fortified with vitamin & minerals. JVS group is geared-up to produce and supply 870 MTs per day (or say 1000 MTs with sugar addition etc.) satisfying one crore children per day with a balanced diet.
- Food fortification has been used globally as a safe and effective measure to prevent micronutrient malnutrition in the vulnerable population. Fortification has minimal effects on taste and cooking properties, multiple micronutrients can be added to a single food to reduce multiple nutrient deficiencies, and minimal behaviour change is required as compared to supplementation. Considering these benefits, staple food fortification presents an opportunity to address micronutrient malnutrition at a mass scale.
- Rice Fortification - In India, rice fortification has the highest potential in staple food fortification programs as it is the staple food of 65 percent of the population and reaches the most vulnerable sections. Rice has the highest uptake in the government safety net programs such as, Integrated Child Development Services (ICDS), Public Distribution System (PDS), and the Mid Day Meal (MDM) program with a potential reach of 800 million vulnerable people in India, especially women and children. Department of Food & Public Distribution (DFPD) is primarily concerned with promoting food security at the household level; however, with the launch of the Poshan Abhiyaan, DoFPD is now also, trying to explore the possibility and feasibility to support the ongoing efforts by different



Ministries in promoting nutrition security in the country, especially through fortification of foodgrains distributed through Public Distribution System (PDS) directly to the household and to targeted population of Other Welfare Schemes like ICDS and MDM. The Government of India has included staple food fortification (including rice fortification) under the National Nutrition Mission (Poshan Abhiyan) as a complementary intervention to reduce prevalence of anaemia and under-nutrition in India. The "Anemia Mukht Bharat" (Anemia Free India) initiative under Poshan Abhiyan has highlighted the need for mandatory provision of iron folic acid fortified foods in public health programs in addition to deworming, food supplementation, and dietary diversification.



- The Process to Fortify Rice consists of Two Main Steps: -
  - ❖ Create Fortified Rice Kernels. Blend of Rice Flour & Vitamin-Minerals Premix is Extruded in Shape of rice to form Fortified Rice Kernels
  - ❖ Blend Fortified Rice Kernels with Milled/Traditional Rice in Ration of 1:100.

(The Diagrammatic Chart is also enclosed with the submission. Also, The Process Flow Chart for manufacturing FRK is Attached with the Submission\*)

- The applicant is always being a name in the business of fortification and always take first step to adopt new technology & product and in the same step has entered in manufacturing and supply of new product named as Fortified Rice Kernals (FRK). FRK (Fortified Rice Kernels) used for rice fortification is a value added product made from rice flour and micronutrient premix.

But Currently GST slab applicable on the sale of FRK is not clear to FRK producers.

## 2. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT

Whether the goods (FRK) manufactured and sold by M/s JVS Foods Pvt. Ltd. will be fall under Chapter-10, Tariff item 1006 as Rice and description of goods 10061090 others (IGST Nil/5%, CGST Nil/2.5%, SGST Nil/2.5%)?

## 3. PERSONAL HEARING

In the matter personal hearing was granted to the applicant on 14.11.2019 at Room no. 2.29 NCRB, Statue Circle, Jaipur. Shri Sumit Bhargava (Authorised Representative) of applicant appeared for PH. During the PH, he reiterated the submissions already made in the application. Further he requested for another personal hearing to submit more facts. Accordingly, another personal hearing is granted on 20.11.2019. The authorized representative appeared for PH on 20.11.2019 and submitted a copy of invoice wherein the applicant had made a supply of FRK to a firm.



## 4. COMMENTS OF THE JURISDICTIONAL OFFICER

The jurisdictional officer (Deputy Commissioner, State Tax, Special Circle-7, Jaipur Zone-II, Zonal Kar bhavan, Jhalana Doongri, Jaipur, Rajasthan 302004) has submitted his comments vide letter dated 24.10.2019 which can be summarized as under:

“प्रस्तुत प्रकरण में Food Safety and Standards (Fortification of Foods) Regulations, 2018 के अंतर्गत वर्णित परिभाषाएं उद्धरित किया जाना समीचीन होगा, जो अग्रंकित है: -

**Fortification** means deliberately increasing the content of essential micronutrients in a food so as improve the nutritional quality of food and to provide public health benefit with minimal risk to health.

**Fortified food** means a food as specified under the Food Safety and Standards (Food Products and Food additives) Regulation, 2011. that

has undergone the process of fortification as per the provisions of these regulations.

**Micronutrients** means essential dietary nutrients including vitamins, minerals or trace elements that are required in very small quantities and are vital to development, disease prevention and wellbeing to human beings

2. उपरोक्त परिभाषाओं के आधार पर सुदृढीकृत चावल कर्नेल (Fortified Rice Kernel) से तात्पर्य ऐसे खाद्य-चावल से है जिन्हें उपभोग में लेने से पूर्व इनमें सूक्ष्म पोषिक तत्व यथा विटामिन, खनिज या ऐसे तत्वों को बहुत कम मात्र में डाला जाता है जो विकास, रोग रोकथाम और मानव को तंदुरुस्त रखने के लिए महत्वपूर्ण है।

Fortified Rice Kernel(FRK): - FRK used for rice fortification is also a value added product made from rice and micronutrient premix.

3. इस क्रम में राजस्थान वस्तु एवं सेवा कर अधिनियम, 2017 के अन्तर्गत चावल पर जीएसटी से सम्बंधित प्रविष्टियाँ निम्नसार है: -

S. No.	Goods Name	GST Rate	HSN Code	Chapter No.
1	Rice other than those put up in unit container and.- (a) Bearing a registered brand name, or (b) Bearing a brand name on which an actionable claim or enforceable right in a court of law is available	0%	1006	10
2	Rice put up in unit container and.- (a) Bearing a registered brand name, or (b) Bearing a brand name on which an actionable claim or enforceable right in a court of law is available(other than those where any actionable claim for enforceable right)	5%	10061090	10

4. उपरोक्त वर्णित प्रविष्टी में, सामान्य जानकारी वाले चावल के प्रकारों में Fortified Rice वर्णित नहीं है। अतः यहाँ यह स्पष्ट नहीं है कि Fortified Rice पर क्या दर होगी?
5. यहाँ यह भी उल्लेखनीय है कि Fortified Foods के विभिन्न प्रकारों में चावल, गेहूँ, गेहूँ का आटा, आटा, मैदा, तेल, नमक व दूध जैसे अन्य पदार्थ भी सम्मिलित है।
6. इसलिए Fortified Rice के अलावा अन्य Fortified Foods के सम्बन्ध में जीएसटी काउंसिल की नई दिल्ली में आयोजित 28वीं बैठक के उपरान्त भारत सरकार के वित्त

मंत्रालय(राजस्व विभाग) द्वारा दिनांक 09.08.2018 को जारी सर्कुलर नंबर 52/26/2018-जीएसटी का अवलोकन किया जाना भी प्रासंगिक है। इस सर्कुलर- Clarification regarding applicability of GST on various goods and services-reg. में की कर देयता के सम्बन्ध में निम्नानुसार स्पष्टीकरण जारी किया गया है: -

"Milk is classified under heading 0401 and as per S. No. 25 of notification No. 2/2017- Central Tax (Rate) dated 28.06.2017. fresh milk and pasteurized milk, including separated milk, milk and cream, not concentrated nor containing added sugar or other sweetening matter, excluding Ultra High Temperature (UHT) milk falling under tariff head 0401 attracts NIL rate of GS I. Further, as per HSN Explanatory Notes, milk enriched with vitamins and minerals in classifiable under F1SN code 0401. Thus, it is clarified that toned milk fortified (with vitamins A" and D') attracts NIL rate of GST under HSN Code 0401"

7. इस प्रकार GST Council द्वारा यह clarified किया गया है कि Milk enriched with vitamins or minerals salt (Fortified Milk) would be classifiable under HSN code 0401 as milk, and hence, was exempted from GST. There was a confusion as to fortified milk being a value-added product or just a vitaminised product kept the FBOs wondering. Initially, the fortified milk was considered as the value-added product and 12% GST was levied on it. But lately, it has been concluded that fortified milk is nothing but a vitaminised milk enriched with mineral salts. The GST Council in its recent meeting declared exemption of GST on fortified milk.

8. प्रसंगवश यहाँ Milk पर जीएसटी से सम्बंधित प्रविष्टियाँ निम्नुसार हैं: -

S.No.	Goods Name	GST Rate	HSN Code	Chapter No.
1	Milk: Fresh Milk and pasteurized Milk, Including Separated Milk, Milk & Cream, not concentrated no containing added sugar or other sweetening matter, excluding ultra high temperature (UHT) Milk	Nil	0401	04
2	Milk: Ultra High Temperature (UHT) Milk	5%	0401	04

3	Milk: Condensed Milk	12%	04029110, 02029920	04
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9. इस प्रकार उपर्युक्त विवेचन के आधार पर जिस प्रकार Fortified Milk को Milk मानते हुए जीएसटी दर का निर्धारण किया गया है उसी प्रकार Fortified Rice को भी ब्रांडेड राईस और अनब्रांडेड राईस की श्रेणी के आधार पर निर्धारित किया जा सकता है।

5. **FINDINGS, ANALYSIS & CONCLUSION:**

- While going through the submissions we find that the applicant is a manufacturer and supplier of Fortified Rice Kernel (hereinafter called as FRK). The applicant supplies FRK to various units which are engaged in mixing of the FRK in normal rice which is further supplied to government for use in schemes such as Mid-Day Meal, Poshan Abhiyan, ICDS, PDS etc.
- We find that, first, source rice for FRK is converted to flour form, then, the premix of vitamin-mineral is added to it. Post mix, the prepared material is passed through a machine which converts it back in to granule form of rice, which are known as Fortified Rice Kernel(FRK). The FRK is packed in a 25Kg bag to be further supplied to various millers/suppliers with instruction *"this product should be first mixed (blended) with traditional rice in ratio of 1:100 and then the mixed rice is cooked and consumed."*

The relevant entry of rice in chapter 10 is as below-



**1006**

1006 10  
1006 10 10  
1006 10 90  
1006 20 00  
1006 30

1006 30 10  
1006 30 20  
1006 30 90  
1006 40 00

**RICE**

- *Rice in the husk (paddy or rough):*
- Of seed quality
- Other
- *Husked (brown) rice*
- *Semi-milled or wholly-milled rice, whether or not polished or glazed :*
- Rice, parboiled
- Basmati rice
- Other
- Broken rice

While going through the above classification of Rice under Chapter 10, we find that rice in natural form and some of the preparation/processing on rice like husking, milling, parboiling etc. are only included in above said chapter.

The chapter note of chapter 10 also mentions that only certain works such as polishing, glazing etc. are covered in it. The relevant extract of said chapter note is as below-

1. (A) *The products specified in the headings of this Chapter are to be classified in those headings only if grains are present, whether or not in the ear or on the stalk.*
- (B) *The Chapter does not cover grains which have been hulled or otherwise worked. **However, rice, husked, milled, polished, glazed, parboiled or broken remains classified in heading 1006.***

In view of above, we find that rice in its natural form with its essential characteristics as intact is classified in Chapter 10, and FRK is not covered in the said chapter.

- Whereas in the process of manufacture of FRK, we find that essential characteristics of rice is changed, its property is changed from granule to flour, which disqualifies its classification in Chapter 10 as similar to rice or a form of rice.

Another characteristic feature of FRK is that it cannot be consumed in itself but only when it is mixed with normal rice in defined proportion. Whereas, the products classified in Chapter 10 are eatable/consumable after boil and do not require any other admixing. Both these differentiations do not allow its classification in Chapter 10.

- Further, preparations/processes on rice which are beyond the scope of Chapter 10 have been classified in Chapter 19 of GST Tariff. The relevant extract of said chapter note (Chapter 19) is as below-

**4. For the purposes of heading 1904, the expression “otherwise prepared” means prepared or processed to an extent beyond that provided for in the headings of, or Notes to, Chapter 10 or 11.**

The above note comprehensively puts the process or preparation of rice which are beyond the scope of chapter 10, to be included in Chapter heading 1904. While going through the submissions, it is clearly evident that normal rice has undergone specific mechanical and chemical processing resulting in to FRK. This preparation/process of FRK is way beyond the scope mandated under Chapter 10 of GST Tariff (i.e. husked, milled, polished, glazed, parboiled or broken). Therefore, though FRK is shaped in form of rice by the mechanized process but it is not rice grain in terms of Chapter 10.

- To determine the exact classification and rate of GST, the relevant portion of the Chapter heading 1904 of GST tariff is as below-

Chapter/ Heading/ Subhead ing / Tariff item	Description of Goods	Unit	GST Rates			
			CGST	SGST	IGST	Com pens ation cess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); cereals[other than maize(corn)] in grain form or in the form of flaked or other worked grains (except flour, groats and meal), precooked or otherwise prepared, not elsewhere specified or included					
190410	-Prepared foods obtained by the swelling or roasting of cereals or cereal products					
19041010	---Corn flakes	Kg	9%	9%	18%	Nil
19041020	---Paws, Mudi and the like	Kg	Nil	Nil	Nil	Nil
19041030	---Bulgur wheat	Kg	9%	9%	18%	Nil
19041090	---Other	Kg	9%	9%	18%	Nil
19042000	-Prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals	Kg	9%	9%	18%	Nil
19043000	-Bulgur wheat	Kg	9%	9%	18%	Nil
19049000	- <b>Other</b>	Kg	9%	9%	<b>18%</b>	Nil

On examining the above classification of chapter heading 1904, we find that FRK is classifiable under HSN 19049000 of GST Tariff as "other" and attracts GST @ 18% (SGST 9 % + CGST 9 %).

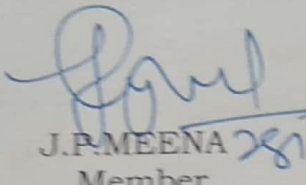
- The applicant made a contention in submission that Department has treated 'Fortified Milk' on similar footing to normal milk in GST perspective vide Circular No. 52/26/2018-GST dated 09.08.2018. This contention is not tenable as fortified milk is a final consumable product, while FRK is not. The FRK has to be blended with normal rice in ratio

1:100 and then only gets viable to consume. Further, the structure of milk is not changed because fortified elements like vitamins and other additives are directly mixed in milk which is fit to consume whereas in case of FRK, fortified elements are first mixed in rice flour to manufacture FRK which is further have to be mixed with normal rice.

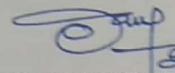
6. In view of the foregoing, we rule as follows: -

**RULING**

Fortified Rice Kernels (FRK), manufactured and supplied by the applicant is classifiable under HSN 19049090 and attracts GST @ 18% (SGST 9 % + CGST 9 %).

  
J.P. MEENA 28/11/19  
Member  
(Central Tax)



  
HEMANT JAIN 28/11/19  
Member  
(State Tax)

**SPEED POST**

M/s JVS Foods Pvt. Ltd.,  
G-220, Sitapura Industrial Area,  
Jaipur, Rajasthan

F.No. AAR/JVS/2018-19/204-207

Dated: 29/11/19

o/c

Copy to: -

1. Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme-, Jaipur 302005.
2. Commissioner, Central Tax, CGST and Central Excise Jaipur Commissionerate, NCRB, Statue Circle, Jaipur, Rajasthan 302005.
3. Deputy Commissioner, State Tax, Special Circle-7, Jaipur Zone-II, Zonal Kar bhavan, Jhalana Doongri, Jaipur, Rajasthan 302004.