



**TELANGANA STATE AUTHORITY FOR ADVANCE RULING**  
**CT Complex, M.J Road, Nampally, Hyderabad-500001.**  
**(Constituted under Section 96(1) of TGSST Act, 2017)**

**Present:**

**Sri J. Laxminarayana, Additional Commissioner (State Tax)**

**Sri V. Srinivas, IRS, Joint Commissioner (Central Tax)**

**A.R.Com/7/2018**

**Date. 30-05-2018**

**TSAAR Order No. 3/2018**

Under Section 100(1) of the CGST/TGSST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order.

\*\*\*\*\*

1. M/s. Nagarjuna Agro Chemicals Private Limited, Hyderabad, (GSTIN No. 36AABCN5531F1ZP) has filed an application in Form GST ARA-01 under Section 97(1) of TGSST Act, 2017 read with Rule 103 of CGST/TGSST Rules, 2017 and sought advance ruling on Rate of Tax on “Agricultural Soil testing Minilab and its Reagent Refills”.
2. The applicant submitted Statement containing the applicant’s interpretation of law & relevant facts and requested for advance ruling on classification of “Agricultural Soil testing Minilab and its Reagent Refills”. They have submitted a copy of Challan evidencing payment of application fee of Rs.5,000/-
3. A personal hearing was held in this case and Mr. J.V. Rao, Advocate & Authorized Representative of M/s. Nagarjuna Agro Chemicals Private Limited, Hyderabad appeared for personal hearing on 27-04-2018 and explained the case, as under :
  - ICAR – Indian Institute of Soil Science, Bhopal, a Research Institute under the Natural Resources Management (NRM) Division of Indian Council of Agricultural Research (ICAR), has developed ‘Mridaparikshak’ a MINILAB that can determine soil health. The development of the MINILAB is an outcome of the initiative of ICAR and the concerted efforts by a team of scientists of ICAR-IISS.
  - Further, the entire implement/equipment is based on and operated on the principles of Electronics, the entire instruments and built in items, components, are pertaining to Electronic systems. No doubt, it is an agricultural soil test implements/equipment “exclusively” meant for soil testing equipment/machine.
  - MRIDAPARIKSHAK Minilab – Chemical Refiling Reagent for Soil Test. Mridaparikshak is a digital mobile quantitative minilabs / soil test kit to provide soil testing service at farmer’s doorsteps.
  - Mridaparikshak determines all the important soil parameters i.e., soil Ph, EC, Organic Carbon, available nitrogen, phosphorus, potassium, sulphur and micronutrients like Zinc, boron and iron. Based on the above findings, it will provide vital information to farmers and suggest them right type of inputs to improve productivity and avoid losses.

- Mridaparikshak comes with soil sampling tools, GPS, balance, shaker, hot plate and a smart soil pro, an instrument for determining the soil parameters and displaying of fertilizer nutrient recommendations. It also provides crop and soil specific fertilizer recommendations directly to farmers.
  - Refill Reagent is nothing but part and parcel of Mini Lab, the essential Soil sampling is one of the most important step in any Soil testing program and it measures overall soil fertility and is a good index of soil nitrogen availability etc., The refilling Reagent contains “Soil Testing Chemical” for conducting soil tests.
  - It is also evident the “Mridaparikshak Soil Testing Mini Lab” also runs on the principles of Electronics.
4. The applicant submitted that Agricultural soil testing minilab and its Reagent refills are classifiable under exempted goods falling under Tariff heading 8201 as notified vide Notification No.2/20172017 – Central Tax (Rate), dt.28-06-2017 issued by Central Board of Excise and Customs and G.O.Ms No. 110, Revenue (CT-II) Department, Dt. 29-06-2017, issued by Government of Telangana.
5. They further submitted that “the Agricultural soil testing minilab and its Reagent refills” to be classified as agricultural implements and relied on the following Judgements in support of their contention:
- *Only implements which can be worked before harvesting the crop can be considered as agricultural implements - (1991) 19 APSTJ (STAT) D.H. Brothers (P) Ltd. Vs Commissioner of Sales Tax, UP*
  - *In determining the real classification to which the commodity falls, irrespective of the material by which a commodity is made up of, the end user test is to be applied in arriving at the correct clarification of the commodity.—(2004) 38 APSTJ 199 (STAT) Vijaya Ganesh Mill Stores Vs. State of A.P.*
6. The issue before us is to determine the classification of “soil testing minilab” and its “Reagent refills”. The description of goods falling under Tariff heading 8201 as mentioned at S.No.137 under Notification No. 2/2017 is reproduced below:

Sl. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate
137 Schedule- of notification 2/2017 – Central Tax (Rate)	8201	Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry	Nil

7. In terms of explanation (iii) and (iv) to Notification No. 1/2017 - Central Tax (Rate) dt. 28-06-2017, tariff heading, 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 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods.

8. Accordingly, the chapter notes for Chapter 82 has been examined as the applicant is contending that their goods are classifiable under chapter 8201. The **chapter notes for chapter 82** are as follows:
- (i) Apart from blow lamps, portable forges, grinding wheels with frameworks, manicure or pedicure sets, and goods of heading No.82.09, **this chapter covers only articles with a blade, working edge, working surface or other working part of:**
    - (a) **Base Metal;**
    - (b) **Metal carbides or cermets;**
    - (c) **Precious or semi-precious stones(natural, synthetic or reconstructed) on a support of base metal, metal carbide or cermet; or**
    - (d) **Abrasive materials on a support of base metal, provided that the articles have cutting teeth, flutes, grooves, or the like, of base metal, which retain their identity and function after the application of the abrasive.**
9. A combined reading of chapter notes and description of goods covered under Tariff heading 8201 reveals that the goods covered under this heading are basically hand tools of a kind used in agriculture, horticulture or forestry.
10. Whereas the main function of the “Soil testing minilab” is to determine all the important soil parameters i.e., soil pH, EC, Organic Carbon, available nitrogen, phosphorus, potassium, Sulphur and micronutrients like Zinc, boron and iron and hence cannot be classified as a hand tool along with the items of description given under Tariff heading 8201 such as Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.
11. On examination of the product brochure submitted by the applicant and the functions performed by the minilab in the process of soil testing, reveals that the “Soil Testing minilab” is basically an instrument/apparatus for physical or chemical analysis of the soil and for determining various parameters viz., soil pH, EC, Organic Carbon, available nitrogen, phosphorus, potassium, Sulphur and micronutrients like Zinc, boron and iron.
12. The Instruments and Apparatus for physical or chemical analysis are classifiable under GST Tariff heading 9027. As per the explanatory notes to HSN for chapter sub-heading 90.27, “Wet-chemical analyzers” for determination of inorganic or organic components of liquids, e.g., traces of metals, phosphates, nitrates, chlorides or integral parameters such as “chemical organic demand” and “Total organic carbons” are classifiable under Tariff heading 9027. Similarly pH meters used to measure the factor expressing the acidity or alkalinity of a solution or mixture are classifiable under Tariff heading 9027.
13. Hence by applying the General rules for interpretation of Customs Tariff as applicable to GST Tariff, as the functions being performed by “Soil testing minilab” are similar to that of an Instrument/Apparatus for physical or chemical analysis, the “Soil testing minilab” is correctly classifiable under heading 9027 of the GST Tariff.
14. Further, as the applicant has stated that the “Refilling Reagent” is a part of “Soil testing Minilab”, the parts and accessories identifiable as being solely or principally for use with the Instruments/Apparatus of heading 9027 are also to be classified under heading 9027. Hence the “Refilling Reagent” is correctly classifiable under heading 9027 of the GST Tariff.

15. The issue has been examined with reference to the provisions of the CGST/TGST Act, 2017 and the Rules made there under and the notifications issued till date; and the Advance Ruling is given as under:

**“Agricultural Soil testing Minilab and its Reagent Refills” are classifiable under Tariff heading 9027 of the GST Tariff and tax rate applicable is 9% CGST +9% SGST.**

16. The application filed by M/s Nagarjuna Agro Chemicals Private Limited, Hyderabad, is disposed accordingly.

Sd/- J. Lakshminarayana  
ADDL. COMMISSIONER (State Tax )

Sd/- V. Srinivas  
JOINT COMMISSIONER (Central Tax)

To  
M/s.Nagarjuna Agro Chemicals Private Limited,  
6-3-1219/24, Flat No. 302, 3<sup>rd</sup> Floor,  
UjwalBhavishya Complex, Kundanbagh,  
Begumpet, Hyderabad – 500 016.

Copy to:

1.The Joint Commissioner (State Tax), Punjagutta Division.

2.The Assistant Commissioner (State Tax), Punjagutta Circle.

//t.c.f.b.o//

Additional Commissioner (ST)(Policy)