

**AUTHORITY FOR ADVANCE RULING – MADHYA PRADESH****Goods and Service Tax****O/o THE COMMISSIONER, COMMERCIAL TAX,****MOTI BUNGALOW,****MAHATMA GANDHI MARG, INDORE (M.P.) - 452007****e-mail :advance.ruling @mptax.mp.gov.in****Phone : 0731- 2437315****PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING**  
**U/S,98 OF THE GOODS AND SERVICES TAX ACT ,2017****Members Present**

1. Shri Manoj Kumar Choubey  
Joint Commissioner

Office of the Commissioner of Commercial Tax, Indore Division-1

2. Shri Virendra Kumar Jain  
Joint Commissioner

Office of the Commissioner CGST and Central Excise, Indore

GSTIN Number, If any/User-id	23AAACK7078B1ZU
Name and address of the applicant	M/s KRITI INDUSTRIES (INDIA) LIMITED Brilliant Sapphire, 801-804, 8th Floor, Plot No10, Scheme 78, Phase-II, Vijay Nagar Indore, MP 452010
Point on which advance ruling sought	(i) classification of goods and/or services or both(97(a)) (ii) applicability of a notification issued under the provisions of the Act(97(b))
Present on behalf of applicant	Shri Ashutosh Upadhyay, Advocate
Case Number	16/2020
Order dated	15/07/2021
Order Number	06/2021

**PROCEEDINGS****(Under sub-section (4) of Section 98 of Central Goods and Service Tax Act, 2017 and the Madhya Pradesh Goods & Service Tax Act, 2017)**

1. The present application has been filed u/s 97 of the Central Goods and Services Act, 2017 and MP Goods and services Act, 2017 (hereinafter also referred to CGST Act and SGST Act respectively) by M/s KRITI INDUSTRIES (INDIA) LIMITED, Brilliant Sapphire, 801-804, 8th Floor, Plot No10, Scheme 78, Phase-II, Vijay Nagar Indore, MP 452010 (hereinafter referred to as the Applicant), registered under the Goods & Services Tax and GST number is 23AAACK7078B1ZU



*Handwritten signature/initials*

2. The provisions of the CGST Act and MPGST Act are identical, except for certain provisions. Therefore, unless a specific mention of the dissimilar provision is made, a reference to the CGST Act would also mean a reference to the same provision under the MPGST Act. Further, henceforth, for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST or MP GST Act would be mentioned as being under the GST Act.

**3. BRIEF FACTS OF THE CASE –**

- (i) M/s KRITI INDUSTRIES (INDIA) LIMITED, Brilliant Sapphire, 801-804, 8th Floor, Plot No10, Scheme 78, Phase-II, Vijay Nagar Indore, MP 452010 (referred to as "Kriti" hereafter) is a company registered under Company's Act 1956 and are engaged in the manufacture of sprinkler system, drip irrigation system including laterals, P V C Pipes and other components accessories falling under HSN Code 8424 of GST Tariff and registered with G S T Department holding Registration No. 23AAACK7078B1ZU.

**3.2 SUBMISSION OF THE APPLICANT**

- (i) The applicant submitted that for said system i.e. Sprinkler system, drip irrigation system including laterals, P V C Pipes and other components accessories is classified under HSN /chapter sub-heading No. 8424 82 00 of the GST tariff just mentions HSN of 8424. Hence Sprinkler system, drip irrigation system including laterals, P V C Pipes other components and accessories manufactured and supply by the Applicant under Guidelines of Per Drop More Crop (Micro Irrigation) Component of PMKSY issued by Government of India Ministry of Agriculture & Farmers Welfare Department of Agriculture, Cooperation & Farmer Welfare Division of Rain-fed Farming System (RFS) Krishi Bhavan, New Delhi under Notification No 803 New Delhi 21/03.2017 .Therefore GST rate on such products system falling under HSN 8424 attracting @6% CGST and 6% SGST-Totaling to 12%.
- (ii) That sprinkler system, drip irrigation system including laterals, P V C Pipes and other components & accessories which is used and supplying as per the Guidelines of Per Drop More Crop (Micro Irrigation) Component of PMKSY issued by Government of India Ministry of Agriculture & Farmers Welfare Department of Agriculture, Cooperation & Farmer Welfare Division of Rain-fed Farming System (RFS) Krishi Bhavan, New Delhi under Notification No 803 New Delhi 21/03.2017.
- (iii) As well as said system product lies in Entry 195B of Sch. II of Notification No. 1/2017 as amended.
- (iv) Government of India Ministry of Finance (Department of Revenue) Central Board of Indirect Taxes & Customs, New Delhi, issued Clarification regarding GST tax rate for



Sprinkler and Drip Irrigation System by void Circular No. 81/55/2018-GST, dated 31-12-2018 F. No. 354/408/2018-TRU) in that, they clarified issue of classification falls under HSN 8424 @ 12% GST.

- (v) Hence, it is clarified that sprinkler system, drip irrigation system including laterals, P V C Pipes and other components & accessories falling under HSN Code 8424 of GST Tariff, attracting @ 12% IGST and @6% CGST, @6% SGST.

#### 4. QUESTION RAISED BEFORE THE AUTHORITY –

Applicant believes that the product “sprinkler system, drip irrigation system including laterals, P.V.C. Pipes, other components and accessories” is classified under HSN 8424 and applicable tax rate is 12%, details as per the notification No. 1/2017-Central Tax (Rate), dated 28-6-2017. The entry No. 195B was inserted vide notification No. 6/2018-Central Tax (Rate), dated 25th January, 2018. What shall be GST rate on such products system falling under HSN 8424 attracting CGST @6% ad SGST @6% or Not?

#### 5. DEPARTMENT'S VIEW POINT–

The Asst. Commissioner, CGST and Central Excise, Division-IV has submitted his view on the questions raised by the applicant vide F.No. 1(CGST)46/Misc Tech/Div-V/20-21/ Indore, dtd. 03.06.2021, that “the *Sprinklers; drip irrigation system including laterals; which covers sprinkler irrigation system, falling under chapter heading /tariff item No. 8424 shall attract GST rate 12% (6% CGST and 6% SGST). However, the said entry 195B does not cover P.V.C. Pipes, other components and accessories of sprinkler /drip irrigation system. I am of the opinion that if individual parts of the Sprinkler Irrigation System/ drip irrigation system are supplied separately then it will not be covered under Entry No. 195B ibid.*”

#### 6. RECORD OF PERSONAL HEARING -

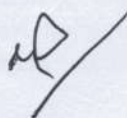
Mr. Ashutosh Upadhyay, appeared for personal hearing and he reiterated the submissions already made in the application.

#### 7. DISCUSSIONS AND FINDINGS –

7.1. We have carefully considered the submissions made by the applicant in the applicationn dated 21.02.2021 and submission made at the time of personal hearing. The main issue is to decide classification and rate of tax on Sprinkler system, drip irrigation system including laterals, P.V.C. Pipes, other components and accessories and whether the said items are classifying under chapter heading no. 8424 of GST Tariff and attracting GST @12% as per entry no.195B in the Notification No.01/2017- Central Tax (Rate) dated 28.06.2017 inserted vide Notification No.06/2018 Central Tax(rate) dated 25.01.2018.

7.2 The relevant entry no.195B of the Schedule to the Notification No.01/2017- Central Tax (Rate) dated 28.06.2017 inserted vide Notification No.06/2018 Central Tax(rate) dated 25.01.2018 is reproduced below:-

Sr. No.	Chapter Sub-heading/ Item	Heading/ Tariff	Description of goods




195B	8424	Sprinklers; drip irrigation system including laterals; mechanical sprayers
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7.3 We observed that the Entry No. 195B of Schedule II of Notification No. 01/2017 dated 28.06.17 was inserted vide Notification no. 06/2018 dated 25.01.2018. The entry No. 195B speaks about Chapter Heading/ Subheading/Tariff Item No. 8424 with Description of Goods as **Sprinklers; drip irrigation system including laterals;** shall attract GST @12%.

7.4 We observe that in this regard a clarification regarding Entry No. 195B of Schedule II of Notification No. 01/2017 dated 28.06.17 was issued vide CBIC circular No. 81/55/2018-GST dated 31 Dec 2018, the relevant portion of para 2,3 and 4 of the said circular is being reproduced below for better understanding of the issue:-

*"2. Doubts have arisen as in certain cases a view has been taken in the field that this entry would not cover "laterals of sprinklers" and "sprinklers irrigation system", while laterals of drip irrigations are covered by this entry.*

*3. The matter has been examined. Initially, with effect from 1.7.2017, all goods falling under HS 8424, namely, Mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders; spray guns and similar appliances; steam or sand blasting machines and similar jet projecting machines (other than fire extinguishers, whether or not charged), were placed under 18% slab. Subsequently, on the recommendation of the GST Council, the item namely, 'Nozzles for drip irrigation equipment or nozzles for sprinkler' was placed under 12% GST slab (Entry No. '195A' with effect from 22.09.2017). Upon revisiting the issue of GST rate on micro irrigation including drip irrigation system, including laterals the GST Council recommended 12% GST rate on micro irrigation system, namely, sprinklers, drip irrigation system, including laterals. Accordingly, the said entry 195B was inserted in the notification No. 1/2017- Central Tax (Rate).*

*3.1 The micro irrigation, sometimes called "localised irrigation", low volume irrigation", or "trickle irrigation" is a system where water is distributed under low pressure through piped network, in a pre-determined pattern, and applied as a small discharge to each plant or adjacent to it. The traditional drip irrigation using individual emitters, subsurface drip irrigations (SDI), micro-spray or micro-sprinkler irrigation, and mini bubbler irrigation all belong to the category of micro irrigation method.*

*4. Therefore, the term "sprinklers", in the said entry 195B, covers sprinkler irrigation system. Accordingly, sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate. "*

7.5 We observe that in the abovementioned circular dated 31.12.2018, It has also been discussed there under how the said entry 195 B was inserted in the Notification No. 01/2017 from 25.01.2018 and it is specifically mentioned therein that the issue of GST rate on micro irrigation including drip irrigation system, including laterals the GST Council recommended 12% GST rate on micro irrigation system, namely, sprinklers, drip irrigation system, including laterals. Accordingly, the said entry 195B was inserted in the notification No. 1/2017- Central Tax (Rate). Hence, we find that as per the CBIC vide the said circular dated



31.12.2018 has clearly clarified the matter that the term "sprinklers", in the said entry 195B, covers sprinkler irrigation system.

7.6 The CBIC, New Delhi further clarified the matter vide circular No.155/11/2021-GST dated 17.06.2021 in respect GST rate on lateral/parts of Sprinklers or Drip Irrigation system, the relevant para 3 of the said circular is reproduced below :-

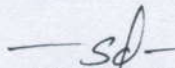
"3. The matter is examined. The intention of this entry has been to cover laterals (pipes to be used solely with with sprinklers/drip irrigation system) and such parts Circular No. 155/11/2021-GST that are suitable for use solely or principally with 'sprinklers or drip irrigation system', as classifiable under heading 8424 as per Note 2 (b) to Section XVI to the HSN. Hence, laterals/parts to be used solely or principally with sprinklers or drip irrigation system, which are classifiable under heading 8424, would attract a GST of 12%, even if supplied separately. However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading."

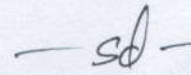
7.6 Therefore, in view of above, the Sprinklers; drip irrigation system Including laterals; which covers sprinkler irrigation system, falling under Chapter heading /tariff item No. 8424 shall attract GST rate 12% (6% CGST and 6% SGST). Further, laterals/parts used solely or principally with sprinklers or drip Irrigation system, which are classifiable under heading 8424, would attract a GST Of 12%, even if supplied separately.

## 8. Ruling

8.1 In respect of the question asked, as per the clarification circular No.155/11/2021-GST dated 17.06.2021 issued by The CBIC, New Delhi we hold that the "Sprinklers; drip irrigation system including laterals, PVC Pipes and other component and accessories;" is classifiable under chapter heading /tariff item No. 8424 and under entry No. 195B of Schedule II of Notification No.01/2017 Central Tax(Rate) dated 28.06.2017 and corresponding notification under SGST as amended, shall attract GST rate 12% (6% CGST and 6% SGST). Further, laterals/parts used solely or principally with sprinklers or drip irrigation system, which are classifiable under heading 8424, would attract a GST of 12% % (6% CGST and 6% SGST), even if supplied separately. However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading."

8.2 The ruling is valid subject to the provisions under section 103 (2) until and unless declared void under Section 104 (1) of the GST Act.

  
(Manoj Kumar Choubey)  
(Member)

  
(Virendra Kumar Jain)  
(Member)

Copy to:- 17/2020/A.A.R/R-28/11

INDORE dated 15/07/2021

1. Applicant
2. The Principal Chief Commissioner, CGST & Central Excise, Bhopal Zone, Bhopal
3. The Commissioner(SGST) Indore
4. The Commissioner, CGST & Central Excise, Indore/Ujjain
5. The Concerned Officer
6. The Jurisdictional Officer – State/Central

सत्यप्रतिलिपि

