प्रधान सीमा शुल्क आयुक्त का कार्यालय, मुंद्रा आयुक्तालय
सीमा शुल्क हाउस, अदानी पोर्ट और एस.ई.जेड., मुंद्रा (कच्छ),
**Office of The Principal Commissioner of Customs, Mundra**

**Email :Group5-mundra@gov.in**

**Dated: 19-06-2026**

**Show-Cause-Notice- 96/2026-27/ADC/ZDC/MCH**
**(Issued under section 28 of Customs Act, 1962)**

M/s. Krushi Engineering (IEC: AAXPP1389G), located at 51, Laxmi Co Op Ind Estate Ltd, Near Nagerwal Hanuman Temple Amraiwadi, Ahmedabad, 380026 (hereinafter also referred to as "the Importer/the Noticee" for the sake of brevity") had filed following BoEs for importation of the items mentioned below in Table-A through their CB Saanch Logistics, by paying the IGST 12% (Schedule-II Sr. No.195B of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017 (as amended). The details of said goods are as under:

Table-A

(Amount in INR)

| BE No. & Date | Inv. no. | Item No. | Description of goods | Classification | Assessable value | IGST Sr. No. as in BE | IGST Paid @ 12% |
|---|---|---|---|---|---|---|---|
| 4804347 dt. 24.07.2021 | 1 | 1 | Agricultural Sprayer 12V 12 AH 16L | 84248200 | 994615.21 | II195B | 129200.50 |
| 4804347 dt. 24.07.2021 | 1 | 2 | Agricultural Sprayer 12V 12 AH 16L | 84248200 | 720385.59 | II195B | 93578.10 |
| 4804347 dt. 24.07.2021 | 1 | 3 | Agricultural Sprayer 12V 8AH 16L | 84248200 | 600490.48 | II195B | 78003.70 |
| 4804347 dt. 24.07.2021 | 1 | 4 | Agricultural Sprayer 12V 8 AH 16L | 84248200 | 157869.79 | II195B | 20507.30 |
| | | | | Total | **24,73,361** | | **3,21,290** |

2. An analysis of data (ANALYTICS REPORT – 25/2022-23) in respect of Import of goods classified under the heading 8424 with regard to wrong claim of IGST rate @
12% (Schedule-II, 195AA and 195B) instead of IGST rate @ 18% applicable for such goods under Schedule-III, Sr. No. 325 of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017, resulting in short levy of IGST, was carried out by the NCTC, Mumbai. This analysis revealed that several importers had cleared goods, other than "Nozzles for drip irrigation equipment or nozzles

for sprinklers and Sprinklers; drip irrigation system including laterals; mechanical sprayers", claiming a lower IGST rate @ 12% under Sr.No.195AA & 195B of Schedule II, instead of the applicable IGST rate @ 18% under Sr.No.325 of Schedule III of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017 (as amended).

3. The Importer had filed BoE for home consumption of the goods (as mentioned in Table-A) under Heading 8424 of the first schedule of the Customs Tariff Act, 1975 while discharging IGST @ 12% in terms of Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate).

4. The relevant entries of the rate of IGST under Schedule-II and Schedule-III of IGST Notification 01/2017-IGST(Rate) dated 28.06.2017 for Sub-heading 84 are reproduced here under:

Table-B

| Sr. No. of Schedule o f IGST Notification 01/2017 | IGST Rate | Chapter/Tariff | Description of goods |
|---|---|---|---|
| II-195B | II (12%) | 8424 | Sprinklers; drip irrigation system including laterals; mechanical sprayers. |
| III-325 | III(18%) | 8424 | Mechanical appliances (whether or not hand operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers, whether or not charged; spray guns and similar appliances; steam or sand blasting machines and similar jet projecting machines (other than sprinklers; drip irrigation systems including laterals; mechanical sprayer; nozzles for drip irrigation equipment or nozzles for sprinklers) |

5. From the above Table B, it is amply clear that Sr. No. 325 of Schedule-III (III-325)
levying IGST rate of 18%, excludes the description of goods "other than sprinklers; drip irrigation systems including laterals; mechanical sprayer; nozzles for drip irrigation equipment or nozzles for sprinklers)". The said excluded goods are covered under Schedule-II, 195B and 195 AA of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017 (as amended).

6. It has been observed that the goods imported by the noticee, namely "Agricultural Sprayer 12V 12AH/8AH 16L", are battery-operated electrical sprayers equipped with a 12V rechargeable battery and an electrical pump, and are not simple mechanical devices operated solely by manual force or other purely mechanical means. On examination of the import documents, it is noticed that these goods are not covered by the expression "Sprinklers; drip irrigation system including laterals; mechanical sprayers" figuring at Schedule-II, Sl. No. 195B of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017, as amended, which is intended to cover agricultural irrigation and spraying equipment of a mechanical nature (including hand-operated or power-assisted mechanical sprayers), and not electrically driven battery-operated sprayers. The goods imported by the noticee, as detailed

in Table-A, appropriately answer to the description of goods covered under Schedule-III, Sl. No. 325 of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017, as reflected in Table-B and, therefore, it appears that the noticee has wrongly availed a lower IGST rate of 12% under Schedule-II, Sl. No. 195B, instead of discharging IGST at the higher rate of 18% applicable to such goods under Schedule-III, Sl. No. 325 of the said Notification.

7. In context of above provisions, items of Bills of Entry mentioned in Table-A were cleared at @12% IGST rate against Sr. No. 195B of Schedule-II, instead of the applicable IGST rate 18% of Sr. No. 325 of Schedule- III, and short-levy of IGST @ 6% (i.e. 18% minus 12%), resulting in short levy of IGST amounting to **Rs 1,60,645/-**. Details are as:

Table-C:

(Amount in INR)

| BE No. & Date | Inv. no. | Item No. | Description of goods | Assessable value | IGST Paid as per II195B of notf. 01/2017 @ 12% | Applicable IGST as per S.No. 325 of Schedule III of notf. 01/2017 @ 18% | IGST Short paid (Rs.) @6% |
|---|---|---|---|---|---|---|---|
| 4804347 dt. 24.07.2021 | 1 | 1 | Agricultural Sprayer 12V 12 AH 16L | 994615.2 | 129200.5 | 193801 | 64600 |
| 4804347 dt. 24.07.2021 | 1 | 2 | Agricultural Sprayer 12V 12 AH 16L | 720385.6 | 93578.1 | 140367 | 46789 |
| 4804347 dt. 24.07.2021 | 1 | 3 | Agricultural Sprayer 12V 8AH 16L | 600490.5 | 78003.7 | 117006 | 39002 |
| 4804347 dt. 24.07.2021 | 1 | 4 | Agricultural Sprayer 12V 8AH 16L | 157869.8 | 20507.3 | 30761 | 10254 |
| | | | | **2473361** | **321289.6** | **481934** | **160645** |

8. Relevant Legal provisions, in so far as they relate to the facts of the case:-

A . **Section 46 of the Customs Act, 1962** provides for filing of Bill of Entry upon importation of goods, which casts a responsibility on the importer to declare truthfully, all contents in the Bill of Entry.

Relevant portion of Section 46 (4) is reproduced below:-

*"(i) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed".*

B. **Section 28 (4) of the Customs Act, 1962** provides that *"Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of,-*

*(a) collusion; or*

*(b) any willful mis-statement; or*

*(c) suppression of facts,*

*by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been [so levied or not paid] or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice".*

C. **Section 28 (AA) of Customs Act, 1962** provides interest on delayed payment of duty-

*(1) Where any duty has not been levied or paid or has been short-levied or short-paid or erroneously refunded, the person who is liable to pay the duty as determined under sub-Section (2), or has paid the duty under sub-Section (2B), of Section 28, shall, in addition to the duty, be liable to pay interest at such rate not below ten percent and not exceeding thirty-six per cent per annum, as is for the time being fixed by the Central Government, by notification in the Official Gazette, from the first day of the month succeeding the month in which the duty ought to have been paid under this Act, or from the date of such erroneous refund, as the case may be, but for the provisions contained in sub-Section (2), or sub-Section (2B), of Section 28, till the date of payment of such duty:*

D. **Section 111 of the Customs Act, 1962.** Confiscation of improperly imported goods, etc.—The following goods brought from a place outside India shall be liable to confiscation:—

*...... (m) [any goods which do not correspond in respect of value or in any other particular] with the entry made under this Act or in the case of baggage with the declaration made under section 77 3 [in respect thereof, or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54]; ....*

E. **Section 114A of the Customs Act, 1962** deals with the penalty by reason of collusion or any willful mis-statement or suppression of facts. The relevant provision is reproduced below:-

*114A - Penalty for short-levy or non-levy of duty in certain cases - Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any willful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-Section (8) of Section 28 shall also be liable to pay a penalty equal to the duty or interest so determined: Provided that where such duty or interest, as the case may be, as determined under sub-Section (8) of Section 28, and the interest payable thereon under Section 28AA, is paid within thirty days from the date of the communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this Section shall be twenty-five per cent of the duty or interest, as the case may be, so determined:*
*Provided further that the benefit of reduced penalty under the first proviso shall be available subject to the condition that the amount of penalty so determined has also been paid within the period of thirty days referred to in that proviso:*

9. It appears that the importer has willfully mis-stated the facts & wrongly paid IGST on lower side by categorizing its goods under Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate) which prescribes IGST duty @ 12% whereas the goods attract IGST @ 18% under Serial No. 325 of Schedule-III of Notification No. 01/2017 – Integrated Tax (Rate).

10. In the light of the documentary evidences, as brought out above and the legal position, it appears that a well thought out conspiracy was hatched by the importer to defraud the exchequer by adopting the modus operandi of mis-declaring the IGST Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate) of the goods imported.

11. Whereas, it is apparent that the importer/noticee was in complete knowledge of the correct nature of the goods nevertheless, the importer claimed undue notification benefit for the said goods in order to clear the goods by wrongly availed Customs duty i.e. IGST on a lower side under Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate) which prescribes IGST @ 12%. With the introduction of self-assessment under Section 17, more faith is bestowed on the importer, as the practices of routine assessment, concurrent audit etc. have been dispensed with. As a part of self-assessment, the importer has been entrusted with the responsibility to correctly self-assess the duty. Therefore, it appears that the importer has wilfully violated the provisions of Section 17(1) of the Act in as much as importer has failed to correctly self-assessed the impugned goods and has also wilfully violated the provisions of Sub-section (4) and (4A) of Section 46 of the Act. Therefore, the goods having assessable value of **Rs. 24,73,361/-** as detailed in above table, appears to be liable for confiscation under Section 111(m) of the Customs Act, 1962.

12. It appears that the importer wilfully claimed undue notifications benefit for the impugned goods resulting into short levy of duty. Further, it appears that in respect of the Bill of Entry as detailed in above Table-A, such wrong claim of notifications benefit on the part of the importer has resulted into short levy of duty i.e. IGST of **Rs 1,60,645/-** (Rupees One Lac Sixty Thousand Six Hundred Forty Five Only) which is recoverable from the importer under the provisions of Section 28(4) of the Customs Act, 1962 along with interest as applicable under Section 28AA of the Act. For such act of omission and commission, the importer also appears to have rendered themselves liable to penalty under Section 114A of the Customs Act, 1962.

13. Now, therefore, M/s. Krushi Engineering (IEC: AAXPP1389G), 51, Laxmi Co Op Ind Estate Ltd, Near Nagerwal Hanuman Temple Amraiwadi, Ahmedabad, 380026 are hereby called upon to show cause to the Additional Commissioner of Customs, Import Assessment, Group-V, Custom House, Mundra, having office at Room No. 12 PUB Building, Mundra (Kutch) Gujarat 370 421, as to why:-

i. The benefit under Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate) on the goods should not be denied and the same should not be re-assessed at correct rate of IGST @18% under Sr. No. 325 of Schedule III of IGST Notification No. 01/2017;

ii. The goods having assessable value of **Rs. 24,73,361/-** covered under Bills of Entry as detailed in above Table-A, should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962;

iii. The differential duty i.e. IGST worked out to **Rs 1,60,645/-** (Rupees One Lac Sixty Thousand Six Hundred Forty Five Only) in respect of Bill of Entry as detailed in above table, should not be recovered under Section 28 (4) of the Customs Act, 1962 along with applicable interest thereon as per Section 28AA of the Customs Act, 1962, as applicable.

iv. Penalty should not be imposed upon them under Section 114A of the Customs Act, 1962.

14. The importer further required to produce at the time of show cause, all the evidences upon which they intend to rely in support of their defense. They are further called upon to inform in writing to the Additional Commissioner of Customs, Custom House, Mundra as to whether they desire to be heard in person before the case is adjudicated. If no cause is shown within 30 days from the date of receipt of this notice or if they fail to appear for personal hearing when the case is posted for hearing the case will be decided ex-parte on the basis of evidences available on record.

15. This Show Cause Notice is being issued as per the scrutiny of records conducted so far. Hence, the department reserves its rights under the provisions of Customs Act, 1962 to conduct further Audit / Scrutiny of the records and issue subsequent or separate show cause notice(s), if any.

16. The present Show Cause Notice is issued without prejudice to any other action that may be taken under any other provision of the Customs Act, 1962 and/or rules made there under and/or under the provisions of any other law for the time being in force in India. The department is also free to issue

addendum to this Show Cause Notice, if any, further fact/ documents come to notice.

17. The importer/noticee is further informed that they have the right to opt for closure of these proceedings under Section 28(6) of Customs Act, 1962. If they so decide, then in terms of Section 28(5) of the Customs Act, 1962, they may pay the duty demanded in this Show Cause Notice in full or in part, as may be accepted by them, and the interest payable thereon under Section 28AA and penalty equal to fifteen percent of the duty specified in this notice or the duty so accepted by them, within 30 days of the receipt of the notice and inform the concerned Adjudicating and/or of such payment in writing.

Digitally signed by
Dipakbhai Zala
Date: 19-06-2026
12:30:44

**Zala Dipakbhai Chimanbhai**
Additional Commissioner of Customs
Mundra Customs

**Encl: As above.**

**To,**

M/s. Krushi Engineering (IEC: AAXPP1389G),
51, Laxmi Co Op Ind Estate Ltd,
Near Nagerwal Hanuman Temple Amraiwadi,
Ahmedabad, 380026.
Email: Krushiengg@gmail.com