



सीमाशुल्क (अपील) आयुक्तका कार्यालय, अहमदाबाद
 OFFICE OF THE COMMISSIONER OF CUSTOMS (APPEALS), AHMEDABAD
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 DIN-20250471MN0000121521

क	फाइल संख्या FILE NO.	S/49-201/CUS/AHD/2023-24
ख	अपीलआदेश संख्या ORDER-IN-APPEAL No. (सीमाशुल्क अधिनियम, 1962 की धारा 128क के अंतर्गत) (UNDER SECTION 128A OF THE CUSTOMS ACT, 1962):	AHD-CUSTM-000-APP-009-25-26
ग	पारितकर्ता PASSED BY	SHRI AKHILESH KUMAR Commissioner of Customs (Appeals), AHMEDABAD
घ	दिनांक DATE	08.04.2025
ङ	उद्भूत अपील आदेश की सं. व दिनांक ARISING OUT OF ORDER - IN - ORIGINAL NO.	Speaking Order No. Misdeclaration/AC/ ICD DASH/ 01/2023-24, dated 17.03.2023 (B.E. No. 5092821, dated 17.03.2023) passed by the Assistant Commissioner of Customs, ICD-Dashrath, Vadodara.
च	अपील आदेश जारी करने की दिनांक ORDER- IN-APPEAL ISSUED ON:	08.04.2025
छ	अपीलकर्ता का नाम व पता NAME AND ADDRESS OF THE APPELLANT:	M/s. Netafim Irrigation India Pvt. Ltd., Plot No. 268-270, 271/B, GIDC, Manjusar Savali, Vadodara - 391775.

1.	यह प्रति उस व्यक्ति के निजी उपयोग के लिए मुफ्त में दी जाती है जिनके नाम यह जारी किया गया है. This copy is granted free of cost for the private use of the person to whom it is issued.
2.	सीमाशुल्क अधिनियम 1962 की धारा 129 डी डी (1) (यथा संशोधित) के अधीन निम्नलिखित श्रेणियों के मामलों के सम्बन्ध में कोई व्यक्ति इस आदेश से अपने को आहत महसूस करता हो तो इस आदेश की प्राप्ति की तारीख से 3 महीने के अंदर अपर सचिव/संयुक्त सचिव (आवेदन संशोधन), वित्त मंत्रालय, (राजस्व विभाग) संसद मार्ग, नई दिल्ली को पुनरीक्षण आवेदन प्रस्तुत कर सकते हैं. Under Section 129 DD(1) of the Customs Act, 1962 (as amended), in respect of the following categories of cases, any person aggrieved by this order can prefer a Revision Application to The Additional Secretary/Joint Secretary (Revision Application), Ministry of Finance, (Department of Revenue) Parliament Street, New Delhi within 3 months from the date of communication of the order.

	निम्नलिखित सम्बन्धित आदेश/Order relating to :
(क)	बैगेज के रूप में आयातित कोई माल.
(a)	any goods imported on baggage.
(ख)	भारत में आयात करने हेतु किसी वाहन में लादा गया लेकिन भारत में उनके गन्तव्य स्थान पर उतारे न गए माल या उस गन्तव्य स्थान पर उतारे जाने के लिए अपेक्षित माल उतारे न जाने पर या उस गन्तव्य स्थान पर उतारे गए माल की मात्रा में अपेक्षित माल से कमी हो.
(b)	any goods loaded in a conveyance for importation into India, but which are not unloaded at their place of destination in India or so much of the quantity of such goods as has not been unloaded at any such destination if goods unloaded at such destination are short of the quantity required to be unloaded at that destination.
(ग)	सीमाशुल्क अधिनियम, 1962 के अध्याय X तथा उसके अधीन बनाए गए नियमों के तहत शुल्क वापसी की अदायगी.
(c)	Payment of drawback as provided in Chapter X of Customs Act, 1962 and the rules made thereunder.
3.	पुनरीक्षण आवेदन पत्र संगत नियमावली में विनिर्दिष्ट प्रारूप में प्रस्तुत करना होगा जिसके अन्तर्गत उसकी जांच की जाएगी और उस के साथ निम्नलिखित कागजात संलग्न होने चाहिए :
	The revision application should be in such form and shall be verified in such manner as may be specified in the relevant rules and should be accompanied by :
(क)	कोर्ट फी एक्ट, 1870 के मद सं.6 अनुसूची 1 के अधीन निर्धारित किए गए अनुसार इस आदेश की 4 प्रतियां, जिसकी एक प्रति में पचास पैसे की न्यायालय शुल्क टिकट लगा होना चाहिए.
(a)	4 copies of this order, bearing Court Fee Stamp of paise fifty only in one copy as prescribed under Schedule 1 item 6 of the Court Fee Act, 1870.
(ख)	सम्बद्ध दस्तावेजों के अलावा साथ मूल आदेश की 4 प्रतियां, यदि हो
(b)	4 copies of the Order - In - Original, in addition to relevant documents, if any
(ग)	पुनरीक्षण के लिए आवेदन की 4 प्रतियां
(c)	4 copies of the Application for Revision.
(घ)	पुनरीक्षण आवेदन दायर करने के लिए सीमाशुल्क अधिनियम, 1962 (यथासंशोधित) में निर्धारित फीस जो अन्य रसीद, फीस, दण्ड, जब्ती और विविध मदों के शीर्षके अधीन आता है में रु. 200/- (रुपए दो सौ मात्र) या रु.1000/- (रुपए एक हजार मात्र), जैसा भी मामला हो, से सम्बन्धित भुगतान के प्रमाणिक चलान टी.आर.6 की दो प्रतियां. यदि शुल्क, मांगा गया ब्याज, लगाया गया दंड की राशि और रूपए एक लाख या उससे कम हो तो ऐसे फीस के रूप में रु.200/- और यदि एक लाख से अधिक हो तो फीस के रूप में रु.1000/-
(d)	The duplicate copy of the T.R.6 challan evidencing payment of Rs. 200/- (Rupees two Hundred only) or Rs. 1,000/- (Rupees one thousand only) as the case may be, under the Head of other receipts, fees, fines, forfeitures and Miscellaneous Items being the fee prescribed in the Customs Act, 1962 (as amended) for filing a Revision Application. If the amount of duty and interest demanded, fine or penalty levied is one lakh rupees or less, fees as Rs. 200/- and if it is more than one lakh rupees, the fee is Rs. 1000/-.
4.	मद सं. 2 के अधीन सूचित मामलों के अलावा अन्य मामलों के सम्बन्ध में यदि कोई व्यक्ति इस आदेश से आहत महसूस करता हो तो वे सीमाशुल्क अधिनियम 1962 की धारा 129 ए (1) के अधीन फॉर्म सी.ए.-3 में सीमाशुल्क, केन्द्रीय उत्पाद शुल्क और सेवा कर अपील अधिकरण के समक्ष निम्नलिखित पते पर अपील कर सकते हैं
	In respect of cases other than these mentioned under item 2 above, any person aggrieved by this order can file an appeal under Section 129 A(1) of the Customs Act, 1962 in form C.A.-3 before the Customs, Excise and Service Tax Appellate Tribunal at the following address :

	सीमाशुल्क, केंद्रीय उत्पाद शुल्क व सेवा कर अपीलिय अधिकरण, पश्चिमी क्षेत्रीय पीठ	Customs, Excise & Service Tax Appellate Tribunal, West Zonal Bench
	दूसरी मंज़िल, बहुमाली भवन, निकट गिरधरनगर पुल, असारवा, अहमदाबाद-380016	2 nd Floor, Bahumali Bhavan, Nr. Girdhar Nagar Bridge, Asarwa, Ahmedabad-380 016
5.	सीमाशुल्क अधिनियम, 1962 की धारा 129 ए (6) के अधीन, सीमाशुल्क अधिनियम, 1962 की धारा 129 ए (1) के अधीन अपील के साथ निम्नलिखित शुल्क संलग्न होने चाहिए-	
	Under Section 129 A (6) of the Customs Act, 1962 an appeal under Section 129 A (1) of the Customs Act, 1962 shall be accompanied by a fee of -	
(क)	अपील से सम्बन्धित मामले में जहां किसी सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लगाया गया दंड की रकम पाँच लाख रूपए या उससे कम हो तो एक हजार रूपए.	
(a)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is five lakh rupees or less, one thousand rupees;	
(ख)	अपील से सम्बन्धित मामले में जहां किसी सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लगाया गया दंड की रकम पाँच लाख रूपए से अधिक हो लेकिन रुपये पचास लाख से अधिक न हो तो; पांच हजार रूपए	
(b)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is more than five lakh rupees but not exceeding fifty lakh rupees, five thousand rupees ;	
(ग)	अपील से सम्बन्धित मामले में जहां किसी सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लगाया गया दंड की रकम पचास लाख रूपए से अधिक हो तो; दस हजार रूपए.	
(c)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is more than fifty lakh rupees, ten thousand rupees	
(घ)	इस आदेश के विरुद्ध अधिकरण के सामने, मांगे गए शुल्क के 10 % अदा करने पर, जहां शुल्क या शुल्क एवं दंड विवाद में हैं, या दंड के 10 % अदा करने पर, जहां केवल दंड विवाद में है, अपील रखा जाएगा।	
(d)	An appeal against this order shall lie before the Tribunal on payment of 10% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.	
6.	उक्त अधिनियम की धारा 129 (ए) के अन्तर्गत अपील प्राधिकरण के समक्ष दायर प्रत्येक आवेदन पत्र- (क) रोक आदेश के लिए या गलतियों को सुधारने के लिए या किसी अन्य प्रयोजन के लिए किए गए अपील : - अथवा (ख) अपील या आवेदन पत्र का प्रत्यावर्तन के लिए दायर आवेदन के साथ रुपये पाँच सौ का शुल्क भी संलग्न होने चाहिए.	
	Under section 129 (a) of the said Act, every application made before the Appellate Tribunal-	
	(a) in an appeal for grant of stay or for rectification of mistake or for any other purpose; or	
	(b) for restoration of an appeal or an application shall be accompanied by a fee of five Hundred rupees.	

ORDER-IN-APPEAL

1. M/s. Netafim Irrigation India Pvt. Ltd., Plot No. 268-270, 271/B, GIDC, Manjusar Savali, Vadodara - 391775 (hereinafter referred to as the 'appellant') have filed the present appeal against the Speaking Order No. Misdeclaration/AC/ICD DASH/01/2023-24, dated 10.04.2023 (B.E. No. 5092821, dated 17.03.2023) (hereinafter referred to as the 'impugned order') passed by the Assistant Commissioner of Customs, ICD-Dashrath, Vadodara (hereinafter referred to as the 'adjudicating authority').

2. Facts of the case, in brief, are that the appellant have imported several types of Valves, meant for use in micro irrigation system, through ICD - Dashrath, for which they have filed Bill of Entry No. 5092821, dated 17.03.2023 (hereinafter referred to as the 'impugned Bill of Entry'). In the present appeal, classification of only four types of Valves has been challenged, whereas, there is not dispute about classification of other items imported in the impugned Bill of Entry. The appellant has classified the said Valves under Customs Tariff Item ('CTI') 84249000 by self-assessment, whereas, the adjudicating authority is of the view that they are classifiable under CTI 84818090. Particulars of the said Valves are as under:

Table-1

Sr. No. of Item in BoE	Declared Description	CTI declared by the Appellant	CTI decided by impugned order
6	Dosing Valve FIP (Micro Irrigation Equipment)	8424 90 00	8481 80 90
15	Tavlit Drip Line Valve (Micro Irrigation Equipment)	8424 90 00	8481 80 90
19	Line Check Valve EPDM (Micro Irrigation Equipment)	8424 90 00	8481 80 90
20	Needle Valve High Flow (Micro Irrigation Equipment)	8424 90 00	8481 80 90

3.1 It appeared that Rule 1 of the General Rules of Interpretation ('GRI' for short) of the Schedule-I to the Customs Tariff Act, 1975 ('CTA, 1975' for short), read with Section Note 2(a) of Section XVI and relevant Explanatory Notes to the Heading Nos. 8424 and 8481, are applicable to decide classification in the present case. Rule 1 of the GRI is reproduced below:

"Classification of goods in this Schedule shall be governed by the following principles:

"Rule 1- The titles of Sections, Chapters and sub-chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the

terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions:

3.2 In the impugned order, Section Note 2(a) of Section XVI has been reproduced as under:

"2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified according to the following rules:

(a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) are in all cases to be classified in their respective headings;"

3.3 Explanatory Note to 8424 has been reproduced as under:

"(E) Irrigation System

Parts - Subject to provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), the heading includes parts for the appliances and machines of this heading. Parts falling in this heading thus include, inter alia, reservoirs for sprayers, spray nozzles, lances and turbulent heads not of a kind described in heading 84.81.

3.4 Relevant Explanatory Note to 8481 has also been reproduced as under:

"Taps, cocks, valves, etc., remain in this heading even if specialized for use on a particular machine or apparatus, or on a vehicle or aircraft"

3.5 As valves are specifically included under heading 8481, it appeared that they merit classification under CTI 84818090 instead of the declared classification under CTI 84249000.

4. The appellant was not in agreement with the above classification and so, they submitted written submissions before the adjudicating authority. In the impugned order, findings have been given in respect of the various contentions of the appellant, as under:

4.1 The appellant had relied upon the Section Note 4 of Section XVI of the Schedule I to CTA, 1975. It talks about *"a machine which includes a combination of machines which intended to contribute together to a clearly defined function...."*. But, in present case, there are only parts are under import, not the combination of any kind of machines, so, this Section Note can't be relied upon for classification of parts.



4.2 The appellant relied upon the HSN Explanatory Note to the Heading 8424. It is regarding classification of the whole irrigation system, but in present case only parts of the irrigation system are under import, not the whole system. Therefore, the appellant's claim regarding classification as parts of irrigation system, by considering them as whole irrigation system, was not found to be proper.

4.3 The appellant has relied upon the Order of the Hon'ble Supreme Court in case of *Elgi Ultra Appliances Ltd. v/s Commissioner of C. Ex., Coimbatore*. In the said case, the goods under dispute were LDPE/HDPE pipes, but in present case, goods under dispute are Valves. Classification of Valves are to be decided as per Section Note 2(a) of Section XVI and so, the said case law was not found to be applicable.

4.4 The appellant has also relied upon the Order of the Hon'ble Tribunal in case of *Jain Irrigation System Ltd. v/s Commissioner of Customs (Import), Mumbai* (Final Order No. A/87492/2019, dated 04.12.2019, in Appeal No. 87392 of 2013). In this regard, the adjudicating authority has observed that Valves have many different type of categories. The goods under dispute in the case of M/s. Jain Irrigation System Ltd. were Mini Valves, but in the case on hand the goods are Dosing Valve FIP, Tavit Drip Line Valve, Line Check Valve and Needle Valve 1/2" High Flow Valve.

4.5 The appellant had relied upon the Section Note 2(b) of Section XVI of Schedule 1 to the CTA, 1975, which is as under:

"2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified according to the following rules:

(a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) are in all cases to be classified in their respective headings;

(b) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 8479 or 8543) are to be classified with the machines of that kind or in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate.

However, parts which are equally suitable for use principally with the goods of headings 8517 and 8525 to 8528 are to be classified in heading 8517, and parts which are suitable for use solely or principally with the goods of heading 8524 are to be classified in heading 8529;"

5.1 After examining the submissions of the appellant, the adjudicating authority observed that Section Note 2(a) of Section XVI is applicable before going to Section Note 2(b) of Section XVI. Section Note 2(a) of Section XVI clearly states that parts which are included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) are in all cases to be classified in their respective headings. Valves are specifically included in the heading 8481. Further, Section Note 2(b) of Section XVI talks about the other parts, which are not included by Section note 2(a) of Section XVI. Valves are specifically included in the heading 8481, and so, Section Note 2(b) of Section XVI can't be relied upon for classification of Valves.

5.2 The adjudicating authority further observed that the CBIC Circular No. 155/11/2021 - GST, dated 17.06.2021, is regarding GST rates when Parts are classified as per Note 2(b) of Section XVI to HSN. But, in the present case, classification of Valves is as per Section note 2(a) of Section XVI, and so, for the classification of Valves, the said Circular can't be relied upon.

5.3 In view of the Rule 1 of GRI read with Section Note 2(a) of Section XVI and relevant Explanatory Notes to Headings 8424 and 8481, the adjudicating authority held that the imported Valves are correctly classifiable under the Heading 8481 instead of declared Heading 8424. Being aggrieved, the appellant has filed the present appeal.

Grounds of Appeal:

6. The appellant has submitted that the learned adjudicating authority has passed the impugned order without appreciating the factual and legal position in the proper perspective and without examining the relevant documents submitted for the purposes of classification.

7. Circular No. 155/11/2021 - GST, dated 17.06.2021, was issued by the Department of Revenue, clarifying that laterals/parts of Sprinklers or Drip Irrigation System, are classified under CTH 8424. It further clarifies that even if the parts are supplied separately, they shall be covered under CTH 8424. The circular clearly provides that the intention of the above entry is to cover such parts that are suitable for use solely or principally with 'sprinklers or drip irrigation system' are to be classifiable under heading 8424 as per Note 2(b) to Section XVI to the HSN. Circulars are binding on the department.

8. The Drip Irrigation Valves are nothing but 'parts' of the Drip Irrigation System. The said valves are used to control the flow of the fluid. Drip Irrigation Valves therefore play an integral role in functioning of the Drip Irrigation System without which the system cannot function properly.



9. The items imported by the Appellants are solely and principally to be used with Drip Irrigation System only and therefore are not parts of general use. The said valves maintain and control the flow of the fluid inside the Drip Irrigation System.

10. THE SUBJECT GOODS HAVE BEEN RIGHTLY CLASSIFIED UNDER CUSTOMS TARIFF ITEM 8424 9000

10.1 Appellants submits that the imported goods, i.e., Dosing Valve FIP, Tavlit Drip Line Valve, Line Check Valve $\frac{3}{4}$ * $\frac{3}{4}$ EPDM, Needle Valve $\frac{1}{2}$ High Flow, are classifiable specifically under Customs Tariff Item 8424 9000 of the first Schedule of CTA, 1975. Relevant part of the tariff is extracted as under:

Table-2

Tariff Item	Description of goods
8424	Mechanical Appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers, whether or not charges; spray guns and similar appliances; steam or sand blasting machines and similar jet projecting machines

	- <i>Agricultural or horticultural sprayers:</i>

8424 90 00	-Parts

10.2 The subject goods are various types of 'drip irrigation Valves', which are parts of the Drip Irrigation System. The Drip Irrigation System is a type of micro-irrigation method, which allows slow application of water to the soil consistently over a longer period of time. The system consists of various different parts, performing different functions such as pipes, filters, regulators, valves, etc.

10.3 The 'drip irrigation Valves' are equipment to be used in the Drip Irrigation System, which form an integral part without which the system for agriculture or horticulture cannot function properly.

- 1) A drip irrigation Dosing Valve is a part fitting which is used for the initiating of dosing fluid in the process system. A vibrating dosing valve is a simple and efficient solution for a smooth discharge of the fluid. A smooth flow rate is generated due to the vibration and the bulk material can flow freely in the system.
- 2) A drip irrigation Tavlit Valve is used for optimal control in the irrigation systems.

3) A drip irrigation Line Check Valve $\frac{3}{4}$ EPDM essentially prevents back flow of the fluid that flows in the system and maintains the flow of the liquid in one direction only.

4) A drip irrigation Needle High Flow Valve used to regulate the flow. A small, narrow, needle-like plug is used to control the flow of the fluid.

10.4 According to the HSN Explanatory Notes to CTH 8424, it includes Irrigation Systems which consist of various components linked together which usually include:

- (i) A control station (mesh filters, fertilizer injectors, metering valves, non-return valves, pressure regulators, pressure gauges, air vents, etc.);
- (ii) An underground network (distribution lines and branch lines which carry the water from the control station to the irrigation zone); and
- (iii) A surface network (dripper lines incorporating the drippers).

Such systems are classified in this heading as functional units within the meaning of Note 4 to Section XVI.

10.5 The appellant further submitted that Note 2(b) to Section XVI states that other parts if suitable for use solely or principally with a particular kind of machines, or with a number of machines of the same heading are to be classified with the machines of that kind.

10.6 Reliance in this regard is placed on the decision of Hon'ble CEGAT, Chennai in the case of *Elgi Ultra Appliances Ltd. vs. Commissioner of C. Ex., Coimbatore - 2001 (134) E.L.T. 245 (Tri. -Chennai)*, wherein it was held that pipes specifically designed for Drip Irrigation System are required to be classified as system itself under Heading 84.24 of the Central Excise Act, 1985 vide Note 2(b) of the Section XVI to the HSN. Hence, parts for Drip Irrigation System are to be classified under Heading 84.24.

10.7 Note 4 to Section XVI states that where a machine (including a combination of machines) consists of individual components (whether separate or interconnected by piping, by transmission devices, by electric cables or by other devices) intended to contribute together to a clearly defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function.

10.8 Further, Note 5 to Section XVI states that for the purpose of these notes, the expression "machine" means any machine, machinery, plant, equipment, apparatus, or appliance cited in the headings of Chapter 84 and Chapter 85.

10.9 It is submitted that the Drip Irrigation valves imported by the appellants are an integral part of the drip irrigation system which includes various individual components falling under CTH 8424. The valves regulate the flow of fluid inside an irrigation system, i.e., a control station; an

underground network; and a surface network, thereby form part of the irrigation system and should be classified correctly under CTH 8424 and specifically under CTH 8424 9000 which covers parts. The imported goods are ultimately used for the function of Drip Irrigation System, thereby a more appropriate heading in the nomenclature, i.e. 8424, is to be considered for the purpose of classification. It is also to be noted that the supplier of the appellant also classified the imported goods under Customs Tariff 8424 9000. The appellant have also relied upon the classification adopted by the supplier.

11. THE SUBJECT GOODS ARE NOT CLASSIFIABLE UNDER CUSTOMS TARIFF ITEM 8481 80 90

11.1 Appellant have submitted that imported goods are not classifiable under Customs Tariff Item 8481 80 90. Relevant part of the Tariff is extracted as under:

Table-3

Tariff Item	Description of goods
8481	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves

8481 80	- <i>Other appliances:</i>

8481 80 90	--- Other

11.2 Among other case laws, the appellant relied upon the case of *M/s. Jain Irrigation Systems Ltd. vs. Commissioner of Customs (Imports), Nhava Sheva - 2013-TIOL-1279-CESTAT-MUM = 2013 (9) TMI 104-CESTAT MUMBAI*, wherein it was held that valves for use in agriculture and/or horticulture carrying out the functions of distribution and dispersing or spraying are classifiable under heading 8424 and not under 8481.

11.3 Further, in the case of *M/s. Jain Irrigation System Ltd. vs. Commissioner of Customs (Import), Mumbai*, the Hon'ble CESTAT, Mumbai (Final Order No. A/87492/2019, dated 04.12.2019, in Appeal No. 87392 of 2013), on the issue of classification of 'Mini Valve' held that the valves imported are parts of the irrigation system, used for agricultural and horticultural purpose which are to be classified under CTH 8424. The Hon'ble Tribunal set aside the proposal to classify the goods under CTH 8481 by the Department.

Personal Hearing:

12. Personal Hearing in this matter was held on 10.03.2025, which was attended by Ms. Surbhi Chandani, Advocate, on behalf of the appellant. She reiterated the submissions made at the time of filing of appeal.

Findings:

13. I have carefully gone through the facts of the case and written as well as oral submissions made by or on behalf of the appellant.

14. The issue to be decided in the present appeal is whether the impugned order rejecting the declared classification of various types of Valves under CTI 84249000 and directing re-classification of the same under CTI 84818090, in the facts and circumstances of the case, is legal and proper or otherwise.

15. I find that classification of four types of Valves, as mentioned in Table-1 hereinabove, is under dispute. It is the claim of the appellant that these Valves are meant for use in Micro Irrigation System and therefore classifiable as Parts thereof under CTI 84249000, whereas, in the impugned order, the impugned Valves have been classified under CTI 84818090.

16. I have referred the competing Tariff Entries under the first Schedule to the CTA, 1975, which have been reproduced hereinabove in Table-2 and Table-3. I find that the CTI 84249090 claimed by the appellant is meant for Parts of 'Agricultural or horticultural sprayers'. Therefore, at the outset, I am of the considered view that the Valves used in Pipelines or in any place other than Sprayers, cannot fall under CTI 84249090, as parts of sprayers.

17. Further, I find that 'Valves' are specifically included in the description for the Tariff Heading 8481. In this regard, I refer to Rule 1 of the General Rules for the Interpretation ('GRI' for short), which states that for legal purpose, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes. Further Rule 3(a) of the GRI states that the heading which provides the most specific description shall be preferred to the headings providing a more general description. In the present case, the 'Valves' are specifically included in the wordings of the heading 8481; whereas, 'Parts' of the agricultural or horticultural sprayers can be treated as general description, which may include Valves. I am of the considered view that the general description 'Parts' cannot be preferred over the specific description 'Valves' for the purpose of classification, in terms of Rule 1 and Rule 3(a) of the GRI.

18.1 I have also referred the Section Note 2(a) of Section XVI of the First Schedule to the CTA, 1975. Accordingly, Parts, which are included in the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548), are in all cases

to be classified in their respective headings. Therefore, the Valves, which are Parts falling under CTH 8481, are classifiable in their respective heading i.e. CTH 8481.

18.2 The subsequent Section Note 2(b) of Section XVI states that other parts, if suitable for use solely or principally with a particular kind of machine, are to be classified with the machines of that kind. This Section Note 2(b) is not applicable in the present case, because it covers parts which are not included in Section Note 2(a).

18.3 I find that in the impugned order, the adjudicating authority has observed that Section Note 2(a) of Section XVI is applicable before going to Section Note 2(b) and so, Section Note 2(b) can't be relied upon for classification of valves. I agree with the said observation of the adjudicating authority.

19. I have also referred the Section Note 4 of Section XVI of the first Schedule to the CTA, 1975, which has been relied upon by the appellant. It talks about "*a machine which includes a combination of machines which intended to contribute together to a clearly defined function....*". Whereas, in present case, the impugned goods are only valves/parts, not the combination of any kind of machines. So, I find that the said Section Note cannot be relied upon for classification of valves/parts.

20.1 I have also referred the HSN General Explanatory Notes of Section XVI for '(II) PARTS', which is corresponding to Section Note 2, in which it has been mentioned that Taps, cocks, **valves**, etc. (heading 84.81) are in all cases classified in their own appropriate heading even if specifically designed to work as part of a specific machine. The same is reproduced as follows:



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(II) PARTS
(Section Note 2)

In general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43), or with a group of machines or apparatus falling in the same heading, are classified in the same heading as those machines or apparatus subject, of course, to the exclusions mentioned in Part (I) above. Separate headings are, however, provided for :

- (A) Parts of the engines of heading 84.07 or 84.08 (heading 84.09).
- (B) Parts of the machinery of headings 84.25 to 84.30 (heading 84.31).
- (C) Parts of the textile machines of headings 84.44 to 84.47 (heading 84.48).
- (D) Parts of the machine-tools of headings 84.56 to 84.65 (heading 84.66).
- (E) Parts of the office machines of headings 84.69 to 84.72 (heading 84.73).
- (F) Parts of the machines of heading 85.01 or 85.02 (heading 85.03).
- (G) Parts of apparatus of headings 85.19 or 85.21 (heading 85.22).
- (H) Parts of apparatus of headings 85.25 to 85.28 (heading 85.29).
- (I) Parts of apparatus of heading 85.35, 85.36 or 85.37 (heading 85.38).

The above rules do not apply to parts which in themselves constitute an article covered by a heading of this Section (other than headings 84.87 and 85.48); these are in all cases classified in their own appropriate heading even if specially designed to work as part of a specific machine. This applies in particular to :

- (1) Pumps and compressors (headings 84.13 and 84.14).
- (2) Filtering machinery and apparatus of heading 84.21.
- (3) Lifting and handling machinery (heading 84.25, 84.26, 84.28 or 84.86).
- (4) Taps, cocks, valves, etc. (heading 84.81).
- (5) Ball or roller bearings, and polished steel balls of a tolerance not exceeding 1 % or 0.05 mm, whichever is less (heading 84.82).
- (6) Transmission shafts, cranks, bearing housings, plain shaft bearings, gears and gearing (including friction gears and gear-boxes and other speed changers), flywheels, pulleys and pulley blocks, clutches and shaft couplings (heading 84.83).
- (7) Gaskets and similar joints of heading 84.84.
- (8) Electric motors of heading 85.01.
- (9) Electrical transformers and other machines and apparatus of heading 85.04.
- (10) Electric heating resistors (heading 85.16).
- (11) Electrical capacitors (heading 85.32).
- (12) Electrical apparatus for switching, protecting, etc., electrical circuits (switches, fuses, junction boxes, etc.) (headings 85.35 and 85.36).

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20.2 As per the above Note, "Taps, cocks, valves, etc. (heading 84.81)" are to be classified in their appropriate heading, even if they are specifically designed to work as part of a specific machine.

21.1 I have also referred the HSN Explanatory Note (E) of the Heading 84.24 for 'IRRIGATION SYSTEMS' and 'PARTS', which are as follows:

84.24

(E) IRRIGATION SYSTEMS

These irrigation systems, consisting of various components linked together usually include :

- (i) a control station (mesh filters, fertiliser injectors, metering valves, non-return valves, pressure regulators, pressure gauges, air vents, etc.);
- (ii) an underground network (distribution lines and branchlines which carry the water from the control station to the irrigation zone); and
- (iii) a surface network (dripper lines incorporating the drippers).

Such systems are classified in this heading as functional units within the meaning of Note 4 to Section XVI (see the General Explanatory Note to that Section).

*
*
*

This heading also covers :

- (1) Machines for coating various objects (for example, cups, cartons, boxes) by spraying with paraffin wax or molten wax.
- (2) Electrostatic painting apparatus consisting of a spray gun connected to a paint container by a flexible tube carrying paint, and also connected to a high-tension generator by an electric cable. The electrostatic field created between the object to be painted and the gun attracts the paint particles sprayed by compressed air to that object and prevents dispersion.
- (3) Industrial robots specially designed for projecting, dispersing or spraying liquids or powders.

PARTS

Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), the heading includes parts for the appliances and machines of this heading. Parts falling in this heading thus include, *inter alia*, reservoirs for sprayers, spray nozzles, lances and turbulent sprayer heads not of a kind described in heading 84.81.

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*

The heading also excludes :

- (a) Hand-powered oil cans and grease guns (heading 82.05) and compressed air grease guns and other force-feed lubricating equipment (heading 84.67).
- (b) Steam blast soot removers for boilers (heading 84.04).
- (c) Furnace burners (heading 84.16).
- (d) Machines for cleaning barrels or other containers by jets of water, steam, sand, etc. (heading 84.22).



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21.2 I find that the appellant have relied upon the portion '(E)', which is applicable for entire 'Irrigation Systems'. Whereas, in the present case, the goods imported are not Irrigation System, but they are Valves which are to be used as Parts of Irrigation System. Therefore, I find that Explanatory Notes under the heading PARTS falling under the heading 8424, are applicable in the

present case. It can be seen that Valves are not included as Parts of the Irrigation Systems, but the goods described in the Heading 84.81 are excluded from Parts of Irrigation Systems. As Valves have been specifically included in the heading 84.81, they stand excluded from the scope of Parts of Irrigation Systems falling under the Heading 84.24.

22.1 The adjudicating authority has relied upon the HSN Explanatory Note for the Heading 84.81. Relevant portion thereof is as under:

84.81

Taps, cocks, valves, etc., remain in this heading even if specialized for use on a particular machine or apparatus, or on a vehicle or aircraft. However, certain machinery parts which incorporate a complete valve, or which regulate the flow of a fluid inside a machine although not forming a complete valve in themselves, are classified as parts of the relative machines, for example, inlet or exhaust valves for internal combustion engines (heading 84.09), slide valves for steam engines (heading 84.12), suction or pressure valves for air or other gas compressors (heading 84.14), pulsators for milking machines (heading 84.34) and non-automatic greasing nipples (heading 84.87).

*
* *

22.2 In view of the wordings of the above HSN Explanatory Note for the Heading 84.81, I agree with the finding of the adjudicating authority to the effect that Valves remain in the Heading 84.81, even if they are specialized for use on a particular machine or apparatus

23. The Hon'ble Supreme Court in many cases have observed and held that HSN Explanatory Notes are safe and dependable guide for deciding issue of classification in Customs Tariff and such judgments have been followed by the lower authorities. Some of such judicial pronouncements are cited below:

- *CCE, Shillong vs. Wood Craft Products Ltd. - 1995 (77) E.L.T. 23 (S.C.)*
- *CC, Bombay vs. Business Forms Ltd. - 2002 (142) E.L.T. 18 (S.C.)*
- *C.C. (General), New Delhi vs. Gujarat Perstorp Electronics Ltd. - 2005 (186) ELT 532 (SC)*
- *CCE, Goa vs. Phil Corporation Ltd. - 2008 (223) E.L.T. 9 (S.C.)*

In view of the above Judgments, I am of the considered view that the Valves, which are specifically included in the Heading 84.81 are excluded from the Heading 84.24 as Parts of Irrigation System, as per the above-mentioned HSN Explanatory Notes.

24. Discussion of the Orders relied upon by the appellant

24.1 In the case of *Elgi Ultra Appliances Ltd. vs. Commissioner of C. Ex., Coimbatore - 2001 (134) E.L.T. 245 (Tri. -Chennai)*, the issue involved was regarding classification of LDPE/HDEP

Pipes specifically manufactured as parts of Drip Irrigation System. Whereas, in the present case the issue is regarding classification of Valves, which have been specifically included in CTH 8481 and excluded from CTH 8424, as mentioned in the Section Note and HSN Explanatory Notes discussed hereinabove.

24.2 I have referred the Order of the Hon'ble CESTAT, Mumbai, in the case of *M/s. Jain Irrigation Systems Ltd. vs. Commissioner of Customs (Imports), Nhava Sheva - 2013-TIOL-1279-CESTAT-MUM = 2013 (9) TMI 104-CESTAT MUMBAI*, which has been heavily relied upon by the appellant. In the said Order, it has been observed that in an earlier case of the same importer, the Commissioner (Appeals), JNCH, had held that the double chambered valves for use in agricultural and horticultural purposes are classifiable under CTH 8424, not under CTH 8481. No appeal against the said Order of Commissioner (Appeals) had been filed by Department. Therefore, the Hon'ble CESTAT has held to the effect that the Department is not permitted to take a contra stand in subsequent cases of the same importer.

24.3 I have also referred the another Final Order No. A/87492/2019, dated 04.12.2019, in Appeal No. 87392 of 2013, passed by the Hon'ble CESTAT, Mumbai, in the case of *M/s. Jain Irrigation System Ltd. vs. Commissioner of Customs (Import), Mumbai*. In the said Order, there is no discussion on merits about classification of Mini Valves, but it has been observed that the said dispute for the earlier period, in the case of the same importer, has been decided by the Tribunal vide the Order reported in *2013-TIOL-1279-CESTAT-MUM*, and therefore the issue is not open for debate.

24.4 In this regard, I find that in the case of the appellant, there is no order of any higher forum deciding classification of different types of Valves imported by them. Further, assessment of each and every Bill of Entry is appealable either by the importer or by the Department and the appeal so filed is required to be decided on merits of each and every case. In this regard, I rely upon the Judgment of the Hon'ble Supreme Court in the case of *CCE, Calcutta Vs. Alnoori Tobacco Products, reported in 2004 (170) ELT 135 (SC)*, wherein it has been held that circumstantial flexibility, one additional or different fact, may make a world of difference between conclusions in two cases and so, disposal of cases by blindly placing reliance on a decision is not proper. Therefore, with due respect, I am of the considered view that the ratio of the Orders of the Hon'ble CESTAT, Mumbai, in the cases of *Jain Irrigation System Ltd. (supra)*, cannot be followed in the present case.

25. Discussion regarding end-use based classification

25.1 I have seen a copy of the Invoice No. 10139256, dated 26.02.2023, issued by the foreign supplier to the appellant. I find that the entire Drip Irrigation System has not been supplied to the

appellant, but separate items/parts/components for Drip/Sprinkler Irrigation System have been supplied. I am of the considered view that the imported goods are to be classified as per their condition at the time of import, not on the basis of its subsequent use, unless the law prescribed end-use based classification. In this regard, I rely upon the Judgment of the Hon'ble Supreme Court in the case of **Dunlop India Ltd. Vs. UOI**, as reported in 1983 (13) ELT 1566 (SC). In this case, it has been held that the condition of the article at the time of importing is a material factor for the purpose of classification as to under what head, duty will be leviable. Further, it has been held that the basis of the reason with regard to the end-use of the article is absolutely irrelevant in the context of the entry where there is no reference to the use or adaptation of the article.

25.2 In the case of **Towa Ribbons Pvt. Ltd. Vs. Collector of Customs**, as reported in 1993 (66) ELT 320 (Tribunal), the special Bench of the erstwhile Hon'ble CEGAT (now, CESTAT) has observed that Supreme Court's decision in the case of **Dunlop India** cited supra by the learned SDR holds that the condition of the article at the time of importation is a material factor for the purpose of determining its classification for levy of duty. This being so, the Hon'ble CEGAT did not consider the case law cited by the learned Counsel about the primary function and functional character of an article.

25.3 In the case of **CC, Bombay Vs. Kirloskar Pneumatic Co. Ltd.** - 1997 (92) ELT 365 (Tri), the Hon'ble Tribunal has held as under:

"We are, therefore, not impressed with the argument of ld. Advocate that since these are specifically designed for compressors they would be assessed only as parts of compressors under heading 8414.90. HSN Notes make it clear that valves even if specialised for use on a particular machine or apparatus remain classified under heading 84.81."

25.4. I have also referred the Final Order of the Hon'ble CESTAT, Mumbai, in the case of **C.C., Bombay Vs. Cipla Ltd.** as reported in 1998 (102) ELT 739 (Tribunal). Extracts from the same is given below (emphasis supplied):

*"5. Shri Negi further claimed that aerosol dispensation was akin in function to scent spray and toilet spray which were covered be under Heading 96.16 and, therefore, the classification adopted by the Assistant Collector was accurate. Shri Lakshmikumaran, Advocate referring to the coverage of the Tariff entries maintained that the functions were similar but that toilet sprays were not meant for delivering metered doses. Commenting on the coverage of the entry, he argued that parts of spray namely, **valves** would not be covered under this entry. Referring to Note 2(A) to Section XVII, he stated that valve was specifically included under Heading 8481 and would continue to be classified thereunder. He further stated that unlike other sub-headings under Chapter 96, such as 9613, parts of goods falling under 9616 do not fall under that sub-heading or under any other heading of that Chapter. Therefore, valves would at all times be classified under Heading 8481 only."*

6. Shri Lakshmikumaran further argued that vide Public Notice dated 30-11-1983 the classification of aerosol valves has been shown under Heading 8461 (2) of the Customs Tariff as it then existed. Referring to the text of that Tariff Entry and the current Heading 8481, he stated that they were identical. Therefore, where such goods were earlier classifiable under old Heading 84.61 (2), they had to be classified under current heading 84.81. In arguing that Tariff Advice had force of law, he relied upon the Supreme Court judgment reported in 1996 (87) E.L.T. 19.

7. We have carefully examined the cited Tariff Entries, the Chapter and the Section Notes and the Tariff Advice. Explanatory Notes in the C.C.C.N. specifically cover **inclusion of such valves under Heading 84.81**. The function of aerosol can dispensing metered drug is distinct from the perfume dispensing set. The valves used in such spray, therefore, are different. The valves which are parts of spray apparatus do not find their place in Chapter 96. On consideration of this aspect, we find that the Collector was right in classifying the goods under Heading 84.81."

25.5 In view of the above-mentioned Orders, I am of the considered view that the impugned goods, i.e. four types of Valves, merit classification under CTH 8481 as held by the adjudicating authority; and not under CTH 8424 as claimed by the appellant.

26.1 I have perused the **Circular No. 155/11/2021-GST, dated 16.07.2021**, issued by the CBIC regarding GST rate of laterals and parts of Sprinklers or Drip Irrigation System. Clarification given in the said Circular is as under:

"Representations have been received seeking clarification regarding GST rate on parts of Sprinklers or Drip Irrigation System, when they are supplied separately (i.e. not along with entire sprinklers or drip irrigation system). This issue was examined in the 43rd meeting of GST Council held on the 28th May, 2021.

2. The GST rate on Sprinklers or Drip Irrigation System along with their laterals/parts are governed by S. No. '195B' under Schedule II of notification No. 1/2017-Central Tax (Rate), dated 28th June, 2017 which has been inserted vide notification No. 6/2018- Central Tax (Rate), dated 25th January, 2018 and reads as below:

S. No.	Chapter Heading/ Sub-heading/Tariff Item	Description of Goods	CGST rate
195B	8424	Sprinklers; drip irrigation systems including laterals; mechanical sprayer	6%

3. The matter is examined. The intention of this entry has been to cover laterals (pipes to be used solely with sprinklers/drip irrigation system) and such parts 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."

26.2 I find that in the above Circular has been issued to clarify the rate of GST on pipes and parts of Drip Irrigation System, when supplied separately. However, it is nowhere clarified in the Circular to the effect that Valves meant for use in Drip Irrigation Systems are classifiable under CTH 8424. Therefore, I am of the considered view that the aforesaid Circular is not applicable to decide classification of Valves in the present matter.

27. In view of the statutory provisions of the Section Note 2(a) of Section XVI of the CTA, 1975, Rule 1 of the GRI and HSN Explanatory Notes for the Headings 84.24 and 84.81, as discussed hereinabove, I am of the considered view that the impugned goods i.e. four types of Valves imported by the appellant have been rightly classified under CTI 84818090 in the impugned order and therefore, the appeal filed by the appellant for classification of the same under CTI 84249000 is not legally tenable and is required to be rejected.

Order:

28. In view of the discussion made hereinabove, I reject the appeal filed by the appellant and uphold the impugned order.



(Signature)
 08 April, 2025.
 (AKHILESH KUMAR)
 Commissioner (Appeals)
 Customs, Ahmedabad

F.No. S/49-201/CUS/AHD/2023-24

Date: 08.04.2025

By e-mail [As per Section 153(1)(c) of the Customs Act, 1962]

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