

GST : Fennel (Saunf), Coriander (Dhaniya), Cumin Seeds (Jeera), Carom Seeds (Ajwain), Fenugreek Seeds (Kasoori Methi), Mustard Seeds (Sarson), Brown Mustard Seeds (Rai), Nigella Seeds (Kalonji), Poppy Seeds (Posara Dana) fall under definition of agricultural produce in terms of notification no. 11/2017 dated 28.06.20017; and so supply of cold storage service in relation to these is exempt from levy of GST

GST : Turmeric (Haldi) and dried ginger (sonth) are not agricultural product in terms of notification no. 11/2017 dated 28.06.20017 and, therefore, supply of cold storage service in relation to these would remain chargeable to GST

GST : Tamarind is not agricultural product in terms of notification no. 11/2017 dated 28.06.20017 and, therefore, supply of cold storage service in relation to these would remain chargeable to GST

GST : Dry mango (sukha amchur), kathodi (sukhi kathodi), dry gooseberry (sukha amla), dry water caltrop/water cashewnut (dry Singadha), dry peas (sukha matar are not agricultural product in terms of notification no. 11/2017 dated 28.06.20017 and, therefore, supply of cold storage service in relation to these would remain chargeable to GST

GST : Cinnamon (Dalchini), Gum (Gond), Arjuna Chaal (Arjun Chaal) are not agricultural product in terms of notification no. 11/2017 dated 28.06.20017 and, therefore, supply of cold storage service in relation to these would remain chargeable to GST

GST : Groundnuts (Mungfalli), Coconut (Copra Cola) are not agricultural product in terms of notification no. 11/2017 dated 28.06.20017 and, therefore, supply of cold storage service in relation to these would remain chargeable to GST

GST : Dry fruits such as Fig (Anjeer) Almond (Badaam), Walnuts (Akhrot), Pistchio (Pista), Lotus Seed Pop (Phool/Tal Makhana) etc. are not agricultural product in terms of notification no. 11/2017 dated 28.06.20017 and, therefore, supply of cold storage service in relation to these would remain chargeable to GST

• The applicant is the owner of the cold storage house and, therefore, provides storage and warehousing facilities to variety of agriculture produce. The applicant submitted an application, seeking an advance ruling on the Entry No. 24 of the Notification No. 11/2017 Central tax (Rate) dated 28/6/2017 which at S. No. 24(i)(i)(e) provides tax rate as 'Nil' for services of loading, unloading, packing, storage or warehousing of agricultural produce as a support services to agriculture, forestry, fishing, animal husbandry. The applicant has submitted list of various products which come into cold storage. The products included in group A were Fennel (Saunf), Coriander (Dhaniya), Cumin Seeds (Jeera), Carom Seeds (Ajwain), Fenugreek Seeds (Kasoori Methi), Mustard Seeds (Sarson), Brown Mustard Seeds (Rai), Nigella Seeds (Kalonji), Poppy Seeds (Posara Dana). The products in group B were Turmeric (Haldi), Dried Ginger (Sonth). The products in group C was Tamarind. The products in group D were Dry mango (Sukha Amchur), Kathodi (Sukhi Kathodi), Dry Gooseberry (Sukha Amla), Dry Water Caltrop/Water Cashewnut (dry Singadha), Dry Peas (Sukha Matar). The products in group E were Cinnamon (Dalchini), Gum (Gond), Arjuna Chaal (Arjun Chaal). The products in group F were Groundnuts (Mungfalli), Coconut

(Copra Cola). The goods in group G were Dry fruits such as Fig (Anjeer) Almond (Badaam), Walnuts (Akhrot), Pistchio (Pista), Lotus Seed Pop (Phool/Tal Makhana) etc.

- Goods mentioned under Group A fall under definition of Agricultural Produce in terms of aforesaid notification and so supply of cold storage service in relation to these is exempt from levy of GST. However if any processing is done on these products as is not usually done by a cultivator or producer at farm level, then these would fall outside definition of agricultural produce as given in aforesaid Notification and in that case supply of cold storage service in relation to these would remain chargeable to GST.
- Goods mentioned under Group B to G are not agricultural produce in terms of aforesaid notification and so supply of cold storage service in relation to these would remain chargeable to GST.



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AUTHORITY FOR ADVANCE RULINGS, RAJASTHAN
Sardar Mai Cold Storage & Ice Factory, In re
NITIN WAPA AND SUDHIR SHARMA, MEMBER
ADVANCE RULING NO. RAJ/AAR/2018-19/03
JUNE 11, 2018

Alok Kumar Kothari, Advocate *for the Applicant*.

RULING

SUBMISSION OF THE APPLICANT

1. M/s Sardar Mai Cold Storage & Ice Factory) hereinafter referred to as 'Applicant') submitted an application, seeking an Advance Ruling on the Entry No. 24 of the Notification No. I J/2017 Central tax (Rate) dated 28/06/2017 which at S. No. 24 (i)(i)(e) provides tax rate as 'NIL' for services of loading, unloading, packing, storage or warehousing of agricultural produce as a support services to agriculture, forestry, fishing, animal husbandry.

The applicant seeks advance ruling over the coverage of definition of support services of loading, unloading, packaging, storage or warehousing of agriculture produce as explained at Explanation (i) (e) given at S.No 24 of the said notification.

2. That the applicant is the owner of the cold storage house and therefore provides storage and warehousing facilities to variety of agriculture produce. The explanation provided at pi. 4 (vii) of the **notification** defines agriculture produce as

"agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics hut makes it marketable for primary market. "And

If any Product falls under the definition of the agriculture produce, then by virtue of S. No 24 of the notification the activity of storage attracts Nil rate of Duty

3. The applicant has submitted list of various products and the process done on those agriculture commodities before the) come into cold storage. In order to seek advance ruling that whether the goods which comes for storage will come under the definition of agricultural produce or not & whether the supply of Cold Storage services by the applicant Hint 10 various products as mentioned herein below attracts Nil rate of duty or not as per Notification No. 11/2017 Central tax (Rate) dated 28/06/2017. In their support the applicant submitted the details of various products and related processes done on them by the Farmers/Cultivators' traders before the products comes for Storage Purpose.

GROUP-A

Name of goods	Stage at which commodities come for storage and process if any applied by the Farmers/Cultivators/Traders before the products comes for Storage Purpose.	Remarks
1. Fennel (Saunf)	<p>The goods covered by this group are agriculture produce and brought by farmers in a ready to marketable shape. But being a product of agriculture the product contains certain small pieces of stones. dust, mud and other impurities etc.</p> <p>In order to sale to consumers and as per the requirement of various other allied laws like Food Safety and Standards Authority of India (FSSAI) The produce are require to be clean therefore aforementioned impurities are removed by cleaning which is either done by the cultivator or traders before it comes for storage purpose.</p> <p>But the agriculture produce retains its essential character and there is no change in the product or its marketability due to the cleaning process. The products which are sold by cultivator and stored at the applicant's cold storage, remains the same agriculture product except the difference that farmers sold the goods with small pieces of stones, dust. mud. impurities etc. and the trader who bought the goods and arranges for the cold storage of the goods gels it cleaned prior to storage so that unnecessary storage of waste product should not be done.</p> <p>The process of cleaning or removing the dust does not change the essential character of the goods in question nor add an marketability. The products remains same before or after remaining dust.</p>	<p>1. That as per the description provided in Column No. 2 there is a clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage of the goods covered by Column No. 1 under the definition of agriculture produce which is given in die explanation provided at Pi. No. 4(i) of the Notification No. 11/2017 Central lax (Rate) dated 28/06/2017 and hence attracts "NIL" rate of duty.</p> <p>2. Thai the applicant will reproduce the sample of the goods at the time of Hearing, before the Bench to explain the contention.</p>
2. Coriander (Dhaniya)		
3. Cumin seeds (Jeera)		
4. Carom seeds (Ajwain)		
5. Fenugreek Seeds (KasooriMethi Dried)		
6. Mustard Seeds (Sarson)		
7. Brown Mustard Seeds(Rai)		
8. Nigella Seeds (Kalonji)		
9. Poppv seeds (Posara danna)		

Group-B

Name of goods	Stage at which commodities come for	Remarks
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storage and process it' anv applied by the Farmers/Cultivators/Traders before the products comes for Storage Purpose.

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| <ul style="list-style-type: none"> 1. Turmeric (Haldi) 2. Dried Ginger (South) 3. Dates(Khajoor) 4. Dry Dates (Chhuhara) | <p>1. That the goods like Turmeric, Ginger, Dates, Dry Dates which are undoubtedly an agriculture produce but in order to make them marketable both the cultivator or the farmer undertakes the process of preserving by way of polishing or drying of the product which doesivt change the essential character of the products in question but makes it sustainable& marketable. The traders buy these goods and make them available for cold storage. Thus, products which are stored are an agriculture produce.</p> <p>2. It is also pertinent to bring to your kind notice that sometimes the traders purchase the raw form from the farmers and get it polished to make it marketable and get it stored. But the product retains its essential character of being an agriculture produce.</p> | <ul style="list-style-type: none"> 1. That as per the description provided in Column No. 1 there is a clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage ofthe goods covered by Column No. 1 under the definition of agriculture produce which is given in the explanation provided at Pt. No. 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06/201" and hence attracts 'NIL' rate of duly. 2. That the applicant will reproduce the sample of the goods at the time of Hearing. before the Bench to explain the contention. |
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Group-C

Name of goods	Stage at which commodities come for storage and process if any applied by the Farmers/Cultivators/Traders before the products comes for Storage Purpose.	Remarks
1. Tamarind (Imli)	The Tamarind are primarily produced or cultivated by small farmers who remove the shell or the upper part and bring the inner part (which is the consumable part ofTamarind) for sale. The Tamarind may or may not come for storage with seeds.	<ul style="list-style-type: none"> 1. That as per the description provided in Column No. 2 there is a clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage of the goods covered by Column No. 1 under the definition of agriculture produce which is given in the explanation provided at Pt. No. 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06 201 7 and hence attracts 'NIL" rate of duty. 2. That the applicant will reproduce the sample of the goods at the time of Hearing, before the Bench to explain the contention.

Group-D

Name of goods	Stage at which commodities come for storage and process if any applied by the Farmers/Cultivators/Traders before the products conies for Storage Purpose.	Remarks
<ul style="list-style-type: none"> 1. Dry Mango (Amchur) 2. Kathodi 3. Diy Gooseberry (Dry Amla) 4. Dry Water -Caltrop/Water Cashewnut (SukhaSingadha) 5. Dry Peas (SukhaMatar) 	<p>The products that come for cold storage purpose are in a dry form.</p> <p>The cultivator or farmer who produces or grows the product does certain essential processing like washing, drying, cutting so that products become marketable at the end of the farmers.</p> <p>The cultivators bring these goods in a</p>	<ul style="list-style-type: none"> 1. That as per the description provided in Column No. 2 there is a clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage of the goods covered by Column No. 1 under the definition of agriculture produce which is given in (he explanation provided at Pi. No. 4 (vii)

dry/cut form to the Mandis and thereafter goods are bought by the traders in the same form and shape as it is bought by the farmers to the Mandi. The traders who bought the goods don't process it any further before bringing the goods for storing the goods at cold storage. Thus, the product in questions retains its essential character as agriculture produce.

of the Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 and hence attracts "NIL" rate of duty.
2. That the applicant will reproduce the sample of the goods at the time of hearing before the Bench to explain the contention.

Group-E

Name of goods	Stage at which commodities come for storage and process if any applied by the Farmers/Cultivators/Traders before the products comes for Storage Purpose.	Remarks
1. Cinnamon (Dalchini) 2. Gum(Gond) 3. ArjunaChhal	The products in a question are bark (Outer most layer of the wood) of the trees. The product always retains its natural shape as the bark is outermost part of the trees and without any processing it is ready to use or consume. It comes to market for sale and in a same shape/form as it is obtained by the farmers and also comes to storage houses in a same form as it is purchased from farmer as <i>no</i> processing is require. There is no intermediary process is ever done or require right from the point of peeling of the skin till the point of consuming.	1. That as per the description provided in Column No.2 there is clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage of the goods covered by Column No. 1 under the definition of agriculture produce which is given in the explanation provided at Pt. No. 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 and hence attracts 'NIL' rate of duty 2. That the applicant will reproduce the sample of the goods at the time of Hearing, before the Bench to explain the contention.

Group-F

Name of goods	Stage at which commodities come for storage and process if any applied by the Farmers/Cultivators/Traders before the products comes for Storage Purpose.	Remarks
1. Groundnuts (Mungphali) 2. Copra Gola (Coconut)	Groundnut and coconut as globally known are products with outer shell which has no use. The farmers bring the entire product which includes nut. and its outer shell to the market. The trader only gets the outer shell remove for the convenience of storage of the goods but it can be easily appreciated that the Groundnut and coconut are always known. purchase, grown for the nut and its outer shell has no use whatsoever. So. removal of outer shell either at the hands of cultivator or at the hands of the trader will never bring any change in its essential character or marketability of the Groundnut and coconut The goods are always stored in its form without any processing ever done right from the stage of cultivator till storage. The removal of outer shell can never be	1. That as per the description provided in Column No. 2 there is a clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage of the goods covered by Column No. 1 under the definition of ' agriculture produce which is given in the explanation provided at Pt. No. 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 and hence attracts "NIL" rate of duty. 2. That the applicant will reproduce the sample of the goods at the time of Hearing, before the Bench to explain the contention.

categorised by any stretch of imagination as a process as it never contributes either to marketability or changing the essential character of the agriculture produce of Groundnut and Coconut.

Group-G

Name of goods	Stage at which commodities come for storage and process if any applied by the Farmers/Cultivators/Traders before the products comes for Storage Purpose.	Remarks
1. Dry fruits such as Fig (Anjeer). Almond (Badaam). Walnuts (Akhrot). Pistachio (Pista) . Lotus Seeds Pop (PhoolMakhana) etc.	The product in a question is product with outer shell which has no use. So. removal of outer shell either at the hands of cultivator or at the hands of the trader will never bring any change in its essential character or marketability of the product. The goods are always stored in its form without any processing ever done right from the stage of cultivator till storage. The removal of outer shell can never be categorised by any stretch of imagination as a process as it never contributes either to marketability or changing the essential character of the agriculture produce.	1. That as per the description provided in Column No. 2 there is a clear cut storage of the agriculture produce and the applicant seeks the advance ruling over the coverage of the goods covered by Column No. 1 under the definition of agriculture produce which is given in the explanation provided at Pt. No. 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 and hence attracts 'NIL' rate of duty. 2. That the applicant will reproduce the sample of the goods at the time of hearing before the Bench to explain the contention.

4. The applicant submitted that in respect of the products categorised from Group A to Group G *above*, it is very clear that none of the products discussed above goes through any processing till they come to the cold storage which changes the essential character or marketability of the agriculture produce purchased from the farmers/cultivators by the traders. The buyers of the agriculture produce in all the above cases are not carrying out any process leading to change in essential character or enhancing the marketability of agriculture produce which is purchased from the cultivators. Thus, what is stored at the cold storage are primarily an agriculture produce and are covered under the definition of the agriculture produce as defined under explanation- 4(vii) of the Notification No. 11/2017 Central tax(Rate) dated 28/06/2017 and Notification No 12/2017 -Central Tax (Rate) dated 28/6/17 (at point 2(d) of the notification) hence attracts NIL rate of duty as per S. No. 24 of the notification no 11/2017 or S. No 54 of the notification no 12/2017.

5. Applicant's Questions(s) on which Advance Ruling is required

In order to seek advance ruling that, whether all the goods as listed in their application are covered under the definition of agriculture produce as defined under explanation 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 and Notification No 12/2017 -Central Tax (Kate) dated 28/6/17 (at point 2(d) of the notification) hence attracts NIL rate of duty as per S. No. 24 of the notification no 11/2017 or S. No 54 of the notification no 12/2017.

Personal Hearing (PH)

6.1 In the matter personal hearing was given to applicant. Shri Alok Kumar Kothari .Advocate, appeared

as representative of applicant for personal hearing on 05.05.2018. During the PH he reiterated the submission already made in the application for Advance Ruling submitted on 13/03/2018. Further he submitted a written submission to further clarify applicant's stand on the matter which was placed on the record. He requested that the case may be decided as per the above submission made earlier.

6.2 The jurisdictional officer in his/her comments dated 25.05.2018 has stated that goods mentioned in annexure A (Group A) could be covered under the definition of 'Agricultural Produce' as defined under explanation 4 (VII) of Notification No. 11/2017 Central Tax (Rate) Dated 28-06-2017 and Notification No. 12/2017 Central tax (Rate) Dated 28-06-2017 at para 2 (D) hence attracted nil rate of duty. Further Goods mentioned in Annexure A (Group-B to G) undergo some or other form of processing and would not fall under the 'Agricultural Produce'.

Issues to be decided:

7. The issue involved in this case is. whether the goods as mentioned in Group A to Group G of Annexure A which comes for storage will come under the definition of agricultural produce or not & whether the supply of Cold Storage services by the applicant firm to the goods as mentioned above in the table as Group A to Group G. attracts Nil rate of duty or not as per Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 and Notification No 12 2017 -Central tax (Rate) dated 28/06/2017

Findings:

8.1. As per Notification No. 11/2017 Central tax (Rate) dated 28/06/2017, Sr, No. 24 in the table therein. **Central tax** on the intra-State supply of services of description "*Support services to agriculture, forestry, fishing, animal husbandry*" **is applicable at NIL rate.**

In the said notification, in the Table, as per serial number 24. description of service given as.

(i) Support services to agriculture, forestry, fishing, animal husbandry.

Explanation. - "Support services to agriculture, forestry, fishing, animal husbandry" mean -

(i) Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—

(a) agricultural operations directly related to production of any **agricultural produce** including cultivation, harvesting, threshing, plant protection or testing;

(b) supply of farm labour;

(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing. - sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;

(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;

(e) **loading, unloading, packing, storage or warehousing of agricultural produce;**

(f) agricultural extension services;

(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.

(ii) Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail

packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.

- (iii) Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.

Further definition of agricultural produce as defined under explanation 4 (vii) of the Notification No. 11/2017 Central tax (Rate) dated 28/06/2017 as

"agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but marketable for primary market.

8.2 As per Notification No. 12/2017 Central tax (Rate) dated 28/06/2017. Sr. No. 54 in the table therein. Central tax on the intra-State supply of services of description *"Support services to agriculture, forestry, fishing, animal husbandry"* **is exempt.**

In the said notification, in the Table, as per serial number 54, description of service given as Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—

- (a) agricultural operations directly related to production of agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
- (b) supply of farm labour;
- (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
- (d) renting or leasing of agro machinery or vacant land with or without a structure incidental its use;
- (e) loading, unloading, packing, storage or warehousing of agricultural produce;
- (f) Agricultural extension services;

Further definition of agricultural produce, as defined under explanation 2(d) of the Notification No. 12/2017 Central tax (Rate) dated 28/06/2017 as

"agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market.

8.3 'Agricultural Produce' as per the definition given in above the Notifications . should necessarily have three essential elements:

- (a) It must be a produce out of cultivation of plant and rearing of all life forms of animals.

- (b) On which no further processing is done or such processing is done as usually done by a cultivator or producer which does not alter its essential characteristics i.e. produce must broadly retain its physical and chemical form/constitution..
- (c) Most importantly the processing done should be such as is usually done by a cultivator or producer which should only help it to attain marketability at primary market i.e. the definition limits the scope of processing and allows only those activities which help the produce to attain the condition of its first marketability in primary market. After it attains the condition of first marketability the definition restricts all other further processes on the produce for further sale to be termed as "Agricultural Produce".

Once the produce attains its first marketability for the primary market all other subsequent processes on produce leading to value addition and subsequent sale belong to the realm of secondary market thereon refraining the produce to fall under the category of 'Agricultural Produce' as defined in Notification.

In clarification issue as per circular No. 16/16/2017 GST dated 15-11-2017. issue regarding GST applicability on warehousing of 'Agricultural Produce' such as coffee, pulses, jaggery etc. has been clarified. The clarification clearly deals with certain issues such as:—

1. Primary Market :- Green tea leaves which attain primary marketability soon after being plucked from tea plant is "Agricultural Produce" and not the dried tea leaves.
2. Essential characteristic :- Sugarcane loses its essential characteristic when processed as jaggery. Hence jaggery is not a 'Agricultural Produce'.
3. Process :- Dehusking and splitting or both of pulses is not carried out by farmer or at farm level therefore pulses are not 'Agricultural Produce'. While pulse grain such as whole grain, Rajama etc which are directly sold in primary market with little or no processing at farm level are regarded as "Agricultural Produce".

Before we decide that whether goods mentioned in Annexure A fall under category of agricultural produce or not they should be analyzed on basis of the following points:

- (a) Are the goods mentioned in Annexure A are those goods which are being sold by farmers/cultivators in Primary Market.
- (b) Are the activities/processing done on these goods as mentioned in Annexure A are of those nature which are usually done by the farmers/Cultivators at farm level or instead are being done by skilled labour by help of certain tools or machines following specific procedures.
- (c) Is there a considerable value addition brought about by the processing of goods

8.4 Based on above explanation, goods as per annexure A (Group A to G) are discussed as follows :-

Annexure A (Group A)

Fennel(Saunf), Coriander(Dhaniya), Cumin Seeds (Jeera), Carom Seeds(Ajwain), Fenugreek Seeds(Kasoori Methi), Mustard Seeds(Sarson), Bn)vn Mustard Seeds (Rai), Nigella Seeds(Kalonji), Poppy Seeds(Posara Dana):

If no further processing is done on above mentioned goods or such processing is done as is usually done

by a cultivator or producer which does not alter its essential characteristics but makes **marketable for primary market**. then the same would fall in the definition of agricultural produce given in aforesaid Notification and exemption would be available. However if any processing is done on above products **as is not usually done by a cultivator or producer at farm level** such as cleaning, sorting, colour-sorting, grading, cutting, splitting, drying, packing etc. using specialized machine or equipments) as is not usually done by a cultivator or producer at farm level), then it will fall outside the definition of agricultural produce as given in the aforesaid Notification.

Annexure A (Group B)

Turmeric (Haldi), Dried Ginger (Sonth): After harvesting from fields the produce is brought to primary market (mandis) as fresh green/raw turmeric and ginger where it is sold by farmers/cultivators. Further drying and polishing of them is a specialized process not usually carried out by cultivator which converts them into diy haldi (masala) and into dried ginger (Sonth. kirana item) hence changing the essential characteristic. Similarly dates and dry dates also after being sold in primary market go under specific process of sorting, cleaning, drying and polishing which is not usually done by cultivator himself. Hence processed goods mentioned in Group B do not belong to produce which are being sold in primary market and processes involved lead to considerable value addition indicating change in essential characteristics. Hence goods mentioned in Group B do not fall under the definition of 'Agricultural Produce'.

Annexure A (Group C)

Tamarind :- Tamarind when harvested from tree consists of brittle outer shell which encapsulates the pulp and enclosed seed which in turn are sold by farmer in primary market. Shelling and removal of seeds to obtain the pulp is usually done by specially designed machines. Hence inner pulp without shell and seeds do not fall under the definition of 'Agricultural Produce' as it loses its essential characteristics.

Annexure A (Group D)

Dry mango (Sukha Amchur) is obtained after processing green/raw mango (Kacchi Karrie). Kathodi (Sukhi Kathodi) is obtain after processing green kathodi, Dry Cooseberiy (Sukha Amla) is obtained from processing of green Gooseberry (Kucha Amla). Dry Water Caltrop/Water Cashewnut (dry Singadha) is processed into Sukha Singadha from Hara/Gila Singhda, Dry Peas (Sukha Matar) is obtain from processing of green peas (Hara matar).

Green/raw mango, green kathodi. kachha amla. gila Singhada. hara Matar arc harvested by farmer fresh and brought to primary market(mandis) from where its bought by traders/processors who intern under take certain specific processes such as washing, cutting, shelling, cleaning, drying, packing etc. These processes lead to a considerable value addition as compared to that of product sold in primary market which is in itself reflection of change in there essential characteristic hence the above cannot be characterized as Agricultural produce.

Annexure A (Group E)

Cinnamon (Dalehini), Gum (Gond), Arjuna Chaal (Arjun Chaal) :

Cinnamon (Species) is obtained from the inner bark of a tree, species Genus CTNNANOMUN. Immediately after harvesting the bark has to undergo a spec process involving hammering, scrapping, drying, cutting, fumigation, packing etc. These process are done by skilled labour and nearly accounts for 60% costs of the final product. After harvesting these process are not done by fanners but arc being done by skilled labour at specific plants set up to extract bark from the branches harvested..

Gum (Gond) :- Raw gum is collected by farmers or gum collectors from outer bark o(Acacia tree which

after collection is sold in primary market. Later in industrial plants raw gum is cleaned, refined, powered and made in granular form fit to be consumed in foods industries.

Arjuna Chaal (Arjun Chaal):- Arjuna Chaal is got from tree, Arjun Arminalia. The bark also goes under certain processing before it is fit to be used in Ayurvedic Industries.

Hence as per definition they too don't fall under the category of Agricultural Produce.

Annexure A (Group F)

Groundnuts (Mungfalli), Coconut (Copra Gola)

Groundnuts (Mungfalli) is harvested from the farms and sold with outer shells in primary market. Later by help of machines outer shell is removed and groundnut seeds are separated.

Same is the case with coconut(copra gola) which is sold in Primary market by the cultivator as commonly known as *Nauriyal* with outer fibrous husk or coir covering. Specialized plants are set up to remove the outer coir (dehusking) and inner hard shell (deshelling).

Hence in both the cases farmers are not usually involved in processing of product. Thus groundnuts without shell commonly called as *Singhdana (ground mil seeds)* and coconut without shell known as Copra gola do not fall into category of Agricultural Produce.

Annexure A(Group G)

Dry fruits such as Fig (Anjeer) Almond (Badaam), Walnuts (Akhrot), Pistchio (Pista), Lotus Seed Pop (Phool/Tal Makhana) etc.

Dry fruits as the name suggests, is obtained by drying of fresh fruits or other plain products. All of them are harvested and sold in primary market by Cultivator as raw and green . These are then purchased by traders and processors who undertake a very specific . time consuming process such as cleaning, deshelling, specialized drying, sorting, grading, packing etc.

Products mentioned in Group G are processed by which the loose their essential characteristics

Hence do not fall under category of Agricultural Produce.

9. In view of the forgoing. we rule as under :-

RULING

Taxability of the supply of Cold Storage services in respect of goods as mentioned under Group A to Group G in the application for Advance Ruling tiled by M/s Sardar Mai Cold Storage & Ice Factory , H-141,142,150, Malviya Industrial Area, Malviya Nagar, Jaipur is as follows :-

- 1. Goods mentioned under Group A fall under the definition of Agricultural Produce in terms of the aforesaid notification and so supply of cold storage service in relation to these is exempt from the levy of GST . However if and processing is done on these products as is not usually done by a cultivator or producer at farm level , then these would fall outside the definition of agricultural produce as given in the aforesaid Notification and in that cast-supply of cold storage service in relation to these would remain chargeable to GST.**
- 2. Goods mentioned under Group B to G are not Agricultural produce in terms of the aforesaid notification and so the supply of cold storage**

service in relation to these would remain chargeable to GST.

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