



सत्यमेव जयते

आयुक्त (अपील) का कार्यालय
Office of the Commissioner (Appeals)
केंद्रीय जीएसटी अपील आयुक्तालय - अहमदाबाद
Central GST Appeal Commissionerate- Ahmedabad
जीएसटी भवन, राजस्व मार्ग, अम्बावाड़ी अहमदाबाद ३८००१५
CGST Bhavan, Revenue Marg, Ambawadi, Ahmedabad 380015



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टेलिफैक्स 26305136 - 079 :

DIN-20210364SW00000098E7

स्पीड पोस्ट

- क फाइल संख्या : File No : V2(CEX)4/EA-2/GNR/2020-21
- ख अपील आदेश संख्या Order-In-Appeal No. **AHM-EXCUS-003-APP-57/2020-21**
दिनांक Date : 29.01.2021 जारी करने की तारीख Date of Issue : 04.03.2021
आयुक्त (अपील) द्वारा पारित
Passed by **Shri Akhilesh Kumar**, Commissioner (Appeals)
- ग Arising out of Order-in-Original No. GNR Comm'rate/ C.Ex./AC-MKS/Kalol/05/2020-21 dated 29.04.2020 passed by the Assistant Commissioner, Central GST & Central Excise, Hqrs., Gandhinagar Commissionerate.
- घ अपीलकर्ता का नाम एवं पता Name & Address of the Appellant / Respondent

Appellant : The Assistant Commissioner, Central GST & Central Excise, Kalol Division, Gandhinagar Commissionerate.

Respondent: M/s Sun Agro Products,
Block No.1035, Chhatral-Kadi Road,
Chhatral, District Gandhinagar-382721.

कोई व्यक्ति इस अपील आदेश से असंतोष अनुभव करता है तो वह इस आदेश के प्रति यथास्थिति नीचे बताए गए सक्षम अधिकारी को अपील या पुनरीक्षण आवेदन प्रस्तुत कर सकता है।

Any person aggrieved by this Order-In-Appeal may file an appeal or revision application, as the one may be against such order, to the appropriate authority in the following way :

भारत सरकार का पुनरीक्षण आवेदन :

Revision application to Government of India :

(i) केन्द्रीय उत्पादन शुल्क अधिनियम, 1994 की धारा अतत नीचे बताए गए मामलों के बारे में पूर्वोक्त धारा को उप-धारा के प्रथम परन्तुक के अंतर्गत पुनरीक्षण आवेदन अधीन सचिव, भारत सरकार, वित्त मंत्रालय, राजस्व विभाग, चौथी मंजिल, जीवन दीप भवन, संसद मार्ग, नई दिल्ली : 110001 को की जानी चाहिए।

(ii) A revision application lies to the Under Secretary, to the Govt. of India, Revision Application Unit Ministry of Finance, Department of Revenue, 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001 under Section 35EE of the CEA 1944 in respect of the following case, governed by first proviso to sub-section (1) of Section-35 ibid :

(ii) यदि माल की हानि के मामले में जब ऐसी हानि कारखाने से किसी भण्डागार या अन्य कारखाने में या किसी भण्डागार से दूसरे भण्डागार में माल ले जाते हुए मार्ग में, या किसी भण्डागार या भण्डार में चाहे वह किसी कारखाने में या किसी भण्डागार में हो माल की प्रकिया के दौरान हुई हो।

(ii) In case of any loss of goods where the loss occur in transit from a factory to a warehouse or to another factory or from one warehouse to another during the course of processing of the goods in a warehouse or in storage whether in a factory or in a warehouse.



- (क) भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित माल पर या माल के विनिर्माण में उपयोग शुल्क कच्चे माल पर उत्पादन शुल्क के रिबेट के मामलों में जो भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित है।
- (A) In case of rebate of duty of excise on goods exported to any country or territory outside India of on excisable material used in the manufacture of the goods which are exported to any country or territory outside India.
- (ख) यदि शुल्क का भुगतान किए बिना भारत के बाहर (नेपाल या भूटान को) निर्यात किया गया माल हो।
- (B) In case of goods exported outside India export to Nepal or Bhutan, without payment of duty.

अंतिम उत्पादन की उत्पादन शुल्क के भुगतान के लिए जो ड्यूटी क्रेडिट मान्य की गई है और ऐसे आदेश जो इस धारा एवं नियम के मुताबिक आयुक्त, अपील के द्वारा पारित वो समय पर या बाद में वित्त अधिनियम (नं.2) 1998 धारा 109 द्वारा नियुक्त किए गए हो।

- (c) Credit of any duty allowed to be utilized towards payment of excise duty on final products under the provisions of this Act or the Rules made there under and such order is passed by the Commissioner (Appeals) on or after, the date appointed under Sec.109 of the Finance (No.2) Act, 1998.
- (1) केन्द्रीय उत्पादन शुल्क (अपील) नियमावली, 2001 के नियम 9 के अंतर्गत विनिर्दिष्ट प्रपत्र संख्या इए-8 में दो प्रतियों में, प्रेषित आदेश के प्रति आदेश प्रेषित दिनांक से तीन मास के भीतर मूल-आदेश एवं अपील आदेश की दो-दो प्रतियों के साथ उचित आवेदन किया जाना चाहिए। उसके साथ खाता इ. का मुख्यशीर्ष के अंतर्गत धारा 35-इ में निर्धारित फी के भुगतान के सबूत के साथ टीआर-6 चालान की प्रति भी होनी चाहिए।

The above application shall be made in duplicate in Form No. EA-8 as specified under Rule, 9 of Central Excise (Appeals) Rules, 2001 within 3 months from the date on which the order sought to be appealed against is communicated and shall be accompanied by two copies each of the OIO and Order-In-Appeal. It should also be accompanied by a copy of TR-6 Challan evidencing payment of prescribed fee as prescribed under Section 35-EE of CEA, 1944, under Major Head of Account.

- (2) रिविजन आवेदन के साथ जहाँ संलग्न रकम एक लाख रुपये या उससे कम हो तो रुपये 200/- फीस भुगतान की जाए और जहाँ संलग्न रकम एक लाख से ज्यादा हो तो 1000/- की फीस भुगतान की जाए।

The revision application shall be accompanied by a fee of Rs.200/- where the amount involved is Rupees One Lac or less and Rs.1,000/- where the amount involved is more than Rupees One Lac.

सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण के प्रति अपील:-

Appeal to Custom, Excise, & Service Tax Appellate Tribunal:

- (1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1944 की धारा 35-बी/35-इ एवं वित्त अधिनियम, 1994 की धारा 86 के अंतर्गत के अंतर्गत:-
Under Section 35B/ 35E of Central Excise Act, 1944 or Under Section 86 of the Finance Act, 1994 an appeal lies to :-
- (क) उक्तलिखित परिच्छेद 2 (1) क में बताए अनुसार के अलावा की अपील, अपीलो के मामले में सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट) की पश्चिम क्षेत्रीय पीठिका, अहमदाबाद में 2nd माला, बहुमाली भवन, असरवा, गिरधरनागर, अहमदाबाद -380004
- (a) To the west regional bench of Customs, Excise & Service Tax Appellate Tribunal (CESTAT) at 2nd floor, Bahumali Bhawan, Asarwa, Girdhar Nagar, Ahmedabad : 380004. in case of appeals other than as mentioned in para-2(i) (a) above.



(2) The appeal to the Appellate Tribunal shall be filed in quadruplicate in form EA-3 as prescribed under Rule 6 of should be accompanied by a fee of Rs.1,000/-, Rs.5,000/- and Rs.10,000/- where amount of duty / penalty / demand / refund is upto 5 Lac, 5 Lac to 50 Lac and above 50 Lac respectively in the form of crossed bank draft in favour of Asstt. Registrar of a branch of any nominate public sector bank of the place where the bench of any nominate public sector bank of the place where the bench of the Tribunal is situated.

(3) यदि इस आदेश में कई मूल आदेशों का समावेश होता है तो प्रत्येक मूल आदेश के लिए फीस का भुगतान उपर्युक्त ढंग से किया जाना चाहिए इस तथ्य के होते हुए भी कि लिखा पढी कार्य से बचने के लिए यथास्थिति अपीलीय न्यायाधिकरण को एक अपील या केन्द्रीय सरकार को एक आवेदन किया जाता है।

In case of the order covers a number of order-in-Original, fee for each O.I.O. should be paid in the aforesaid manner notwithstanding the fact that the one appeal to the Appellate Tribunal or the one application to the Central Govt. As the case may be, is filled to avoid scriptoria work if excising Rs. 1 lacs fee of Rs.100/- for each.

(4) न्यायालय शुल्क अधिनियम 1970 यथा संशोधित की अनुसूची-1 के अंतर्गत निर्धारित किए अनुसार उक्त आवेदन या मूल आदेश यथास्थिति निर्णयन प्राधिकारी के आदेश में से प्रत्येक की एक प्रति पर रु.6.50 पैसे का न्यायालय शुल्क टिकट लगा होना चाहिए।

One copy of application or O.I.O. as the case may be, and the order of the adjudicating authority shall bear a court fee stamp of Rs.6.50 paise as prescribed under scheduled-I item of the court fee Act, 1975 as amended.

(5) इन ओर संबंधित मामलों को नियंत्रण करने वाले नियमों की ओर भी ध्यान आकर्षित किया जाता है जो सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (कार्याविधि) नियम, 1982 में निहित है।

Attention is invited to the rules covering these and other related matter contained in the Customs, Excise & Service Tax Appellate Tribunal (Procedure) Rules, 1982.

(7) सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट), के प्रति अपील के मामले में कर्तव्य मांग (Demand) एवं दंड (Penalty) का 10% पूर्व जमा करना अनिवार्य है। हालांकि, अधिकतम पूर्व जमा 10 करोड़ रुपए है। (Section 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994)

केन्द्रीय उत्पाद शुल्क और सेवा कर के अंतर्गत, शामिल होगा "कर्तव्य की मांग" (Duty Demanded) -

- (i) (Section) खंड 11D के तहत निर्धारित राशि;
- (ii) लिया गलत सेनवैट क्रेडिट की राशि;
- (iii) सेनवैट क्रेडिट नियमों के नियम 6 के तहत देय राशि.

⇒ यह पूर्व जमा 'लंबित अपील' में पहले पूर्व जमा की तुलना में, अपील दाखिल करने के लिए पूर्व शर्त बना दिया गया है।

For an appeal to be filed before the CESTAT, 10% of the Duty & Penalty confirmed by the Appellate Commissioner would have to be pre-deposited, provided that the pre-deposit amount shall not exceed Rs.10 Crores. It may be noted that the pre-deposit is a mandatory condition for filing appeal before CESTAT. (Section 35 C (2A) and 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994)

Under Central Excise and Service Tax, "Duty demanded" shall include:

- (iv) amount determined under Section 11 D;
- (v) amount of erroneous Cenvat Credit taken;
- (vi) amount payable under Rule 6 of the Cenvat Credit Rules.

इस आदेश के प्रति अपील प्राधिकरण के समक्ष जहाँ शुल्क अथवा शुल्क या दण्ड विवादित हो तो माँग किए गए शुल्क के 10% भुगतान पर और जहाँ केवल दण्ड विवादित हो तब दण्ड के 10% भुगतान पर की जा सकती है।

In view of above, 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."



ORDER-IN-APPEAL

This appeal has been filed by the Assistant Commissioner, Central GST & Central Excise, Kalol Division, Gandhinagar Commissionerate [hereinafter referred to as "appellant/department"], in pursuance of Review Order No.01/2020-21 dated 19.06.2020 issued under F.No.IV/16-13/OIO/RRA/2020-21 passed by the Commissioner, Central GST & Central Excise, Gandhinagar, against Order-in-Original No.GNR Comm'rate/C.Ex./AC-MKS/Kalol/05/2020-21 dated 29.04.2020 [hereinafter referred to as "impugned order"] passed by the Assistant Commissioner, Central GST & Central Excise, HQRS., Gandhinagar [hereinafter referred to as "adjudicating authority"] in the case of M/s Sun Agro Products, Block No.1035, Chhatral-Kadi Road, Chhatral, District Gandhinagar-382721 [hereinafter referred to as "respondent"].

2. Briefly stated, the facts of the case are that during the course of preliminary scrutiny of ER-1 return filed by the respondent, it was observed that they have cleared 'Zinc Sulphate' by availing the exemption from Central Excise duty under the Notification No.12/2012-CE dated 01.03.2016 under entry at Sr.No.103. The Central Government, vide Notification No.12/2016-CE dated 01.03.2016, had amended the above Notification No.12/2012-CE by inserting a new entry by way of Sr.No.109A for providing exemption from payment of central excise duty in excess of 6%, payable on micronutrients classifiable under Chapter 28, 29 or 38 and covered under serial number 1(f) of Schedule 1, Part (A) of the Fertilizer Control Order, 1985 and manufactured by manufacturers registered under the Fertilizer Control Order, 1985. After the insertion of Sr.No.109A to the Notification No.12/2012-CE referred above, the department, based on Circular No.1022/10/2016-CX dated 06.04.2016 issued by the CBEC on the subject of classification of Micronutrients, Multi-micronutrients, Plant Growth Regulators and Fertilizer, took objection to the exemption claimed by the respondent vide entry at Sr.No.103 of the said Notification on the ground that the product, Zinc Sulphate, manufactured and cleared by them does not qualify as the characteristic of products of being "Fertilizer" mentioned under the said entry and is aligning with the description of micronutrients mentioned under the entry at Sr.No.109A of the of Notification No.12/2012-CE and therefore the exemption claimed by them in terms of entry at Sr.No.103 of the Notification ibid was not available and they were required to pay excise duty @6% in terms of entry at Sr.No.109A of the Notification ibid for the product during the period from March, 2016 to June, 2017. Accordingly, a Show Cause Notice dated 05.04.2108 was issued to the respondent demanding central excise duty amounting to Rs.25,49,402/- on the basis of details obtained from the monthly ER-1 returns filed by the respondent for the said period. The said Show Cause Notice was adjudicated by the adjudicating authority vide the impugned order wherein he had dropped the demand of excise duty by observing that Zinc Sulphate manufactured and cleared by the respondent in the present case are appropriately covered under Entry No.103 of the Notification No.12/2012-CE dated 17.03.2012.



3. Being aggrieved with the impugned order, the appellant department has filed the present appeal on the following grounds:

- (a) Board's clarification vide Circular No.1022/10/2016-CX dated 06.04.2016 from F.No.106/03/2013-CX.3 is in conformity with the Fertilizer Control Order wherein the descriptions of the items which can be categorized as 'Micronutrients' has been explicitly illustrated. Once, such clarification issued for a particular category of a product (Micronutrients in this case) and the Government allows specific exemptions for such category of products, there remain no dispute/scope of availing any other exemption by the assessee;
- (b) As per schedule I of the Fertilizer Control Order, 1985 specified at Sr.No.1(f) – Micronutrients category is grouped separately. The ground of demand in the instant case is that the list of fertilizer specified in Part A of Schedule I of the FCO, 1985 indicates non-inclusion or exclusion of 'Zinc Sulphate' rather the products are listed as 'Micronutrients' in the list of Serial Number of 1(f) of Schedule Part (A) of the Fertilizer Control Order, 1985 and since the product is Zinc aligning with the description of Micronutrients, therefore the duty exemption on the said product is available in terms of Sr.No.109A to the Notification No.12/2012, as amended vide Notification No.12/2016 dated 01.03.2016 and not in terms of the exemption claimed and availed by the assessee. The correct chargeable rate of Central Excise duty is @6% accordingly;
- (c) With the insertion of the Sr.NO.109A vide Notification No.12/2016 dated 01.03.2016 to the Notification No.12/2012 dated 17.03.2012 to exempt duty of excise in excess of 6% payable on micronutrients classifiable under Serial No.1(f) of the Schedule 1, Part (A) of the Fertilizer Control Order, 1985, it is explicitly clear that 'Micronutrients' under Chapter 28, 29 or 38, in the instant case Product 'Zic Sulphate' under the CETH 28 is liable for payment of Central Excise duty @6% which is more appropriately covered in the instant case. It is unambiguous that the assessee cannot claim the exemption as provided in the 103 to the Notification No.12/2012 dated 17.03.2016 after the insertion of Sr.No.109A vide Notification No.12/2016 dated 01.03.2016 to Notification No.12/2012;
- (d) From the Board's Circular No.1022/10/2016-CX dated 06.04.2016, it is crystal clear that the micronutrients cannot be termed as 'fertilizer' or classified under the category 'other fertilizer' unless it has any one of the elements viz. nitrogen, phosphorous or potassium as an essential constituent classified under Chapter heading 31 of CETA. It is mentioned in the Circular very clearly that for any product to merit classification under CETH 3102 they may, *inter alia*, be minerals or chemical fertilizers – nitrogenous (CETH 3102), phosphatic (CETH 3104), Pottassic (CETH 3104) or fertilizer consisting of two or more three of the fertilizing elements namely nitrogen, phosphorous and potassium; other fertilizer (CETH 3105). There remains no doubt that Micronutrients would not merit classification under CETH 3105 in the category of other Fertilizer;
- (e) As per the functions/characteristic of the elements Manganese and Zinc as provided in the detailed explanation of ICAR appended with the Board's above Circular, it is without any doubt that they are micronutrients. Further, 'Zinc Sulphate' is separately categorized as 'Micronutrients' under Sr.No.1(f) of Schedule I to the Fertilizer Control Order, 1985. It



is, therefore, definite that the assessee cannot claim the exemption as provided in the Sl.No. 103 to the Notification No.12/2012 dated 17.03.2012 after the insertion of Sr.No.109A vide Notification No.12/2016 dated 01.03.2016 to Notification No.12/2012;

- (f) In view of the above, if the conclusion given by the adjudicating authority in his impugned order is accepted and if the said assessee would be allowed exemptions under Sr.No. 103 of Notification No.12/2012 dated 17.03.2012, it would render the insertion of Sr.No.109A vide Notification No.12/2016 dated 01.03.2016 as redundant; and
- (g) The adjudicating authority has inappropriately dropped the demand of central excise duty along with interest and penalties taking various technical grounds which are not all necessary for discussion in the present case. It is an admitted fact on record that their product 'Zinc Sulphate' is agricultural grade and used as micronutrient. There is absolutely no dispute that the product is 'Micronutrient'. If the product is micronutrient, it falls under exemption entry No.109A of the Notification No.12/2016. Further, it is also undisputed that the product falls under Sr.No.1(f) of Schedule 1, Part (A) of FCO. Hence, it is clear and an explicit case that once the Board has issued clarification and inserted exemption entry for micronutrients, the product automatically falls under the exemption entry No.109A. There is no dispute about description, classification and use of the product but there is ambiguity in claiming the exemption. It is well settled law position that any doubt or ambiguity will be resolved in favour of the revenue. The Hon'ble Supreme Court of India in the case of Liberty Oil Mills (P) Ltd. [1995 (75) ELT 13 (SC)] held that "*in case of ambiguity or doubt regarding an exemption provision in a fiscal statute, the ambiguity or doubt will be resolved in favour of the revenue and not in favour of the assessee*".

4. The respondent vide their letter dated 11.08.2020 has submitted their Cross-Objection/Written submissions on the appeal filed by the department contending, *inter alia*, that:

- As per entry at Sr.No.103 of Notification No.12/2012-CE dated 17.03.2012, it is evident that 'Zinc Sulphate' ordinarily used as micronutrient attracts 'NIL' rate of duty. It is pertinent to mention that no condition has been attached at column No.5 under the said Sr.No.103 for being eligible for NIL rate of duty. As per the said entry, Agricultural grade 'Zinc Sulphate' used as micronutrient attracts NIL rate of duty;
- As per the definition of 'fertilizer' as per Fertilizer (Control) Order, 1985, 'fertilizer' means any substance used for or intended to be used as a fertilizer of the soil and/or crop and specified in Part A of Schedule I and 'Zinc Sulphate' finds mention in the Schedule-I of Fertilizer (Control) Order, 1985. Therefore, there is no doubt that 'Zinc Sulphate' is a fertilizer as per Fertilizer (Control) Order, 1985 and the products manufactured under Fertilizer (Control) Order, 1985 is used as fertilizer only;
- Had the intention of the Government to levy duty of excise on these items, it would have deleted the said two serial numbers from Notification No.12/2012-CE. In the present case, the Government, consciously, did not want to take away the benefit already given to the above mentioned two products.



- In any way, the goods manufactured by the respondent viz. 'Zinc Sulphate' falling under Chapter 28 is specifically mentioned at Sr.No.103 of the Notification No.12/2012-CE, which attracted NIL rate of duty unconditionally and hence the benefit of exemption availed is absolutely in order;
- The department has not denied the fact that the Zinc Sulphate manufactured by them is agricultural grade and is used micronutrient. As an evidence, they have produced a copy of letter bearing No.B-1/K-II/SAC/19/2015-16 dated 16.06.2015 of the Deputy Commissioner, Kalol Division who has issued the certificate for procurement of the goods i.e., Sulphuric Acid used in the manufacture of Zinc Sulphate (Agricultural grade);
- Further, the State Agriculture Department has issued registration certificate/license to the respondent which clearly shows that the goods in question manufactured by the respondent are 'fertilizers'. A copy of such certificate/license is submitted for reference. Therefore, the benefit of exemption under Sr.No.103 of Notification No.12/2012-CE is correctly availed and cannot be denied merely on the ground that micronutrient is mentioned at Sr.No.109A of the said Notification;
- Sr.No.109A of Notification No.12/2012-CE gives partial exemption to micronutrients falling under chapter 28, 29 or 38 of Central Excise Tariff Act, 1985 which are covered under Sr.No.1(f) of Schedule-I, Part (A) of Fertilizer (Control) Order and are manufactured by the manufacturers which are registered under Fertilizer (Control) Order 1985. Thus, in a way, the said benefit is conditional as there is a condition that it has to be manufactured by manufacturers which are registered under Fertilizer (Control) Order, 1985;
- Sr.No.109A mentioned general entry for micronutrients whereas Sr.No.103 specifically mentioned 'Zinc Sulphate'. When there is specific entry for a product, it is quite logical and natural that the specific entry prevails over the general entry and when it is most appropriate also. In this case, their product viz. 'Zinc Sulphate' find listed at Sr.No.103 of Notification No.12/2012-CE and is most applicable in the case. Therefore, contention raised in the grounds of appeal that the product attracts 6% duty as per Sr.No.109A of Notification No.12/2012-CE where general entry for micronutrient is incongruous and fallacious;
- It is settled law that if two exemption notifications are available, the assessee is entitled to the benefit of that exemption notification which may give him greater or larger benefit. They have relied on the case laws in the cases of Collector of Central Excise Vs. Indian Petro Chemicals [1997 (92) ELT 13 SC], HCL Ltd.[2002-TIOL-847-SC-CUS-LB] ; M/s Savana Ceramics [2014-TIOL-1499-CESTAT-AHM] and M/s Ajay Industrial Corporation Ltd. [2013-TIOL-1419-CESTAT-MUM] in support of their contention in this regard; and
- The assessee is entitled to the benefit of exemption which is favourable to him when there are two exemptions available. In the present case, Zinc Sulphate is specifically mentioned in the Notification at Sr.No.103 @ NIL rate whereas Sr.No.109A @6% is general entry. Thus, the Sr.No.103 is more beneficial to the respondent and hence the impugned order dropping the demand is legal, proper and sustainable under law.



5. Personal hearing in the matter was held on 15.12.2020 through virtual mode. Shri M.H.Raval, Consultant, appeared on behalf of the respondent for the hearing. He re-iterated the submissions made in written reply. He stated that their case is covered under specific exemption. He also submitted a written submission dated 15.12.2020 on 17.12.2020 again re-iterating the submissions made earlier. No one attended the hearing from the appellant's side.

6. I have carefully gone through the fact of the case and submission made in the appeal memorandum of the department as well as the cross-objection filed by the respondent. The issue to be decided in the case is whether after insertion of new entry for providing exemption to 'Micronutrients' by Sr.No.109A in Notification No.12/2012-CE dated 17.03.2012 by Notification No.12/2016-CE dated 01.03.2016, the product, Zinc Sulphate, manufactured and cleared by the respondent, is eligible for exemption in terms of entry at Sr.No.103 of the Notification No.12/2012-CE dated 17.03.2012 as claimed by them or not. It is the case of the department that since the product, Zinc Sulphate, is used as micronutrients, the exemption eligible would be in terms of entry at Sr.No.109A of Notification No.12/2012-CE rather than the entry at Sr.No.89 and Sr.No.103 of the Notification. The demand pertains to the period March, 2016 to June, 2017.

7. Before proceeding to merits of the issue, the relevant entries viz. Sr.No.103 and 109A of Notification No.12/2012-CE dated 17.03.2012 as amended, are reproduced below for better appreciation of facts:

Sl.No.	Chapter or heading or sub-heading or tariff item of the First Schedule	Description of excisable goods	Rate	Condition No.
(1)	(2)	(3)	(4)	(5)
103	2833.29	Agricultural Grade Zinc Sulphate ordinarily used as micronutrient	Nil	-

Sl.No.	Chapter or heading or sub-heading or tariff item of the First Schedule	Description of excisable goods	Rate	Condition No.
(1)	(2)	(3)	(4)	(5)
109A	28,29 or 38	Micronutrients, which are covered under serial number 1(f) of Schedule 1, Part (A) of the Fertilizer Control Order, 1985 and are manufactured by the manufacturers which are registered under the Fertilizer Control Order, 1985	6%	-

8. On examining the entry at Sr.No.103 above, it is observed that the product Zinc Sulphate of agricultural grade ordinarily used as micronutrient attracts duty at 'Nil' rate



without any condition. As is evident, there is no other requirement for being eligible for exemption vide the said entry except that Zinc Sulphate has to be of agricultural grade normally used as micronutrient. It is observed that in the present case, there is ample evidence that the Zinc Sulphate manufactured and cleared by the respondent is of agricultural grade and is used as micronutrient. This fact is not disputed by the department but on the contrary they rely on this fact in support of their contention. When the product Zinc Sulphate manufactured and cleared by the respondent complies with the eligibility criteria of being agriculture grade and micronutrient required under the above said entry of the Notification and more over there being no dispute on this aspect, the exemption envisaged vide the said entry cannot be denied to the product and it was legally admissible to it. Therefore, the product 'Zinc Sulphate' manufactured and cleared by the respondent in the present case was rightly leviable to excise duty at 'Nil' rate as specified under the said entry, as assessed by the respondent.

8.1 It is observed that the department in the appeal has stated that the ground of demand in the instant case is that the list of fertilizer specified in Part A of Schedule I of the FCO indicates non-inclusion or exclusion of 'Zinc Sulphate' rather the products are listed as 'Micronutrients' in the list of Serial Number 1(h) in Part A of Schedule I of the FCO. Prima facie itself the above contention of the department is absolutely incorrect as it is totally in contradiction to the definition of fertilizer as defined under the FCO as per which any substance used or intended to be used as a fertilizer of the soil and/or crop and specified in Part A of Schedule I would qualify as fertilizer within the provisions of the FCO and Micronutrients are undisputedly classified as a kind of fertilizer in Part A of Schedule I under sub-heading No.1(f). Further, it is not clear or forthcoming from the appeal what is the relevance of the said contention to the facts of the case under dispute. The requirement for availing exemption vide entry at Sr.No.103 of the Notification is only that it should be of agriculture grade ordinarily used as micronutrient. There is no requirement in the said entry that the product should qualify as a fertilizer for the said exemption. Since the use of the product described under entry at Sr.No.103 is as micronutrient and not as fertilizer, the above contention of the department does not have any relevance or merit to the issue under dispute. The department has wrongly interpreted the insertion of the new entry of Sr.No.109A to mean that the benefit of exemption of Sr.No.103 would no longer be available to the product in question. There is no cogent explanation/reasoning evident from the department appeal as to how the exemption vide entry at Sr.No.103 ibid is deniable to the product when the eligibility criteria for the exemption stand fulfilled by it. Mere insertion of the new entry of exemption for micronutrients, won't disqualify the product, Zinc Sulphate, being eligible for exemption vide the said entry. It is undisputed that prior to insertion of the specific exemption for micronutrients vide Sr.No.109A with effect from 01.03.2016, the product Zinc Sulphate was granted exemption under Sr. No.103 for being qualified 'Micronutrient'. The said specific exemption envisaged vide entry at Sr.No.103 was continued without any amendment even after the insertion of specific exemption for micronutrients vide Sr.No.109A



with effect from 01.03.2016 and that very clearly indicates the intention of the legislature to continue with such exemption on the said products. Therefore, it is not open for the department to question the eligibility of the said exemption which was accepted by it earlier prior to insertion of exemption to micronutrients especially when there is no change in facts and legal position of the exemption earlier allowed. Under the said facts and circumstances, the exemption available vide entry at Sr.No103 of the Notification No.12/2012-CE dated 17.03.2012 to the product, Zinc Sulphate of agriculture grade as micronutrient is available even after the insertion of entry vide Sr.No.109A for micronutrients.

8.2 Similarly, the reliance placed by the department on Board's Circular No.1022/10/2016-CX dated 06.04.2016 for canvassing the argument that micronutrients do not qualify as fertilizers is totally out of context and in fact does not have any relevance to the facts of the present case as the exemption under dispute in the present case viz. Sr.No.103 of the Notification was not on the ground of the product being qualified or used as fertilizer but specifically as micronutrient. The qualification of micronutrients as fertilizer or not, is not all a deciding factor for the eligibility of the exemption under reference vide Sr.No.103 of the Notification.

8.3 Further, it is contended by the department that if the conclusion given by the adjudicating authority in his impugned order is accepted and if the appellant would be allowed exemption under Sr.No.103 of Notification No.12/2012-CE dated 17.03.2012, it would render the insertion of Sr.No.109A vide Notification No.12/2012 dated 01.03.2016 as redundant. I am not in agreement with this contention as the entry at Sr.No.103 of the Notification do not cover in its ambit all micronutrients but only Zinc Sulphate and that too of agriculture grade. It is pertinent to note that there are 16 chemical compounds which are covered as micronutrients in sub-heading No.1(f) of Part A of Schedule I of the FCO. Of these only two products viz. Manganese Sulphate and Zinc Sulphate were given specific exemption under Notification No.12/2012-CE vide entries at Sr.No.89 and 103 therein when they are used as micronutrient. Therefore, the above contention of the department is factually incorrect. On the contrary, if the department contention that Zinc Sulphate is eligible for exemption in excess of 6% is accepted, then the exemptions envisaged vide Sr.No.103 of the Notification for Zinc Sulphate would definitely become redundant as it was covered therein by virtue of their nature and use as micronutrient.

8.4 Further, I am not in the argument that once the Board has issued clarification and inserted exemption entry for micronutrients, the products automatically fall under the exemption entry at Sr.No.109A. It is because even after the insertion of new entry vide Sr.No.109A, the entry at Sr.No.103 has continued to exist without any modification/amendment and the product, Zinc Sulphate, was covered under the said entry because of its use as micronutrient. On facts, it is unambiguous that the product, Zinc Sulphate, was in fact getting the exemption prior to and after the insertion of new entry for its characteristics of being used as micronutrient. As such, the new exemption entry for



micronutrients does not override the exemptions available to the said product vide entry at Sr.No.103 ibid. In fact, in the instant case, the product, Zinc Sulphate, for being used as micronutrient clearly fall under the ambit of both the entries at Sr.No.103 as well as Sr.No.109A. Entry at Sr.No.103 is more specific in nature for it cover Zinc Sulphate specifically by its name whereas the entry Sr.No.109A cover the products generally under micronutrients. Therefore, the specific entry would prevail over the general one and for Zinc Sulphate used as micronutrient, the more specific entry is Sr.No.103 of the Notification. It is a well settled legal position that an exemption has to be construed strictly and reasonably in terms of the language used in the relevant notification. Therefore, so long as a product falls well within the four corners of a specific exemption, the benefit of exemption envisaged therein cannot be denied for the reason that there existed another exemption. Further, it has been consistently held by various judicial forums in catena of decisions that when there are two exemption notifications that cover the goods in question, the assessee is entitled to the benefit of that exemption which gives him more benefit or greater relief.

8.5 As regards the exemption provided vide new entry at Sr.No.109A, it is observed that the same appears to be meant for those goods qualifying as micronutrients which were not considered for exemption hitherto under any Notification. These goods, barring some of which like Manganese Sulphate and Zinc Sulphate, were subjected to levy of excise duty at prevailing rate corresponding to their CETSH. The intention behind granting exemption vide new entry discussed above is to extend the benefit of some concessional exemption to those products and not to deny any exemption already granted to some of them. Had it been the intention, then the specific exemption given vide entry at Sr.No.103 of the Notification would not have been retained/continued as it would become redundant thereon. When that is not the case, it is clear that the said exemption would continued to be available regardless of the new entry inserted. A conjoint reading of the entries at Sr.No.89, 103 and 109A of the Notification No.12/2012-CE dated 17.03.2012 as amended clearly and logically leads to the inference that the exemption envisaged vide the new entry at Sr.No.109A of the Notification ibid is applicable to those goods qualifying as micronutrients, other than Manganese Sulphate and Zinc Sulphate which are already specifically stand exempted separately vide entries at S.No.89 and 103 respectively of the Notification ibid. Therefore, there is no ambiguity of any kind in the legal admissibility of the exemption available vide entry at Sr.No.103 of the Notification to the product, Zinc Sulphate, in the case and the department contention in this regard is liable to be rejected being bereft of any merit or substance.

8.6 For reasons discussed above, I do not find any merit in the contentions raised by the appellant department that with the insertion of specific exemption for micronutrients vide entry at Sr.No.109A of the Notification, the other exemption available for the product vide entry at Sr.No.103 of the Notification would no longer be available. Accordingly, the same are rejected.



9. Further, it is observed that the adjudicating authority has not appreciated the facts of the dispute in its right perspective while making some of his observations. The fact is that the product, Zinc Sulphate, even in its role as contended by the department, do not go out of the ambit of entry at Sr.No.103 of the Notification. When that being the case, the findings by the adjudicating authority that there is no evidence in the form of any chemical test reports substantiate enough to place Zinc Sulphate under entry at Sr.No.109A in the show cause notice, does not have any substance or relevance in deciding the issue. Even any such evidence would only substantiate the contention that product is micronutrient and that wouldn't vitiate the eligibility of the exemption of Zinc Sulphate under Sr.No.103 of the Notification in any manner when the subject exemption is envisaged for its use as micronutrient.

10. In view of my above discussions, the appeal filed by the appellant department is rejected for being devoid of any merits and the impugned order passed by the adjudicating authority is modified to the extent discussed in this order.

11. अपीलकर्ता द्वारा दर्ज की गई अपील का निपटारा उपरोक्त तरीके से किया जाता है।

The appeal filed by the appellant stands disposed off in above terms.

Akhil
 (Akhilesh Kumar)
 Commissioner (Appeals)
 29th January 2021..

Date: 29.01.2021.

Attested:

Anilkumar P.
 (Anilkumar P.)
 Superintendent(Appeals),
 CGST, Ahmedabad.



BY R.P.A.D/SPEED POST

To

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|---|------------|
| 1. The Assistant Commissioner,
Central GST & Central Excise, Division-Kalol,
Gandhinagar Commissionerate. | Appellant |
| 2. M/s Sun Agro Products,
Block No.1035, Chhatral-Kadi Road,
Chhatral, District Gandhinagar-382721. | Respondent |

Copy to:-

1. The Chief Commissioner, Central GST & Central Excise, Ahmedabad Zone.
2. The Commissioner, Central GST & Central Excise, Gandhinagar.
3. The Assistant Commissioner, Central GST & Central Excise, Kalol Division.
4. The Asstt. Commissioner, (Systems), CGST & C.Ex., Hq., Gandhinagar
5. Guard file.
6. P.A file.