Shri Rajeev Kumar, Assistant Commissioner (Review CGST Commissionerate)/concerned officer CGST (appellant department). The advance ruling applicant was M/s Elfo Biotech Pvt. Ltd., Plot No. 135, Khasra No. 92, Jhabreda Road, Narsan Kalan, Haridwar, Uttarakhand.

Appellate Authority for Advance Ruling — Uttarakhand

Order No. 02/19-20/02.12.2019 (handwritten on the first page), dated 02.1… Dated **02.12.2019**

Q Questions Before the Authority

- What HSN classification and GST rate apply to Anaerobic Microbial Inoculum (AMI) supplied by M/s Elfo Biotech Pvt. Ltd., as set out in its advance ruling application and in the department's appeal against the AAR order No. 18/2018-19 dated 06.02.2019?

F Facts

M/s Elfo Biotech Pvt. Ltd. manufactures Anaerobic Microbial Inoculum (AMI), a bacterial consortium used to break down human faecal waste, including in bio-digester toilets used by Indian Railways. The company sought an advance ruling on the HSN code and GST rate for AMI, and the Authority for Advance Ruling classified it under sub-heading 31010099 at 5%. The Central department appealed, contending that AMI is an enzyme under heading 3507 at 18%, and the company argued that AMI is a fertiliser-type product under heading 3101.

H Ruling

HSN classification and GST rate for Anaerobic Microbial Inoculum (AMI)	**Heading 3002, sub-heading 30029030; GST 12% (6% CGST + 6% SGST)**	Sets aside AAR ruling No. 18/2018-19 dated 06.02.2019, which had classified AMI under 31010099 at 5%. The department's proposed heading 3507 at 18% was not accepted. The order relies on Sl. 61 of Notification No. 1/2017-Central Tax (Rate) dated 28 June 2017 as the entry covering cultures of micro-organisms.

The Appellate Authority held that AMI is classifiable under GST Tariff heading 3002, sub-heading 30029030, attracting GST at 12% (6% CGST and 6% SGST). It rejected both the 3101 classification adopted by the AAR and the 3507 enzyme classification urged by the department. The AAR ruling No. 18/2018-19 dated 06.02.2019 is set aside and modified accordingly.

R Reasoning

The Authority first held that AMI is not organic manure under heading 3101, because the product as supplied is a bacterial culture and not the dung-based fertiliser that results from its action, and the classification must follow the product as supplied. It then rejected the enzyme classification under heading 3507, because enzymes are

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

substances produced by living cells, whereas AMI is itself a culture of micro-organisms that digests waste and is not a catalyst in the strict sense. Having excluded those headings, it found a specific entry in the GST Tariff for cultures of micro-organisms under heading 3002 and placed AMI there. The decision turns on the nature of the product as supplied, not on its possible end uses.

P Provisions Relied On

- Section 97(2)(a) and (e) of the CGST/SGST Act, 2017 (as cited in the ruling for admission of the advance ruling application)
- Section 100 of the CGST Act, 2017 and the UKGST Act, 2017 (appeal to the Appellate Authority)
- Proviso to sub-section (2) of Section 100 of the CGST Act, 2017 (condonation of 14 days' delay)
- Section 101 of the CGST and SGST Acts, 2017 (order of the Appellate Authority)
- Notification No. 1/2017-Central Tax (Rate) dated 28 June 2017, Sl. 61 (as amended)
- GST Tariff heading 3002, sub-heading 30029030 (cultures of micro-organisms)
- GST Tariff heading 3101, sub-heading 31010099 (considered and rejected)
- GST Tariff heading 3507, sub-heading 35079069 (enzymes; proposed by the department and rejected)

! For the Practitioner

A practitioner dealing with microbial or bioculture products can use this order to argue that a product is classified by its form as supplied and its nature as a living culture, not by its incidental outputs or downstream uses. It settles that AMI falls under heading 3002 at 12% and that the 3101 and 3507 arguments failed on these facts. It does not decide the rate for other bacterial or fertiliser-type products, and it does not address any dung-infused variant that is supplied as fertiliser. The scan is partly handwritten, so the sub-heading and notification references should be checked against the certified copy before citing.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> uk_aaar_02_2019-20_02.12.2019_elfo.pdf

Prepared 14-11-2026.

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