M/s S R Propellers Pvt. Ltd., Plot No.249, Near Mungaru Bus Stop, KIADB Industrial Area, Baikampady, Mangaluru - 575011 (GSTIN 29AAUCS3044D1Z4)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 78/2019, Date: 24-09-2019 Dated **24.09.2019**

Q Questions Before the Authority

- Whether the rate of tax applicable is 5% on commodities such as marine propellers, rudder set, stern tube set, propeller shaft and couplings used only for the purpose of the fishing or floating vessels.

F Facts

The applicant manufactures marine propellers and accessories intended for the fishing sector and has been charging 18% GST under HSN 8406 10 00 (marine propeller), 7221 00 12 (rudder set and shaft), and 7214 91 10 (stern tube set and MS couplings). Its end users are the fishing industry and local fishermen, who find the 18% rate burdensome. The applicant relies on entry 252 and entry 247 of Schedule I to Notification No.01/2017-Central Tax (Rate) for a 5% rate, and cites a Kerala ruling in a similar case.

H Ruling

Rate of GST on marine propeller, rudder set, stern tube set, propeller shaft and MS couplings used for fishing or floating vessels	**5% GST under entry 252 of Schedule I to Notification No.01/2017-Central Tax (Rate) dated 28.06.2017**	**Applies only if the products form parts of goods under headings 8901, 8902, 8904, 8905, 8906 and 8907 and are used only as parts of such goods.** The order records that no evidence of exclusive use was produced.

The authority held that the concessional 5% rate under **entry 252 of Schedule I** applies to the listed products, namely marine propeller, rudder set, stern tube set, propeller shaft and MS couplings. The rate is **conditional** : the products must form parts of goods under headings 8901, 8902, 8904, 8905, 8906 and 8907, and must be used only as parts of those goods. The authority noted that the applicant had not produced evidence of exclusive use for fishing vessels, so the concession depends on that condition being met.

R Reasoning

The authority framed the issue as whether the products are parts of goods under Chapter 89 headings, particularly heading 8902 covering fishing vessels, since entry 252 exempts parts of goods under those headings irrespective of their classification. It drew on the Explanatory Notes to heading 8902, which cover commercial fishing vessels but exclude rowing boats. It accepted that the applicant makes the products for the fishing sector but found that the applicant had not shown exclusive use, so the products qualify only when meant for those goods. The order is also expressed as applying equally under the CGST Act and KGST Act, and was made under Section 98(4) of both Acts. The order does not discuss the entry 247 argument or the Kerala ruling.

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

P Provisions Relied On

Section 97, CGST Act 2017 and corresponding KGST Act 2017 provision (advance ruling application)

Section 98(4), CGST Act 2017 and KGST Act 2017 (order of the Authority)

Rule 104, CGST Rules 2017 and KGST Rules 2017 (Form GST ARA-01)

Entry 252 of Schedule I to Notification No.01/2017-Central Tax (Rate) dated 28.06.2017

Headings 8901, 8902, 8904, 8905, 8906 and 8907 (Chapter 89), with the Explanatory Notes to heading 8902

! For the Practitioner

This ruling is useful for manufacturers supplying marine propulsion and shafting parts to fishing vessels, as it confirms that the 5% rate under entry 252 can apply to such parts. Practitioners should note that the concession is conditional on the parts being used only with goods under the listed Chapter 89 headings, and the order states that the applicant had not proved exclusive use. The ruling does not settle how exclusive use is to be evidenced, does not confirm the HSN codes the applicant uses, and does not decide the entry 247 argument. The ruling binds the applicant only.

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 -> kar_aar_78_2019_srppl_24.09.19.pdf

Prepared 10-11-2026.

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