



ALL INDIA PARCHED GRAM MANUFACTURERS ASSOCIATION

18/89, VCT, Veerapathira Street, Sathy Road,
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Phone : 0424 2220639 Email : indiaparch@gmail.com

Date: 24.07.2019

To
Shri.Smt Nirmala Sitharaman Rajiv Jalota,
Honable Minister of Finance and Corporate Affairs,
New Delhi

Respected Sir/Madam,

Sub: HSN Clarification required for Parched or Puffed Gram Split/ Whole through Circular – It is different from Roasted Gram HSN 2106 – Explanation Reg

Our Parched gram (Pottu Kadalai in Tamil) manufacturing industry are under critical situation of survival. The GST Classification of our product Parched gram is been misinterpreted as Roasted Gram. We need a proper clarification for Parched Gram. We request the esteem to go through the facts and attachments and provide us a clear clarification through circular for our product at the earliest possible

We would like to bring to your notice that Parched gram is commonly used as an active ingredient in most of the dishes consumed on a daily basis by all class of people and all society across all the regions of India. Further it may be noted that Parched gram is not directly obtained as an agricultural produce but by parching the gram purchased from agriculturalist by the producers of PARCHED GRAM

The following is the flow chart of the Parched Gram (*Procurement to Consumption*):

- The gram in its raw form is directly procured from the **"FARMERS"**. The grams are classified under **HSN CODE 0713** which is tax free.
- The said gram is then put through the process of **"PARCHING"** – Process of drying the grains in hot sand for 30 to 40 seconds.
- Dry/Parching of the gram is undertaken only with the intention to remove moisture, soften and puff the gram, and remove the skin thereby making the gram available as an **"INGREDIENT"** for consumption of the end consumer.
- Parched gram even undergoes parching it is a Gram only. Chana dhal is also a skin removed Gram and is classified under HSN Code 0713 bearing Nil Tax.
- No usage of oil or spices or any other items in any form while **"PARCHING"** the gram. Process is similar to the process of Puffed Rice/Muri which is exempted under GST.
- Our Product is further used as a raw material for manufacturing "Sattu/Gram Flour" which again a GST exempted items. Input Tax credit is not eligible for the buyer ultimately the cost of the product is added thereby common man getting affected.
- Every South Indian household use the parched gram as a main ingredients in preparation of chutney, kuruma daily in their Breakfast and Dinner. Parched gram is purely a household and consumer product and taxing it at 5% directly inflates the price and affects the entire household as such

State Wise Presidents of AIPGMA

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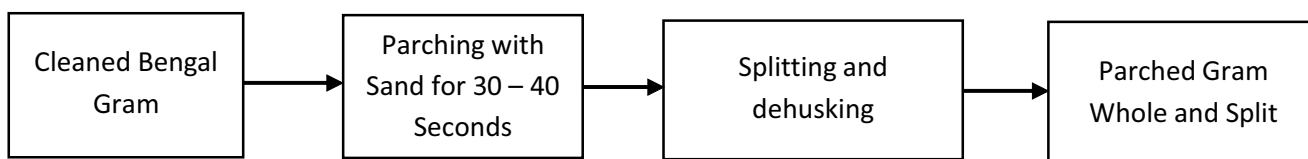
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- We would like to bring the following to your notice:-
 - No use of any technology for **PARCHING** process.
 - Our product is derived from Dried Leguminous Vegetables (HSN: 0713) Without Additives.
 - Our product is not a snack but only used as an ingredient in snacks.
 - Our product is similar to **Puffed Rice** the same has been explained in **Annexure 2**.
- However, our product – “PARCHED GRAM” is not yet clearly classified, for the sake of uniformity name Roasted gram under HSN code **2106** attracts GST at the rate of 5% resulting in higher prices for the product in the market, impacting the everyday life of the common man. Parched gram manufacturing process does not involve any kind of additives like oil, masalas salt etc., so parched gram as a finished product is free from additives. Roasted Gram is a product made by adding additives like masalas, garlic salt etc., The comparison of Parched Gram and Roasted gram is explained in **Annexure 1**
- While going through **DGFT'S** previous notifications, our product has been considered as pulses under Gram family. Depending upon the crop yield of gram in India export permission of our product changes, which clearly states our product is a kind of pulses not a ready to eat food.
- In Customs HSN code for Indian Fried Gram is classified as 07139090.
- PARCHED GRAM is not comparable with NAMKEEN like **Haldiram's** product.

With the above points, it can be clearly stated that parched gram is a processed Agri-product, extremely common and universally edible, which is consumed by all classes of society on a day to day basis. Presently, all the edible common food items/products are classified as tax-free items considering the larger interest of the public. Hence, it is humbly requested that the same treatment be extended to “PARCHED –Dried leguminous Vegetables” as well and categorize the parched gram under “**HSN CODE 0713**” attracting NIL RATE of duty.

Manufacturing Process Flow Chart



Regards

For ALL INDIA PARCHED GRAM
MANUFACTURERS ASSOCIATION

M. Ravi
President

Encl: Annexure 1 & 2

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Annexure 1

Sub: HSN Clarification for Fried Gram – “Parched Gram” Vs “Roasted Gram”.

Head	Parched Gram	Roasted Gram
Procurement	The Gram in its raw form is directly procured from the “FARMERS”	The Gram or Puffed Gram is directly procured from the “MANUFACTURER”
Husk Removal	Bengal Gram through the process of "PARCHING" the Husk is getting removed.	Husk removed Processed gram, Parched gram Being purchased as a raw material.
Parching Purpose	Undertaken with the intention to reduce moisture and removal of husk from the grains.	Processed gram not required for parching activity.
Use of additional items for Parching	No additional items (oil or spices or any other items) are used in any form or quantity for the "PARCHING" of the gram. Parched Gram is free from additives.	Use of Additional items like Dal flour, Rice Flour, Alu Flakes, Cumin, salt, refined Oil and other items being used. This will become Ready to eat (Namkeens).
Use of Technology for “PARCHING” process	No use of any technology for PARCHING process. Parched gram even undergoes parching it is a Gram only	Fully automated system for manufacturing and Packing Eg: Haldirams, MTR, A2B etc.,
Nature of the produce	Our produce is not a SNACK but only used as an INGREDIENT for Chutney in most of the places.	The produce is used as a snack not as an ingredient.
Further Use of the product.	a. Used as an ingredient / raw material for manufacturing further products. Eg: Sattu / Gram Flour. b. Used as a Staple food in south India.	a. Used as a direct human consumable product Eg: Ready to use Namkeens. b. Not a staple food but a snack.
GST on end product (produced using the ingredients.)	"Sattu / Gram Flour" are GST exempted product. Input Tax Credit is not eligible for the buyers of this product and GST ultimately is added to the cost of the product. Thereby increasing the spending of the common man.	The buyers are eligible to avail Input tax credit as the final product is dutiable.
Chain of Credit	ITC chain is cutoff as Input Bengal gram is exempted being as agricultural produce. However the output produce is dutiable at GST 5%. Hence, the cost of the product is more. Ultimate consumers are getting affected.	ITC chain flows up to the manufacturer is available. ITC eligible for goods such as Oil, Capital Items, services ie., Advertisements, Rent, etc.,
Pre GST Scenario	Pre-GST era, the product was exempted from VAT in the respective states.	The product was dutiable under the VAT era and continues to be taxable at 5%.
Similar product Reference	Our product is of the similar nature of “PUFFED RICE”. Common names in different regions: Fried Gram, Rosted Gram, Varukadalai, Pottu Kadalai, Porikadalai, Bhuna Chana, Daliya, Futana, Daria.	It is not in the nature of “PUFFED RICE”. Common names in different region are Salted Gram, KALCINA GRAMA. This is not usable as a raw material for manufacture of Sattu/Gram Flour.
Product Branding	The produce is not a branded product.	The produce is mostly sold as a Branded Product. Eg: HALDIRAMS, MTR& A2B.
Producers	This product is manufactured by Unorganized Industry sector i.e. Small & Tiny Industries.	This product is manufactured by Organized sector i.e. Medium and Large FMCG companies.
Usage	Parched or Puffed Gram is not comparable with NAMKEEN. Stable food for South Indians. It is also kind of pulses and used as ingredients for cooking items like Toordhall, Orid Dhall, Moong Dhall.	Not a stable food it is only Ready to eat. It is not at all ingredients for cooking.
Conclusion.	Parched or Puffed Gram is classified as Roasted gram under 2106 attracts GST @5%. Circular clarification required for separating Parched Gram/Puffed gram from Roasted gram attracting Nil Rate of tax.	HSN 2106 for Roasted gram, there is no dispute. General Product description as Namkeens.

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Annexure 2

Cleaned Bengal Gram



Paddy



Parched Gram



Puffed Rice



Idly With Chutney



Dosa With Chutney



Puffed Rice With Parched Gram

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