



## ***ALO Law Office- IDT Tax / Arbitration / Litigation***

**Date: 01.05.2025**

### **CESTAT Kolkata Allows Exemption on Imported Crude Rice Bran Oil**

The Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Kolkata, set aside a massive ₹70 crore customs duty demand raised against M/s Kalyani Solvent Pvt. Ltd. for importing crude rice bran oil. The tribunal held that the company was eligible for exemption under Notification No. 21/2002-Cus. (as amended), even though the acid content of the imported oil exceeded 20%.

#### **Background:**

M/s Kalyani Solvent Pvt. Ltd., a leading edible oil processor supplying to brands like Patanjali, had imported 104 consignments of crude rice bran oil between October 2010 and February 2012 under CTH 1515 9091, claiming duty exemption. Customs authorities later issued a Show Cause Notice in 2013 alleging the imports were ineligible for exemption due to high acid content, seeking recovery of ₹70 crore.

#### **Key Issues:**

- Whether high-acid crude rice bran oil qualifies as edible grade at import stage
- Applicability of Serial No. 33A of Notification 21/2002-Cus.
- Use of the imported oil for refining into edible oil

#### **Tribunal Observations:**

- The notification does not restrict exemption based on acid value at import stage.

- The Board's Circulars 29/97 and 40/2001 clarify that crude oils intended for refining and edible use post-import qualify for exemption.
- FSSAI regulations also permit refining of oils before human consumption.
- Test reports from CRCL and the Customs assessment supported the edible nature post-refining.

### **Key Rulings:**

- The tribunal accepted that the imported oil was refined and used for edible purposes.
- Denial of exemption based solely on acid content was contrary to settled legal principles.
- The extended period invoked under Section 28(4) of the Customs Act was held unsustainable as there was no suppression or misdeclaration by the importer.

### **Final Decision:**

- The demand of ₹70 crore was quashed.
- The tribunal allowed the appeal with full consequential relief, including waiver of interest and penalties.

### **Legal Significance:**

This judgment sets a strong precedent for edible oil importers and clarifies that crude oils, even with higher acid content, remain eligible for duty exemption if used for refining into edible products. It affirms alignment between customs law and FSSAI regulatory standards.

*This Article has been written by Shri Ravi Shekhar Jha, Advocate Delhi High Court based on his interpretation of the law. He can be reached at his email id [intelconsul@gmail.com](mailto:intelconsul@gmail.com) or on his Mobile +91-9999005379.*

**Source: CESTAT Kolkata**

### **Disclaimer**

Write to us at [office@aadrikaalaw.com](mailto:office@aadrikaalaw.com)

Tel: +91-11-4999 2707 | +91-9999005379

[www.aadrikaalaw.com](http://www.aadrikaalaw.com)

**IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL  
EASTERN ZONAL BENCH: KOLKATA**

REGIONAL BENCH – COURT NO. 1

**Customs Appeal No. 75372 of 2020**

(Arising out of Order-in-Original No. 01/Cus/CC(P)/WB/2020-21 dated 18.05.2020 passed by the Commissioner of Customs (Preventive) Kolkata Customs House, 3<sup>rd</sup> Floor, 15/1, Strand Road, Kolkata-1

**M/s. Kalyani Solvent Pvt. Ltd.,**  
Registered office at Royal Enfield Building,  
Sudarshanpur, Raiganj, Uttar Dinajpur,  
West Bengal 733134

**: Appellant**

**VERSUS**

**Commissioner of Customs (Preventive),**  
West Bengal, 15/1, Strand Road,  
Kolkata-700 001

**: Respondent**

**APPEARANCE:**

Shri Sudhir Mehta, Sr. Advocate  
Ms. Riya Debnath, Advocate for the Appellant  
Shri S. Debnath, Authorized Representative for the Respondent

**CORAM:**

**HON'BLE SHRI ASHOK JINDAL, MEMBER (JUDICIAL)**  
**HON'BLE SHRI K. ANPAZHAKAN, MEMBER (TECHNICAL)**

**FINAL ORDER NO. 76036/ 2025**

DATE OF HEARING: 22.04.2025  
DATE OF PRONOUNCEMENT: 30.04.2025

**ORDER: [PER SHRI K. ANPAZHAKAN]**

The present appeal has been filed against the impugned Order-in-Original No. 01/Cus/CC(P)/WB/2020-21 dated 18.05.2020 passed by the Commissioner of Customs (Preventive) Kolkata Customs House, 3<sup>rd</sup> Floor, 15/1, Strand Road, Kolkata-1.

2. The facts of the case are that M/s. M/s. Kalyani Solvent Pvt. Ltd. (hereinafter referred to as the "appellant") manufactures packaged edible oil with their own brand names such as Naturecare, Health Care, care gen, etc. The appellant also manufactures packaged edible oil for Patanjali and various other FMCG companies having brands of repute. The appellant imported 'Crude Edible Oil' by classifying the said goods under the CTH 15159040. The appellant availed the benefit of Exemption Notification 21/2002 as amended by the notifications 48/2008 and 12/2012 cleared the goods without payment of customs duties.

2.1. During the period 21/10/2010 to 27/02/2012, the appellant imported about 104 consignments of crude rice bran oil for manufacturing edible rice bran oil packaged, by following FSSAI Act. The assessing officer assessed/reassessed the Bills of entry under CTH 1515 9091 after conducting chemical tests by the Customs laboratory (CRCL) which certified that the goods were in conformity with the Food Standard. The assessing officer extended the benefit of Notification No. 21/2002 as amended by Notification Number 48/2008 and Notification Number 12/2012.

2.2. A Show Cause Notice dated 01/02/2013 was issued to the appellant proposing to deny the benefits of the said exemption notifications on the ground that the percentage of acid content in the crude rice bran oil imported indicate that they were not 'edible oil' and hence the benefit of the exemption is not available to the said goods imported by the appellant. Accordingly, the said notice proposed recovery of differential customs duty

amounting to Rs. 70 crores along with interest. The notice also proposed imposition of penalty. The notice was issued under section 28(4) of the customs Act, 1962 by invoking extended period of limitation.

2.3 The said notice was adjudicated by the Ld. commissioner of customs vide the impugned order, wherein the Ld. Commissioner has confirmed the differential customs duties demanded in the Notice by denying the benefit of the exemption notification 21/2002 as amended. Aggrieved against the impugned order, the appellant has filed this appeal.

3. The appellant submits that they have filed the Bills of entry by classifying the goods imported under the CTH 15159091. Out of the 104 bills of entry, 45 bills of entry were filed for the purpose of assessment under Section 17 of the Customs Act, before self assessment came into operation with effect from 8th April 2011. The rest of the bills of entry were self assessed and reassessed to duty after 08/04/2011. The assessing officer assessed/reassessed the Bill of entry under CTH 1515 9091 after the chemical test by the Customs laboratory certified that the goods were in conformity with Food Standard. Accordingly, the assessing officer rightly extended the benefit of Notification No. 21/2002-Cus. dated 01.03.2002 as amended by Notification No. 42/2008-Cus. dated 01.03.2008 and Notification No. 12/2012 dated 17.03.2012. Thus, the appellant submits that they have not suppressed any information from the department and hence the notice issued by invoking extended period of limitation is not sustainable.

3.1. The appellant submits that the exemption provided under Notification No. 21/2002-Cus., as amended, was extended to "all goods, crude and

edible grade" which in its sweep covers the crude oil imported for refining and making it edible. It is stated that Serial number 33A of the Notification covers "all good, crude and edible grade" and Serial Number 33B covers "all goods, refined and edible grade"; these two separate entries available in the notification clearly indicate that "crude oil of edible grade imported for the purpose of refining and make it edible are eligible for the benefit of the exemption provided under the Notification No. 21/2002. The appellant submits that in this case, there is no dispute that after refining the goods imported were used for edible purpose only. Hence, it is their submission that the crude oil imported for them for refining and marketing as edible oil are eligible for the benefit of the exemption provided under the Notification No. 21/2002-Cus., as amended.

3.1. The appellant has referred to the clarification issued by the Board vide Circular no. 29/97 dated 31 July 1997 wherein it has been clarified that the edible grade needed to be examined after the refining process and the oil which are used for refining and for making edible grade would qualify for the benefit of exemption notification; The Board issued another Circular 40/2001 wherein it has been clarified that so long as the imported oil is used after refining for edible purposes, it will be eligible for the benefit of the exemption notification. Thus, the appellant submits that as per the clarifications issued by the Board, the crude oil imported by them would be eligible for the benefit of the exemption Notification No. 21/2002 as amended, if it is used for edible purpose after refining. Since, in this case there is no dispute that after refining, the goods imported by them were used for edible purposes, the

appellant submits that denial of exemption in the impugned order is legally not sustainable.

3.2. In support of their contention, the appellant relied on the decision of the Tribunal in the case of *3F industries Limited versus Commissioner of Customs reported in 2014 (304) ELT 449 (Tribunal Bangalore)* wherein the Tribunal Bangalore has relied on the decision of the Hon'ble Calcutta High Court in the case of *Gokul Solvent Pvt Ltd versus Union of India reported in 278 ELT 433* and *Cargill India Pvt Ltd reported in 288 ELT 209 (Guj.)* The said judgement was upheld by the Hon'ble High Court at Hyderabad, which is reported in *309 ELT page 654* .

3.3. In view of the above submissions, the appellant prayed for setting aside the impugned order and to allow their appeal.

4. The Ld. Authorized Representative of the Revenue submits that the Test Reports received from CRCL in respect of 24 Bills of Entry have been tabulated in paragraph 10.6 of the impugned order which indicates that acid content of the crude oil imported were above 20% in most of the cases. Thus, the imported crude oil cannot be considered as of 'edible grade'. Thus, the Revenue submits that the benefit of the exemption notification has been rightly denied to the appellant. Accordingly, he supported the demands confirmed in the impugned order.

5. Heard both sides and perused the appeal documents.

6. We observe that the appellant imported crude Rice Bran oil by classifying the same under the CTH 15159091. For the sake of ready reference the entries of the said CTH are reproduced below:

1515	<b>Other fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified</b>			
1515 90 40	--- Fixed vegetable oils of different grade namely the following: mango kernel oil, mahua oil, rice bran oil --- <i>Other:</i>	kg.	100%	90%
1515 90 91	---- Edible grade	kg.	100%	90%
1515 90 99	---- Other:	kg.	100%	90%

6.1. The appellant claimed the benefit of Serial number 33A of the Notification 21/2002-Cus. dated 01.03.2002, as amended by Notification No. 42/2008-Cus. dated 01.03.2008 (Sl. No. 33A) and Notification No. 12/2012 dated 17.03.2012 (Sl. No. 57). For the sake of ready reference, the said entries in the exemption notifications are reproduced below:

(1)	(2)	(3)	(4)	(5)	(6)
33A.	1508, 1509, 1510, 1512, 1513, 1514, or 1515	All goods, crude and edible grade	Nil	-	-
33B.	1508, 1509, 1510, 1512, 1513, 1514 or 1515	All goods, refined and edible grade	7.5%	-	-;"

[Notification No. 21/2002-Cus. dated 01.03.2002 as amended vide Notification No. 42/2008-Cus. dated 01.03.2008]

57.	1508, 1509, 1510, 1512, 1513, 1514, or 1515	All goods, crude and edible grade	Nil	-	-
-----	---	-----------------------------------	-----	---	---

[Notification No. 12/2012 dated 17.03.2012 - replacing  
Notification No. 21/2002-Cus. ibid.]

6.2. A perusal of the above two entries in the exemption Notification No. 21/2002-Cus. dated 01.03.2002 clearly indicates that "crude oil of edible grade imported for the purpose of refining and make it edible are eligible for the benefit of the exemption provided under the said Notification. We observe that that there is no dispute in this case that after refining the goods imported were used for edible purpose only. Thus, we observe that the crude oil imported for the purpose of refining and marketing as edible oil are eligible for the benefit of the exemption provided under the Notification No. 21/2002-Cus., as amended.

6.3. In the impugned order it has been held that the acid content of the crude oil imported is above 20% in most of the cases and hence the imported crude oil cannot be considered as of 'edible grade'. We observe that nowhere in the Notification 21/2002-Cus. dated 01.03.2002 has it been mentioned that the benefit of the said notification would be available to the goods imported only if the crude oil is edible at the time of its import. What is required is the crude oil imported should be of 'edible grade' and it is used for edible purpose after refining. We find that this point has been clarified by the Board by means

of various Circulars. In this regard, we find it apt to refer to the Supplementary Note (1) to Chapter 15 of the Customs Tariff Act, 1975, which is reproduced below: -

*"Supplementary Notes:*

*1. In this Chapter, "edible grade", in respect of a goods (ie, edible oil) specified in Appendix B to the Prevention of Food Adulteration Rules, 1955, means the standard of quality specified for such goods in that Appendix."*

6.3.1. Further, we also observe in this regard that the Regulation 2.2 of the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 stipulates that the oil imported into India, whether obtained by solvent extraction or otherwise, shall be supplied for human consumption only after refining. The relevant extract of the said Regulation is reproduced below: -

*"Further, if the oil is obtained by the method of solvent extraction and the oil imported into India whether obtained by solvent extraction or otherwise, it shall be supplied for human consumption only after refining and shall conform to the standards laid down under regulation 2.2.1(16). The oil so refined shall not contain hexane more than 5.00 ppm."*

6.4. We observe that Board has clarified the issue vide Circular no. 29/97 dated 31 July 1997. For ready reference, the contents of the said Circular is reproduced below:

**Circular No. 29/97-Cus., dated 31-7-1997**

[From F. No. 528/27/97-Cus. (TU)]

Government of India

Ministry of Finance (Department of Revenue)

(Tariff Unit) New Delhi

Subject : Scope of the term 'vegetable oils of edible grade' in Sl. No. 15 to Notification 11/97-Cus. - Regarding.

In terms of Sl. No. 15 to Notification No. 11/97-Cus., dated 1-3-1997 'vegetable oils (other than coconut oil, RBD palm oil, RBD palm kernel oil and palm stearin) of edible grade, in loose or bulk form' are liable to concessional duty of customs @ 20% *ad valorem*. Prior to 1-3-1997 these oils were liable to concessional duty in terms of Notification No. 8/95-Cus., dated 2-3-1995, and Sr. No. 7 to Notifications No. 36/96-Cus., dated 23-7-1996.

2. A doubt has arisen regarding scope of the term 'Vegetable oils of edible grade' appearing in the said notification i.e. as to whether this term will cover only those vegetable oils which are fit for human consumption as it is imported or it will also include the vegetable oils which are not fit for human consumption at the time of import but will be fit for human consumption after further processing.

3. The matter has since been examined in consultation with the Ministry of Food, Department of Food, Directorate of Vanaspati, Vegetable Oils and Fats, Ministry of Civil Supplies, Consumers Affairs and Public Distribution and Department of Economic Affairs. It is clarified that the term 'vegetable oils of edible grade' will cover vegetable oils which are fit for human consumption at the time of import as also the vegetable oils which are fit for human consumption after further processing. The benefit of duty exemption is admissible so long as the oil imported is used for edible purposes, even after refining. Pending cases of assessment may be finalised on the basis of above clarification.

\*\*\*\*\*

6.5. From the above, we observe that the said Circular has clarified that the 'edible grade' need to be examined after the refining process and the oil which are used for refining and for making edible

grade would qualify for the benefit of exemption notification.

6.6. We also observe that another clarification has been issued by Board vide Circular 40/2001, wherein it has been clarified that so long as the imported oil is used after refining for edible purposes, it will be eligible for the benefit of the exemption notification. For ready reference, the relevant paragraphs of the said Circular are reproduced below:

2. The issue has been examined in the Board and the circumstances in which the aforesaid Board's circular was issued also looked into. Further, consultations also have been made with the Ministry of Food & Directorate of Vanaspati. It is observed that Notification No. 17/2001-Cus., dated 1-3-2001 *inter alia* prescribes effective rate of duty for various categories of vegetable oils and in terms of Sl. No. 34 of the table annexed to the notification crude palm oil and its fractions of edible grade in loose or bulk form - attract customs duty at 75%. However, in terms of the same notification, Sl. No. 29 of the said table, goods (other than edible oils) falling under Heading Nos. 15.07 to 15.15 are liable to a concessional duty of 35%. Doubts arise as to the exact scope of terms other than edible oils and edible grade which are not defined in the said notification for the purposes of extending the lower duty or charging higher duty for palm oil. It is observed that in "Edible Oils Packaging (Regulation) Order, 1998" issued under Essential Commodities Act by the Ministry of Food and Consumer Affairs (Department of Sugar and Edible Oils) vide Notification G.S.R. 584 (E), dated 17-9-1998, the term edible oil means vegetable oils and fats and includes any margarine, vanaspati, bakery shorting and fat spread as specified in the Prevention of Food Adulteration Act, 1954 and rules made thereunder for human consumption. The PFA Act, 1954 has laid down the standards of crude palm oil and prescribed the maximum limit of the acid value for crude palm oil as 10.0.

3. Considering this definition one of the food and drugs laboratory after taking samples from a consignment of the imported crude palm oil — which showed acid values varying from 13% to 18%, has opined that the samples do not conform to the standards of edible grade palm oil prescribed under PFA rules **and is not edible as such**. In another case, a chemical examiner relying upon the

Board's 1997 Circular, even though the sample had acid values of more than 13%, took the view **that it may be considered as edible oil as after processing it could be made fit for human consumption**. The discussions with the officers of Department of Food and a critical look at the Board's Circular of 1997 reveals that when the question of extending concessional rate for edible oils was examined in consultation with the Ministry of Food in 1997, for granting concessional rate for edible oils, it is the end use which was finally stressed. The definition of edible oil in "Pulses, Edible Oilseeds and Edible Oils (Storage Control) Order, 1977" also is worth noting in this regard and it says edible oil means any oil used directly or after processing for human consumption and include hydrogenated vegetable oils.

4. It may be observed that this definition does not make every crude palm oil straightway to be termed as edible oil for the purposes of the aforesaid order. It is to be noted that the oil should not only be capable of being used after processing for edible purposes but the definition also contemplates that **such oil after refining should be used for edible purposes**. In fact, in the Board's Circular this aspect had been clearly mentioned and highlighted in the **last para** when clarifying the scope of the term vegetable oils of edible grade in Serial Number 15 to 11/97-Cus., dated 1-3-1997, for giving the concessional rate. In other words, the benefit of the **concessional rate for edible oils was to be given so long as the oil imported was used for edible purposes even after refining**.

5. In the context of the existing tax structure in terms of Notification No. 17/2001-Cus., Government has consciously provided for a concessional rate of 35% duty for oils used other than for edible purposes. Thus if it can be established by the importing industry/trade that the oil imported **as such is not** fit for human consumption, (and needs to be refined before it can possibly be made fit for human consumption) and actually it is not being subjected to refining for edible use but on the other hand it is used for industrial purposes, it will not be proper to deny the benefit of lower concessional rate of 35%. The onus of proving the actual final use could be put on the importer of such crude palm oil wherever he claims that the consignment of crude palm oil which does not satisfy straightway the conditions of edible grade crude palm oil under PFA Act, 1954, will not be refined for edible use but is actually used for industrial purpose after Customs clearance. In fact, if it is viewed that crude palm oil containing free fatty acids, acid value higher than the limits prescribed under the PFA Act, 1954 falls in the category of the edible grade, because it can be subsequently refined to make it fit for human consumption, then the

concessional rate provided under serial number 29 of the table annexed to the Notification 17/2001 may be redundant and would defeat the intention of the Government for giving the concessional duty for crude oils used for industrial purposes and not for edible purposes.

6.7. Thus, we observe that as per the clarifications issued by the Board, the crude oil imported by the appellant would be eligible for the benefit of the exemption Notification No. 21/2002-Cus. dated 01.03.2002 as amended by Notification No. 42/2008-Cus. dated 01.03.2008 and Notification No. 12/2012 dated 17.03.2012, if it is used for edible purpose after refining. Since there is no dispute in this case that after refining the goods imported by the appellant were used for edible purposes, we hold that the appellant is eligible for the benefit of the exemption as provided under Serial No.33A of the Notification No. 21/2002-Cus., as amended. Accordingly, we hold that the denial of exemption to the appellant in the impugned order is legally not sustainable and hence the demand of customs duty confirmed in the impugned order is also not sustainable.

6.8. We observe that this view is supported by the decision of the Tribunal in the case of *3F industries Limited versus Commissioner of Customs* reported in *2014 (304) E.L.T. 449 (Tribunal - Bangalore)*. The relevant paragraphs of the said decision are reproduced below:

*"3. The learned authorized representative on behalf of the assessee-importer submitted that the report of the Chemical Examiner was not at all provided to the appellant even though a request was made and he draws our attention to the record of personal hearing at page No. 168 of the appeal*

memorandum. The Central Revenue Control Laboratory report was not at all provided to the appellant and after request was made by them during the personal hearing it was [provided on 2-7-2013]. In the meanwhile since the appellant did not have the CRCL report and report of Food Analyst was against them, the appellant had requested for sample test by the CFL which also ultimately came against them. The original adjudicating authority as well as the appellate authority have relied upon the reports of Food Analyst and CFL and CRCL report has been ignored. He relied on the decision of this Tribunal in the case of Asst. Commissioner of Cus. & C.E. v. Nikhil Refineries (P) Ltd. to submit that the Revenue cannot ignore CRCL report. Further it was also submitted that relying upon the decision of the Hon'ble High Court of Calcutta in the case of Gokul Refoils Solvents Pvt. Ltd. v. Union of India & Ors. reported in [2012 \(278\) E.L.T. 433](#) (Cal.) and the decision of the Hon'ble High Court of Gujarat in the case of Cargill India Pvt. Ltd. & Ors. v. Union of India reported in [2013 \(288\) E.L.T. 209](#) (Guj.) that even if the acid value is more than 10, the imported oil cannot be treated as non-edible oil since the oil is allowed to be cleared subject to the condition that it should be refined and thereafter only sold. The relevant paragraphs of the decision of the Hon'ble High Court of Gujarat wherein the regulation under ppm cited above has been considered is reproduced below :

"3.25 Accordingly, in terms of the said provisions under Regulation 2.2.1(16), it is categorically and ex facie evident that the standards prescribed under the said rules i.e. under Regulation 2.2.1 and sub-headings 2.2.1 (1) to 2.2.1(24) are for "edible oils" and that after manufacture of edible oil the requirement of packaging and labelling are also mandatory. In other words, the overall reading of [Regulation 2.2.1(19)] will clearly show that the imported Palm Oil has necessarily to be refined to conform to the Standards under Regulation 2.2.1(16) and 2.2.1(19) except with regard to Acid Value to be less than 0.5% before the same can be sold for human consumption."

Taking note of the regulations and also taking note of the fact that appellants are expected to refine the oil and thereafter only release the oil into the

*market and therefore at the stage of import, the oil cannot be considered as a non-edible crude, Hon'ble High Court of Gujarat as well as the Hon'ble High Court of Calcutta held that exemption benefit under Notification No. 21/2002 has to be allowed. The present notification is a successor notification of the earlier notification and the conditions remain the same. At this stage the learned AR submits that the fact that it has to be refined and thereafter only it should be released and after refining itself would show that at the time of importation, the oil is not of edible crude and therefore does not become eligible for exemption. We are unable to consider this submission in view of the decision of the Hon'ble High Court of Gujarat taking a view that exemption would be available under this heading.*

*4. In view of the above observations, we consider that the appellant is eligible for the benefit of notification and accordingly the appeal is allowed with consequential relief, if any, to the appellant."*

6.9. In view of the discussions above and by relying on the Board Circulars and the decisions cited above, we hold that the goods imported by the appellant are eligible for the benefit of Serial number 33A of the Notification No. 21/2002-Cus. dated 01.03.2002. Accordingly, we hold that the demand of differential customs duty confirmed in the impugned order is legally not sustainable and hence we set aside the same.

7. The appellants have contested the demands confirmed in the impugned order on the ground of limitation also. We observe in this regard that the appellant has filed the Bills of entry by classifying the goods imported under the CTH 15159091. Out of the 104 bills of entry, 45 bills of entry were filed for the purpose of assessment under Section 17 of the Customs Act, before self assessment came into operation with effect from 8th April 2011. The rest of

the bills of entry were self assessed and reassessed to duty after 08/04/2011. The assessing officer assessed/reassessed the Bill of entry under CTH 1515 9091 after the chemical test by the Customs laboratory certified that the goods were in conformity with Food Standard. For the sake of ready reference the contents of the Test Report are reproduced below:

"The sample is in the form of light brown oily liquid and it conforms to the characteristics constants of rice bran oil as per IS 3448: 1965".

Sl. No.	Description of goods imported	Bill of Entry		Acid Value
		No.	Dated	
01	Crude Rice Bran Oil	249/Imp/12/10	21.10.10	28.4
02	DO	263/Imp/12/10	01.11.10	23.3
03	DO	269/Imp/12/10	08.11.10	25.8
04	DO	219/Imp/12/11	03.03.11	38.4
05	DO	226/Imp/12/11	07.03.11	41.1
06	DO	338 & 339/Imp/12/11	20.07.11	33.2
07	DO	242/Imp/12/11	10.03.11	24.6
08	DO	255/Imp/12/11	16.03.11	29.0
09	DO	335/Imp/12/11	30.06.11	33.9
10	DO	336/Imp/12/11	06.07.11	30.5
11	DO	343/Imp/12/11	28.07.11	36.7
12	DO	352/Imp/12/11	26.09.11	29.9
13	DO	353/Imp/12/11	30.09.11	22.9

14	DO	354/Imp/12/11	15.10.11	23.6
15	DO	355/Imp/12/11	17.10.11	37.4
16	DO	356/Imp/12/11	18.10.11	37.5
17	DO	357/Imp/12/11	20.10.11	36.1
18	DO	378/Imp/12/11	05.12.11	48.7
19	DO	379/Imp/12/11	07.12.11	30.3
20	DO	01/Imp/12/12	01.01.12	36.9
21	DO	02/Imp/12/12	02.01.12	58.1
22	DO	04/Imp/12/12	09.01.12	56.3
23	DO	26/Imp/12/12	26.02.12	28.0
24	DO	27/Imp/12/12	27.02.12	27.8

7.1. From the Test Report reproduced above, we observe that the report has categorically indicated that the goods imported by the appellant satisfies the Food Standard. The Ld. adjudicating authority has allowed the benefit of the exemption Notification No. 21/2002-Cus., as amended, after satisfying himself that the goods imported was of 'edible grade'.

7.2. During the course of hearing, the Ld. Authorized Representative of the Revenue submitted that the Test Reports received from CRCL in respect of 24 Bills of Entry have been tabulated in paragraph 10.6 of the impugned order which indicates that acid content of the crude oil imported were above 20% in most of the cases. We observe that even though the acid content above 20% has been mentioned in respect of 24 Bills of entry, there is no document evidence available on record to support this claim. We observe that the acid content in the crude oil stage is not a relevant factor for availing the exemption provided under Notification No. 21/2002-Cus., as amended. Hence, we observe that the appellant cannot be held to have suppressed this information while filing the bills of entry to invoke extended period to demand customs duty.

7.3. We observe that the assessing officer has rightly extended the benefit of Notification No. 21/2002-Cus. dated 01.03.2002 as amended by Notification No. 42/2008-Cus. dated 01.03.2008 and Notification No. 12/2012 dated 17.03.2012, after analysing the Test Reports received from CRCL. Thus, we observe that the appellants have not suppressed any information from the Department and hence we hold that the demands confirmed in

the impugned order by invoking extended period of limitation is not sustainable and hence we hold that the demand is liable to be set aside on the ground of limitation also.

8. Since the demand of customs duty is not sustained, the question of demanding interest or imposing penalties on the appellant thereon does not arise.

9. In view of the above discussions, we set aside the impugned order and allow the appeal filed by the appellant with consequential relief, if any, as per law.

(Order Pronounced in Open court on 30.04.2025)

**(ASHOK JINDAL)**  
MEMBER (JUDICIAL)

**(K. ANPAZHAKAN)**  
MEMBER (TECHNICAL)