C.C.E., Bhubaneswar-I vs M/s. Champdany Industries Limited

Classification of carpets containing jute, cotton and polypropylene under the Central Excise Tariff Act, 1985—whether classifiable as jute carpets or under residuary heading.

Date of Order: February 8, 2010
Case Law No: GIB-SC-2009-01
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

- **Court Decision:**
- The Supreme Court dismissed the appeals filed by the Revenue and upheld the orders of the Commissioner (Appeals) and the Tribunal classifying the goods as jute carpets.
- The Court held that:
- The carpets manufactured by the respondent contained more than 50% jute by weight and had no separate base fabric, as established by reports of the Indian Jute Industries Research Association and the Department's Chemical Examiner.
- Since the goods fell under Chapter 57 and consisted of more than one textile material, classification had to be determined in accordance with Section Note 2(A) and Section Note 14(A) of Section XI of the Central Excise Tariff Act, 1985, which mandate classification based on the textile material predominating by weight. As jute predominated over each other single textile material, the carpets were classifiable as jute carpets.
- Chapter Note 1 to Chapter 57 only defines "carpets and other textile floor coverings" for the purpose of that Chapter and cannot override the predominance test for classification.
- The Revenue's attempt to classify the goods under the residuary sub-heading was rejected. The Court reiterated that when goods reasonably fall under a specific heading, they cannot be classified under a residuary entry.
- The argument based on the "essential character" or "surface test" was rejected, as predominance by weight was the governing principle under the statutory notes.
- The plea based on Rule 3 of the Rules for Interpretation of the Schedule was rejected, as classification was clear from the Section and Chapter Notes, and Rule 3 applies only when classification cannot be determined otherwise. Further, a case not made out in the show cause notice cannot be argued subsequently.

- The Court found no perversity in the concurrent findings of the Commissioner (Appeals) and

the Tribunal and affirmed the classification as jute carpets.

Cases Referred by Court:

- HPL Chemicals Ltd. vs Commissioner of Central Excise, Chandigarh (2006) 5 SCC 208
- Dunlop India Ltd. vs Union of India (1976) 2 SCC 241
- Bharat Forge and Press Industries (P) Ltd. vs Collector of Central Excise (1990) 1 SCC 532
- Collector of Central Excise, Hyderabad vs Fenoplast (P) Ltd. (1994) 72 ELT 513 (SC)
- M/s Indo International Industries vs Commissioner of Sales Tax, U.P. (1981) 2 SCC 528
- Commissioner of Central Excise, Nagpur vs Simplex Mills Co. Ltd. (2005) 3 SCC 51
- Commissioner of Customs, Mumbai vs Toyo Engineering India Ltd. (2006) 7 SCC 592
- Commissioner of Central Excise, Nagpur vs Ballarpur Industries Ltd. (2007) 8 SCC 89
- Oswal Agro Mills Ltd. vs Collector of Central Excise 1993 Supp (3) SCC 716
- Novopan India Ltd. vs Collector of Central Excise 1994 Supp (3) SCC 606
- Hindustan Poles Corporation vs Commissioner of Central Excise (2006) 4 SCC 85
- Kemrock Industries & Exports Ltd. vs Commissioner of Central Excise (2007) 9 SCC 52

© 2026 GST INDIA Biz. All rights reserved.