

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE
TRIBUNAL
BANGALORE**

REGIONAL BENCH - COURT NO. 1

CENTRAL EXCISE APPEAL NO.20670 OF 2017

(Arising out of Order-in-Original No.02/2017 dated 31.01.2017
passed by the Commissioner of Central Excise, Bengaluru)

**Commissioner of Central Excise,
Service Tax and Customs,**
PB No.5400, CR Building, Queens Road,
Bangalore-560 001.

Appellant(s)

VERSUS

**M/s. Sai Security Printers
Private Limited,**
Sy.No.168/1 & 168/2, Machohalli,
Near Vani School, Magadi Main Road,
Dasanapura Hobli,
Bengaluru-560 091.

Respondent(s)

WITH

CENTRAL EXCISE APPEAL NO.20740 OF 2017

(Arising out of Order-in-Original No.02/2017 dated 31.01.2017
passed by the Commissioner of Central Excise, Bengaluru)

**Commissioner of Central Excise,
Service Tax and Customs,**
PB No.5400, CR Building, Queens Road,
Bangalore-560 001.

Appellant(s)

VERSUS

Mr. Arvind Sekhar
Director Sai Security Printers Pvt. Ltd.,
Sy.No.168/1 & 168/2, Machohalli,
Near Vani School, Magadi Main Road,
Dasanapura Hobli,
Bengaluru-560 091.

Respondent(s)

AND

CENTRAL EXCISE APPEAL NO.20739 OF 2017

(Arising out of Order-in-Original No.02/2017 dated 31.01.2017
passed by the Commissioner of Central Excise, Bengaluru)

**Commissioner of Central Excise,
Service Tax and Customs,**
PB No.5400, CR Building, Queens Road,
Bangalore-560 001.

Appellant(s)

VERSUS

Mr. M C Lokesha
Assistant General Manager
Sai Security Printers Pvt. Ltd.,
Sy.No.168/1 & 168/2, Machohalli,
Near Vani School, Magadi Main Road,
Dasanapura Hobli,
Bengaluru-560 091.

Respondent(s)

APPEARANCE:

Shri M.A. Jithendra, Asst. Commissioner (AR) for the Revenue.

Shri A.R. Madhav Rao with Shri Mukunda Rao, Sr. Advocates for the
Respondents.

**CORAM: HON'BLE DR. D.M. MISRA, MEMBER (JUDICIAL)
HON'BLE MR. PULLELA NAGESWARA RAO,
MEMBER (TECHNICAL)**

FINAL ORDER NO. 20206 - 20208 /2026

DATE OF HEARING: 01.08.2025

DATE OF DECISION: 30.01.2026

PER: D.M. MISRA

These appeals are filed by the Revenue against Order-in-Original No.02/2017 dated 31.01.2017 passed by the Commissioner of Central Excise, Mangalore.

2. Briefly stated the facts of the case are that the respondent i.e., M/s. Sai Security Printers Pvt. Ltd. are engaged in the

manufacture of printed labels, printed cartons, cheque books, bank passbooks, university answer booklets, bank account opening forms, bank deposits/withdrawal challans, subscription application forms, etc. On the basis of the intelligence, the respondents were not discharging Central Excise duty on clearance of certain products viz., bank passbooks, university answer booklets, bank account opening forms, etc., investigation was initiated by DGCEI and on completion of the investigation, show-cause notice was issued to them on 06.07.2016 demanding central excise duty of Rs.2,22,17,004/- for clearances of excisable goods during the period 01.06.2011 to 30.11.2015 with interest and penalty. On adjudication, demand was dropped. Hence, Revenue is in appeal.

3. At the outset, the learned Authorised Representative (AR) for the Revenue reiterating the grounds of appeal has submitted that on investigation against the respondent, it came to the knowledge of the department that even though the respondents are registered with Central Excise Department and discharged duty on certain goods viz., printed labels and cartons but failed to discharge duty on other products viz., printed passbooks, university answer booklets, bank account opening forms, etc., claiming its classification under Chapter 4910 of Central Excise Tariff Act, 1985 even though these goods are classifiable as 'articles of stationery' under Chapter Subheading 4820 of CETA, 1985 being intended to further printing or writing. He has submitted that the adjudicating authority has failed to apply the correct principles of law and has overlooked material statutory notes introduced to a Chapter, so as to clarify the scope of the entry and coverage of the goods falling under Chapter 48 of the CETA, 1985. He has submitted that the primary purpose and essential nature of the goods manufactured by the respondent

are not printing per se but their function as an article of stationery ultimately meant for completion in manuscript or typescript. The role of pre-printed formats on bank passbooks, university answer booklets, account opening forms, deposit/withdrawal slips, etc., is merely incidental to the main purpose. These products are supplied with blank spaces for further writing by the end-user and their format is intended to facilitate recording transaction or entries. The passbooks, for example, merely bear the bank's name and blank transactional columns, while answer booklets contain the university's logo and blank ruled pages for students' answers. Thus, as per Note 14 to Chapter 48 introduced with effect from 01.04.2012, such products even if printed with any character, name, logo, motif or format, remain classified under Chapter 48 of CETA, 1985, if these are intended to be used for further writing or printing. He has submitted that in the impugned order, the adjudicating authority has misapplied the relevant Chapter Notes particularly Chapter Note 14 which has been introduced with an aim to resolve longstanding confusion. The adjudicating had referred to the judgment of the Hon'ble Supreme Court in the case of **Metagraphs Pvt. Ltd. vs. CCE, Bombay 1996 (88) ELT 630 (SC)** which relates to different products and regimes and thereby wrongly concluded that printing has an essential character of these goods inspite of following the amended Chapter Notes and precedents by CESTAT on the subject. Further, he has submitted that the Explanatory Note to HSN for Heading 4820 supports the department's stand and also the CBEC's clarification issued that answer booklets (with or without OMR), passbooks and similar products which are not loose individual sheets but are bound articles for further completion in manuscript are classifiable under Chapter Heading 4820. The only exception from Chapter 4820 are loose sheets, cut to size

and printed with motifs or pictorial matter not merely incidental to their use, which is not the case here. The 'security' or 'special' features as held in the Order-in-Original as the source of 'essential character' are irrelevant for the purpose of classification; it has to be understood from the products primary function which is stationery. No fiduciary value attaches to these items; a passbook is not a negotiable instrument, nor is an answer booklet a certificate of title. Answering the question of 'printing bringing the product into existence', he has submitted that this test is circular and inapposite; all printed stationery is produced with the client's requirements, but the presence of blank spaces and preprinted formats does not convert an article of stationery into an article of printing industry under Chapter 49. Indeed, notebooks and diaries (explicitly cited in heading 4820) as well as various forms are invariable preprinted.

4. Further, he has submitted that an essential aspect of determining classification of printed product is to understand whether the product possess a 'fiduciary value', that is, a value that arises from its function as a legal or financial instrument, exceeding the mere intrinsic value of the paper or printing. The HSN notes specifically reserve certain headings viz., 4907 for goods which once issued or validated by a competent or issuing authority, possess a fiduciary character. Example of which include currency notes, bonds, share certificates, bank drafts, lottery tickets, and the like. These items have a value attributed not just to their content or format but because they confer or represent a right; entitlement, or negotiable worth to their holder. To a product to fall under this category, it must acquire such fiduciary value at the time of its clearance from the manufacturer, that it should already be an instrument representing a claim, entitlement or title capable of being

transferred or enforced. In contrast, articles such as bank passbooks, university answer booklets or subscription/application forms including Airtel application form do not, at the time of manufacture and supply possess any such inherent fiduciary characters. These are simply formatted stationery intended for subsequent completion in handwriting or typescript and its value at the time of clearance is that of a printed paper or booklet itself. The blank answer books nor the blank application forms confer any enforceable right, title or monetary claim at the time of supply. Thus, it is only after these are filled up by the end-users and possibly validated by an authority, that any 'value' over and above the intrinsic worth of the paper may arise. Thus, at this stage of removal from the manufacturer's premises, these articles cannot be said to carry 'fiduciary value' as contemplated under Chapter 49. On the other hand, their essential function is as stationery designed for further writing, making them appropriately classifiable under Chapter Subheading 4820.

5. In support of his argument, he has referred to the judgment of this Tribunal in the case of **Surya Offset v. CCE, Ahmedabad: 2011 (267) ELT 516 (Tri.-Ahmd.)**; **Lakshmi Packaging Pvt. Ltd. vs. CCE, Salem: 2015 (318) ELT 529 (S.C.)** and the CBEC circular issued in the year 2017. Further referring to the judgments in the case of Metagraph Pvt' Ltd. and Gopsons Paper Ltd., he has submitted that reliance on these judgments by the adjudicating authority is misplaced as the same are factually and legally distinguishable since based on different goods (printed aluminium labels, lottery tickets, etc.) and delivered prior to insertion of Note 14 to Chapter 48 which the adjudicating authority failed to appreciate.

6. Further, he has submitted that clearance of paper scrap arising during the manufacture of such excisable goods attracts duty.

7. Per contra, Learned Senior Advocate for the respondent has submitted that the department seeks to rely on Note 14 to Chapter 48 which has been introduced with effect from 01.04.2012. The proposed heading 4820 under which the department seeks to classify the goods in question covers items of stationery which are generally available in the market like registers, account books, diaries and similar articles, exercise books and other articles of stationery, etc. It is his contention that Chapter Note 12 has an exception for Heading 4814 and Heading 4821 wherein the printing even if elaborate, the product continues to fall under Chapter 48 only. These two headings cover wallpaper and similar wall coverings (4814) and paper or paperboard labels of all kinds whether or not printed (4821). The Chapter Note 12 provides that other goods printed with motifs, characters or other pictorial representations which are not merely incidental to the primary use of the goods, fall under Chapter 49. The Hon'ble Supreme Court in the case of **Metagraphs Pvt. Ltd. vs. CCE, Bombay: 1996 (88) ELT 630 (SC)** held that labels fall as products of printing industry as they announce to the customers that the product is or is not of his choice. Therefore, the test to be applied under Chapter Note 12 is whether the printing is not merely incidental to the primary use of goods. For example, answer sheets contain security printing to ensure that no *mala fide* activities takes place in the entire process of examination at any stage i.e., by the Examiner or a Student or a third party. In such a case where the use of answer sheet is by the student to submit his answer in an examination such security features go beyond use of the product

(i.e., answering the examination questions) and prevent as far as possible the student/examiner /third party cheating or gaining undue advantage or so on.

8. Further, the Sr. Advocate submitted that the respondent being a security printer introduces number of features in the answer sheets like security bar codes, pictorial representation, water marks, answer sheets are stitched with special thread, fixed number of pages and microprinting or microtext i.e., grouping of letters having height less than 400 microns so as to appear as part of the design. The name of the university, etc., is printed on each page on the order using microprinting ink. If the answer sheets are coloured copies, the micro letters will prevent clarity in the area where they occur and will have more fudged effect. These answer booklets are made to order in accordance with tenders floated by universities containing all security features as contained in the tender documents. In the event, these are not accurately printed, the entire consignments runs the risk of rejection, therefore, security printing has great significance in the answer booklet to prevent cheating or in any other way all fraud in the course of examination process. On every answer sheet, a secret number is printed, which is unique and all the security features distinguish the answer sheets from general stationery like notebooks, account books, etc., under Heading 4820 which fulfills the requirement under Note 12 that the printing is not merely incidental to the use of the product and such security printing prevents any *mala fide* attempt in the conduct of examinations. Since answer books are customized for the students, they are not sold as items of stationery but are issued by the respective universities to the respective students during examination.

9. Further, explaining the scope of Note 14, he has submitted that it only lays down that notwithstanding anything contained in Note 12, products of Chapter Heading 4820, if and where such products are printed with any character, logo, motif or format shall remain classified under this heading as long as such products are intended to be used for further printing or writing. He has submitted that firstly pictorial representations are not mentioned in Note 14 which are the bar code features in regard to answer sheets. Secondly, if products of Chapter Heading 4820 are printed with character, name, logo, motif or format they would not go out of Chapter Heading 4820, but that is not to say that where printing is not merely incidental to the use of the product and is substantial such products would will remain in Chapter 4820. Referring to the Explanatory Memorandum in the budget 2012-13 relating to introduction to Chapter Note 14, he has submitted that the test of printing not being merely incidental has not been given a go by or a departure even as reflected in the Circular of CBEC dated 23.02.2017. Thus, the clarification by way of Explanatory Memorandum only fortifies that items of Heading 4820 will continue to remain in the said hearing even if there is further printing or writing but obviously, they first fall under Chapter 4820 and secondly, the printing should be merely incidental to the use of the product to fall under Heading 4820. These tests have not been dispensed with otherwise Chapter Note 12 as well as the HSN Explanatory Notes for Chapter 49 will be redundant and otiose.

10. Referring to the Oxford Dictionary meaning of 'stationery', he has submitted that these are standard items and generally would not include made to order items made by the respondent which are to cater to specific needs of the customers. Referring to the Board's Circular dated 15.10.1991, he has submitted that

test laid down for classification of the product having fiduciary value in excess of the intrinsic value like cheques, forms, bonds, share certificates, stamps and pressed postal stationery, documents of title, etc., to be covered under Chapter 49. The same would be the position for tickets, printed circulars, letters, forms, etc., which are essential printed matter fall under Chapter 49.

11. Further, he has submitted that so far as passbooks of various banks, these are made to very strict requirements and fiduciary value of the product which keeps track of all the bank deposits and withdrawals, etc., of a customer, which far exceeds its intrinsic value. These passbooks are ready reckoner of the transactions issued by Banks to the customers and are personal documents containing confidential information including the balance of the account holder. Passbooks are made to the specific instructions of the bank and have a specific design, size and printed with specific details. Further, these passbooks are printed with customers data, confidential details, customer's account number, ID, address, nomination details, type of account and also, it may be printed with IFSC and MICR code.

12. Further, as far as other products are concerned, it is submitted that Chapter Note 10 to Chapter 48, the Chapter Heading 4820 does not cover loose sheets, cut to size whether or not printed, embossed or perforated. The account opening forms and telecom subscription forms cannot fall under Heading 48201090 which is a residuary heading. If the items itself does not fall under Chapter 4820 then Chapter Note 14 cannot bring them under Chapter 4820. Moreover, Explanatory Note to Chapter 4901 itself lays down that 'printed forms' which require insertion of certain additional information for completion would

fall under heading 4911. Further, applying Rule 3(c) of the General Rules of Interpretation of the Tariff where items are classifiable under two heading, it should be classified under the heading which occurs last i.e, in Chapter 49. Referring to the Board's Circular No.1052/1/2017 CX dated 23.02.2017, he has submitted that even educational workbooks with or without narrative texts which contain printed textual questions or exercises not incidental to the primary use of workbooks would all be classifiable under Chapter 49. So also printed forms which require insertion of additional information would fall under Chapter 4907. In support, he has referred to the judgment of the Hon'ble Supreme Court in the case of **Holostick India Ltd. vs. CCE: 2015 (318) ELT 529 (SC)** that the goods in question would fall under Chapter 49. Further he has submitted that it is clear from the Board's Circular that test for classification whether printing is not merely incidental has been consistently applied. Therefore, it is clear that the test laid down to Chapter Note 12 to Chapter 48 has not been given go by of the insertion to Chapter Note 14.

13. Distinguishing the judgments relied by the Revenue, he has submitted that the Tribunal in the case of **Surya Offset** (supra) has been departed in the Data Processing Forms Pvt. Ltd. on the ground that the same has not considered the Circular dated 15.10.1991. Further, he has submitted that the demand on the scrap paper arising out of the process of making various goods like answer sheets, forms, etc., cannot be sustained since the appellant is a security printer and not manufacturing paper from pulp, consequently there is no manufacturing process involved when all these end cuttings of paper arise. In support, he has referred to the judgment of the Tribunal in the case of **Wimco Ltd. vs. CCE, Lucknow: 2008 (230) ELT 106.**

14. Heard both sides and perused the records. The issues involved in the present case are whether: (i) printed labels, printed cartons, cheque books, bank passbooks, university answer booklets, bank account opening forms, bank deposits/withdrawal challans, subscription application forms, etc. attracts classification under Chapter Subheading 4820 as claimed by the Revenue or under Chapter Subheading 4901/4911 of CETA, 1985 as claimed the respondent; and (ii) dutiability of paper scrap generated during the course of manufacture of aforesaid items.

15. Before proceedings to analyse the rival claims, it is relevant to reproduce the competing Chapter Sub-headings and Chapter Notes.

Chapter sub-heading 48204000

Exim Code	Item Description	Unit	Duty Rate	Effect. Duty	Cess	Total	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(6)
4820	Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles, exercise books, blotting-pads, binders (loose-leaf or other), folders, file covers, manifold business forms, interleaved carbons sets and other articles of stationery, of paper or paperboard; albums for samples or for collections and book covers, of paper or paperboard.						
4820 40 00	-- Manifold business forms and interleaved carbon sets	Kg.	16	10	0.30	10.300	

Chapter sub-heading 49019900

Exim Code	Item Description	Unit	Duty Rate	Effect. Duty	Cess	Total	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(6)
4901	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets						
4901 99 00	-- Other	Kg.	Nil	Nil			

4911		OTHER PRINTED MATTER, INCLUDING PRINTED PICTURES AND PHOTOGRAPHS
4911 10	-	Trade advertising material, commercial catalogues and the like :
4911 10 10	---	Posters, printed
4911 10 20	---	Commercial catalogues
4911 10 30	---	Printed inlay cards
4911 10 90		Other
	-	Other
4911 91 00	--	Pictures, designs and photographs
4911 99	-	Other
4911 99 10	---	Hard copy (printed) of computer software
4911 99 20	---	Plan and drawings for architectural engineering, industrial, commercial, topographical or similar purposes reproduced with the aid of computer or any other devices
4911 99 90	---	Other

16. The relevant Chapter Note 12 & 14 to Chapter 48 read as below:

"12. Except for the goods of heading 4814 or 4821, paper, paperboard, cellulose wadding and articles thereof, printed with motifs, characters or pictorial representations, which are not merely incidental to the primary use of the goods, fall in Chapter 49.

13. ..

14. Notwithstanding anything contained in Note 12, if paper and paper products of heading 4811, 4816 or 4820 are printed with any character, name, logo, motif or format, they shall remain classified under the respective headings as long as such products are intended to be used for further printing or writing."

17. The Revenue mainly relied upon the amendment to the Chapter Notes of Chapter 48 brought into effect from 01.04.2012. To understand the scope of new Chapter Note 14, it is necessary to read also the Chapter Note 12; it indicates that except for the goods of heading 4814 or 4821 Paper and Paperboard, etc., and articles thereof printed with motifs, characters or pictorial representations which are not merely incidental to the primary use of the goods fall under Chapter 49. In other words, if the motifs, characters or pictorial representations are merely incidental to the primary use of the goods, would fall out of the scope of Chapter 48 and the goods

will come withing the scope of Chapter 49. Note 14 of the Chapter 48 which starts with a non-obstante clause lays down that paper and paperboards of heading 4811, 4816 or 4820 printed with any character, name, logo, motif or format shall remain classified under the respective headings as long as such products are intended to be used for further printing or writing.

18. After introduction of the said Chapter Note, classification dispute on various products of Chapter 48 and 49 continued to be raised before the Revenue and to settle the same, Board has issued a Circular bearing No.1052/1/2017-CX dated 23.02.2017, which reads as follows:

Paper and Printing Industry — Classification [Chapters 48/49]

Circular No. 1052/1/2017-CX, dated 23-2-2017
F.No. 116/29/2015-CX.3

Government of India
 Ministry of Finance (Department of Revenue)
 Central Board of Excise & Customs, New Delhi

*Subject : Classification of articles of paper and printing industry –
 Regarding.*

Representations have been received from trade associations that consequent upon insertion of Chapter note 14 (w.e.f. 28-5-2012) to the Chapter 48 of Central Excise Tariff Act, 1985 disputes have cropped up in respect of classification of *railway/bus/other tickets/passes, railway ticket rolls and bus ticket rolls, mark sheets/certificates, OMR Sheets/Answer Books with OMR, Answer booklets, inland letter cards, passbooks, applications forms, paper outer strip seal, Railway receipt (RR) and practical notebook*. Also, reports received from field formations suggest that there is divergent practice of assessment of these goods. It is therefore, proposed to clarify the classification of these goods to ensure uniformity in practice of assessment across the country.

2. In this connection, statutory provisions are as under :

- (a) As per Rule 3(c) of General Rules for the interpretation of the Schedule, *"when goods cannot be classified by reference to (a) or (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration"*.
- (b) As per Rule 4 of General Rules for interpretation of the Schedule, *"goods which cannot be classified in accordance with the above rules shall be*

classified under the heading appropriate to the goods to which they are most akin".

- (c) As per Chapter note 10 of Chapter 48, heading 4820 does not cover loose sheets or cards, cut to size, whether or not printed, embossed or perforated.
 - (d) As per Chapter note 12 of chapter 48, except for the goods of heading 4814 or 4821, paper, paperboard, cellulose wadding and articles thereof, printed with motifs, characters or pictorial representations, which are not merely incidental to the primary use of goods, fall in Chapter 49.
 - (e) As per Chapter note 14 (inserted on 28-5-2012) paper and paper products of heading nos. 4811, 4816 or 4820 intended to be used for further printing or writing are classifiable in their respective headings even if printing is merely incidental to the primary use of goods.
 - (f) HSN explanatory note (2) to heading 48.20 excludes educational workbooks, sometimes called writing books, with or without narrative texts, which contain printed textual questions or exercises not incidental to their primary use as workbooks and usually with spaces for completion in manuscript. Further, as per HSN explanatory notes (A) to heading 4901, *"...literary works of all kinds, textbooks (including educational workbooks sometimes called writing books) with or without narrative texts which contain questions or exercises (usually with spaces for completion in manuscript); technical publications..."* are classifiable under this heading.
 - (g) Also, as per HSN explanatory notes to heading 49.01 printed cards bearing personal greetings, messages or announcements (heading 49.09), and printed forms which require the insertion of certain additional information for completion are excluded from this heading.
 - (h) As per explanatory notes to heading 4907 (F), *"Stock, share or bond certificates and similar documents of title are formal documents issued, or for issue, by public or private bodies conferring ownership of, or entitlements to, certain financial interests, goods or benefits named therein. Apart from the certificates mentioned these documents include letters of credit, bills of exchange, travelers' cheques, bills of lading, title deeds and dividend coupons. They usually require completion and validation."*
 - (i) As per explanatory note to heading 49.11, *"Certain printed articles may be intended for completion in manuscript or typescript at the time of use but remain in this heading provided they are essentially printed matter. Thus, printed forms (e.g., magazine subscription forms), blank multi-coupon travel (e.g., air, rail and coach) tickets, circulars, letters, identity documents and cards and other articles printed with messages, notices, etc., requiring only the insertion of particulars (e.g. dates and names) are classified in this heading....."*. The heading 4911 also includes tickets for admission to places of entertainment (e.g., cinemas, theatres and concerts), tickets for travel by public or private transport and other similar tickets.
3. Hon'ble Apex Court in the case of *Holostick India Ltd. v. Commissioner of Central Excise* [2015 (318) E.L.T. 529 (S.C.)] has held that holograms would not fall under chapter 39 though they had the self-adhesive

property and were primarily goods made of plastic, yet due to the security features of the stickers, the said holograms will be placed under chapter 49. The reason for such a classification was that the security features gave the hologram their essential feature.

4. In the light of above statutory provisions and decision of the Hon'ble Apex Court, classification of the goods *ibid* was examined and it is clarified as under :

- (a) **Railway/bus/other tickets/passes** - (i) These are loose sheets or cards, cut to size and therefore are not covered under heading 4820 and also the provision of Chapter note 14 is inapplicable in the matter. Printing is not merely incidental to the primary use these goods. Printing alone brings these goods in existence. Explanatory note to heading 49.11 specifically covers these goods. Therefore, these goods are classifiable under heading 4911.
(ii) Similarly, railway ticket rolls, bus ticket rolls and like goods, which have cut/identifiable marks for separation of railway tickets/bus tickets therefrom and tickets are easily identifiable therein, are also classifiable under heading 49.11.
- (b) **Mark sheets/certificates** - These are loose sheets, cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. The printing on these documents gives their essential character and on being issued (after completion and validation) by the appropriate authority they have fiduciary value in excess of the intrinsic value. In view of explanatory notes to heading 4907 (F) they are classifiable under heading 4907.
- (c) **OMR sheets** - Like mark sheets and certificates these are loose sheets cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. The printing on these documents gives their essential character. In view of explanatory note to heading 4911 they are classifiable under heading 4911.
- (d) **Answer books with or without OMR, answer booklets and passbooks** - These are not loose sheets, cut to size and therefore these are not out of the purview of heading 4820. Printing on these goods is merely incidental and such goods are intended to be used for further printing or writing. Answer books with or without OMR and answer booklets are intended for completion in manuscript while passbooks are intended for completion in manuscript or typescript. Provisions of Chapter note 12 and 14 of Chapter 48 and provisions of Rule 4 of General Interpretative Rules are applicable in the matter and therefore these are classifiable under heading 4820.
- (e) **Inland letter cards** - These are loose sheets or cards, cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. These Inland letter cards are printed with all particulars and shall not undergo any further printing or writing. They contain personal information like notices, reminders, etc. Sometimes these cards require only insertion of particulars like names and addresses. In the situation, where printing on inland letter cards is not merely incidental, goods are classifiable under heading 4911. However, plain letter cards are classifiable under heading 4817,

which reads as "envelopes, letter cards, plain postcards and correspondence cards, of paper or paper boards..."

- (f) **Application forms** - These are for example bank account opening forms, forms of telecom companies, education institutions, insurance company forms and similar forms printed on specific order of the concerned bank, telephone companies, etc. These are loose sheets, cut to size and therefore are not covered under heading 4820 and also provision of Chapter note 14 is inapplicable in the matter. Printing on these forms is not merely incidental. In view of explanatory note to heading 4901 and 4911 these forms are classifiable under heading 4911.
 - (g) **Paper outer strip seals** - These strips are used to seal EVMs (electronic voting machines) and are used by the election commission. For example State Election Commission, Haryana is printed on these strip seals. These are basically stickers having a self-adhesive feature where printing brings the product into existence. They have security features like guilloche patterns and anti-photocopy features. Therefore in view of printing not merely incidental and decision of Hon'ble Apex Court in the matter of *Holostick India Ltd.* *ibid*, these strip seals are classifiable under heading 4911.
 - (h) **Railway Receipts (RRs)** - These are continuous computer stationery (4820) and also a document of title (4907). They have security numbering with special features like specific and patterns digit size printed by mechanical boxes using penetrating inks and also hatching of Indian Railway logo in the background. Printing on these receipts is not merely incidental. In view of Rule 3(c) of General Rule for the interpretation of the Schedule, Hon'ble Apex Court decision in the case of *Holostick India Ltd.* *ibid* and explanatory notes to heading 4907(F), these are classifiable under heading 4907.
 - (i) **Practical notebook** - This notebook contains some texts, questions and spaces for exercises. In view of explanatory notes to heading 4820 and explanatory notes (A) to heading 4901, this is classifiable under heading 4901. However, practical notebook which have merely certain questions followed by blank spaces for writing are classifiable under heading 4820 only.
5. Field formations may be suitably informed. Past instructions and circulars on the subject shall stand amended to the extent of conflict with the above circular. Hindi version would follow.

19. In the aforesaid Circular, the Board has analysed the respective Chapter Note 10, 12 and 14 of Chapter 48 along with Explanatory Notes of relevant Headings 4820, 4901, 4907, 4911. Also, the Circular took note of the decision of the Hon'ble Supreme Court in the *Holostick India Ltd.* (*supra*) in understanding the correct classification of the products illustrated.

20. In the present case the process of manufacture of the disputed items as disclosed by Mr. M. C. Lokesha, Assistant General Manager in his statement dated 23.06.2015 has been narrated in the show-cause notice as below:

Bank Pass Books - The paper is cut into the required sizes. As per the designs given by the customers the necessary printing is carried out in their factory on the paper. A single printed sheet contains 4 to 8 UPS (i.e. same sheet in the books) and the single printed sheet is further cut into different pages. Such pages are arranged together to the required no. of pages along with the cover page and are subjected to thread stitching. Further it is folded and edges are trimmed to make the passbook. Sometimes, the cover page of the pass book is laminated after printing. Further, the same is packed in polythene covers inside the factory. The passbooks are used by the respective banks for further printing / entering of the details of transactions of their account holders.

University Answer Booklets - The paper is cut into the required sizes. As per the designs given by the customers the necessary printing is carried out in their factory on the paper. A single printed sheet contains 2 UPS (i.e. same sheet in the books) and the single printed sheet is further cut into different pages. Such pages are arranged together to the required no. of pages along with the cover page and are subjected to thread stitching. Further it is folded and edges are trimmed to make the answer booklets. They also incorporate the necessary security features as required by the customers like unique numbering, water marks etc. Further, the same is packed in polythene covers inside the factory. These answer booklets are used by the universities for conducting examinations and the students appearing for examinations will be writing their answers on the said answer booklets.

Bank Account Opening Forms - The paper is cut into the required sizes.

As per the designs given by the customers the necessary printing is carried out in their factory on the paper. A single printed sheet contains 2 UPS (i.e. same sheet in the books) and the single printed sheet is further cut into different pages. Such pages are arranged together, folded and then pinned together to make to make one set of Bank Account Opening Form. Further, the same is packed in polythene covers inside the factory. These opening forms are supplied by the banks to the customers and the customers will be writing / filing up details in the said forms.

Bank Deposit / Withdrawal Challans - The paper is first cut into the required sizes. As per the designs given by the customers the necessary printing is carried out in their factory on the paper. A single printed sheet contains 4 to 8 UPS (i.e. same sheet in the books) and the single printed sheet is further cut into different pages. Such pages are arranged together then pinned / gummed to make one set which is packed in polythene covers inside the factory. The challans are supplied by the

banks to the customers and the customers will write /fill the details in the said challans.

Airtel Subscription Application - The paper is first cut into the required sizes. As per the designs given by the customers the necessary printing is carried out in their factory on the paper. A single printed sheet contains 2 UPS (i.e. same sheet in the books) and the single printed sheet is further cut into different pages. Each page is further folded 3 times. Further, the same is packed in polythene covers inside the factory. The subscription applications are supplied by M/s. Airtel to their customers and the customers write / fill the details in the said forms. passbooks are used by the respective banks for further printing / entering of the details of transactions of their account holders.

Leaflets - The paper is cut into the required sizes. The necessary literature is printed on the same and the same is cut and folded. These leaflets are used by the customers like M/s. Micro Labs, etc. as a guide/instruction about the product to their customers. Further, the same is packed in polythene covers inside the factory."

21. On the issue of classification of University answer papers, it is the claim of the appellant that the security features such as barcodes, OMR fields, special threading and watermark of the university inserted into answer booklets are not commonly found and such printing is not merely incidental to the use of the answer sheets, hence, is a product of printing industry and classifiable under Chapter Heading 49.01 and not as stationery under 48.20. We do not find merit in the argument of the learned advocate for the respondent inasmuch as the very purpose of answer books is for writing in the examination by the candidates appearing for the exams. The security features inserted/printed to the answer sheets with an object to only prevent duplication, but the main objective of the answer booklet is meant to be further used by the candidates in writing their answers in the answer sheet in response to the questions in the examination, thereby satisfy Note 14 of chapter 48.

22. In the **Holistick India Ltd.** case (supra), the Hon'ble Supreme Court at para 17 has laid down as follows:

"17. It is clear therefore, that the question resolves itself into whether printing is only incidental to the primary use of the goods or is something more than something merely incidental. We have already referred to the process hereinabove and the final product which emerges is a product which is used for security purposes. It is important to remember therefore, that the primary use of the product is security and not the quality of being adhesive. Here again, a simple example will suffice. Take an adhesive tape with a monogram printed upon it. The primary use of such tape is by virtue of its adhesiveness to bind and package containers in which goods are to be stored and transported. Obviously, in such an example, the printed monogram of such adhesive tape would be incidental to the primary use of the said goods - the adhesive tape. By way of contrast, in the present case, the factor of adhesiveness is incidental to the primary use to which the goods are put, namely, that they are to be used for security purposes. Also, the HSN Explanatory Notes are relevant, which according to the judgment of this Court reported in '*Collector of Central Excise, Shillong v. Wood Craft Products Ltd.*' [1995 (77) E.L.T. 23 (S.C.)] in para 12 are a safe guide in case of doubt :-

"12. It is significant, as expressly stated, in the Statement of Objects and Reasons, that the Central Excise Tariffs are based on the HSN and the internationally accepted nomenclature was taken into account to "reduce disputes on account of tariff classification". Accordingly, for resolving any dispute relating to tariff classification, a safe guide is the internationally accepted nomenclature emerging from the HSN. This being the expressly acknowledged basis of the structure of Central Excise Tariff in the Act and the tariff classification made therein, in case of any doubt the HSN is a safe guide for ascertaining the true meaning of any expression used in the Act. The ISI Glossary of Terms has a different purpose and, therefore, the specific purpose of tariff classification for which the internationally accepted nomenclature in HSN has been adopted, for enacting the Central Excise Tariff Act, 1985, must be preferred, in case of any difference between

the meaning of the expression given in the HSN and the meaning of that term given in the Glossary of Terms of the ISI.”

23. Applying the ratio of the aforesaid case, it cannot be denied that since the primary objective/ purpose of University answer booklets are for writing by the candidates in the examination in response to the question papers set, the security features to make the answer sheets damper proof being ancillary, therefore it is rightly classifiable under Chapter sub-heading 48.20.

24. On the issue of classification of Bank Passbooks, the learned advocate has submitted that in the Circular dated 15.10.1991, it was emphasised that products having fiduciary value in excess of intrinsic value will be covered under Chapter 49. The Bank Passbooks of various banks are required to maintain all the bank deposits and withdrawals of a customers which far exceeds its intrinsic value and also having fiduciary value. Further, these passbooks are printed with customer data, confidential details, printed with IFSC, MICR Code, Bar Code, etc. The information relating to bank balance are confidential and the banks holds the same in trust for the customers. Consequently, applying Note 12, it is argued that the printing is not incidental to the use of passbooks but it is very essential; hence, the classification of the Bank passbooks will fall under Chapter 49. We are unable to agree with the argument of the learned advocate for the respondent inasmuch as Bank Passbooks are maintained with the bank and in the event, it is lost, they are reissued and the entries contained in the bank's ledgers are reprinted in the passbooks. Without presentation of the passbooks also, the customers can deposit and withdraw the money, hence, this cannot be considered as containing any

fiduciary value. Besides, the passbooks are prepared for further making entry about the financial transactions by the customers with the banks, hence, it satisfies the test of primary objective of writing and the security features present therein is secondary in nature.

25. The Hon’ble High Court of Karnataka in the case of **Manipal Technologies Ltd. vs. State of Karnataka: 2022 (62) GSTL 299 (Kar.)** confronted with the question of classification of Pattadar Passbook-cum-Title Deed under Chapter Subheading 4907. Their Lordships answered the question by observing that the passbooks are classifiable under Chapter Subheading 4820. The relevant paragraphs are reproduced hereinbelow:

“15. The petitioner contents that the Pattadar Passbook cum Title Deed cannot be classified under Chapter Heading 4820 as this chapter covers items such as registers, account books, notebooks etc. Chapter 4820 is extracted herein below for easy reference:

Tariff Item	Description	
4820	Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles [exercise books], blotting pads, binders (loose-leaf or other), folders, file covers, manifold business forms interleaved carbon sets and other articles of stationery, of paper or paper board; albums for samples or for collections and book covers, of paper or paperboard	
4820 10	-	Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles.
4820 10 10	---	Registers, account books
4820 10 20	---	Letter pads
4820 10 90	---	Other
4820 20 00	-	Exercise books

4820 30 00	-	Binders (other than book covers), folders and file covers
4820 40 00	-	Manifold business forms and interleaved carbon sets
4820 50 00	-	Albums for samples or for collections
4820 90	-	Other
4820 90 10	---	Blotting paper cut to size
4820 90 90	---	Other

16. As per provision of Act, 1971, that the Pattadar Pass Book cum Title Deed is a document containing the details of the land owned by a person. The entries in the Pattadar Pass Book are based on the Record of Rights which is prepared in terms of the provisions of the Act, 1971. The legal provisions for issue of the Pattadar Pass Book were first introduced in the Amendment Act 11/1980 to the Andhra Pradesh Record of Rights in Land and Pattadar Pass Book Act, 1971. Prior to this the 'pahani' was the most basic textual land record in Telangana prepared by the Village Revenue Officer. It did not constitute a Record of Rights, but it recorded details like the owner of the land, how they came to be in ownership of the land, mutations and tenancies, The Amendment Act 1/89 to the Andhra Pradesh Record of Rights under Section 3(1) of the Act and for the regularization of unregistered transfers and alienations under Section 5A of the Act. The said Act subsequently amended and in force in the combined State, as on 2-6-2014, has been adapted to the State of Telangana, under Section 101 of the Andhra Pradesh Reorganisation Act, 2014 *vide* the Telangana Adaptation of Laws Order, 2016.

17. The Act, 1971 mandates that any person effecting transaction on the land such as sale or purchase or mortgage, such sale or purchase or mortgage document has to be registered before the registering authority by paying registration fee and stamp duty. Such registered document will have fiduciary value and is considered as document of title. Further if any person effects any alienation or transfer of land without such registered document, either alienee or the transferee has to deposit

registration fees and the stamp duty in accordance with the provisions of the Registration Act, 1908 and get the certificate from the Mandal Revenue officer. In such cases the certificate issued by the revenue officer is considered as document of title. Therefore, either a registered document or certificate issued from the Mandal revenue officer after paying registration fee and stamp duty is considered as document of title and on the basis of such document of title the revenue authority updates the Record Rights. The updated information in the Record of Rights is entered in the Pattadar Pass Book cum Title Deed. Therefore, the Pattadar Passbook cum Title Deed is not a document of title as claimed by the petitioner and is not classifiable under Chapter Heading 4907 of the Customs Tariff Act. The Pattadar Pass Book cum Title Deed is classifiable under Chapter Heading 4820 of the Customs Tariff Act, as held in by Appellate Authority in the impugned order.”

26. Further, reading the above CBEC Circular, we find that answer booklets and bank passbooks are specifically considered at Clause (d) of Para 4 of the said Circular and clarified that these items would fall under scope of Chapter Subheading 4820. As far as other manufactured items viz., University Passbooks, Bank Account Open Forms, Bank Deposit/Withdrawal Challans, Airtel Subscription Application, leaflets, etc., as per the said Circular cannot be considered to be classifiable under Chapter Subheading 4820; but the same are classified under Chapter 49.

27. This Circular has been considered by the Tribunal in the case of **Nagpur Business Forms Pvt. Ltd. Vs. CCE, Nagpur [2020(2) TMI 283 – CESTAT, Mumbai]** and **M/s. Samanthu Business Forms Pvt. Ltd. vs. CCE, Bangalore: Final Order No.20032/2026 dated 16.01.2026** and followed in deciding the classification of the items referred therein.

28. On the issue of scrap paper which arise during the process of manufacturing of answer sheets, forms, cheque books, passbooks, etc., it is argued that appellant is not a manufacturer of paper from pulp, hence, there is no manufacturing process involved. The paper waste are all end-cuttings of paper arising during the course of manufacture of the passbooks, answer sheet, forms, etc., hence, not dutiable. We find force in the contention of the learned advocate for the Respondent and the issue is squarely covered by the decision of this Tribunal in the case of **Wimco Ltd.** (supra) and latter followed in the case of **Universal Offsets vs. Commissioner of Central Excise, Delhi: 2018 (10) GSTL 386 (Tri.-Del.)**. Consequently, the demand dropped by the learned Commissioner does not require any interference.

29. Thus, in view of the above discussion, we are of the opinion that university answer booklets and bank passbooks would come within the scope of Chapter Sub-heading 4820 and all other forms would attract classification under Chapter Subheading 4901 / 4911 as mentioned under the said Circular. Needless to say that Circular is binding on the department, hence, the learned Commissioner ought to have followed the said Circular and decided the issue accordingly.

30. In the result, the impugned order is modified and the matter is remanded to the adjudicating authority to re-quantify the demand considering the classification of bank passbooks, university answer booklets falling under Chapter Subheading 4820 and remaining all other items classifiable under Chapter Subheading 4901/4911. Since the learned Commissioner has not addressed the issue of limitation and no finding has been recorded, the said issue is kept open and consequently,

applicability of penal provisions on the appellants be also adjudicated depending on the finding on the aspect of limitation. Needless to mention that a reasonable opportunity of hearing be given to the respondent. Revenue's appeals are allowed by way of remand to the extent mentioned as above.

(Order pronounced in Open Court on 30.01.2026.)

(D.M. MISRA)
MEMBER (JUDICIAL)

(PULLELA NAGESWARA RAO)
MEMBER (TECHNICAL)

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