

# S.MURUGAPPAN

ADVOCATE, HIGH COURT

**CONSULTANTS:**

GST, CUSTOMS, FOREIGN TRADE LAWS,  
FOREIGN EXCHANGE MANAGEMENT ACT.

**ASSISTED BY:**

K.NANCY, B.COM., B.L. (HONS.),  
M.S.HARSHA PRABHU, L.L.M.

## OPINION

### 1. Querist :

M/s.Surana & Surana, Chennai on behalf of M/s.Galipoglu Hidromas India Mfg. Pvt. Ltd., Chengalpattu.

### 2. Facts :

2.1 M/s.Galipoglu Hidromas India Mfg. Pvt. Ltd. is importing regularly DOM Tubes or Drawn Over Mandrel Tubes. These are being classified by them under Heading 7306 3010. Based on country of origin certificate issued by Korea, the querist is availing concessional duty under Free Trade Agreement in terms of Notification 152/2009 dated 31.12.2009 (Sl.No.577).

2.2 It is reported that recently the importers faced some issues for customs clearance as their products are manufactured by electric resistance welding process before they are drawn over mandrel. It appears that the classification suggested in such a situation by the authorities is under 7306 9090. The querist states that for goods falling under 7306 9090 BIS standards and registration will apply.

### 3. Query :

In the above context, the querist wants to know the appropriate classification for these goods.

### 4. Opinion :

4.1 As per the import invoice for the supply of these goods, these are DOM tubes or Drawn Over Mandrel Tubes. As per the analysis certificate provided, these are cold drawn welded tubes and are made of non-alloy steel. It is also an admitted fact by the importer that before the goods are drawn over mandrel their process of manufacture is by Electric Resistance Welding (ERW). It may be noted that the HSN Tariff as such does not cover ERW tubes as a separate category. The HS Tariff for 7306 is reproduced below:

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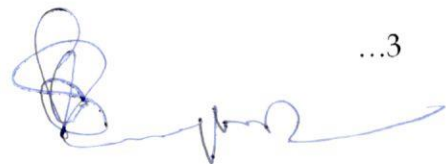
Phone: 044-28340431

Heading	H.S. Code	
73.06		<b>Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel.</b>
		- Line pipe of a kind used for oil or gas pipelines :
	7306.11	-- Welded, of stainless steel
	7306.19	-- Other
		- Casing and tubing of a kind used in drilling for oil or gas :
	7306.21	-- Welded, of stainless steel
	7306.29	-- Other
	7306.30	- Other, welded, of circular cross-section, of iron or non-alloy steel
	7306.40	- Other, welded, of circular cross-section, of stainless steel
	7306.50	- Other, welded, of circular cross-section, of other alloy steel
		- Other, welded, of non-circular cross-section :
	7306.61	-- Of square or rectangular cross-section
	7306.69	-- Of other non-circular cross-section
	7306.90	- Other

4.2 On the other hand, the Customs Tariff adopted by Indian government mentions ERW precision tubes separately under Heading 7306.90. The following are the two categories of ERW precision tubes at 8-digit level.

7306 90 -- ERW precision tubes  
7306 90 11 ---- Of iron  
7306 90 19 ---- Other

4.3 While ERW refers to Electric Resistance Welding, it involves both spot and seam welding. The steel strip is unwound from coils and then passes through a series of rollers which cold form the material into a circular or square shape. The edges are pressed together under pressure as a butt joint and then welded by heating the material to a temperature above 2000° F. The flash weld that is formed is removed from the outside diameter of the tube. Then the tube passes through a series of sizes / rolls to attain the finished precise size and then it is straightened and cut to required length.

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- 4.4 On the other hand, DOM tubes are also initially produced only by electric resistance welding. In the finishing stages the entire flash weld is removed and then the tube is cold drawn over a mandrel. Such cold drawing provides the tube with better dimension tolerance and improved surface finish. Or in other words, the DOM tube though, is finished by using additional processes, it does not cease to be an ERW tube, as it has been manufactured by ERW process.
- 4.5 Since the Indian Customs Tariff contains a specific heading for ERW precision tubes, the appropriate classification for these tubes should be under heading 7306 9019. 7306 9011 covers ERW precision tubes of 'iron' and 7306 9019 covers 'other' ERW precision tubes.
- 4.6 Therefore, in our view, the classification now being adopted by the querist under heading 7306 3010 will not be appropriate.
- 4.7 At the same time, it is to be noted that for the purpose of availing FTA benefit under country of origin certificates, Sl.No.577 of Notification 152/2009 mentioned above covers all goods falling under Headings from 7301 10 to 7306 69 and Sl.No.578 covers goods falling under 7306 90. But, concessional duty will be 6.25% and not 0%.
- 4.8 Also at the same time, the requirement of BIS certification/registration appear to be attracted as "steel tubes" figure in Foreign manufacturers certification scheme of BIS.



**S. MURUGAPPAN**

sm/ss

**Disclaimer:-** The above opinion is provided based on the information and documents made available to us by the querist and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.