Circular No. 81/2002-Customs
3rd December, 2002

F.No.528/87/2001-CUS (TU)
Government of India
Ministry of Finance & Company Affairs
Department of Revenue
(Tariff Unit)

Subject : Classification of Plan Stearin. - Reg.

I am directed to refer to the subject mentioned above and to say that a doubt has been raised as to whether palm stearine is classifiable under CTH 15.11 or 38.23 of the Customs Tariff. It has been reported that palm stearine, which is a fraction of palm oil, is being classified under heading 15.11 of the Customs Tariff at some ports and under 38.23 at others.

2. Heading 15.11 covers palm oil and its fractions, whether or not refined, but not chemically modified. According to HSN Explanatory Notes, Chapter 15 covers vegetable or animal fats and oils and their fractions whether used as foodstuffs or for technical or industrial purposes (e.g., the manufacture of soap, candles, lubricants, varnishes or paints). Headings 15.07 to 15.15 of this Chapter cover the single (i.e., not mixed with fats or oils of another nature), fixed vegetable fats and oils mentioned in the headings, together with their fractions, whether or not refined, but not chemically modified. HSN Notes further say that fatty acids are excluded from chapter 15.

3. Heading 38.23, interalia, covers industrial monocarboxylic fatty acids and acid oils from refining. Sub heading 3823.11 covers stearic acid and 3823.12 covers oleic acid. The HSN Explanatory Notes further say that heading 38.23 includes, inter alia, commercial stearic acid (stearin) which is a white solid material with a characteristic odour. It is relatively hard and rather brittle and is usually marketed in the form of beads, flakes or powder. It is also marketed in liquid form when transported hot in isothermal tanks.

4. The matter was referred to CRCL for opinion. CRCL has advised that heading 15.11 covers palm oil and its fractions. Palm oil is composed mainly of triglycerides of fatty acids such as palmitic, strearic, oleic, lauric, myristic, etc. Palm oil can be separated into low and high melting point fractions, viz., palm olein and palm stearin, by fractionation. Composition wise both fractions are mainly triglycerides of fatty acids. Therefore, stearin (palm stearin) falling under 15.11 is glyceride (ester) of fatty acids such as palmitic, stearic, oleic, lauric, myristic etc. As regards heading 38.23 which covers industrial monocarboxylic fatty acids, the olein and stearin described thereunder are mixed fatty acids mainly palmitic, stearic, oleic acid etc., obtained by splitting of natural fats and oils by means of hydrolysis or saponification, and then by crystallisation and separation. Industrial fatty acids are used in plastics, fibres, soaps, surfactants etc. These are composed of mixtures of fatty acids and are by no means pure or even fairly pure. Hence, they are classifiable under heading 38.23. The fatty acids having specified minimum purity levels are classified under Chapter 29.

5. CRCL has further advised that `palm stearine" falling under heading 15.11 is basically triglyceride (Esters) of fatty acids and `stearine" falling under heading 38.23 is basically a free fatty acid. The triglycerides of fatty acids (Esters) and free fatty acids are two different organic compounds and distinguishable by chemical tests i.e., by determining the ester value. While triglycerides possess the ester values, free fatty acids do not possess the same.

6. It is requested that goods declared as `palm stearin" or `crude palm stearin" may be assessed keeping in view the above advice received from CRCL. The goods may be got chemically examined to verify whether they are glycerides (ester) of fatty acids (15.11) or a mixture of fatty acids (38.23).

7. Any difficulty in implementing the above instructions may be brought to notice of the Board.

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