

[F. No. 528/94/2004-Cus (TU)]  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs  
New Delhi

Circular No. 8/2006-Cus

Dated 17th January, 2006

**Classification of used rails - reg.**

I am directed to invite your attention to the Board's Circular No. 1/2005-Cus. dated 11.1.2005 and the doubts expressed on the issue of appropriate classification of "used steel rails" – whether under CTH 7204 as 'ferrous waste and scrap' or under CTH 7302 as 'used rails'.

2. The issue of classification has been re-examined by the Board with respect to the clarification issued under Central Excise Tariff vide Circular No. 27/89 dated 21.9.89. The Board decided that Heading No. 7204 read with Section Note 8(a) to Section XV of the First Schedule to the Customs Tariff Act and explanatory notes of Harmonized Commodity Description and Coding System (HSN) cover only such waste and scrap as would generally be used for recovery of metal by re-melting or for the manufacture of chemicals. Such waste and scrap which is not for re-melting will have to be classified in the other appropriate headings of the tariff. Further, HSN notes to CTH 72.04, by example excludes structural steel work usable after renewal of worn-out parts; **worn railway lines which are usable as pitprops or may be converted into other articles by re-rolling**; steel files capable of re-use after cleaning and sharpening. Accordingly, 'used rails' would not be covered by chapter heading 7204.

3. Further Board also noted that CTH 7302 specifically covers 'rails'. HSN note on this heading provides that it covers all lengths of rails, all rails of the type normally used for railway or tramway track, irrespective of their intended use. There is no exclusion for 'used rails' from this CTH.

4. In view of the above and for the purpose of uniformity in classification, it is hereby clarified by the Board that the appropriate classification of "used steel rails" shall be under CTH 7302, and not under CTH 72.04 as ferrous waste and scrap. The instructions contained in para 8 of Board's Circular No. 1/2005 may be considered as modified accordingly.

5. The above instructions may be brought to the notice of all concerned for effective implementation.

*Sd/-*  
(H. K. SHARMA)  
S. T. O. (TU)