

WEST BENGAL AUTHORITY FOR ADVANCE RULING

GOODS AND SERVICE TAX

14 Beliaghata Road, Kolkata – 700015

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| Name of the applicant | SMVD Polypack Pvt. Ltd |
| Address | Room 513,Block-A, 5 th Floor, 71 Biplabi Rash Bihari Basu Road, Burrabazar, Kolkata-700001 |
| GSTIN | 19AANCS83721R |
| Case Number / ARN | 21 of 2018 |
| Date of application | 25 th of July, 2018 |
| Order No. & date | 16/WBAAR/2018-19 dated 18.09.2018 |
| Applicant's representative heard | Sri Samaresh Koley, Accountant |

1. The Applicant stated to be, *inter alia*, a manufacturer of Polypropylene Leno Bags (or mesh bags) seeks a Ruling on Classification of the above goods under the CGST/WBGST Acts, 2017 (hereinafter referred to as the “the GST Act”).

Advance Ruling is admissible under Section 97(2)(a) of the GST Act.

The Applicant submits that the question raised in the Application has neither been decided by nor is pending before any authority under any provisions of the GST Act.

The officer concerned raises no objection to the admission of the Application.

The Application is, therefore, admitted.

2. The Application states that the Applicant manufactures Polypropylene Leno Bags which are mainly used for packing of agricultural produce such as, potato and onion. The Applicant also manufactures other woven PP/HDPE bags, FIBC bags which may be used for packing of cement, fertiliser and food grain. Ruling is, however, sought for the Polypropylene Leno Bags. The composition of these Polypropylene Leno Bags is i) Polypropylene (hereinafter referred to as “PP”) – 88%, ii) Calcium-10% and iii) Colour Master Batch – 2%. The raw materials, namely, PP, calcium and Colour Master Batch, along with Additives, are fed into the Extrusion Tape line and the extruding film is slit and stretched to form strips (tapes). The strips or tapes are then, wound on bobbins which are fed into Weaving Looms from which Woven Leno Fabric is obtained. The Rolls of the Woven Leno Fabric so obtained are then cut into the desired lengths and stitched to form the bags.

The Applicant is of the opinion that the PP Leno Bags manufactured is classifiable under Tariff Head 63053300 of the GST Tariff which is aligned to the First Schedule of the Customs Tariff Act, 1975 (hereinafter referred to as the “the said Tariff Act”).

3. There is no specific Tariff Code for PP Leno Bags and/or Leno Bags. In the context of textiles the word “Leno” refers to a particular kind of weave in which the warp yarns are twisted together in pairs between the wefts of filling yarns.

4. Tariff Sub Heading 39232990 under the GST Tariff covers articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics, namely, sacks and bags (including cones) made of plastics other than polymers of ethylene but not of poly (vinyl chloride). Tariff Sub Heading 63053300 under the GST Tariff covers sacks and bags, of a kind used for packing of goods, made, not of jute or of other textile bust fibres of Heading 5303, but of man-made textile materials which are not flexible intermediate bulk containers but are of polyethylene or polypropylene strip or the like.

The product PP Leno Bags, if described as only such, can be placed under either Tariff Code if merely these Tariff descriptions are referred to.

5. The Applicant submits that Note 2(p) of Chapter 39 of the GST Tariff (Plastics and articles thereof) *does not* cover goods of Section XI (textiles and textile products). There is no other criterion stated to exclude goods from being included as Plastics and articles thereof vis-a-vis Chapter 63.

The Applicant also submits that, Note 1(g) to Section XI of the Tariff Act states that the Section of Textile and Textile Articles covering Chapters 50 to 63 *does not* include, “Monofilament of which any cross-sectional dimension exceeds 1 mm or strip or the like (for example, artificial straw) of an apparent width exceeding 5 mm, of plastics (chapter 39), or plaits or fabrics or other basket-ware or wickerwork of such monofilament or strip (chapter 46)”

The Applicant also refers to Note 1 (h) to Section XI of the Tariff Act which states that the Section of Textile and Textile Articles covering Chapters 50 to 63 *does not* include, “Woven, knitted or crocheted fabrics, felt or nonwovens, impregnated, coated, covered or laminated with plastics, or articles thereof, of chapter 39”

6. In the light of the above Section and Chapter Notes, the Applicant interprets that, to be included in Chapter 63, the width of the tapes, manufactured from Plastics or articles thereof of Chapter 39, used to weave the fabric should be less than or equal to 5mm and should not be impregnated, coated, covered or laminated with plastics or articles thereof, of chapter 39.
7. The Application submits that the Applicant manufactures PP Leno Bags with tapes not exceeding 5mm and the same are not impregnated, coated, covered or laminated with particles and articles thereof, of Chapter 39.
8. From the explanatory notes and clarification provided for determination of classification of goods it is seen that two main factors, apart from the raw materials, are to be considered, namely, the width of the tape used in the weaving and whether or not there is a layer/lining in these bags. The specifications of the PP Leno Bags being manufactured by the Applicant, therefore, become an important feature for determining their classification for the purpose of GST.

9. IS 16187:2014 issued by the Bureau of Indian Standards specifies that, PP Leno Woven sacks for packaging and storage of fruits and vegetables should have range of width from 2.0 to 2.5 mm.

Since, the Ruling sought for is specifically for PP Leno Bags used for packing agricultural produce such as potato and onions, the BIS for fruits and vegetables is considered solely.

10. Therefore to classify the product PP Leno Bags both the Explanatory Notes, as well as the clarifications in the Tariff, and the specifications as per IS 16187:2014 should be taken into consideration.

11. This Authority, therefore, is in acceptance of the Interpretation presented by the Applicant in support of their case.

In view of the foregoing, we rule as under:

RULING

'Leno Bags', made by the Applicant and declared by them to be made from woven Polypropylene fabric using strips or the like of width not exceeding 5 mm and without any impregnation, coating, covering, or lamination with plastics, are to be classified under Tariff Sub Heading 63053300.

This Ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.

(VISHWANATH)

Member

West Bengal Authority for Advance Ruling

(PARTHASARATHI DEY)

Member

West Bengal Authority for Advance Ruling