

**AUTHORITY FOR ADVANCE RULING
TAMILNADU ADVANCE RULING AUTHORITY
PAPJM Buildings, II Floor, No.1, Greams Road, Chennai-600 006.**

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE
GOODS AND SERVICES TAX ACT, 2017.**

Members present are:

1. Ms. Manasa Gangotri Kata IRS., Joint Commissioner/Member,
Office of the Commissioner of GST & Central Excise,
Chennai – 600 034.

2. Thiru Kurinji Selvaan V.S., M.Sc., (Agri.), M.B.A.,
Joint Commissioner (ST) / Member
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-6.

ORDER No. 12 /AAR/2019 DATED 22.03.2019

GSTIN Number, if any / User id		33AATPM2415J1ZL
Legal Name of Applicant		MALLI RAMALINGAM MOTHILAL (Proprietor of M/s. M.R.Mothilal)
Registered Address/Address provided while obtaining user id		No.2/3-A, Saratha Illam, A.A. Road, CMR Road, Munichalai Road, Madurai-625 009.
Details of Application		GST ARA- 01Application SI.No. 44 / 2018 / ARA dated 23.08.2018
Concerned Officer		State : The Assistant Commissioner (ST), Kamarajar Salai Assessment Circle, Madurai – 625 020. Centre : Madurai Commissionerate Division: Madurai I
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Manufacturer of Commodity viz., Kalava Raksha Sutra. (Sacred Thread).
B	Description (in Brief)	The Applicant manufactures Kalava Raksha Sutra (Sacred Thread), tied on the wrist with different colours and sold in Kilograms. The Applicant sought clarification, Whether the commodity viz., Kalava Raksha Sutra is exempted under the Sl. No. 148 in Any Chapter and also classification of HSN code of the product?.

Issue/s on which advance ruling required	Whether Kalava Raksha Sutra is exempted under the Sl.No. 148 in Any Chapter and also classification of HSN code of the product?.
Question(s) on which advance ruling is required	Classification of a Commodity of Kalava Raksha Sutra (Sacred Thread).

Note : Any Appeal against the Advance Ruling order shall be filed before the Tamilnadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.

At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.

Mr. Malli Ramalingam Mothilal, Prop.of M/s.M.R.Mothilal (hereinafter called as M/s. M.R.Mothilal or Applicant) doing business at No.2/3-A, Saratha Illam, A.A. Road, CMR Road, Munichalai Road, Madurai-625 009 is engaged in the manufacture of Kalava Raksha Sutra (Sacred Thread) in different colours and are selling the same in Kilograms to the Intra-State buyers as well as Inter-State buyers. They are registered under GST vide Registration No. 33AATPM2415J1ZL.

The Applicant has sought advance ruling on the

“ Classification of the Commodity 'Kalava Raksha Sutra (Sacred Thread)' manufactured and supplied by them ”.

The Applicant had submitted the copy of application in Form GST ARA – 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under Sub-rule (1) of Rule 104 of CGST Rules 2017 and SGST Rules 2017.

2. The Applicant has stated that they manufacture Kalava raksha sutra; the said commodity falls under S.No. 148 under item IX under the head puja samagiri in Notification No. 02/2017-C.T.(Rate); the said commodity is manufactured using the material like cotton yarn, PP Yarn, art silk yarn etc.; the manufactured product is just like a thread and commonly known as Kalava Raksha sutra. The Applicant has requested to classify the commodity.

3. The Applicant was heard in person. The Applicant stated that they are purchasing Viscose, Polyester, Poly-Propylene yarn & cotton yarn and make it into threads. They stated that they manufacture braided cords by using braiding machine. From dyed PP yarn, dyed cotton, dyed polyester where yarns of each material (8 or 12 or 16 yarns) are braided together. They are cut up to lengths equivalent to various weights 20 to 100 grams. They are then sold by weight to their buyers. They sell by weight to their buyers, who in turn cut it in different sizes and make into Kalava (Raksha Sutra). The Applicant had submitted Purchase invoices, Sales invoices relating to both Intra-State and Inter-State. The Applicant also submitted relevant photographs of the manufacturing process of Kalava (Raksha Sutra) of the product.

4. The submissions made by the Applicant were examined. In the case at hand, the Applicant purchases different types of yarn and make it into threads and sells by weight to the buyers, who cut and make into Kalava (Raksha Sutra) for individual sale. It is seen from the purchase invoices that the yarns purchased are cotton Yarn (HSN Code: 5205), Polyester Yarn (HSN Code: 5402); Viscose Filament Rayon Yarn (HSN 5403). The sale invoice under Product description has given as 'KALAVA (Raksha sutra)- '400X20-1/2PPP Red'; No. ¾ Black-49; Red-6; No.1/2 Lemon Yellow' sold by Kgs weight. These dyed yarns are put on a braiding machine and multiple yarns (8 or 12 or 16) are twisted or braided together to form the braided yarns of the Applicant. They are cut up to lengths equivalent to various weights of 20 to 100 grams. These are braided yarns of either cotton or polyester, viscose or rayon or polypropylene thread made into skeins and sold as such without being further cut into specific sizes for individual use as Kalva raksha sutra. The items are not by themselves Kalva raksha sutra sold directly to consumers but long lengths of thread of various composition sold in loose rolls to the Applicant's buyers who need to be further cut to individual sizes to make them Kalava Sutra.

5. From the above, it is seen that the items in question are skeins of thread of various composition i.e. cotton, polyester, viscose filament rayon, polypropylene. The Applicant has sought the classification of the same.

5.1 In terms of explanation (iii) and (iv) to Notification No. 1/2017 - Central Tax (Rate) dt. 28-06-2017, tariff heading, sub-heading, heading and chapter shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods.

5.2 Section XI of Customs Tariff covers 'Textile and Textile articles' of chapter 50 to 63. Section Note (B)(1) and (2) to Section XI covers Yarns.

(B) Yarns

(1) General.

Textile yarns may be single, multiple (folded) or cabled. For the purposes of the Nomenclature :

(i) **Single yarns** means yarns composed **either of :**

(a) Staple fibres, usually held together by twist (**spun yarns**); **or of**

(b) One filament (**monofilament**) of headings 54.02 to 54.05, or two or more filaments (**multifilament**) of heading 54.02 or 54.03, held together, with or without twist (**continuous yarns**).

(ii) **Multiple (folded) yarns** means yarns formed from two or more single yarns, including those obtained from monofilaments of heading 54.04 or 54.05 (twofold, threefold, fourfold, etc. yarns) twisted together in one folding operation. However, yarns composed solely of monofilaments of heading 54.02 or 54.03, held together by twist, are not to be regarded as multiple (folded) yarns.

The **ply** ("fold") of a multiple (folded) yarn means each of the single yarns with which it is formed.

(iii) **Cabled yarns** means yarns formed from two or more yarns, at least one of which is multiple (folded), twisted together in one or more folding operations.

The **ply** ("fold") of a cabled yarn means each of the single or multiple (folded) yarns with which it is formed.

The above yarns are sometimes called **multiple wound** (assembled) yarns when they are obtained by juxtaposition of two or more single, multiple (folded) or cabled yarns. These are to be regarded as single, multiple (folded) or cabled yarns according to the type of the yarns of which they are composed.

Single, multiple (folded) or cabled yarns may have loops or slubs at intervals (**bouclé** or **looped, slub** or **flammé yarn**). They may also be composed of two or more yarns one of which is folded back on itself at intervals to give the effect of a loop or swelling.

Polished or **glazed** yarns are those which have been treated with preparations based on natural substances (wax, paraffin, etc.) or on synthetic substances (acrylic resins in particular). They are then made glossy by means of polishing rollers.

Yarns are designated according to their measurement. Various systems of numbering or counting are still in use. The Nomenclature, however, uses the universal "Tex" system, which is a unit for expressing linear density, equal to the weight in grams of one kilometre of yarn, filament, fibre, or other textile strand. Decitex is 0.1 Tex. The following formula for the conversion of metric numbers into decitex numbers is applied :

$$\frac{10,000}{\text{Metric number}} = \text{Decitex.}$$

Yarns may be unbleached, scoured, bleached, creamed, dyed, printed, marled, etc. They may also have been gassed (i.e., singed to remove fibres which give them a hairy appearance), mercerised (i.e., treated under tension with sodium hydroxide), oiled, etc.

However, Chapters 50 to 55 do not include :

- (a) Rubber thread, textile covered, and textile yarns impregnated (including dipped), coated, covered or sheathed with rubber or plastics, of heading 56.04.
 - (b) Metallised yarn (heading 56.05).
 - (c) Gimped yarn, chenille yarn and loop wale-yarn (heading 56.06).
 - (d) Braided textile yarns (heading 56.07 or 58.08, as the case may be).
 - (e) Textile yarns reinforced with metal thread (heading 56.07).
 - (f) Yarns, monofilaments or textile fibres laid parallel and bonded with an adhesive (bolduc) (heading 58.06).
 - (g) Textile yarns laid parallel and agglomerated with rubber of heading 59.06.
- (2) Distinction between single, multiple (folded) or cabled yarns of Chapters 50 to 55, twine, cordage, rope or cables of heading 56.07 and braids of heading 58.08.

(See Note 3 to Section XI)

Chapters 50 to 55 do not cover all yarns. Yarns are classified according to their characteristics (measurement, whether or not polished or glazed, number of plies) in those headings of Chapters 50 to 55 relating to yarns, as twine, cordage, rope or cables under heading 56.07, or as braids under heading 58.08. Table I below shows the correct classification in each individual case :

TABLE I

Classification of yarns, twine, cordage, rope and cables of textile material.

Type (*)	Characteristics determining classification	Classification	
Reinforced with metal thread	In all cases	Heading 56.07	
Of metallised yarn	In all cases	Heading 56.05	
Gimped yarn, other than those of headings 51.10 and 56.05, chenille yarn and loop wale yarn	In all cases	Heading 56.06	
Braided textile yarn	(1) Tightly plaited and with a compact structure	Heading 56.07	
	(2) Other	Heading 58.08	
Other : - Of silk or waste silk (**)	(1) Measuring 20,000 decitex or less	Chapter 50	
	(2) Measuring more than 20,000 decitex	Heading 56.07	
- Of wool or other animal hair	In all cases	Chapter 51	
- Of flax or true hemp	(1) Polished or glazed :	(a) Measuring 1,429 decitex or more	Heading 56.07
		(b) Measuring less than 1,429 decitex	Chapter 53
	(2) Neither polished nor glazed :	(a) Measuring 20,000 decitex or less	Chapter 53
		(b) Measuring more than 20,000 decitex	Heading 56.07

On a joint reading of the section notes referred to above and applying the same to the case in hand, it is evident that the commodity manufactured by the Applicant is a braided yarn made by a braiding machine which takes in dyed yarn of multiple numbers (8 or 12 or 16). The items are not by themselves Kalva raksha sutra sold directly to consumers but long lengths of thread of various composition sold in loose rolls to the Applicant's buyers who need to be further cut to individual sizes to make them Kalava Sutra. As per Section Note (B)(1) and (2) to Section XI covering Chapter 50 to 63, braided textile yarn are not included in chapter 50 to 55, but in Chapter Heading 5607, if they are tightly plaited .

Explanatory notes to chapter 5607 states:

This heading covers twine, cordage, ropes and cables, produced by twisting or by plaiting or braiding.

(1) Twine, cordage, ropes and cables, not plaited or braided.

Parts (I) (B) (1) and (2) (particularly the Table) of the General Explanatory Note to Section XI set out the circumstances in which single, multiple (folded) or cabled yarns are regarded as twine, cordage, ropes or cables of this heading.

Textile yarn reinforced with metal thread is always classified here and differs from metallised yarn of heading 56.05 in that the metal strand is usually thicker and acts as a reinforcing agent only and not for any ornamental purpose.

This group also includes twine, cordage, ropes and cables obtained from fibrillating strip which has been more or less completely split into filaments by twisting.

(2) Plaited or braided twine, cordage, ropes and cables.

These are in all cases classified here regardless of their weight per metre. They are usually tubular braids which are generally made of coarser materials than the braids of heading 58.08. However, the plaited goods of this heading differ from those of heading 58.08 less by the nature of the yarn used than by the fact that they are tightly plaited, with a compact structure, making them suitable for use as twine, cordage, ropes or cables. In addition, they are usually uncoloured.

The most important fibres used in the manufacture of twine, cordage, ropes or cables are hemp, jute, sisal, cotton, coir and synthetic fibres.

Chapter Heading 5607 states:

5607	TWINE, CORDAGE, ROPES AND CABLES, WHETHER OR NOT PLAITED OR BRAIDED AND WHETHER OR NOT IMPREGNATED, COATED, COVERED OR SHEATHED WITH RUBBER OR PLASTICS
	- <i>Of sisal or other textile fibres of the genus Agave :</i>
5607 21 00	-- Binder or baler twine
5607 29 00	-- Other
	- <i>Of polyethylene or polypropylene:</i>
5607 41 00	-- Binder or baler twine
5607 49 00	-- Other
5607 50	- <i>Of other synthetic fibres :</i>
5607 50 10	--- Nylon fish net twine
5607 50 20	--- Nylon tyre cord
5607 50 30	--- Viscose tyre cord
5607 50 40	--- Nylon rope
5607 50 90	--- Other
5607 90	- <i>Other :</i>
5607 90 10	--- Coir, cordage and ropes, other than of cotton
5607 90 20	--- Cordage, cable, ropes and twine, of cotton
5607 90 90	--- Other

Accordingly, the commodity manufactured is liable to be classified based on the raw material as braided textile yarn under CTH 5607 i.e. made of polypropylene yarn under 56074900, made of other synthetic yarn under 56075090, made of cotton under 56079090.

6. In light of the above, we rule as under:

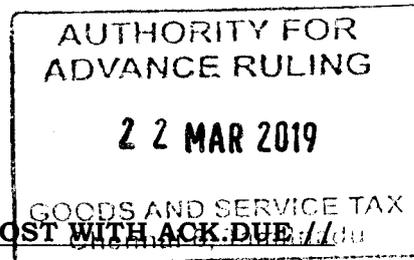
RULING

Braided textile yarns supplied by the Applicant made Polypropylene Yarn is classifiable under 56074900, made of Other Synthetic Yarn is classifiable under 56075090, made of Cotton is classifiable under 560790 90.

Ms. Manasa Gangotri Kata, IRS
Member, CGST

Shri. Kurinji Selvaan. V.S., M.Sc., (Agri), M.B.A.
Member, TNGST

To
Mr. Malli Ramalingam Mothilal
(Proprietor of M/s. M.R. Mothilal)
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Copy Submitted to:

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2. The Principal Chief Commissioner of GST & Central Excise,
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2. The Commissioner of GST & C.Ex.,
Madurai Commissionerate.
3. Master File/ Spare – 2.