

WEST BENGAL AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICE TAX
14 Beliaghata Road, Kolkata – 700015

Name of the applicant	RLJ Woven Sacks Pvt. Ltd
Address	Flat 1A, Radiant Park Building, 201 New Market Road, Kolkata-700017
GSTIN	19AABCJ8866B1ZD
Case Number / ARN	20 of 2018
Date of application	11 th of July, 2018
Order No. & date	19/WBAAR/2018-19 dated 28.09.2018
Applicant's representative heard	Sri Vinay Kumar Shraff, Advocate

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

Advance Ruling is admissible under Section 97(2)(a) of the said 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 potato, onion, raw mango and other vegetables and citrus fruit in bulk. The Applicant also manufactures other woven Polypropylene 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") - 92% to 94%, ii) Linear Low Density Polyethylene (hereinafter referred to as "LLDPE") - 3% to 5% and iii) Colour Master Batch - 3% to 4%. The raw materials, namely, PP, LLDPE 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. The Applicant submits copies of the reports of test conducted by the Central Institute of Plastic Engineering & Technology dated 15.05.2018, the Indian Institute of Packaging dated 09.05.2018 and Registration of Technical Textile Unit viz. RLJ Woven Sacks Pvt. Ltd under RR-TUFS from Ministry of Textiles, dated 27/03/2015. The Applicant also submits a copy of IS 16187:2014 issued by the Bureau of Indian Standards, providing specifications for HDPE/PP Leno Woven Sacks for Packaging and Storage of fruits and vegetables.

Since the above reports are specific to the samples provided by the Applicant to that particular Institute and also because it is clearly stated in the reports of Central Institute of Plastic Engineering & Technology and the Indian Institute of Packaging that the Test Certificates dated 15.05.2018 and 09.05.2018, respectively, that the reports are not to be reproduced without written approval, and that the report dated 09.05.2018 cannot be used for litigation, the above references will not be considered when at the Ruling.

4. The Applicant has also submitted a communication from Oriental Bank of Commerce dated 15.06.2018 granting 10% capital subsidy under TUFS. The Technology Upgradation Fund Scheme is a scheme under the Ministry of Textiles for providing capital for modernization of Indian Textile Industry at international interest rate. The Applicant has availed of subsidy to the tune of about 557.36 lacs in 2009.
5. 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.
6. 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 bast 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. However, it is to be seen if “PP Leno bags” have any variation in their composition or specification which may have a bearing on the Tariff Code under which the product is placed. It is, thus, obvious, that to correctly determine the classification of the product explanatory notes and clarifications beyond these Tariff descriptions.
7. 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.

Again, 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)”

Note 1 (h) to Section XI of the Tariff Act 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”
8. Thus, 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.
9. The Application states that the Applicant manufactures PP Leno Bags, as well as PP Woven Sacks, which are used, or may be used for packing a variety of materials. The inputs, the manufacturing process and the type of looms used for the manufacture of these Bags are the same.
10. From the explanatory notes and clarification provided for determination of classification of goods it is seen that two more factors 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.

11. 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.
IS 9755:2003, IS 14887:2014, IS 11652:2000 issued by the Bureau of Indian Standards lays down specifications for packing fertilizers, food grains and cements respectively, and it is seen that these bags are for PP Woven Sacks and not for PP Leno Woven sacks.
Since, the Ruling sought for is specifically for PP Leno Bags, the BIS for fruits and vegetables is considered solely.
12. 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.
13. Tariff head 63053300 includes the goods that are classifiable as sacks and bags, of the kind used for packing of goods, made from polyethylene or polypropylene strips and the like that qualifies as man-made textile materials. Only those PP strips and the like are considered as textile materials width of which do not exceed 5 mm [refer to Note 1(g) to Section XI of the Tariff Act].
14. The above-mentioned Tariff head is not applicable if the sacks made from PP woven fabric are impregnated, coated, covered or laminated with plastics or articles of plastics covered under Chapter 39 [Note 1(h) to Section XI].

In view of the foregoing, we rule as under:

RULING

'PP Leno Bags', if specifically 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.

Sd-
(VISHWANATH)
Member

West Bengal Authority for Advance Ruling

Sd-
(PARTHASARATHI DEY)
Member

West Bengal Authority for Advance Ruling