



AUTHORITY FOR ADVANCE RULING, HIMACHAL PRADESH
(Constituted under section 96 of HPGST/CGST Act, 2017)

BEFORE THE BENCH OF

- 1) Sh. Rakesh Sharma, Addl. Commissioner of State Tax (Member, SGST)
- 2) Sh. Abhay Gupta, Joint Commissioner of Central Tax (Member, CGST)

Advance Ruling No. HP-AAR-10/2020

1.	Name & Address of the applicant	M/s Shivalika Enterprises, Kala Amb, Sirmour
2.	GSTIN of the applicant	02ANSPK0076F1Z6
3.	Date of filing Form GST ARA-01	12.09.2020
4.	Represented by	Sh. Anuj Kumar, Authorised representative/ Proprietor
5.	Question on which Advance Ruling is sought	<p>a) Classification of Non Woven Fabric, which is made using PP granules.</p> <p>b) Classification of products made of Non Woven Fabric like Non Woven Fabric bag, 3 ply mask, surgical cap, gown, shoe cover.</p> <p>c) Will there be any change in classification of products mentioned in point 2 if product mentioned in point 1 is also manufactured in the same unit.</p>

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ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICE TAX ACT, 2017 AND UNDER SECTION 98(4) OF HIMACHAL PRADESH GOODS AND SERVICE TAX ACT, 2017

1. The present application has been filed u/s 97 of Central Goods and Service Tax Act, 2017 and Himachal Pradesh Goods and Service Tax Act, 2017 by M/s Shivalika Enterprises, Kala Amb, District Sirmour regarding classification of goods.
2. At the outset, we would like to make it clear that the provisions of both the Himachal Pradesh Goods and Service Tax Act, 2017 and Central Goods & Service Act, 2017 (hereinafter referred to as HPGST and CGST Act respectively) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the corresponding similar provisions under the HPGST Act and vice versa.

3. BRIEF FACTS OF THE CASE:

- 3.1 The applicant M/s Shivalika Enterprises has submitted that the primary raw materials for non woven fabrics are polypropylene granules, color master batches and filter compounds. These raw materials are sucked through vacuum, heated, passed through extruder and melted. The material thus obtained is filtered and passed through the spinning unit to obtain continuous single filament which is called polypropylene filament. The filament are lapped on each other on a lapper and then subjected to thermal bonding to form the polypropylene spun bonded nonwoven fabric.
- 3.2 Further, the applicant has also described the process of manufacturing of Nonwoven fabric packing bags wherein PP Non woven Fabric is rewinded, sealed and cut into final product after ultrasonic stitching.
- 3.3 The applicant has therefore requested to issue ruling on:
 - (i) Classification of Non Woven Fabric, which is made using PP granules.

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(ii) Classification of products made of Non Woven Fabric like Non Woven Fabric bag, 3 ply mask, surgical cap, gown, shoe cover and other disposable items.

(iii) Will there be any change in classification of products mentioned in point 2 if product mentioned in point 1 is also manufactured in the same unit.

4. **RECORD OF PERSONAL HEARINGS:**

4.1 The authorised representative of the applicant was heard in the matter on 22.09.2020 and 07.10.2020 and the contentions raised were examined. The applicant was asked to specify exact nomenclature of the items for which advance ruling has been sought. The applicant requested for modification of gown to surgical gown, shoe cover to surgical shoe cover and dropping of other disposable items. The request of the applicant was acceded to. On the basis of the facts disclosed in the application and the submissions made at the time of personal hearing, the application was admitted.

5. **DISSCUSSION AND FINDINGS:**

5.1 We have considered the submissions made by the applicant in the application for advance ruling as well as submissions made during personal hearing.

5.2 In the instant case fiber grade polypropylene granules are processed to form PP Spun bonded Non woven fabrics which is classified under Chapter Heading 5603 in First Schedule to the Custom Tariff Act, 1975 (hereinafter referred to as "Custom Tariff"). The Chapter Heading 5603 reads as
"5603 NONWOVENS, WHETHER OR NOT IMPREGNATED, COATED,
COVERED OR LAMINATED -
Of man-made filaments"

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5.3 Chapter 63 of Customs Tariff inter-alia covers textile made up articles not covered elsewhere under Section XI of Custom Tariff. Chapter Heading 6305 is covered under Sub-Chapter I of Chapter 63. Sub-Chapter I of Chapter 63 reads as "other made up textile articles".

5.4 At this juncture, it is important to understand the meaning of expression "made up". In this regard, attention is drawn to Section Note 7 of Section XI of Custom Tarrif which defines the meaning of "made up" as-

For the purposes of this Section, the expression "made up" means:

(a) cut otherwise than into squares or rectangles;

(b) produced in the finished state, ready for use (or merely needing separation by cutting dividing threads) without sewing or other working (for example, certain dusters, towels, table cloths, scarf squares; blankets);

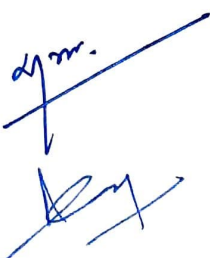
(c) Cut to size and with at least one heat-sealed edge with a visibly tapered or compressed border and the other edges treated as described in any other sub-clause of this Note, but excluding fabrics the cut edges of which have been prevented from unravelling by hot cutting or by other simple means; (d) hemmed or with rolled edges, or with a knotted fringe at any of the edges, but excluding fabrics the cut edges of which have been prevented from unravelling by whipping or by other simple means;

(e) cut to size and having undergone a process of drawn thread work;

(f) assembled by sewing, gumming or otherwise (other than piece goods consisting of two or more lengths of identical material joined end to end and piece goods composed of two or more textiles assembled in layers, whether or not padded);

(g) knitted or crocheted to shape, whether presented as separate items or in the form of a number of items in the length."

5.5 In the instant case, non-woven bag is produced by processing non-woven fabric. The non-woven fabric is cut to size and stitched to give it a shape of the bag.



Therefore, in view of Section Note 7 of Section XI of Custom Tariff, the non-woven fabric bags are "made-up textile articles".

5.6 Chapter Heading 6305 specifically covers sacks and bags, of a kind used for packing the goods:-

"6305 SACKS AND BAGS, OF A KIND USED FOR THE PACKING OF GOODS

6305 10 --- Of jute or of other textile bast fibres of heading 5303:

6305 10 10 --- Jute bagging for raw cotton

6305 10 20 --- Jute corn (grains) sacks

6305 10 30 --- Jute hessian bags

6305 10 40 --- Jute sacking bags

6305 10 50 --- Jute wool sacks

6305 10 60 --- Plastic coated or paper cum polythene lined jute bags and sacks

6305 10 70 --- Paper laminated hessian jute

6305 10 80 --- Jute soil savers

6305 10 90 --- Other

6305 20 00 - Of cotton

- Of man-made textile materials:

6305 32 00 -- Flexible intermediate bulk containers

6305 33 00 -- Other, of polyethylene or polypropylene strip or the like

6305 39 00 -- Other

6305 90 00 - Of other textile materials "

Therefore, sacks and bags made up of textile material including those made of man-made textile material such as polypropylene strip or the like used for packing of goods would be covered under Chapter Heading 6305.

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5.7 It may further be noted that Chapter Note 2(a) of Chapter 63 states that Sub Chapter 1 does not cover goods of Chapter 56 to 62. However, it does not exclude goods manufactured from raw material falling under Chapter 56 to 62. Therefore, non-woven fabric bags are not excluded from Chapter 63 by the virtue of the said Chapter Note.

5.8 In view of the above discussions, non-woven fabric bags will be classifiable under Tariff item 6305 33 00.

5.9 Chapter Heading 6210 covers "Garments, made up of fabrics of Heading 5602, 5603, 5903, 5906 or 5907". Further, Subheading 6210 10 includes fabrics of heading 5602 and 5603. The disposable gown made of Nonwoven fabric of Chapter 5603 designed for use in hospitals, clinics, laboratories etc would fall under Chapter heading 6210 10.

5.10 The Disposable surgical cap resembles a shower cap with an elastic opening. The applicable subheading for the disposable surgical cap will be 6505 90 which provides for "Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed; hair-nets of any material, whether or not lined or trimmed" - others.

5.11 The applicable subheading for the disposable surgical mask and shoe cover will be 6307 which provides for "Other made up articles, including dress patterns".

5.12 Further, the applicant has also raised the query whether there be any change in classification of products mentioned above if raw material i.e PP spun bonded nonwoven fabric is also manufactured in the same unit. It is pertinent to mention here that classification of product depends upon on the raw material used in the manufacturing process and the final product formed. The fact whether the raw material is manufactured in the same unit or different does not have any effect on the classification of final product. In the first process (as specified in Point No 1), the final product will be PP spun bonded nonwoven fabric whereas in second process

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(Point No 2), nonwoven fabric will be used as raw material for manufacturing final product such as bags, surgical masks, gowns, shoe cover etc and HSN will be applicable accordingly.

6. In view of the discussions as detailed above, we rule as under:-

RULING

a) Question: Classification of Non Woven Fabric, which is made using PP granules.

Answer: 5603.

b) Question: Classification of products made of Non Woven Fabric like Non Woven Fabric bag, 3 ply mask, surgical cap, surgical gown and surgical shoe cover.

Answer: Non woven Fabric Bag = 6305

3 ply mask = 6307

Surgical Cap = 6505

Surgical Gown = 6210

Surgical Shoe Cover = 6307


c) Question: Will there be any change in classification of products mentioned in point 2 if product mentioned in point 1 is also manufactured in the same unit.


Answer: No

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Dated : 20.10.2020.

Place : Shimla


(Abhay Gupta)
Member (Centre)


(Rakesh Sharma)
Member (State)

To
M/s Anuj Kumar
Shivalika Enterprises,
Near State Bank of India
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Endst No. HP-AAR-10/2020- 26703-707 Dated: 20-10-2020,



Copy to:

1. The Commissioner of State Taxes & Excise, Himachal Pradesh
2. The Commissioner of Central Goods & Service Tax, Himachal Pradesh

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