

MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, 8th floor, H-Wing, Mazgaon, Mumbai - 400010.

(Constituted under section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

- (1) Shri B. Timothy, Addl. Commissioner of Central Tax, (Member)
(2) Shri B. V. Borhade, Joint Commissioner of State Tax, (Member)

GSTIN Number, if any/ User-id		27 AASFS 7874 A IZO
Legal Name of Applicant		SHRADHA POLYMATS
Registered Address/ Address provided while obtaining user id		Plot No V-30 MIDC Area , Ajanta Road Jalgaon, Maharashtra - 42 5003
Details of application		GST-ARA, Application No. 74 Dated 01.09.2018
Concerned officer		Asstt. Commr. of S.T. (JAG-BST-D-001) Jalgaon
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Factory / Manufacturing
B	Description (in brief)	M/s Shradha Polymats is a Manufacturer of Floor Mats. The mats are made up by inter-weaving the straws manufactured from extrusion of PP Granules. These mats are popularly known as Polypropylene Mats (PP Mats)
Issue/s on which advance ruling required		(i) classification of goods and/or services or both
Question(s) on which advance ruling is required		As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by M/s SHRADHA POLYMATS, the applicant, seeking an advance ruling in respect of the following questions.

1. Whether 4601 as the HSN Classification of Polypropylene Mats is correct?

2. If the answer to above question is in the affirmative, whether entry No 198A (inserted vide Notification No 27/2017) is to be applied or Entry No. 103 should be considered. In other words, whether CGST / SGST Tax Rate is to be considered as 2.5% or 6%?

At the outset, it is made clear that unless specified otherwise, a reference to a Section or Provision of the CGST Act shall also mean a reference to the same Section or Provision under the MGST Act. Further, a reference to GST Act shall mean a reference to CGST Act and MGST Act.

02. FACTS AND CONTENTION - AS PER THE APPLICANT

The submissions, as reproduced verbatim, could be seen thus-

1. "Shradha Polymats" is a Manufacturer of Floor Mats. The mats are made up by interweaving the straws manufactured from extrusion of PP Granules. These mats are popularly known as Polypropylene Mats (PP Mats) herein after referred to as 'the mats'. An alternate term used for the concerned product is 'Plastic Satranj'.
2. Manufacturing Process can be briefly explained as under:
 - 1) Primary forms (PP Granules) is the basic raw Material used which may be either Virgin or made up from the Waste Plastic (Flakes).
 - 2) These forms are put up in mixers for giving them desired Colour.
 - 3) The Coloured Granules are then passed through extruders to take form of straws.
 - 4) The straws are then interwoven using a thread to form Floor mats.
3. The Classification of above product Polypropylene Mats, is interpreted to be classified under HSN 460101 considering the present duty drawback schedule (updated w.e.f 1st October 2017) containing the aforementioned product under Chapter-46.
4. Notification No.1/2017-Central Tax (Rate) clearly defines as under:

"Tariff item", "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 (51 of 1975).

Due to unknown reason the First Schedule to the Customs Tariff Act, 1975 does not incorporate the entry 4601 01 in itself which makes us draft the advance ruling and intimate ourselves to get assured about the classification.
5. The Circular No 4/2018 dated 24.01.2018, Amending All Industry Rates of Duty Drawback' effective from 25.01.2018 (Customs) Having File No. 609/12/2018-DBK reconfirms

the classification of Polypropylene Mats under tariff Item 460101 in Part 2 (c) of the same and deletes the entry from the drawback schedule of 391802 as Polypropylene Mats.

6. Simultaneously Notification No.131/2016-Cus (NT), dt. 31-10-2016 also suggests in the first part of Notes and Conditions that *the tariff items and descriptions of goods in the drawback Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit or modified six or eight digits in the said Schedule are in several cases not aligned with the descriptions of goods given in the First Schedule to the Customs Tariff Act, 1975.*

7. If due consideration is to be given to the above alignment of the duty drawback schedule and First schedule to the Customs Tariff Act 1975; it appears very clear that Polypropylene mats can be classified under the first four digits of HSN Being 4601.

8. If we come back to the chapter 46 of first Schedule, Customs Tariff Act 1975, and consider the definition: "heading", in respect of goods, means a description in list of tariff provisions accompanied by a four-digit number and includes all sub-headings of tariff items, the first four-digits of which are 4601;

9. About the Chapter 46:

(1) which states that for the purposes of heading 4601, the expression "*plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands*" means *plaiting materials, plaits and similar products of plaiting materials, placed side by side and bound together, in the form of sheets, whether or not the binding materials are of spun textile materials*" which perfectly creates the picture of Plaiting Material being straws made from the above mentioned process of extrusion and then bound together in parallel/perpendicular strands to form the Mats.


(2). It specifically excludes

- (a) wall coverings of heading 4814;
- (b) twine, cordage, ropes or cables, plaited or not (heading 5607);
- (C) footwear or headgear or parts thereof of Chapter 64 or 65;
- (d) vehicles or bodies for vehicles of basketware (Chapter 87); or
- (e) articles of Chapter 94 (for example, furniture, lamps and lighting fittings).

3. Thus the Mats appropriately complies with the Chapter Heading 4601 expression and the above five exclusions nowhere considers the Mats. The tariff Item 4601 99 00 'Other' excludes from itself the kinds of vegetable material as there are separate tariff Items 4601 29 00 'Other' and 4601 94 00 'Of Other vegetable material'.

10. From all the above it is being interpreted that the Polypropylene Mats falls under the HSN classification of which the first four digits are 4601.
11. Honorable CESTAT (Customs, Excise and Gold Tribunal - Delhi) in Supreme Industries Ltd. VS Commissioner of Central Excise-2004-(170) ELT 432 upheld the Classification of the Mats under the Chapter Heading 4601.
12. Now as on Present date the Updated Schedule of CGST Rates on Goods incorporates 2 entries of 4601 namely:

- i) Entry No 198A inserted vide Notification No 27/2017 Central Tax (rate) under the Schedule - 1 of 2.5% for Chapter / Heading / Tariff Item 4601,4602 having product Descriptions as Grass, leaf or reed or fiber products, including mats, pouches, wallets.
- ii) Entry No 103 under the Schedule - II of 6% for Chapter / Heading / Tariff Item 4601 having product description as 'Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats matting, screens) of vegetables materials such as of Bamboo, of rattan, of Other Vegetable materials.



13. The Further Interpretation implies entry 103 is specifically for the Plaits and Similar products of Plaiting materials of Vegetable material such as of Bamboo, of rattan, of Other Vegetable materials. Thus only vegetable material and its likes can be covered under it and hence Polypropylene Mats are nowhere near to being vegetable material and thereby can only be related to the entry 198A.

The Questions hereby raised are:

1. Whether 4601 as the HSN Classification of Polypropylene Mats is correct?
2. If the answer to above question is affirmative, whether entry No 198A (inserted vide Notification No 27/2017) is to be applied or Entry no 103 should be considered. In other words whether CGST / SGST Tax Rate is to be considered as 2.5% or 6%?

Additional submissions made by applicant on 18.12.2018 is as under.

In support of our stand that the Polypropylene Mats (PP Mats) Fall under the Classification of HSN 4601 we would hereby like to submit as under.

1. As per the Chapter 46 of first schedule of Customs tariff Act 1975, the definition: "heading", in respect of goods, means a description in list of tariff provisions accompanied by a four-digit number and includes all sub-headings of tariff items, the first four-digits of which are 4601.

For the Chapter 46 the expression "plaiting materials" means materials in a state or form suitable for plaiting, interlacing or similar processes; it includes straw, osier or willow, bamboos, rattan, rushes, reeds, strips of wood, strips of other vegetable material (for example, strips of bark, narrow leaves and raffia or other strips obtained from broad leaves), unspun natural textile fibres, monofilament and strip and the like of plastics and strips of paper.

For the purpose of heading 4601 The expression "*plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands*" means *plaiting materials, plaits and similar products of plaiting materials, placed side by side and bound together, in the form of sheets, whether or not the binding materials are of spun textile materials*" which perfectly creates the picture of Plaiting Material being the hollow tubes and then bound together in parallel / perpendicular strands to form the Mats popularly called as PP Mats. The Sample of Plaiting material and Mat prepared there from is hereby made available for your honour's kind perusal.

2. The Notification No 6/2018 (Central Tax Rate) substituted the Entry in Schedule I of Notification No 1/2017 (Central tax Rate) having S. No 198A by the description of Goods being "*Manufactures of straw, of esparto or of other plaiting materials; basketware and wicker-work*". Having regard to the notes of Chapter 46 which we are ought to follow as per the Notification No 1/2017 (Central Tax rate); we are of the strong contention and belief that our product is nothing but "**Manufactures of other plaiting Material.**"

3. Also as an evidence to support our claim we would like to draw your honour's kind attention towards the Central Excise Circular F. No. 93/24/87-CX.3, dated 16-6-1987 clearly stating that the PP Mats Fall under the tariff classification of 4601. and the Plaits of Polypropylene are aptly the plaiting material as per the notes of chapter 46. The circular had put to rest all the doubts regarding the classification of PP Mats. (Copy Enclosed)

"Heading No. 46.01 of the CET covers, '*manufacture of straw, of esparto or of other plaiting materials; basketware and wicker-work*', Chapter Note 1 of Chapter 46 defines '*plaiting materials*'. As per this definition, '*plaiting materials*' includes monofilament and strip and the like of plastics. As already stated, plastic mat/matting (Satranji) is manufactured out of plastic tubes of diameter 1.5 mm cut according to the size of the mat to be manufactured. As monofilaments are normally of solid cross section, plastic tubes of diameter of 1.5 mm used for the manufacture of Satranji could be covered within the term '*monofilament and strips and*



the like of plastics' as used in Chapter Note 1 of Chapter 46. Therefore, plastic mat/matting (Satranji) appears to be covered under Chapter 46 of CET as an article of plaiting materials. This view is further reinforced by the fact that the description of Heading No. 46.01 of the Customs Tariff specifically covers 'Mat, mating, screens of 'Vegetable Materials.' Both under Note 1 of Chapter 46 of CET and Note of Chapter 46 of Customs Tariff 'Plaiting material, includes monofilament and strips and the like of plastic.' It is also seen from the description of Heading No. 46.01 of the HSN that it covers mat/mating /screens of all plaiting materials and in the HSN Chapter Note 1 of Chapter 46 also, 'Plaiting materials includes 'monofilaments and strips and the like of plastics'. In the HSN Notes below Heading No. 46.01, mats and matting (whether rectangular or in other shapes) made by weaving or binding parallel strands of plaiting material, twine, cord etc. are mentioned as goods falling within the scope of Heading No. 46.01 of the HSN.

4. In view of the above, it is clarified that plastic mat/matting (Satranji) would be appropriately classified under Heading No. 46.01 of the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).

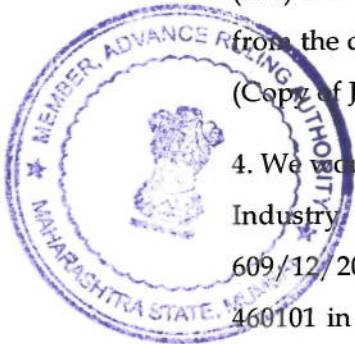
3. It was also stated at the last of aforementioned circular that 'All the pending assessments may be finalized on the basis of above guidelines'. Thus Honourable CESTAT (Customs , Excise and Gold Tribunal - Delhi) in Supreme Industries Ltd. VS Commissioner of Central Excise-2004-(170) ELT 432 upheld the Classification of the Mats under the Chapter Heading 4601 not only from the date of aforementioned circular but also for the period before the date of the circular.

(Copy of Judgment Enclosed)

4. We would again like to submit that, the Circular No 4/2018 dated 24.01.2018, Amending All Industry Rates of Duty Drawback' effective from 25.01.2018 (Customs) Having File No. 609/12/2018-DBK reconfirms the classification of Polypropylene Mats under tariff Item 460101 in Part 2 (c) of the same and deletes any other entry from the drawback schedule for Polypropylene Mats. (Copy Enclosed)

5. Due consideration should be given to the above Circular No 4/2018 as the Notification No.131/2016-Cus (NT), dt. 31-10-2016 also suggests in the first part of Notes and Conditions that, 'The tariff items and descriptions of goods in the drawback Schedule are **aligned** with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the **four-digit level only**. The descriptions of goods given at the six digit or eight digit or modified six or eight digits in the said Schedule are in several cases not aligned with the descriptions of goods given in the First Schedule to the Customs Tariff Act, 1975.' (Relevant Extract Enclosed)

6. We have enclosed the Excise Invoices and Shipping Bills for the Assurance that during the era of existing laws (Excise) the product was duly classified under the HSN 4601 9900. Also



the Assessments were completed and classification was duly accepted by the department in this regard. This has been a settled position since 1987.

Sr. No.	Particulars	Year	Invoice Type
1	Invoice No.SPPL/0352 Dated: 28-05-2014	2014-15	Excise Invoice
2	Invoice No.SPPL/0150 Dated: 27-05-2015	2015-16	Excise Invoice
3	Invoice No.SPPL/01192 Dated: 23-03-2017	2016-17	Excise Invoice
4	Shipping Bill No. 6748849 Dt: 29-03-2016	2015-16	Export Shipping Bill

6. The 2nd Question of our Advance ruling application has already been put to rest by the Notification No 6/2018 (Central Tax Rate) and hence now we only seek your honour's affirmative ruling on the Classification of Polypropylene Mats under the HSN 4601. Kindly do the needful. Thanking You.

03. CONTENTION - AS PER THE CONCERNED OFFICER

The submission, as reproduced verbatim, could be seen thus-

It is submitted that, Issue on which advance ruling is required:

M/S Shradha poly mats having GSTN NO-27AASFS7874A1Z0 is engaged in manufacturing of polypropylene mats (popularly known as pp mats) Herein after referred as the pp mats.

1. Manufacturing process of polypropylene mats - Polypropylene granules in primary forms are the basic raw Material used for p.p. mats which may be either virgin or made up from the waste plastic

- Compounding - Polypropylene granules are mixed using a high speed mixer along with certain adhesives pigments and master batches are added to form the desired color shade.
- Extrusion - The compound is added in extruders to form tubes of various length.
- Knitting - The tubes are knitted or weaved with the help of P.P. thread to form mats of various length The weaving Pattern can be a 2/2 will Structure Or 3/1 Structure.
- Finishing/ Testing - The Finishing and quality Control department ensures that edges of every mat are trimmed and every mat is Checked to see for any manufacturing defects.
- Tailoring - The edges of the mat are double stitched with a polyester or non-woven Fabric tape to ensure its long usage.
- The Classification of polypropylene mats - There is no Clear Provision for HSN Code of polypropylene mats. Hence it is always ambiguity for dealer that which HSN Code is used for P.P. Mats.



The ambiguity is cleared by the custom department vide Circular no.4/2018 dated 24/01/2018 amending all industry Rates of Duty Drawback effective from 25.01.2018 by the customs department having file No-609/12/2018-DBK clarifies that the classification of polypropylene Mats under tariff Item 460101 in part 2 (c) of the same and deletes the entry from the drawback schedule of 391802 as polypropylene Mats.

Chapter 46 of H.S.N. Chapter 46 describes the purposes of heading 4601, the expression "plaiting materials, plaits and similar products of plaiting materials bound together in parallel stands" means plaiting materials plaits and similar products of plaiting materials, placed side by side and bound together, in the form of sheets, whether or not binding materials are of spun textile material." This description is similar to the manufacturing process of the polypropylene mats which is described in the beginning of this submission. Hence correct H.S.N. classification of the p.p. mats is 4601.

The Hon. Customs, Excise and Gold Tribunal-Delhi also decided the matter in the case of M/s- Supreme Industries Ltd. V/s. Commissioner of Central Excise on 27 May, 2004. As per decision of the Hon. Tribunal that the classification of product called "plastic sataranj" under Chapter heading 46.

Updated schedule of CGST Rates on Goods incorporates to entries of 4601 namely.

If we have refer schedule of CGST Rates for goods which incorporates to entries of 4601 namely is as following.

No	Chapter / Heading /Sub heading / Tariff item	Description of Goods	CGST Rate
103	4601	Plaits and similar products of plaiting materials, whether or not assembled into strips, plaiting materials , plaits and similar product of painting materials, bound together in parallel stands or woven, on sheet form, whether or not being finished articles (for example, mats matting screens) of vegetables materials such as of Bamboo, of rattan, of Other Vegetables materials.	6%
198A	4601 , 4602	Grass, leaf or reed or fiber product, including mats, pouches, wallets.	2.50%



Further this ambiguity is cleared by the CBIC vide notification no-21/2018 of Central Tax (Rate) dated-26/07/2018, the Said entry no-103 is revised. The new tax rate for the Chapter Heading 4601/4602 is at the rate of 2.5% for CGST respectively.

Opinion by the nodal officer on the question raised for advance ruling is as following.

1. Whether 4601 as the HSN Classification of polypropylene Mats is correct?

Opinion - The HSN Classification of polypropylene Mats is 4601.

2. If the answer to above question is affirmative, whether entry No 198A (inserted vide Notification No 27/2017) is to be applied or Entry no 103 should be considered. In other words whether CGST /SGST Tax Rate us to be considered as 2.5% or 6% respectively?

Opinion - Now as per central notification vide no-21/2018 of Central Tax (Rate) dated-26/07/2018, Rate for H.S.N Code -4601 & 4602 is at the rate of 2.5% for CGST and MGST accordingly.

04. HEARING

The Preliminary hearing in the matter was held on 28.11.2018, Sh. Saurabh Lodha C.A. Appeared and requested for admission of application as per contentions made in their application. Jurisdictional Officer was not present but forwarded the written submissions.

The application was admitted and called for final hearing on 18.12.2018, Sh. Saurabh Lodha C.A. Appeared and made an oral and written submissions. The Jurisdictional Officer Sh. Shradha Patil, Asstt. Commr. of State Tax, Jalgaon appeared and made additional written submissions. Both the parties were heard.

05. OBSERVATIONS

We have gone through the facts of the case. The issue put before us is in respect of a classification and rate of tax on polypropylene Mats (Floor Mats) which would be on the lines thus -

Shradha Polymats is a registered person under GST Law and Manufacturer of Floor Mats. The mats are made up by interweaving the straws manufactured from extrusion of PP Granules. These mats are popularly known as Polypropylene Mats (PP Mats) herein after referred to as 'the mats'. An alternate term used for the concerned product is 'Plastic Satranj'.

We find from the submission as recorded here in above and in particular Notification No. 6/2018 Central Tax (Rate) DT. 25th January, 2018. Applicant seeks affirmative ruling on the classification of polypropylene Mats under the HSN 4601. We notice from the rate schedule and amendment to Notification No. 1/2017 that HSN 4601 find place as below:

Schedule I rate - 2.5 %

Notification No. 27/2017-Central Tax (Rate)

New Delhi, the 22nd September, 2017

(ix) after S. No. 198 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

Sr. No.	Chapter / Heading /Sub heading / Tariff item	Description of Goods
198A	4601, 4602	Grass, leaf or reed or fibre products, including mats, pouches, wallets"

Notification No.6/2018 Central Tax (Rate)-dated 25/01/2018

(vi) in S. No. 198A, for the entry in column (3), the entry "Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork", shall be substituted;


Notification No.24/2018-Central Tax (Rate) dated 31st December, 2018

(iii) S. No. 198A shall be re-numbered as S. No. 198AA, and before S. No. 198AA as so re-numbered, the following serial number and entries shall be inserted, namely:

"198A 4501 Natural cork, raw
or simply
prepared";

Schedule II - 6%

Entry No. 103



Sr. No.	Chapter / Heading /Sub heading / Tariff item	Description of Goods	CGST Rate
103	4601	Plaits and similar products of plaiting materials, whether or not assembled into strips, plaiting materials, plaits and similar product of painting materials, bound together in parallel stands or woven, on sheet form, whether or not being finished articles (for example, mats matting screens) of vegetables materials such as of Bamboo, of rattan, of Other Vegetables materials.	6%

The main question in this application is the appropriate classification of poly propylene mat, and applicability of the notification issued under the provisions of GST for which we have to first find the HSN Classification of PP Mat for which we may now refer to the terms of headings of 4601 and 4602, Chapter notes and the HS (Harmonized System) Explanatory Notes to chapter 46 which are reproduced below verbatim.

Chapter 46

Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork

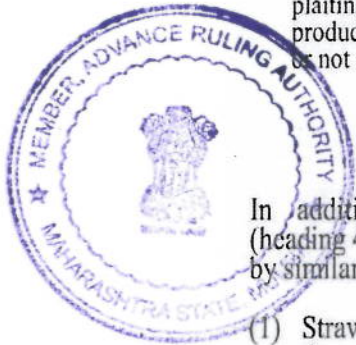
Notes.

- 1.- In this Chapter the expression "plaiting materials" means materials in a state or form suitable for plaiting, interlacing or similar processes; it includes straw, osier or willow, bamboos, rattans, rushes, reeds, strips of wood, strips of other vegetable material (for example, strips of bark, narrow leaves and raffia or other strips obtained from broad leaves), unspun natural textile fibres, monofilament and strip and the like of plastics and strips of paper, but not strips of leather or composition leather or of felt or nonwovens, human hair, horsehair, textile rovings or yarns, or monofilament and strip and the like of Chapter 54.
- 2.- This Chapter does not cover :
 - (a) Wall coverings of heading 48.14;
 - (b) Twine, cordage, ropes or cables, plaited or not (heading 56.07);
 - (c) Footwear or headgear or parts thereof of Chapter 64 or 65;
 - (d) Vehicles or bodies for vehicles of basketware (Chapter 87); or
 - (e) Articles of Chapter 94 (for example, furniture, lamps and lighting fittings).
- 3.- For the purposes of heading 46.01, the expression "plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands" means plaiting materials, plaits and similar products of plaiting materials, placed side by side and bound together, in the form of sheets, whether or not the binding materials are of spun textile materials.

GENERAL

In addition to articles of loofah, this Chapter covers semi-manufactured products (heading 46.01) and certain articles (headings 46.01 and 46.02) made by interlacing, weaving or by similar methods of assembling unspun materials, particularly :

- (1) Straw, osier or willow, bamboos, rushes, rattans, reeds, chipwood (i.e., wood in thin strips), drawn wood, strips of other vegetable material (for example, strips of bark, narrow leaves and raffia or other strips obtained from broad leaves such as those of banana plants or palm trees), **provided** they are in a state or form suitable for plaiting, interlacing or similar processes.
- (2) Unspun natural textile fibres.
- (3) Monofilament and strip and the like of plastics of Chapter 39 (but **not** monofilament of which no cross-sectional dimension exceeds 1 mm **nor** strip or the like of an apparent width not exceeding 5 mm, of man-made textile materials, of **Chapter 54**).
- (4) Strips of paper (including paper covered with plastics).



- (5) Certain materials consisting of a textile core (unspun fibres, braid, etc.), wound or covered with strips of plastics, or thickly coated with plastics, so that the product no longer has the character of the fibres, braid, etc., forming the core.

Certain of these materials, particularly the vegetable products, may be prepared (e.g., by splitting, drawing, peeling, etc., or by impregnating with wax, glycerol, etc.) to render them more suitable for plaiting, interlacing or similar processes.

For the purposes of this Chapter, the following are **not** considered to be plaiting materials and articles or products made therefrom are **excluded** from the Chapter :

- (i) Horsehair (**heading 05.11** or **Section XI**).
- (ii) Monofilament of which no cross-sectional dimension exceeds 1 mm, or strip or flattened tubes (including strip and flattened tubes folded along the length), whether or not compressed or twisted (artificial straw and the like), of man-made textile materials, **provided** that the apparent width (i.e., in the folded, flattened, compressed or twisted state) does **not** exceed 5 mm (**Section XI**).
- (iii) Textile rovings (except when wholly covered with plastics as described in paragraph (5) above) (**Section XI**).
- (iv) Textile yarn impregnated, coated, covered or sheathed with plastics (**Section XI**).
- (v) Strips of leather or composition leather (generally **Chapter 41** or **42**) or of felt or nonwovens (**Section XI**) or human hair (**Chapter 5, 59, 65** or **67**).

In addition the Chapter **does not cover** :

- (a) Saddlery and harness (**heading 42.01**).
- (b) Products or articles of bamboo, of **Chapter 44**.
- (c) Wall coverings of **heading 48.14**.
- (d) Twine, cordage, rope or cables, even if plaited or of unspun fibres (**heading 56.07**).
- (e) Narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs) (**heading 58.06**).
- (f) Footwear or parts thereof of **Chapter 64**.
- (g) Headgear or parts of headgear, including hat-shapes, of **Chapter 65**.
- (h) Whips (**heading 66.02**).
- (i) Artificial flowers (**heading 67.02**).
- (j) Vehicles, or bodies for vehicles of basketware (**Chapter 87**).
- (l) Articles of **Chapter 94** (for example, furniture, lamps and lighting fittings).
- (m) Articles of **Chapter 95** (for example, toys, games, sports requisites).
- (n) Brooms or brushes (**heading 96.03**) or tailors' dummies, etc. (**heading 96.18**).



46.01 - Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats, matting, screens).

- Mats, matting and screens of vegetable materials :

4601.21 -- Of bamboo

4601.22 -- Of rattan

4601.29 -- Other.

- Other :

4601.92 -- Of bamboo

4601.93 -- Of rattan

4601.94 -- Of other vegetable materials

4601.99 -- Other

(A) Plaits and similar products of plaiting materials, whether or not assembled into strips.

This group covers :

- (1) **Plaits.** These consist of strands of plaiting material, without warp or weft, interlaced either by hand or machine in a general longitudinal direction. By varying the nature, colour, thickness and number of strands, and the manner of interlacing, different decorative effects may be obtained.

Plaits of this kind may be joined side by side and assembled into wider strips by sewing, etc.

- (2) **Products similar to plaits** in the sense that they have the same or similar uses, and that, though they are made by a process other than plaiting, they are also formed in longitudinal thong-like forms, strips, etc., from plaiting materials. They include :

(a) Products made from two or more strands by twisting together, joining together or otherwise assembling (**other than decorative motifs of heading 46.02**).

(b) Products (e.g., those known in trade as "China cord") consisting of a kind of cord made from non-crushed vegetable materials assembled simply by twisting.

The above goods are mainly used in millinery, but are also used for the manufacture of certain furniture, shoes, mats, baskets or other receptacles.

The goods of this heading may contain spun textile yarn serving primarily for assembly or reinforcement purposes, whether or not having a supplementary decorative effect.



- (B) **Plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats, matting, screens).**

The goods of this group are obtained either directly from plaiting materials as defined in the General Explanatory Note to the Chapter or from the plaits or similar products of plaiting materials described in Part (A) above.

Those obtained directly from plaiting materials are either formed of strands woven together, generally in the manner of warp and weft fabrics, or made of parallel strands placed side by side and maintained in position in the form of sheets by transverse binding threads or strands holding the successive parallel strands.

The woven goods may consist wholly of plaiting materials, or may consist of a warp of plaiting material and a weft of textile yarn, or *vice versa*, provided that the sole function of the textile yarn (apart from incidentally introducing colour effects) is to bind the plaiting substances.

Similarly, in the case of the goods made by binding parallel strands of plaiting materials, the binder may be a plaiting material, a textile yarn or some other material.

Similar processes of binding together or weaving are also used to obtain goods in sheet form from the plaits or similar products of plaiting materials described in Part (A) above.

The goods of this group, which may be reinforced or backed or lined with woven textile fabric or with paper, include :

(1) **Semi-manufactured products** such as raffia, rattan and similar fabrics; and the finer products made in the piece in the form of lapping or strips for use in millinery, upholstery, etc.

(2) **Certain finished articles**, for example :

(a) Mats and matting (floor coverings, etc.), including in particular the so-called Chinese (or Indian) mats and matting (whether rectangular or in other shapes), made by weaving or binding together parallel strands of plaiting materials (or plaits or similar products of plaiting materials) with other plaiting materials, twine, cord, etc.

(b) Coarse matting such as the straw mats used for horticultural purposes.

(c) Screens or panels such as those of willow or osier; building panels of plaiting materials or of plaits or similar products of plaiting materials (straw, reeds, etc.) laid parallel, compressed and bound together at regular intervals with base metal wire. These building panels or slabs may be covered on all surfaces and edges with kraft paperboard.

The heading **excludes** mats and matting of coir or sisal fibre or the like with a base of cordage or of woven textile fabric (**Chapter 57**).



46.02 - Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading 46.01; articles of loofah.

- Of vegetable materials :

4602.11 - - Of bamboo

4602.12 - - Of rattan

4602.19 - - Other

4602.90 - Other

Subject to the exclusions specified in the General Explanatory Note to this Chapter, the heading covers :

- (i) articles made directly to shape from plaiting materials;
- (ii) articles made up from the already assembled products of heading 46.01, i.e., from plaits or similar products, or from the products bound together in parallel strands or woven in sheet form.

The heading **does not**, however, cover finished articles of heading 46.01, that is, plaiting materials, plaits and similar products of plaiting materials, which have acquired the character of finished articles by reason of being bound together in parallel strands or woven, in sheet form (for example, mats, matting or screens) : see the Explanatory Note to heading 46.01, paragraph (B) (2); and

- (iii) articles of loofah (gloves, pads, etc.) lined or not.

Such articles include :

- (1) Baskets, panniers, hampers and basketware containers of all kinds, whether or not fitted with rollers or castors, including fish baskets, creels and fruit baskets.
- (2) Similar baskets or boxes of interlaced chipwood. But chipbaskets of non-interlaced chipwood are **excluded** (heading 44.15).
- (3) Travelling-bags and suitcases.
- (4) Handbags, shopping-bags and the like.
- (5) Lobster pots and similar articles; birdcages and beehives.
- (6) Trays, bottleholders, carpet-beaters, tableware, kitchenware and other household articles.
- (7) Linery motifs and other fancy articles, **other than** those of heading 67.02.
- (8) Straw envelopes for bottles. These articles are mostly in the form of hollow cones of coarse straw or similar materials roughly laid parallel and bound together with yarn or cord.
- (9) Mats made by assembling long plaits into squares, circles, etc., and binding them together with twine.

The above notes indicate that the expression 'plaiting materials' covers monofilament, strip and the 'likes of plastics'. Further, we find that Chapter 46 contain articles made by interlacing, weaving or by similar methods of assembling unspun materials particularly including monofilament and strip and the like of plastics of Chapter 39 and that it covers products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles for example mats, matting, screens either obtained directly from plaiting materials or products of plaiting materials. In the present case and as submitted by the applicant, plastic mat is manufactured out of plastic tubes of diameter 1.5 mm inter-woven in to sheets forming mats. We agree with the contention of the applicant that

plastic tubes of diameter of 1.5 mm used for the manufacture of PP mat would be covered within the expression 'Plaiting materials including strips and the likes of plastics' as per Chapter Note 1 of chapter 46 and the terms of heading 4601 that covers 'plaiting materials bound together in parallel strands or woven in sheet form as finished articles (for example, mats, mattings, screens)'. In the instant case we find that the extruded fine plastic tubes are woven into sheet forms and finished into articles as mats and hence covered in heading 4601. We further find from the note to heading 4602 that the mats being products of plaiting materials, which have acquired the character of finished articles by reason of being bound together in parallel strands or woven in sheet form, are excluded from the scope of heading 4602. Hence the items in question do not go beyond the heading 4601.

We further find that the CESTAT (Customs, Excise and Gold Tribunal - Delhi) in the case of Supreme Industries Ltd. VS Commissioner of Central Excise-2004-(170) ELT 432 DT. 27 May 2004 has upheld the Classification of the product called "Plastic Satranj" (i.e. Mats) under the Chapter Heading 4601.

We also find that, Circular No 4/2018 dated 24.01.2018, amending All Industry Rates of Duty Drawback effective from 25.01.2018 (Customs) issued from File No. 609/12/2018-DBK re-confirms the classification of Polypropylene Mats under tariff Item 460101 in Part 2 (c) of the same and deletes any other entry from the drawback schedule for Polypropylene Mats.

The applicant submits that due to unknown reason, the First Schedule to the Customs Tariff Act, 1975 does not incorporate their products in heading 4601 and therefore are seeking a ruling on the classification of their product. The concerned officer also concurs that there is no clear HSN code of polypropylene mats.

In order to understand the reason for this ambiguity we need to compare the entries at heading 4601 in the HSN (World Customs Organization's Harmonized System of Nomenclature) and in the First Schedule to the Indian Customs Tariff, 1975 because as India is a contracting party to WCO's HS Convention, the entries in the Customs Tariffs of the contracting parties are bound to be aligned with the HSN up to six digit (Sub-Heading) level. And then the contracting parties are free to expand description of items and HSN codes beyond six digits up to eight or ten digits as required, to include various products manufactured in their respective countries. India adopted expansion of HS upto 8-digit level but aligned with the HS up to the six-digit level.

On comparison of the HSN and First Schedule to the Indian Customs Tariff, we find that there is an inadvertent error in the First Schedule to the Indian Customs Tariff at heading 4601. The HSN contains two single dash entries in heading 4601 that divides the items into two groups: (i) '- Mats, matting and screens of vegetable materials:' and (ii) '- Other:'. In the Indian Customs Tariff however, the second single dash entry "- Other:" is missing. In the

absence of the second single dash “-Other:” after the tariff item 4601 29 00, all the tariff items having double dashes in the heading 4601 will come under the scope of single dash having the description “- Mats, matting and screens of vegetable materials” and as a result, ambiguity arose as to whether mats made of plastic materials would fall outside the scope of heading 4601. If the single dash “-Other:” is included after the tariff item 4601 29 00, in alignment with the HS, the mats made of plastics would fall under the sub-heading 4601 99.

Notwithstanding the above mentioned discrepancy, in pursuance of Note 1 to Chapter 46, the General Note 3 of the Explanatory Notes of Chapter 46, and the terms of heading 4601, we come to the finding that the heading appropriate for Polypropylene Mats made from plaiting materials is 4601 and the relevant sub-heading is 4601 99. However as it is not necessary to go beyond four digit level for the purpose of this Advance Ruling, we hold that the product of manufactured by the applicant falls in heading 4601 of First Schedule of the Indian Customs Tariff Act,1975.

05. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 74/2018-19/B- 169 Mumbai, dt. 27/12/2018

For reasons as discussed in the body of the order, the questions are answered thus -

Question: - 1. Whether 4601 as the HSN Classification of Polypropylene Mats is correct?

Answer: - Answered in the affirmative.

Question: - 2. If the answer to above question is affirmative, whether entry No. 198A (inserted vide Notification No 27/2017) is to be applied or Entry No. 103 should be considered. In other words whether CGST / SGST Tax Rate is to be considered as 2.5% or 6%?

Answer: - Not answered as the question is withdrawn by the applicant in view of Notification No. 6/2018 - Central Tax (Rate) -dated 25/01/2018.



—sd—
B. TIMOTHY
(MEMBER)

—sd—
B. V. BORHADE
(MEMBER)

CERTIFIED TRUE COPY
MEMBER
ADVANCE RULING AUTHORITY
MAHARASHTRA STATE, MUMBAI

Copy to:-

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Chief Commissioner of Central Tax, Churchgate, Mumbai
5. Joint commissioner of State tax, Mahavikas for Website.

Note :- An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India building, Nariman Point, Mumbai - 400021.

