



**AUTHORITY FOR ADVANCE RULING, TAMILNADU
INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX, DOOR NO.32,
5TH FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,
CHENNAI – 600 003.**

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

Members present are:

1. Shri T.G.Venkatesh, I.R.S., Additional Commissioner/Member,
Office of the Principal Chief Commissioner of GST & Central Excise, Chennai -34
2. Tmt K. Latha., M.Sc., (Agri), Joint Commissioner (ST)/ Member,
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-3.

ORDER No. 45/ARA/2021 Dated 29.12.2021

GSTIN Number, if any / User id	33ACSPB3904E1Z0
Legal Name of Applicant	MAHAVEER SHANTILAL BAFNA (Proprietor M/s RAM TRADERS)
Trade Name of the Applicant	M/s RAM TRADERS
Registered Address / Address provided while obtaining user id	VARDHAMAN COMPLEX, 890 B-D RAJA STREET, COIMBATORE-641001
Details of Application	Form GST ARA – 001 Application SI.No.49 Dated: 09.12.2019
Concerned Officer	State: Assistant Commissioner(ST) R.G. Street Assessment Circle, Centre: Coimbatore Commissionerate.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for	
A Category	Wholesale Business
B Description (in brief)	The applicant is engaged in the business of buying and selling fabrics, including micro-dot fusible interlining manufactured by various manufacturers.
Issue/s on which advance ruling required	Classification of Goods
Question(s) on which advance ruling is required	Whether Fusible Interlining Fabrics of Cotton (FIFC) fall for classification under HSN Code 5903 or under Chapter 52 (heading depending

2.1 The applicant has stated that they are engaged in the business of buying and selling fabrics, including micro-dot fusible interlining manufactured by various manufacturers such as Madura Coats Limited, The Ruby Mills Limited etc., They have stated that Interlining is a layer of fabric inserted between the shell fabric and the lining of a garment to give a suitable appearance and stability. RIFC are 100% cotton fabrics which have been subjected to a "powder dot coating process". Under

Rules 2017.

The Applicant has 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 weightage of cotton in the fabrics)

under HSN Code 5903 or under Chapter 52(heading depending upon Whether Fusible Interlining Fabrics of Cotton(RIFC) fall for classification manufacturers. The applicant has sought advance ruling on the following question. fabrics, including micro-dot fusible interlining manufactured by various 33ACSPB3904E1Z0. The applicant is engaged in the business of buying and selling (hereinafter called the 'Applicant') is registered under the GST Vide GSTIN VARDHAMAN COMPLEX, 890 B-D RAJA STREET, COIMBATORE-641001 MAHAVEER SHANTILAL BAFNA (Proprietor M/s RAM TRADERS),

Goods and Service Tax Act.

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

appealed against is communicated.

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 before the Tamil Nadu State Appellate Authority for Advance Ruling, Note: Any appeal against the Advance Ruling order shall be filed

	upon weightage of cotton in the fabrics)
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this process, the cotton fabric passes over two pre-heated rollers having a surface temperature of above 225°C, one of which is an engraved printing roller having fine dots engraved on it in which high density polyethylene (HDPE) powder is filled (through a hopper), and this powder gets printed onto the fabric. The excess powder is scraped away by a doctor blade provided in the hopper as in the case of roller printing. The dot printed cloth then passes through a heated chamber whereby the printed powder gets fixed. The said partial / discrete coating of fabric is carried out only on one side of the fabric. This coating pattern can be seen with the naked eye. They have stated that FIFC enhance the appearance of finished garment by influencing the following characteristics-handle and bulk, shape retention, shrinkage control, crease recovery, appearance after washing or dry cleaning and durability. FIFC is mainly used in the collars, cuffs, etc part of the garments.

2.2 The Applicant has also stated that the classification of FIFC has been the subject matter of several clarifications, litigations, and legislative (tariff) amendments under the erstwhile central excise regime. In this background, various dealers are presently classifying the said product under HSN Code 5903 and applying GST at the rate of 12% (6% SGST + 6% CGST) on supplies of FIFC. However, there is an alternative and equally valid position available in the law in view of classification of FIFC may be under Chapter 52 (under Headings 5208 to 5212, based on cotton content and grammage of fabric) whereby a 5% GST rate (2.5% SGST + 2.5% CGST) would be applicable. They have stated that the alternative legal position arises due to a 2018 ruling of the Hon'ble Customs, Excise and Service Tax Appellate Tribunal (hereinafter 'CESTAT') in the case of Madura Coats Private Limited vs CCE, Tirunelveli [2019(365) Let 345(Tri Chennai)] in the context of central excise duty where it was held that 'fusible interlining cloth' would not get classified under Central Excise Tariff Heading 5903. Further, the Hon'ble Authority for Advance Rulings for the State of Uttarakhand under the Goods and Services Tax (hereinafter 'GST') regime in the case of Goodswear Fashion Private limited has ruled that the said product is classifiable under Chapters 50 to 55, 58 or 60 of the GST Tariff, depending upon the primary content of the fabric.

2.3 The applicant has made reference to Chapter 52 and Tariff Heading 5903 relevant to FIFC of the Central Excise Tariff. They have summarized the chapter notes to chapter 59 amended from time to time.

Sl.No	Date of amendment	Particulars/ language of the Chapter note
1	Chapter Note 2 to Chapter 59 of the Central Excise Tariff Act, 1985 as applicable up to 28.02.1989	<p>2. Heading 5903 applies to:</p> <p>(a) textile fabrics, impregnated, coated, covered or laminated with plastics, whatever the weight per square metre and whatever the nature of the plastic material (compact or cellular), other than:</p> <p>(1) fabrics in which the impregnation, coating or covering cannot be seen with the naked eye (usually Chapters 50 to 55, Chapter 58 or 60); for the purpose of this provision, no account should be taken of any resulting change of colour;</p> <p>(2) products which cannot, without fracturing, be bent manually around a cylinder of a diameter of 7 mm, at a temperature between 15°C and 30°C (usually Chapter 39);</p> <p>(3) products in which the textile fabric is either completely embedded in plastics or entirely coated or covered on both sides with such material, provided that such coating or covering can be seen with the naked eye with no account being taken of any resulting change of colour (Chapter 39);</p> <p>(4) fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments (usually chapters 50 to 55, chapter 58 or 60)</p> <p>(5) plates, sheets or strip of cellular plastics, combined with textile fabric, where the textile fabric is present merely for reinforcing purposes (Chapter 39) or</p> <p>(6) Textile products of heading 5811 (b) fabrics made of yarn, strip or the like, impregnated, coated, covered or sheathed with plastics of heading 5604</p>

2	Note 2(c) introduced in the chapter notes w.e.f 01.03.1989	“ 2 (c) Textile fabrics, partially or discretely coated with plastic by dot printing process (Heading No. 59.03)”
3	Note 2(c) modified in the chapter notes w.e.f 20.03.1990	“ 2 (c) Textile fabrics, partially or discretely coated with plastic (Heading No. 59.03)”
4	Note 2(c) was deleted w.e.f 16.03.1995	

They have stated that in view of deletion of Chapter Note 2(c) to Chapter 59 w.e.f 16.03.1995, the position on classification of FIFC would revert to the pre-1989 position. They have also referred to the following circulars issued by CBEC from time to time on the subject of classification of interlining fabrics.

- Prior to the introduction of Chapter Note 2(c) in Chapter 59, the CBEC had issued Circular No. 24/Coated Fabrics/88-CX.1 dated 02.09.1988, which concluded that in the absence of a continuous and adherent film or layer of plastic on one side of the fabric surface and the fabric being impervious, Chapter 59 would not be applicable.
- the CBEC vide Circular No. 5/89 dated 15.06.1989 clarified that in the period before the introduction of Note 2(c), fusible interlining cloth would be classified under Chapters 52 to 55 depending upon the textile materials used.
- After deletion of the aforesaid Note 2(c), the CBEC issued Circular No 433/66/98-CX dated 27.11.1998 seeking continued classification of fusible interlining clothing under Chapter Heading 59.03 of the central Excise Traiff.

2.4 The applicant has stated that the said Circular was challenged before the Hon'ble High Court of Madras in Madura Coats vs CBE&C, New Delhi [2004 (163) ELT 164 (Mad.)] wherein, the said circular was held to be illegal and ultravires and liable to be quashed. The applicant has submitted that in view of the aforesaid 1998 CBEC Circular having been quashed by the Hon'ble High Court of Madras, fusible interlining cloth cannot be classified under HSN Code 5903. Further, the cumulative effect of this judgement and the deletion of Note 2(c) to Chapter 59 in

1995, is that the classification of FIFC must be under Chapter 52, on the basis of Circular No. 5/89 dated 15.06.1989. The applicant has also submitted that their contention is arrived at on the basis of the reasoning set out in Madura Coats Private Limited vs CBE, Tirunelveli [2019(365) ELT 345 (Tri Chennai)] where it has been held that includability under HSN Code 5903 came to an end on 16.03.1995 with the deletion of Chapter Note 2(c) to Chapter 59 and that with effect from this date, whether any fabric could be classified under HSN Code 5903 would be determined on the basis of Chapter Note 2(a) read with CBEC circular of 1988. Various amendments, clarifications and litigations that have taken place in respect of tariff entries and Chapter Notes for Chapter 52 and HSN 5903. The applicant has stated that the fusible interlining fabrics supplied by them includes the product manufactured by Madura Coats Private Limited and therefore as per the decision of the Hon'ble CESTAT in case of Madura Coats Private Limited vs CBE, Tirunelveli [2019(365) ELT345 (Tri Chennai)] the said goods would not be classified under HSN Code 5903.

2.4 Further, the applicant has submitted that Circular No. 24/Coated Fabrics/88-CX.1 dated 02.09.1988 had clarified that to merit classification under HSN Code 5903, textile fabrics must meet the following requirements:

- (a) The fabric should have a continuous and adherent film or layer of plastic on one side of the fabric surface;
 - (b) The fabric should be impervious; and
 - (c) The fabric should satisfy the conditions prescribed in Note 2 of Chapter 59.
- In respect of the above, they have stated that that the dot printing done by the manufacturers of FIFC is not continuous. Further, such dot printing done in the FIFC manufacturing process does not render the fabric impervious, and that the design (line of dots) created can be easily penetrated. Hence, they have submitted that conditions(a) and (b) above are not fulfilled and therefore FIFC cannot be classified under the HSN Code 5903. In so far as condition (c) above is concerned they have referred to the reasoning set out in case of Madura Coats Private Limited vs CBE, Tirunelveli [2019(365) ELT 345 (Tri Chennai)]. Out of these conditions, as per Chapter Note 2(a)(4) of the Chapter 59, fabrics which are partially coated or partially covered with plastics and bearing designs resulting from these treatments are excluded from classification under HSN Code 5903. They have submitted that the FIFC manufactured by them has a pattern / design as a result of the dot printing process. Therefore, the product in question must stand excluded from HSN

Code 5903. The applicant is of the view that , as a sequitur, their product must be classified under Chapter 52 depending upon the weightage of cotton in the fabrics and not under the HSN Code 5903.

2.5 The applicant has reiterated that, as mentioned above, that since the entries under the Customs Tariff Act, 1975 are to apply to GST and these are the same as the tariff entries for Central Excise, following the classification under Chapter 52 for FIFC for Central Excise, the same classification will apply under GST regime as well. They have stated that the fusible interlining fabrics supplied by them includes the product manufactured by Madura Coats Private Limited, and therefore, per the decision of the Hon'ble CESTAT in Madura Coats Private Limited vs. CCE, Tirunelveli 12019 (365) ELT 345 (Tri. Chennai the said goods would not be classified under HSN code 5903. Further, the applicant has also relied upon the ruling issued by the Advance Ruling Authority of Uttarakhand in the case of Goodswear Fashion Private limited.

2.6 In view of the aforesaid submissions, the applicant has requested the Hon'ble Authority to make a ruling that FIFC in the present case, which is partially covered with plastic and bears a pattern on one side should be classified under Chapter 52.

3.1 The applicant was given an opportunity to be personally heard on 28.01.2020, however they sought adjournment. The applicant was again personally heard on 11.02.2020. Shri. Udayan Choksi, Authorised Representative, appeared before the authority and submitted sample test report, Central Excise Tariff charges and case laws to justify that they are classifiable under CTH 52 or 5209. They stated that they do trading of the product and manufacturing process involves powder dot coating process. They stated that this means the fabric is particularly coated with a pattern, this pattern is uniform throughout one side of the fabric and it provides a stiffness. They stated that when garment manufacturers use this cloth, they pass through rolling which fuses to any other cloth beneath. They stated that they will submit test reports from relevant manufacturers on composition, manufacturing process, technical literature, sale and purchase invoice within 2 weeks' time. The state jurisdictional officer gave a written submission stating that classification should be 52-55,58/60 and also submitted a copy of Uttarakhand Advance Ruling Authority.

3.3 Due to the prevailing pandemic situation the applicant was addressed through their email seeking their willingness to participate in the hearing in digital mode. The applicant consented and the authorised representative appeared for virtual hearing on 16.12.2020. He requested to have a personal hearing considering the various submissions and issue being of classification. He requested for adjournment which was acceded to.

(p) Ltd.

• Copy of AAR order of Uttarakhand in the case of Goodwear Fashion

Sl. No	Clarification required as per applicant letter dated 24.01.2020	Reply by the South India Textile Research Association
1	Whether the sample is a fabric in which coating cannot be seen with the naked eye?	No (Coating is visible with the naked eye)
2	Whether the sample is a product which cannot, without fracturing be bend manually around a cylinder of diameter of 7mm, at a temperature between 15°C to 30°C	No (Sample can be bent manually without any visible fracture)
3	Whether the sample is a product in which textile fabric is either completely embedded in plastic or entirely coated or covered on both sides with such material and such coating or covering can be seen with the naked eye with no account be taken of any resulting change of color?	No (sample is neither completely embedded in plastic nor entirely coated with plastic)
4	Whether the sample is a fabric partially coated or partially covered with plastics and bearing a design resulting from these treatments?	Yes (sample is partially coated with plastic and bears a transparent design of powder dots on one side of the fabric)
5	Whether the sample is a plate, sheet or strip of cellular plastic, combined with textile fabric, where the textile fabric is present merely for reinforcing purposes?	No (sample is not a plate, sheet or strip of cellular plastic. The samples are made 100% cotton fabrics and are coated on one side of the fabrics only)

3.2 The applicant vide their letter dated 09.12.2019 has submitted the following documents:

- Sample particulars issued by The South India Textile Research Association dated 07.02.2020 to the applicant in reference to the 6 coated samples submitted by them
- The following clarification requested by the applicant:

3.4 The applicant was again given an opportunity to be personally heard on 05.03.2021. However, the applicant sought adjournment and the applicant was heard on 12.03.2021. The authorised representative appeared for the hearing. He furnished the written submissions along with exhibits 1 to 5 which was taken on record. He also furnished copies of the two Gujarat AAR rulings, West Bengal AAR & AAAR, Uttarakhand AAR wherein the applicants are manufacturers but not traders like the applicant. The authorised representative has emphasized the Chapter Notes of 59, to be tested separately. If their products/fabrics passed any of the test then their products fall in that categories. In their case, they have not satisfied the Chapter Notes 1,2,3 & 5 and satisfies Chapter notes 4. Therefore, they are claiming for Chapter 50 to 55, 58 or 60. The Authorised representative emphasized that for the certificate which is being obtained (Exhibit I) there is no difference between the goods supplied by different manufacturers namely Madura, Ruby & Swadesh and for those identical goods different manufacturers are charging different rates of GST as seen from their invoices. The members stated that without the manufacturing process certified by the manufacturer the claim that the products whose descriptions are different as seen in the purchase invoice, is the same without any legal substantiation for which the authorised representative requested to undertake the testing of the goods purchased and supplied by the department.

3.5 In furtherance to the hearing dated 12.03.2021, vide letter dated 18.03.2021 the State Jurisdictional officer was asked to draw samples from the procurements of the Applicant (Mill wise) and get the same tested in an authorized laboratory and also to verify and furnish a report on the purchase and supply of FIFC by the applicant with details on the class of suppliers within 15 days. Though samples were drawn by the said authority, testing of the same as required, was not undertaken by the State Jurisdictional Officers citing administrative reasons.

3.6 The applicant was informed vide email dated 01.09.2021 to appear for virtual hearing on 22.09.2021 and the applicant vide their mail dated 06.09.2021 informed that fresh samples of interlining fabrics have been collected from them by the State Jurisdiction and as the report is awaited they requested for hearing on receipt of the lab report to make effective representation in the issue involved.

3.7 The State Jurisdictional officer vide letter dated 25.10.2021 submitted that as per the instructions of the Advance Ruling Authority, samples of FIFC were

collected again, when the materials were received by the dealer on 08.10.2021 which is purchased from Demco, Trading company. The officers with the permission of the dealer took samples from 3 materials which were in parcel, as given below:

Sl.no	Particulars	Hsn	Hsn description	Gst rate
1	Talco	590390	Textile fabrics impregnated coated covered or laminated with plastics other than those of heading 5902 other: of cotton	12%
2	Mcl	520929	Woven fabrics of cotton containing 85% or more by weight of cotton. Weighing more than 200 g/m ² bleached: other fabrics	5%
3	Ruby	590390	Textile fabrics, impregnated, coated, covered or laminated with plastics, other than those of heading 5902 other: of cotton	12%

The officers also unpacked a bundle received by the dealer on 22.10.2021 which is purchased directly from Ruby Mills. The details of the samples are as below:

Sl.no	Particulars	Hsn	Hsn description	Gst rate
1	Ruby	590390	Textile fabrics impregnated coated covered or laminated with plastics other than those of heading 5902 other: of cotton	12%

4.1 The applicant was also given another opportunity to be personally heard on 26.11.2021. The Authorised representative appeared for the hearing and reiterated the submissions. He stated that the issue involved is the classification of FIFC, whether they are classifiable under CTH52 or 59. They stated that the product does not satisfy the condition at CTH59, Chapter note 2(4). The samples drawn by the department, presented before the members were examined. They stated that the design on the product is based on the Roller & Hopper and requested that a ruling may be passed in respect of samples collected from all the mills namely, Ruby, TALCO and MCL. The only issue to be decided came to whether condition under Chapter Note 2(4) on fabrics being partially coated or partially covered with plastics and bearing designs resulting from these treatments (usually chapter 50 to 55, 58 or 60) is fully satisfied. On this account the Members decided that no further testing is required. The representative undertook to furnish the decisions given by

the AAR in other states in this regard. Further, the authorized representative was informed by the Members that any technical submissions relating to applicability of Chapter Notes 2(4) of CTH59 may be furnished, if desired in a weeks' time.

4.2 The applicant furnished their written submissions vide e-mail dated 17.12.2021. They had made a written submission, wherein they had furnished a brief summary of the Facts, Historical Position regarding classification of FIFC, Position under GST, conclusions from Technical Position regarding classification of FIFC and GST Provisions to Present Facts all of which had already been made in their earlier submissions listed in Para 3 above. They had further clarified with respect to the Points Raised during the Hearing held on 26.11.2021 as follows:

- The design formed by the plastic coating depends upon the 'dot geometry' of the roller, whereby the size and number of dots of plastic can be selected by the manufacturer, based on which the patterns of dots can vary from 3-12 dots per centimetre as required. Moreover, the temperature and pressure on the 2 rollers is varied for different plastic / resin types resulting in different designs.
- There is no technical discussion in the Customs Tariff or the Explanatory notes to the HSN as to what constitute a 'design'

They had furnished a tabulation of the decisions of the Advance Ruling Authorities in other states on the issue :

No.	Applicant	Authority	Conclusion
1	In Re: Goodswear Fashion Pvt. Ltd	AAR, Uttarakhand	Relevant chapter (not 5903)
2	In Re: Sadguru Seva Paridhan	AAR, West Bengal	5903
3	In Re: The Ruby Mills Ltd.	AAR, Uttarakhand	5903
4	In Re: Sadguru Seva Paridhan	Appellate AAR, West Bengal	5903
5	In Re: Ashima Dyecot Pvt. Ltd.	AAR, Gujarat	5903
6	In Re: Supercoat India	AAR, Gujarat	5903
7	In Re: Jay Ambey	AAR, Gujarat	5903

5.1 The State Jurisdictional officer vide their letter dated 27.12.2019 submitted the following comments on the issue raised by the applicant in their application.

- a. Prior to the introduction of Chapter Note 2(c) in Chapter 59. the CBEC had issued a Circular No.24/Coated Fabrics/88-CX.1, dated 02.09.1988, which concluded that textile fabrics including the fusible inter-lining cloth to merit classification as coated fabrics under Heading 59.03 of Central Excise Tariff, should have a continuous and adherent film or layer or plastic on one

side of the fabric surface and the fabric should be impervious and satisfy the conditions prescribed in Note 2 of Chapter 59. In respect of the above, it is stated that the dot printing done by the manufacturers of FIRC is not continuous. Further such dot printing done in the FIRC manufacturing process does not render the fabric impervious and that the design created can be easily penetrated. Hence, the conditions are not fulfilled, the FIRC cannot be classified under the HSN code 5903.

b. In Circular No.5/89, dated 15.06.1989, it was clarified that the fusible interlining cloth made by discrete coating with plastic by dot printing process have been specifically included in Chapter 59 by the said amendments to the Central Excise Tariff from 01.03.1989. In other words, the textile fabrics partially or discretely coated with plastic by dot printing process specifically get covered under heading 59.03 from 1.3.1989. Prior to this date they get covered under Chapters 52 to 55 depending upon the textile materials used — whether cotton or man-made fabrics etc.

c. After deletion of the aforesaid Note 2(c), the CBEC issued Circular No 433/66/98- CX dated 27.11.1998 which concluded that 'The omission of Chapter Note 2(c) was neither intended to and nor resulted in changing the classification of fusible interlining cloth under Heading 59.03 of the Central Excise tariff. This is so because as per the HSN Explanatory Notes (1996), 2'd edition, page 894) textile fabrics which are spattered by spraying with visible particles of thermoplastic material and are capable of providing a bond to other fabrics or materials up the application of heat and pressure are covered under Chapter Heading 59.03 may thus be considered as an exception to Chapter Note 2(a)(4) of Chapter 59 according to which fabrics partially coated or partially covered with plastics and bearing designs resulting from those treatments are excluded from the scope of Chapter Heading 59.03.4. Board is of the view that fusible interlining cloth would be appropriately classified under Chapter Heading 59.03 of the Central Excise Tariff. The above circular was challenged before the Honble High Court of Madras in Madras Coats vs CBE&C, New Delhi!

d. Madras Coats Private Limited vs. CCE, Tirunelveli [2019(365) ELT 345 It has been held that includability under HSN Code 5903 came to an end on 16.03.1995 with the deletion of Chapter Note 2(c) to Chapter 59 and

that with effect from this date, whether any fabric could be classified under HSN Code 5903 would be determined on the basis of chapter note 2(a) which describes fabrics which are partially coated or partially covered with plastics and bearing designs resulting from these treatments are excluded from classification under HSN Code 5903. As a sequitur, it must be classified under Chapter 52 depending upon the weightage of cotton in the fabrics and not under the HSN Code 5903. It was submitted by the applicant that the Fusible Interlining Fabrics supplied by them includes the product manufactured by Madura Coats Private Limited, and therefore the decision of the Honourable CESTAT in Madura Coats Private Limited vs. CCE, Tirunelveli, the said goods would not be classified under the HSN code 5903

e) Authority for Advance Ruling GST. Uttarakhand, F.No.09/State Tax-UK/GST/Sec-97/2018-19/D.dun/0195. dated 30.01.2019 The specimen fabric i.e. "Polyester Viscose fusing Interlining Woven Fabric, partially covered with plastic which leads to plastic coated pattern that is visible on its one side" does not fall under HSN Code 5903. However, it being partially coated or partially covered with plastics and bearing designs will fall under chapter 50 to 55, 58 or 60 as per the chapter note 2(a)(4) of the Chapter 59 of the GST Tariff. Based on the circulars and references, I submit that when Chapter Note 2(c) itself is no longer in existence, and the FUSIBLE INTERLINING FABRICS OF COTTON (FIFO) otherwise did not satisfy the requirements laid down in Chapter Note 2(a) read with CBEC Circulars, cannot be classified under Central Excise Tariff Head 59.03. However it being partially coated or partially covered with plastics and bearing designs will fall under chapters 50 to 55, 58 or 60 as per the chapter note 2(a)(4) of the Chapter 59 of the GST Tariff. Samples of the Fusible Interlining Fabrics of Cotton material collected from Tvl.Ram Traders, which is categorized as Hard, Medium and Soft were collected Further, it is also submitted that no Show Cause Notice / or issue pending adjudication in this office on this subject matter.

5.2 The Central Jurisdictional authority vide their letter dated 13.03.2020 has submitted the following comments in the issue raised by the applicant:

It is certified that no such question raised in the application is pending or decided in any proceedings under the provisions of the CGST Act, 2017. The

issue involved in this case is classification of FIFC. As per the manufacturing process stated by the applicant, Interlining is a layer of fabric inserted between the shell fabric and the lining of a hopper as in the case of roller printing. The dot printed cloth then passes through a heated chamber whereby printed powder gets fixed, The said partial / discrete coating of fabric is carried out only on one side of the fabric. The coating pattern can be seen with the naked eye. FIFC is mainly used in the collars, cuffs etc part of the garments. As per Chapter Note 2 under Chapter 59, Heading 59.03 applies to

(a) textile fabrics, impregnated, coated, covered or laminated with plastics, whatever the weight per square metre and whatever the nature of the plastic material (compact or cellular), other than:

1) fabrics in which the impregnation, coating or covering cannot be seen with naked eye (usually Chapters 50 to 55, Chapter 58 or 60); for the purpose of this provision, no account should be taken of any resulting change of colour

2) products which cannot, without fracturing, be sent manually around a cylinder of a diameter of 7mm, at a temperature between 15 C and 30 C (usually Chapter 39)

3).....

6) textile products of heading 5811

The applicant in Para No.9 of the application had stated that the coating pattern on FIFC could be seen with a naked eye. The fabrics FIFC fulfils the description of the Note 2(a)(1) to Chapter 59, thus the classification would fall under Heading 59.03 only. Hence, it is felt that there are no merits in the case for classifying FIFC under Chapter 52 and the request of the applicant may please be rejected.

6. We have carefully examined the facts & contentions filed along with the application, submissions made during the hearing and thereafter, the samples presented before us and the submissions of the Jurisdictional authorities. The question on which the ruling is sought is

Whether Fusible Interlining Fabrics of Cotton (FIFC) fall for classification under HSN Code 5903 or under Chapter 52(heading depending upon the weightage of cotton in the fabrics)

The applicant in the case at hand is engaged in the business of buying and selling fabrics, including micro-dot fusible interlining manufactured by various manufacturers and supplies to the retailers. The applicant has sought the classification of the product being supplied by them. The said question is admissible under the provisions of Section 95/97 (2) of the Act and therefore admitted.

7.1 From the various submissions before us, we find that the applicant purchases Fusible Inter-lining Fabrics of cotton (FIFC) from various manufactures like Madura Coats Limited, Ruby Mills Lts, TALCO, etc. The said products are purchased under a Tax Invoice from the manufacturers, i.e., the goods stands assessed at the initial stage. However, the applicant has sought classification of the already assessed products stating that all these products are similar but is classified by the manufacturers under Chapter 52 or CTH 5903. Their concern is though at the manufacturer end, the products are classified differently, when they are dealing with such goods, they intend to know the correct classification applicable to the said products. The applicant was asked to furnish technical write-up on the composition and manufacturing process from the manufacturers of the fabrics in hand to conclude that the products from different Manufacturers have undergone same set of process but the applicant has not furnished the same. Instead, they had furnished test reports of the samples drawn by them from 'The Bombay Textile Research Association' dated 25.11.2020 and 'The South India Textile Research Association' dated 7th February 2020. They have further stated that FIFC is a 100% layer of cotton fabric, which have been subjected to a 'Powder dot coating process'. It is stated that under this process, the cotton fabric passes over two pre-heated rollers having a surface temperature of above 225° C, one of which is an engraved printing roller having fine dots engraved on it in which HDPE powder or other suitable polymer is filled (through a hopper) and this powder gets printed onto the fabric. The dot printed cloth then passes through a heated chamber whereby the printed powder gets fixed. The jurisdictional authority on collecting the samples from the applicant, has furnished the descriptions of the products as available in the Tax Invoice received by the applicant which are as follows:

8.1 The process of manufacture or the technical literature adopted by different manufacturers are not before us but the test reports provided by the applicant from

- 7.2 The contention of the applicant is that
- In the Pre-GST regime, under Central Excise Tariff, with the inclusion and subsequent removal of Chapter Note 2(c) of Chapter 59, CESTAT Chennai in the case of Madura Coats Private Limited, has held that 'fusible interlining cloth' will not get classified under CETH 5903
 - Chapter Note 2(a) of Chapter 59 of the Customs Tariff provides that all textile fabrics impregnated, coated, covered or laminated with plastics fall under Heading 5903 except for the exclusions at (1) to (5) thereunder, which fix classification under alternative chapters. These exclusions are separate and independent and need to be considered individually
 - Chapter Note 2(a)(4) of Chapter 59 places fabrics that are partially coated or partially covered with plastics and bearing designs resulting from these treatments under Chapter 50 to 55, 58 or 60 and once this test is satisfied, classification under Chapter Heading 5903 is excluded
 - Based on the test report obtained by them,
 - The fabrics from the different manufacturers were identical in all respects; and
 - All the technical requirements under Chapter Note 2(a) are not met as exclusion at (4) applies
 - The Jurisdictional authority has stated that FIFC must be classified under CTH 52-55 and not under Heading 5903

Sl.no	Particulars	Hsn	Hsn description	Gst rate
1	Talco	590390	Textile fabrics impregnated coated covered or laminated with plastics other than those of heading 5902 other: of cotton	12%
2	Mel	520929	Woven fabrics of cotton containing 85% or more by weight of cotton. Weighing more than 200 g/m ² bleached: other fabrics	5%
3	Ruby	590390	Textile fabrics, impregnated, coated, covered or laminated with plastics, other than those of heading 5902 other: of cotton	12%

two different labs taken at different time intervals and the physical samples drawn by the jurisdictional officer is before us. The lab report(BITRA) is as under:

Sample No.	Sample Mark	Coating	Fibre Identification		Bendermann Water Repellency Test			Naked eye test	Manual bending test around a cylinder of 1mm radius without fracturing	Count of Yarn		Thread density		Type of Weave	Weight (GSM) with Coating	Weight (GSM) without Coating
			Warp	Weft	Water Absorption	Water Penetration	Wetting			Warp	Weft	Ends/Inch	Picks/Inch			
20010517/1/1	Madura Coats (MCL) Fusible Interlining Cloth Article Ref: 2929 width 90 cms	10.98%	100% Cotton	100% Cotton	183.00%	Complete	Complete	Visible with naked eye	Can be bent without fracture	16.1	13.5	64	55	1/1 Plain Weave	233.2	206.4
20010517/1/2	Madura Tercel Fusible Interlining Cloth Article Ref: M 346 Co width 90 cms	11.80%	100% Cotton	100% Cotton	151.00%	Complete	Complete	Visible with naked eye	Can be bent without fracture	19.8	20.1	67	55	1/1 Plain Weave	289	248.1
20010517/1/3	Ruby Mills Fusible Interlining Cloth Article Ref: 5116 width 90 cms	17.00%	100% Cotton	100% Cotton	160.50%	Complete	Complete	Visible with naked eye	Can be bent without fracture	15.8	15.3	64	55	1/1 Plain Weave	221.4	186.3
20010517/1/4	Ruby Mills Fusible Interlining Cloth Article Ref: 4679 width 112 cms	6.00%	100% Cotton	100% Cotton	259.50%	Complete	Complete	Visible with naked eye	Can be bent without fracture	20.5	19.3	58	46	1/1 Plain Weave	249.6	238.8

From the above report, it is seen that the naked eye test is positive. Similarly, the test report of SITRA also states that in all the samples provided, the 'naked eye test' fails in as much as the dot printing are visible to the naked eye. On observing the samples furnished before us, we find that the dot printing is visible. Also it is seen the printing is available in one side of the fabric and follows a set pattern. Thus, we find that the products supplied by the applicant have similar properties and purpose and therefore we proceed to find the appropriate classification.

8.2 We find that the moot point to be decided is whether the fabrics in hand satisfies the exclusions prescribed in chapter Note 2(a) of Chapter 59 and therefore is not classifiable under CTH 5903 or otherwise. The applicant has contended that the exclusions are to be considered individually and that the fabrics do not satisfy

that prescribed at 2(a)(4) of the Chapter Note of Chapter 59. The relevant Chapter Note and the Explanatory Notes to HSN are examined hereunder:

Chapter Note 2 to Chapter 59 of Customs Tariff :

2. Heading 5903 applies to:

(a) textile fabrics, impregnated, coated, covered or laminated with plastics, whatever the weight per square metre and whatever the nature of the plastic material (compact or cellular), other than:

(1) fabrics in which the impregnation, coating or covering cannot be seen with the naked eye (usually Chapters 50 to 55, 58 or 60); for the purpose of this provision, no account should be taken of any resulting change of colour;

(2) products which cannot, without fracturing, be bent manually around a cylinder of a diameter of 7 mm, at a temperature between 15°C and 30°C (usually Chapter 39);

(3) products in which the textile fabric is either completely embedded in plastics or entirely coated or covered on both sides with such material, provided that such coating or covering can be seen with the naked eye with no account being taken of any resulting change of colour (Chapter 39);

(4) fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments (usually Chapters 50 to 55, 58 or 60);

(5) plates, sheets or strip of cellular plastics, combined with textile fabric, where the textile fabric is present merely for reinforcing purposes (Chapter 39); or

(6) textile products of heading 5811;

The Explanatory Notes to the said Chapter Note and Chapter Heading as per the HSN are as follows:

Explanatory Notes to Chapter Note 2:

2.- Heading 59.03 applies to :

- (a) Textile fabrics, impregnated, coated, covered or laminated with plastics, whatever the weight per square metre and whatever the nature of the plastic material (compact or cellular), other than :
- (1) Fabrics in which the impregnation, coating or covering cannot be seen with the naked eye (usually Chapters 50 to 55, 58 or 60); for the purpose of this provision, no account should be taken of any resulting change of colour;
 - (2) Products which cannot, without fracturing, be bent manually around a cylinder of a diameter of 7 mm, at a temperature between 15 °C and 30 °C (usually Chapter 39);
 - (3) Products in which the textile fabric is either completely embedded in plastics or entirely coated or covered on both sides with such material, provided that such coating or covering can be seen with the naked eye with no account being taken of any resulting change of colour (Chapter 39);
 - (4) Fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments (usually Chapters 50 to 55, 58 or 60);
 - (5) Plates, sheets or strip of cellular plastics, combined with textile fabric, where the textile fabric is present merely for reinforcing purposes (Chapter 39); or
 - (6) Textile products of heading 58.11;

Explanatory Notes for CTH 5903

This heading covers textile fabrics which have been impregnated, coated, covered or laminated with plastics (e.g., poly(vinyl chloride)).

Such products are classified here whatever their weight per m² and whatever the nature of the plastic component (compact or cellular), **provided** :

- (1) That, in the case of impregnated, coated or covered fabrics, the impregnation, coating or covering can be seen with the naked eye otherwise than by a resulting change in colour.

Textile fabrics in which the impregnation, coating or covering cannot be seen with the naked eye or can be seen only by reason of a resulting change in colour usually fall in **Chapters 50 to 55, 58 or 60**. Examples of such fabrics are those impregnated with substances designed solely to render them crease-proof, moth-proof, unshrinkable or waterproof (e.g., waterproof gabardines and poplins). Textile fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments are also classified in **Chapters 50 to 55, 58 or 60**.

.....

This heading also covers dipped fabrics (**other than** those of heading 59.02), impregnated to improve their adhesion to rubber, and textile fabrics which are spattered by spraying with visible particles of thermoplastic material and are capable of providing a bond to other fabrics or materials on the application of heat and pressure.

From the above, it is evident that

- CTH 5903 covers textile fabrics impregnated, coated, covered or laminated with plastics irrespective of the weight per square metre and the nature of plastic material.
- conditions at (1) and (4) of the Chapter Note 2 (a) are relevant to the case at hand

➤ Those textile fabrics in which the impregnation, coating or covering cannot be seen with the naked eye will usually fall in Chapters 50 to 55, 58 or 60 and for these purposes, no account is to be taken of any resultant change in colour

➤ Those textile fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments usually fall under Chapters 50 to 55, 58 or 60

8.3 In the case at hand, it is stated by the applicant that the process the fabrics

undergo are that the fabric passes over two pre-heated rollers, one of which is an engraved printing roller having fine dots engraved on it in which HDPE powder or other suitable polymer is filled through a hopper and this powder gets printed onto the fabric. This dot printed cloth then passes through a heated chamber whereby the printed powder gets fixed and the impregnation of the plastic is visible to the naked eye. The applicant claims that as the fabric is printed with HDPE powder on one side, they are partially coated with plastics. 'Coated Fabrics' is not defined either in the HSN or in the Customs Tariff made applicable to GST. The definition as available in the book, Encyclopedia of Textiles, 'Coated Fabrics' is defined as "any fabric which is coated, filled, impregnated or laminated with a continuous film forming polymeric Composition". In the present case, the HDPE Powder is impregnated on the fabric by the way of spattering of the Powdered HDPE on one side of the fabric. As on one side the fabric is impregnated, the applicant claims to satisfy condition at 2(4) of the chapter Note above. The said chapter note states 'Fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments'. It is evident that the fabric is impregnated with HDPE powder uniformly on one side of the fabric, i.e., the entire side of the fabric is completely impregnated with the HDPE powder in a pre-arranged fashion. 'Partially' as per Vocabulary.com, means - in part, partly, in some degree; i.e., partially means a small fraction or small measure, which is not the case in hand. Thus, since one of the two sides of the fabric is completely coated by dot printing process, which is substantiated by the test reports, the same cannot be said to be partially covered or partially coated. Therefore, we find that in the case at hand the condition at 2(a)(4) is not satisfied.

8.4 Further, the impregnation is visible to the naked eye, the fact of which stands established by the test reports and the applicants' own admissions. Therefore, the

exclusion at 2(a)(1) is also not satisfied. Thus, the exclusions provided under Chapter Note 2(a) pertaining to the classification of the products as classifiable under Chapter 52 to 55, 58 or 60 are not fulfilled.

8.5 Further more, as per the Explanatory notes to CTH 5903, 'textile fabrics which are spattered by spraying with visible particles of thermoplastic material and are capable of providing a bond to other fabrics or materials on the application of heat and pressure are covered under CTH 5903. The applicant during the personal hearing held on 11.02.2020 has stated that their product provides a stiffness; when the garment manufacturers use this, they pass through rollers which fuses to another cloth placed beneath, i.e., these are capable of providing a bond to other fabric on the application of heat and pressure, which as per the explanatory notes is squarely covered under CTH 5903. Therefore, we do not have any hesitation to hold that the products in hand merits classification under CTH 5903 only.

9.1 Having decided that the products merit classification only under CTH 5903 based on the findings at Para 8 above, we analyse the submissions of the applicant to substantiate classification under Chapter 52 and not under CTH 5903 considering that the State Jurisdictional authority has also opined that when Chapter Note 2(c) itself is no longer in existence, and the FUSIBLE INTERLINING FABRICS OF COTTON (FIFC) otherwise did not satisfy the requirements laid down in Chapter Note 2(a).

9.2 We find that Note 2(c) – "Textile fabrics, partially or discretely coated with plastic by dot printing process (Heading No. 59.03)" was inserted in the Chapter Notes to Chapter 59 of the Central excise Tariff w.e.f 01.03.1989, this note was modified w.e.f 20.03.1990 by omitting the words, 'by dot printing process' and thereafter the entire Note 2(c) was deleted effective from 16.03.1995. CBEC had issued Circular No 433/66/98-CX dated 27.11.1998 clarifying that

3. In the 1995 budget, the Central Excise Tariff was broadly aligned with the Customs Tariff (based on HSN) and as such Chapter Note 2(c) of Chapter 59 of the Central Excise Tariff was omitted. The omission of Chapter Note 2(c) was neither intended to and nor resulted in changing the classification of Fusible Interlining Cloth under Heading 5903 of the Central Excise Tariff. This is so because as per the HSN Explanatory Notes, textile fabrics which are spattered by spraying with visible particles of thermoplastic material and are capable of providing a bond to other fabrics or materials on the application of

9.4 It is also pertinent to note that the Various Advance Ruling Authorities- AAR, west Bengal in the case of M/s. Sadguru Seva Paridhan; AAR, Uttarakhand in the case of M/s. The Ruby Mills Ltd(one of the suppliers to the applicant); AAR Gujarat in the case of M/s. Ashima Dyecot Pvt Ltd, M/s. Supercoat India and M/s.

case of products at hand. other fabrics or materials on the application of heat and pressure, which is the visible particles of thermoplastic material and are capable of providing a bond to 5903 (mentioned above) covers textile fabrics which are spattered by spraying with classification over Circulars issued by CBEC. Explanatory Notes to HSN under CTH notes guided by the Explanatory Notes to HSN will have primacy for the purpose of remaining valid. Further, it is pertinent to note that the Tariff Description and Chapter dated 27.11.1998. This Circular has been established in Para 9.2 above, as implications of which stands clarified in the CBEC Circular No.433/66/98-CX which Note 2(c) which existed in the Chapter Note of Chapter 59 was omitted, the Excise Tariff was aligned with the Customs Tariff only in the 1995 Budget after of classifiability under CETA 5903. The moot point to be noted is that the Central 05/89 dated 15.06.89 has held that the impugned fabric will fall outside the scope on the requirement in the Board's telex Circular dated 30.09.88 and Circular No. 9.3 In the CESTAT decision in respect of M/s. Madura Coats, the CESTAT, based

being adopted for the purposes of GST. said clarification remains valid in respect of classification under the Customs Tariff the said circular in the SCN, thereby restoring the SCN. Therefore, it is evident that the from expressing any view on the legality of the said circular but set aside the quoting of the Madras High Court, in its Order dated 05/01/2009 in WA No. 507/2005, refrained 354/1999 dated 30.09.2003. Upon appeal by the Department, the division Bench of The above circular was quashed by the Hon'ble High Court of Madras in W.P. No.

4. Board is of the view that fusible interlining cloth would be appropriately classified under Chapter Heading 5903 of the Central excise Tariff.

such fabrics under Chapter 5903 may thus be considered as an exception to Chapter Note 2(a)(4) of Chapter 59 according to which fabrics partially coated or partially covered with plastics and bearing designs resulting from those treatments are excluded from the scope of Chapter Heading 5903.

Jay Ambey has held that the FIFC are classifiable under CTH 5903. Though, the rulings are applicable only to the applicant, the same has persuasive value when the facts are similar.

10. To sum up, we hold that the Fusible Interlining Fabrics of Cotton (FIFC) fall under CTH 5903 for the reasons that they are not covered under the exclusions stated at Chapter Note 2(a) of Chapter 59 of the Customs Tariff made applicable to GST .

RULING

The Fusible Interlining Fabrics of Cotton (FIFC) is classifiable under CTH 5903 of the Customs Tariff.


Smt. K.LATHA
Member (SGST)




Shri T.G.VENKATESH
(Member CGST)

To

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