
 सत्यमेव जयते	RAJASTHAN AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX KAR BHAWAN, AMBEDKAR CIRCLE, NEAR RAJASTHAN HIGH COURT JAIPUR - 302005 (RAJASTHAN)	
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ADVANCE RULING NO. RAJ/AAR/2019-20/01



J.P.Meena Additional Commissioner	:	Member (Central Tax)
Hemant Jain Joint Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s Udyog Mandir, Amer, Jaipur Rajasthan 302028
GSTIN of the applicant	:	08AAAAU0674M1Z5
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	a. Classification of any goods or services or both;
Date of Personal Hearing	:	03.04.2019
Present for the applicant	:	Shri Ashok Kumar Sharma (Authorised Representative)
Date of Ruling	:	16.04.2019

Note: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.

The issue raised by M/s Udyog Mandir situated at Amer, Jaipur, Rajasthan 302028 (hereinafter the applicant) is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2) (a) given as under :

- a. Classification of any goods or services or both;

Further, the applicant being a registered person (GSTIN is 08AAAAU0674M1Z5, as per the declaration given by him in Form ARA-01) the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the applicant is admitted to pronounce advance ruling.



1. **SUBMISSION AND INTERPRETATION OF THE APPLICANT:**

The applicant is a manufacturer of Khadi garments who buys Khadi fabrics from the market and get those fabrics stitched and makes own garments. The Khadi fabrics has been made exempt from tax vide Notification No. 28/2017-Central Tax (Rate) vide inserting an entry at Serial No. 130A in Notification No. 02/2017 Central Tax(Rate). The entry is as follows:-

S. No.	heading / Tariff item	Description of goods
130A	50 to 55	Khadi fabric, sold through Khadi and Village Industries Commission(KVIC) and KVIC certified institutions/outlets” ;

2. **QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT**

- Will Khadi readymade garments to be included under the entry of Khadi fabric under chapter 50 to 55 of GST classification?
- If not, then what is the correct classification and rate of tax on Khadi readymade garments?



3. **PERSONAL HEARING**

In the matter personal hearing was granted to the applicant on 03.04.2019 at Room no. 2.29 NCRB, Statue Circle, Jaipur. Shri Ashok Kumar Sharma (Authorised Representative) of applicant appeared for PH. During the PH, he reiterated the submissions already made in the application. He further requested that the case may be decided at the earliest.

4. **COMMENTS OF THE JURISDICTIONAL OFFICER**

The jurisdiction officer (Assistant Commissioner, CGST Division-E, CGST Jaipur Commissionerate, 3rd Floor, GST Bhawan, Sector-10, Vidyadhar nagar, Jaipur 324001) has submitted vide letter dated 26.03.2019 that items/garments other than khadi yarn and Gandhi Topi are not exempted from GST.

5. **FINDINGS, ANALYSIS & CONCLUSION:**

- a. We have examined the submissions made by the applicant and observed that they purchase Khadi fabric from the market, further stitch it to make Khadi garments.
- b. We further observe that Khadi fabric, sold through Khadi and Village Industries Commission (KVIC) and KVIC certified institutions/outlets has been exempted from the purview of GST vide Notification No. 02/2017 Central Tax (Rate) dated 28.06.2017 which was further amended vide Notification No. 28/2017-Central Tax (Rate) dated 22.09.2017. where an entry at Serial No. 130A has been inserted which is reproduced as follows:-



S. No.	heading / Tariff item	Description of goods
130A	50 to 55	Khadi fabric, sold through Khadi and Village Industries Commission(KVIC) and KVIC certified institutions/outlets" ;

- c. In view of above facts, we observe that above entry includes only khadi fabrics and not readymade garments of khadi. The readymade garments of khadi does not fall under the entry 130A of Notification No. 02/2017-Central Tax (Rate) dated 28.06.2017 and hence not exempted.
- d. The entry for readymade garments is mentioned at Serial No. 170 (GST @5%) and Serial No. 223(GST @12%) of Schedule-I and Schedule-II respectively of Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017(as amended from time to time.) The relevant portion of the above said notification is reproduced as below:-

Schedule-I (GST@5%)

S. No.	heading / Tariff item	Description of goods
170	62	Articles of apparel and clothing accessories, not knitted or crocheted, of sale value exceeding Rs. 1000 per piece

Schedule-II (GST@12%)

S. No.	heading / Tariff item	Description of goods
223	62	Articles of apparel and clothing accessories, not knitted or crocheted, of sale value not exceeding Rs. 1000 per piece



6. In view of the foregoing, we rule as follows:-

RULING

- Khadi readymade garments are not covered under the entry of 130A, chapter heading 50 to 55 of Notification No. 02/2017-Central Tax (Rate) dated 28.06.2017.
- Khadi readymade garments will be classifiable under Chapter heading/tariff item 62, as per Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 will attract GST as follows:-
 - a. If the sale value of a readymade khadi garments manufactured by the applicant is less than Rs. 1000/- will attract GST @ 5% (SGST 2.5% + CGST 2.5%);
 - b. If the sale value of a readymade khadi garments manufactured by the applicant is more than Rs. 1000/- will attract GST @ 12% (SGST 6% + CGST 6%).


J.P. MEENA 16/4/19
Member
(Central Tax)




HEMANT JAIN 16/4/19
Member
(State Tax)

SPEED POST

M/s Udyog Mandir,
Amer, Jaipur
Rajasthan 302028

o/c

F.No. AAR/U.Mandir/2018-19/01-04

Dated: 18.04.2019

Copy to:-

1. Commissioner, SGST & Commercial Taxes, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur 302005.
2. Commissioner, CGST and Central Excise Jaipur Commissionerate, NCRB, Statue Circle, Jaipur 302005.
3. Assistant Commissioner, CGST Division-E, CGST Jaipur Commissionerate, 3rd Floor, GST Bhawan, Sector-10, Vidyadhar nagar, Jaipur 324001