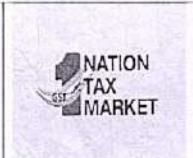


**GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.**



**ADVANCE RULING NO. GUJ/GAAR/R/2025/58
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2024/AR/20)**

Date: 29/ 11/2025

Name and address of the applicant	M/s. Sai Ram Jari Industries Plot No A/235, G.I.D.C. Sachin, Road No 2, Sachin, Surat -394520. Surat.
GSTIN of the applicant	24AANHA6507M1Z4
Jurisdiction Office	Office of the Assistant Commissioner of State Tax, Unit-61, Range- 16, Division- 7, Surat.
Date of application	27.08.2024
Clause(s) of Section 97(2) of CGST/GGST Act, 2017, under which the question(s) raised.	(a)
Date of Personal Hearing	29.07.2025, 23.1.2025
Present for the applicant	Shri Anish Goyal (CA), Shri Amit Kapadia.

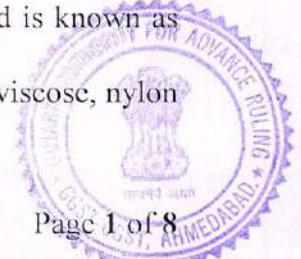
Brief facts:

M/s. Sai Ram Jari, Plot No 235, Road No 2, GIDC, Sachin-394520, Surat, Gujarat[for short – ‘applicant’] is registered under GST and their GSTIN is 24AANHA6507M1Z4.

2. The applicant is engaged in manufacturing and supply of imitation zari thread or yarn made from lacquered coated polyester film/plastic film with aluminium metal.

3. The applicant stated the following details about Zari thread:

- that a zari thread is of two types i.e. *real zari* or an *imitation zari*; that real zari is made from real gold or silver metal whereas an imitation zari is made from common metal like aluminium, copper or any other economical metal;
- that years ago, there was only real zari in existence but due to rise in the prices of gold & silver, real zari became very costly and hence, was substituted with imitation zari;
- that imitation zari can also be made from plastic film/lacquered coated polyester film on which aluminium metal is used to give a shiny look like real zari;
- that lacquered coated polyester film when cut/slitted into small thread is known as "Zari Badla" (metallic yarn) in common trade parlance;
- that when 'Zari Badla' is twisted with any type of yarn like polyester, viscose, nylon it is called "Zari Kasab" in common trade parlance.



- that this 'Zari Badla' & 'Zari Kasab' is widely used as imitation zari in sarees & other dress materials in place of real zari.

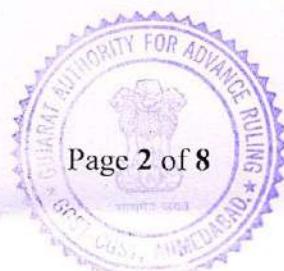
4. The applicant also submitted the below mentioned chart depicting the manufacturing process of imitation zari thread or yarns along with their application for Advance Ruling:



5. That earlier the applicant was classifying the imitation zari or yarn under HSN 5605 & discharging GST @ 12% in terms of Sr. No. 137 of schedule II of notification No. 1/2017-Central Tax (Rate) dated 28.6.2017 during the period from 13.10.2017 to 26.7.2023. Subsequently, serial No. 218AA¹ has been inserted in schedule-I of notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 wherein GST rate on imitation zari thread or yarn known by any name in trade parlance, is reduced from 12% to 5%. Further, Sr. No. 137 of the Schedule-II also stands amended vide notification No. 09/2023 (Central Tax) dt. 26.07.2023 wherein imitation zari thread or yarn known by any name in trade parlance, is excluded from scope of the said serial number.

6. It is the applicant's plea that due to amendment in Sr. No. 137, there has been confusion regarding HSN and GST rate applicable on imitation zari thread or yarn (also known as 'Metallic Yarn', 'Zari Badla' or any other

¹ Inserted vide vide notification No. 09/2023-Central Tax(Rate) dated 26.07.2023



name in trade parlance) made from Plastic Film/ Lacquered Coated Polyester film with aluminium metal.

7. The applicant has also attached copy of Bill of entry no.4563005 dated 18.7.2024 wherein Metallic yarn (Imitation jari thread) for textile use has been classified under HSN 56050020 & leviable to IGST @ 5% in terms of serial No. 218AA of schedule I of notification No. 1/2017-CT(Rate) dated 28.6.2017.

8. In view of the foregoing, the applicant raised the following question seeking a ruling:

What is the HSN and GST Rate applicable on supply of imitation zari thread or yarn (also known as 'Metallic Yarn', 'Zari Badla' or any other name in trade parlance) made from Plastic Film / Lacquered Coated Polyester film with Aluminium Metal?

9. Personal hearing was granted on 23.01.2025 wherein Shri Anish Goyal (CA) and Shri Amit Kapadia appeared on behalf of the applicant and reiterated the facts as stated in the application.

9.1 In pursuance to the change in Member (State), a fresh personal hearing was held on 29.7.2025, wherein Shri Anish Goyal (CA) and Shri Amit Kapadia appeared on behalf of the appellant and reiterated the submissions made in the application.

Discussion and findings

10. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

11. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.



12. Before advertizing to the submissions made by the applicant, we would like to reproduce the extract of the relevant extract of the Customs Tariff Act, 1975, HSN, notification, circular, for ease of reference:

➤ **CUSTOMS TARIFF NOTES OF CHAPTER 5605**

56.05

56.05 - Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 54.04 or 54.05, combined with metal in the form of thread, strip or powder or covered with metal.

This heading covers :

- (1) **Yarn consisting of any textile material (including monofilament, strip and the like and paper yarn) combined with metal thread or strip, whether obtained by a process of twisting, cabling or by gimping, whatever the proportion of the metal present. The gimped yarns are obtained by wrapping metal thread or strip spirally round the textile core which does not twist with the metal. Precious metals or plated metals are frequently used.**
- (2) **Yarn of any textile material (including monofilament, strip and the like, and paper yarn) covered with metal by any other process. This category includes yarn covered with metal by electro-deposition, or by giving it a coating of adhesive (e.g., gelatin) and then sprinkling it with metal powder (e.g., aluminium or bronze).**

The heading also covers products consisting of a core of metal foil (generally of aluminium), or of a core of plastic film coated with metal dust, sandwiched by means of an adhesive between two layers of plastic film.

The heading covers multiple (folded) or cabled yarn containing plies of the yarn referred to above (e.g., fancy cords as used by confectioners, obtained by twisting together two or more metallised yarns as described above). It further includes certain other forms of yarn made in the same way and used for similar purposes, consisting of two or more parallel metallised yarns held together with a binding of metal thread or strip, and yarn or bundles of yarn gimped with yarn of this heading.

Metallised yarn may be gimped. It is used in the manufacture of trimmings and lace and of certain fabrics, as fancy cords, etc.

➤ **Notification No. 01/2017 dated 28.06.2017**

Schedule-II

S.No	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
137	5605	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal; such as Real zari thread (gold) and silver thread, combined with textile thread), Imitation zari thread

➤ **Notification No. 09/2023 dated 26.07.2023**

A. in Schedule I -2.5%:-

(iv) after serial number 218A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)
"218AA.	56050020	Imitation zari thread or yarn known by any name in trade parlance";



B. in Schedule II –6%:-

in Schedule II-6%, against S. No. 137, for the entry in column (3), the entry “Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal, other than- (i) real zari thread (gold) and silver thread combined with textile thread (ii) imitation zari thread or yarn known by any name in trade parlance” shall be substituted;

➤ **Circular No. 205/17/2023-GST dated 31.10.2023**

Subject: Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the GST Council in its 52nd meeting held on 7th October, 2023-reg.

2. Doubts have been raised whether metal coated plastic film converted to metallised yarn and twisted with nylon, cotton, polyester or any other yarn to make imitation zari thread is covered under SI No. 218AA of Schedule I covering imitation zari thread or yarn, and attracting 5% GST, or under SI No. 137 of Schedule III covering other metallised yarn consisting of any textile material (including monofilament, strip and the like and paper yarn) attracting 12% GST. As per 115 explanatory notes, the heading 5605 covers (1) yarn combined with metal thread or strip, whether obtained by a process of twisting, cabling or by gimping, whatever the proportion of the metal present (2) yarn of any textile material (including monofilament, strip and the like and paper yarn) covered with metal by any other process including yarn covered with metal by electro-deposition. The heading also covers products consisting of a core of metal foil (generally of aluminium) or of a core of plastic film coated with metal dust, sandwiched by means of an adhesive between two layers of plastic film.
3. In light of the above, **the GST Council has recommended to clarify that imitation zari thread or yarn made from metallised polyester film/ plastic film falling under HS 5605 are covered by SI No. 218AA of Schedule 1 attracting 5% GST.** The GST Council has also recommended that no refund will be permitted on polyester film (metallised)/plastic film on account of inversion of tax rate. Requisite changes have been made in notification no. 5/2017- Central Tax (Rate) vide Notification no 20/223-Central Tax (Rate) dated

[emphasis supplied]

13. **Zari** in the olden days, was made of pure gold & silver, which were made into thin sheets and then cut into ribbons and worked into fabrics. The rising cost of the gold and silver led to the use of copper, a malleable and ductile metal in the manufacture of zari. However, even copper became costlier & the search for a new alternative led to *metallic zari/plastic zari*, which was light in weight, more durable & of course cheaper than the earlier versions of zari *ie* real zari and imitation zari.



14. In trade, broadly three types of zari exist, *viz real zari, imitation zari and metallic zari viz*

- 1. Real Zari:** It is made of pure gold & silver. Due to the high cost of pure gold and silver, Real Zari is sought after by the very rich and discerning.
- 2. Imitation Zari:** It is made of silver electroplated (thinly) copper wire. Imitation Zari was used as a replacement for silver. However with increasing prices of copper too, even Imitation Zari is produced in a rather limited way.
- 3. Metallic Zari:** It is made of slitted polyester metallized film. Metallic Zari is the work which is in vogue as it weighs quite lightly compared to pure gold and silver or for that matter copper. It is also affordable and more durable compared to Real Zari and Imitation Zari.

[source <https://www.utsavpedia.com/motifs-embroideries/zari-the-ultimate-precious-metal-weaving-art/>]

15. The Customs Tariff with respect to HSN 5605, is reproduced below for ease of reference *viz*

5605	METALLISED YARN, WHETHER OR NOT GIMPED, BEING TEXTILE YARN, OR STRIP OR THE LIKE OF HEADING 5404 OR 5405, COMBINED WITH METAL IN THE FORM OF THREAD, STRIP OR POWDER OR COVERED WITH METAL	
5605 00	- <i>Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal :</i>	
5605 00 10	--- Real zari thread (gold) and silver thread combined with textile thread	kg.
5605 00 20	--- Imitation zari thread	kg.
5605 00 90	--- Other	kg.

16. We would also like to reproduce the Minutes of the 15th GST Council Meeting and 52nd GST Council Meeting [relevant extracts]:

15th GST Council Meeting [relevant extracts]

9.8.12. The Joint Secretary (TRU-I), CBEC, stated that embroidery or *zari* articles falling under Chapter 58 was already agreed to be taxed at the rate of 5% in the last Council Meeting held in Srinagar (18-19 May, 2017). The Hon'ble Minister from West Bengal stated that *zari* should be in the exempt category and recalled that the Hon'ble Minister from Uttar Pradesh and the Hon'ble Deputy Chief Minister of Gujarat had made a similar suggestion during the last Council Meeting. The Hon'ble Minister from Odisha supported this proposal and stated that tax on handicrafts would affect the livelihood of artisans. The Joint Secretary (TRU-I), CBEC, stated that *zari* was also now made of metallised yarn in factories. The Hon'ble Minister from West Bengal stated that poor women worked on *zari* and the Secretary responded that small workers would get covered under the exemption/compounding scheme. The Hon'ble Minister from West Bengal stated that there was no Central Excise duty on small scale industry and as Central Excise exemption was being withdrawn, this would adversely affect the small industry. After discussion, the Council agreed to tax embroidery or *zari* articles, that is to say, *ini, zari, kasab, saima, dabka, chunki,gota sitara, nayasi, kora, glass beads, badla, glzal* at the rate of 5%.

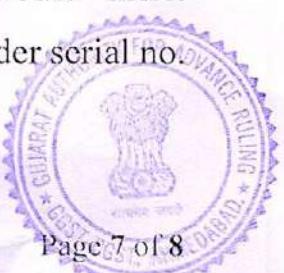
52nd GST Council Meeting [relevant extracts]

5.17 Joint Secretary, TRU then presented the next agenda item pertaining to clarification on imitation *zari* thread or yarn made out of polyester film (metallised) or plastic film. She stated that the GST Council in its 50th meeting had recommended reduction of GST rate to 5% on all imitation *zari* thread or yarn known by any name in trade parlance. She stated that doubts had been raised as to whether imitation *zari* thread also covers metal coated plastic film converted to metallised yarn and twisted with nylon, cotton, polyester or any other yarn to make imitation *zari* thread. She stated that as per the HS Explanatory Notes, the same would be covered under heading 5605 with 5% GST. The Fitment Committee has therefore, recommended issuing a clarification to that effect and in view of the reservations expressed by the state of Gujarat, also recommended to clarify that no refund will be permitted on polyester film (metallised)/ plastic film on account of inversion.

Decision: The Council approved the issue of clarification as recommended by the Fitment Committee that imitation *zari* thread or yarn made from metallised polyester film/plastic film are covered under heading 5605 and levied to 5% GST and recommended that no refund will be permitted on polyester film (metallised)/ plastic film on account of inversion in duty structure.

17. We find that the confusion had arisen, as prior to 26.07.2023, “*Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal; such as Real zari thread (gold) and silver thread, combined with textile thread), Imitation zari thread*” attracted 12 % GST [Entry No. 137 in Notification No. 1/2017-CT (Rate) dated 28.6.2017]. But after 26.07.2023, “*Real zari thread (gold) and silver thread combined with textile thread*” and “*Imitation zari thread or yarn known by any name in trade parlance*” was excluded from Entry No. 137 in Notification No. 1/2017-CT (Rate) dated 28.6.2017. A new entry 218 AA attracting 5% GST was inserted namely “*Imitation zari thread or yarn known by any name in trade parlance*”

18. A conjoint reading of HSN 5605, read with notification Nos. 1/2017-CT (Rate) dated 28.6.2017 and 9/2023-CT (Rate) dated 26.7.2023 and circular dated 31.10.2023, minutes of the 15th GST Council meeting dated 03.06.2017, minutes of the 52nd GST Council meeting dated 31.10.2023 & clarification issued vide circular dated 31.10.2023 [all reproduced *supra*], lead us to a conclusion that metallic *zari* thread or yarn made from metallized polyester film/plastic film known by any name in trade parlance, would merit classification under HSN 56050020 & would hence be covered under serial no. 218AA and be leviable to GST @ 5%.

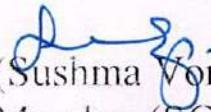


19. We also find that Notification 1/2017 has been superseded by Notification No. 9/2025- CT (R) dated 17.09.2025 w.e.f. 22.09.2025. In Notification No. 9/2025-CT(R) , “*Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal, including real zari thread (gold) and silver thread combined with textile thread, imitation zari thread or yarn known by any name in trade parlance*” falls under Sl. No. 353 of Schedule-I to the notification and attracts GST @ 5%. Thus, after 22.09.2025 also, the imitation zari thread or yarn made from metallized polyester film/plastic film known by any name in trade parlance and supplied by the applicant would attract GST @ 5%.

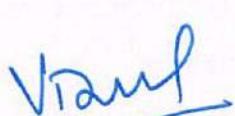
20. In view of the foregoing, we rule as under:

RULING

Supply of imitation zari thread or yarn (also known as 'Metallic Yarn', 'Zari Badla' or any other name in trade parlance) made from Plastic Film / Lacquered Coated Polyester film with Aluminium Metal falls under 56050020 and is leviable to GST @ 5% GST in terms of serial No. 218AA of schedule I of notification No. 1/2017-CT(Rate) dated 28.6.2017 from 27.7.2023 to 21.09.2025 and in terms of serial no. 353 of the Schedule-I of Notification No. 9/2025- CT (R) dated 17.09.2025 with effect from 22.09.2025.


(Sushma Vora)
Member (SGST)

Place: Ahmedabad
Date: 29. 11.2025


(Vishal Malani)
Member (CGST)

