



RAJASTHAN AUTHORITY FOR ADVANCE
RULING GOODS AND SERVICES TAX, KAR
BHAWAN, AMBEDKAR CIRCLE, NEAR
RAJASTHAN HIGH COURT JAIPUR - 302005
(RAJASTHAN)



ADVANCE RULING NO. RAJ/AAR/2025-26/22

Utkarsha Joint Commissioner	:	Member (Central Tax)
Dr. Akhedan Charan Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s PRADEEP VERMA, J-61, AGRO BLOCK, SGC KARNI INDUSTRIAL AREA, Bikaner-334004, Rajasthan
GSTIN of the applicant	:	08AFRPV9710Q2Z6
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(b) Applicability of a notification issued under the provisions of this Act
Date of Personal Hearing	:	04.11.2025
Present for the applicant	:	Mr. Kavindra Khanna (Company Representative)
Date of Ruling	:	27.02.2026

Note 1: 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.

Note 2: At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST 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 provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".

The issue raised by M/s PRADEEP VERMA, J-61, AGRO BLOCK, SGC KARNI INDUSTRIAL AREA, Bikaner-334004, Rajasthan (hereinafter "*the applicant*") is fit to pronounce advance ruling as they have deposited

prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2) given as under:

(b) Applicability of a notification issued under the provisions of this Act

A. SUBMISSION OF THE APPLICANT(in brief):-

Brief facts of the case:

1. The applicant Yani Green Industries (M/s PRADEEP VERMA), is a registered GST taxpayer in the State of Rajasthan and is engaged in the manufacture and supply of biodegradable and compostable carry bags at its manufacturing facility located in Rajasthan.
2. The products manufactured by the applicant are bio compostable carry bags made from certified compostable polymer materials, including PBAT (Polybutylene Adipate Terephthalate), along with PLA and/or starch-based compostable blends, and approved bio-additives and pigments, as applicable.
3. The PBAT used in the manufacture of the said products is compostable-grade PBAT, which is permitted under compostable plastic standards and is not conventional plastic. The products do not contain polyethylene (PE), polypropylene (PP), PVC, or oxo-degradable additives.
4. The products are manufactured strictly in compliance with IS/ISO 17088 - Specifications for Compostable Plastics and are duly certified by the Central Pollution Control Board (CPCB) under the Plastic Waste Management Rules, 2016 as amended. The compostability and biodegradability of the finished products are further supported by testing reports issued by CIPET, confirming conformity with the prescribed compostability standards.
5. The manufacturing process involves procurement of certified compostable polymer raw materials, material blending, film extrusion, bag conversion (cutting and sealing), quality inspection, packing, and dispatch. The finished goods are intended to be used as eco-friendly alternatives to conventional plastic carry bags and are capable of decomposing under composting conditions without leaving toxic or microplastic residue.

6. For the purpose of GST classification, the applicant classifies the said goods under HSN 39232990 under Chapter 39, being articles for the conveyance or packing of goods.

7. With effect from 22 September 2025, the Government has issued Notification No. 9/2025 - Central Tax (Rate) dated 17-09-2025, whereby Entry 319 has been inserted in Schedule I, covering "Paper sacks/bags and bio-degradable bags" under Chapters 39 and 48, attracting GST at the rate of 5%.

8. The applicant's products qualify as "biodegradable bags" within the meaning of the said notification, in view of their material composition including compostable-grade PBAT, valid CPCB certification, CIPET test reports, and intended compostable end-use.

9. In view of the above facts, the applicant seeks an advance ruling on the classification and applicable GST rate on the supply of biodegradable and compostable carry bags manufactured by it.

B. INTERPRETATION AND UNDERSTANDING OF APPLICANT ON QUESTION RAISED (IN BRIEF)

1. The applicant submits that the biodegradable and compostable carry bags manufactured and supplied by it are made from certified compostable polymer materials, including PBAT (Polybutylene Adipate Terephthalate), along with PLA and/or starch-based compostable blends, which conform to IS/ISO 17088 - Specifications for Compostable Plastics.

2. The applicant holds a valid Compostable Plastic Certificate issued by the Central Pollution Control Board (CPCB) and the compostability and biodegradability of the products are further supported by testing reports issued by CIPET. The products are neither oxo-degradable nor made from prohibited or conventional plastic materials.

3. For the purpose of classification under the Harmonised System of Nomenclature, the said goods are classifiable under Chapter 39, more specifically under HSN 39232990, being articles for the conveyance or packing of goods.

4. The applicant submits that classification under a particular HSN

does not by itself determine the applicable rate of tax. The applicable rate of GST is governed by the rate notifications issued under Section 9 of the CGST Act, 2017, read with the corresponding State GST Act.

5. With effect from 22 September 2025, the Government has issued Notification No. 9/2025 - Central Tax (Rate) dated 17-09-2025, whereby Entry 319 has been inserted in Schedule I, covering "Paper sacks/bags and bio-degradable bags" under Chapters 39 and 48, taxable at the concessional rate of 5% GST.

6. The applicant submits that its products squarely fall within the scope of "bio-compostable bags" as specified in the said notification, since the bags are manufactured from certified compostable-grade PBAT and other compostable polymers, are supported by CPCB certification and CIPET test reports, and are intended to decompose under composting conditions without leaving toxic residue.

7. It is a well-settled principle of indirect tax law that a specific entry prevails over a general entry. Accordingly, even though the goods fall under Chapter 39, the specific concessional entry for biodegradable bags introduced vide Notification No. 9/2025 overrides the general rate applicable to plastic articles under the same chapter.

8. The legislative intent behind introducing the said concessional entry is to promote environmentally sustainable and compostable alternatives to conventional plastic products. The applicant's products directly fulfil this objective and therefore merit the benefit of the concessional rate.

9. In view of the above interpretation of law and facts, the applicant submits that the bio compostable carry bags manufactured and supplied by it, though classifiable under HSN 39232990, are liable to GST at the rate of 5% under Entry 319 of Schedule I of Notification No. 9/2025 - Central Tax (Rate).

C. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT:

Q1. Whether bio compostable carry bags manufactured from compostable polymer materials and certified under IS/ISO 17088 are classifiable under Chapter 39, heading 3923, sub-heading 39232990.

Q2. Whether the supply of such biodegradable/compostable carry bags is covered of Schedule I of Notification No. 9/2025 - Central Tax (Rate) dated 17-09-2025, attracting GST @ 5% (2.5% CGST + 2.5% SGST) with effect from 22-09-2025.

D. COMMENTS OF THE JURISDICTIONAL OFFICER: -

Comments received from the Office of Assistant Commissioner, Central Tax, DIVISION-BIKANER CITY OPPOSITE CHETAN MAHDEV MANDIR, JAIPUR ROAD, BIKANER-334003, vide letter F.No.:-V(TECH)06/TECH.MATTERS/BKN-CITY/2025/2253, dated 16.01.2026 are as under:

The applicant has sought advance ruling for classification of goods i.e. Biodegradable & Compostable carry bags.

In ARA-01 application, the applicant has submitted that they are manufacturing bio-degradable and compostable carry bags made from compostable polymer materials including PBAT (Polybutylene Adipate Terephthalate) and starch based compostable blends. As per undertaking of the applicant, their product is made from degradable materials and covered under bio-degradable items. In terms of Notf. No. 09/2025-CT(R) dated 22.09.2025, supply of bio-degradable bags is classifiable @5% (2.5% for each CGST & SGST or 5% IGST) covered under entry no. 319 of Schedule-I of the said notification.

E. PERSONAL HEARING:

In the matter, personal hearing was granted to the applicant on 29.01.2026. Mr. Kavindra Khanna (Company Representative) Authorized Representative appeared for personal hearing. He reiterated the submission already made by them.

F. DISCUSSIONS AND FINDINGS

1. We have carefully examined the statement of facts, the application filed by the applicant, the submissions made during the hearing, and the comments from the jurisdictional Tax Authority. We also considered the issues involved for which the advance ruling is sought, along with other relevant facts.
2. The applicant M/s PRADEEP VERMA, located at J-61, AGRO BLOCK, SGC KARNI INDUSTRIAL AREA, Bikaner-334004, Rajasthan, is a firm/company and is registered with the GST department having GSTIN 08AFRPV9710Q2Z6. The applicant is engaged in the manufacture and supply of biodegradable and compostable carry bags made from certified compostable polymer materials.
3. The issue raised by the applicant is fit to pronounce advance ruling as they have deposited prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2) given as under: (b) Applicability of a notification issued under the provisions of this Act.
4. We find that the applicant has submitted a certificate issued by a notified agency indicating that the product is “compostable” and conforms to IS/ISO 17088 standards. However, the mere submission of such a certificate does not authorize this Authority to make any scientific, technical or environmental determination regarding the actual biodegradability or compostability of the product.
5. This Authority is constituted to decide matters falling within the scope of Section 97(2) of the CGST Act, namely classification of goods, applicability of notifications, admissibility of input tax credit, liability to pay tax, requirement for registration, and whether an activity amounts to supply. We do not possess the jurisdiction to determine whether a product meets environmental, technical or scientific standards of biodegradability or compostability.
6. The determination of biodegradability or compostability is a scientific and technical matter falling within the jurisdiction of the environmental authorities and not within the scope of this Authority under Section 97(2) of the CGST Act.
7. We find that the bags in question are made from polymer materials (including PBAT and PLA) and are classifiable under **Chapter 39 – Plastics and articles thereof**, specifically under **heading 3923**, being articles for the conveyance or packing of goods. This classification is independent of whether the material is biodegradable or not.
8. We further observe that Entry No. 319 of Schedule I to Notification No. 9/2025–Central Tax (Rate) dated 17.09.2025 provides a concessional GST rate of 5% for “Paper Sacks/Bags and bio-degradable bags” under Chapters 39 and 48. The concessional rate is therefore conditional in

nature and applies only if the goods supplied are biodegradable as understood in the context of the said entry.

9. Accordingly, while we cannot determine whether the applicant's product is biodegradable or compostable, we hold that if the bags supplied by the applicant are biodegradable, then the benefit of Entry No. 319 of Schedule I would be available and GST would be payable at the rate of 5% (2.5% CGST + 2.5% SGST). If the product is not biodegradable, then the concessional rate would not apply, and the applicable rate under the general classification for plastic bags under Chapter 39 would apply.

G. In view of the foregoing facts, circumstances and provisions of the GST law, we pass the following ruling:

RULING

Q1. Whether bio compostable carry bags manufactured from compostable polymer materials and certified under IS/ISO 17088 are classifiable under Chapter 39, heading 3923, sub-heading 39232990.

Ans- As per para 7 mentioned above.

Q2. Whether the supply of such biodegradable/compostable carry bags is covered of Schedule I of Notification No. 9/2025 - Central Tax (Rate) dated 17-09-2025, attracting GST @ 5% (2.5% CGST + 2.5% SGST) with effect from 22-09-2025.

Ans- As per Para 9 mentioned above.



(Utkarsha)
MEMBER
CENTRAL TAX



(Dr. Akhedan Charan)
MEMBER
STATE TAX

F. No. AAR/SF/2025-26/ 250 - 255

Date: 27/02/2026

SPEED POST

M/s PRADEEP VERMA, J-61, AGRO BLOCK,
SGC KARNI INDUSTRIAL AREA,
Bikaner-334004, Rajasthan



Copy to: -

1. The Chief Commissioner, CGST and Central Excise (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan-302005.
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. The Commissioner, CGST and Central Excise (Jodhpur Zone), JODHPUR, Rajasthan.
4. The Assistant Commissioner, CGST Division- Bikaner City, OPPOSITE CHETAN MAHDEV MANDIR, JAIPUR ROAD, BIKANER-334003,
5. The Deputy/Assistant Commissioner, Circle-A, Zone- BIKANER