

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:3972
ANSWERED ON:14.12.2000
RATIONALISATION OF TAXES
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Will the Minister of TEXTILES be pleased to state:

- (a) whether the Union Government have recommended rationalisation of taxes in textile industry;
- (b) if so, the details of taxes levied at various levels alongwith the rate of taxes levied; and
- (c) the extent to which these taxes are proposed to be benefited to the textile industry as compared to the taxes being levied at international level?

Answer

MINISTER OF STATE FOR TEXTILES(SHRI V.DHANANJAYA KUMAR)

(a) to (c) The Government has initiated the process of rationalization of the tax structure of textile items in terms of gradually moving towards a (uniform) mean rate of duty.

The New Textile Policy has also enunciated vide para No. 34 that 'A growth oriented fiscal road map will be drawn up, which has the advantage of predictability. The parameters within which the multi-level duty structure and rates of levies will be reviewed and rationalized, will include the thrust on exports, the fiscal regime of major competing countries, WTO consistency and the need to keep prices at level affordable to the largely poor consumers, who will continue to form the bulk of the market.'

The details of taxes levied at various levels alongwith the rate of taxes levied is at Annexure -I
The objective of tax rationalization as enunciated in NTP is to rationalize the taxstructure within the parameter, which inter alia include fiscal regime of the major competing countries.

Annexure - I

| ITEMS | EXCISE DUTY | | | CUSTOMS DUTY | | | | | |
|-------|-------------|-----------|-----|--------------|-----|-----|-----|-----|-------|
| | 2000-2001 | 2000-2001 | | TOTAL | BCD | SC | CVD | SAD | TOTAL |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | |

A Cotton Sector:

1. Raw Cotton NIL 5.00 0.50 - - 5.50

2. Cotton Yarn(Cone), Cotton 8.00 1.20 9.20 20.00 - 11.04 5.24 36.28
Sewing Thread

B Man-made Sector:

1. Acrylic Staple Fibre/tow 16.00 2.40 18.40 20.00 22.08 5.68 47.76

2. Polyester Staple Fibre/tow 16.00 2.40 18.40 20.00 22.08 5.68 47.76

3. Viscose Staple Fibre/tow 16.00 2.40 18.40 20.00 22.08 5.68 47.76

4. PFY/POY 32.00 4.80 36.80 20.00 44.16 6.57 70.73

5. Texturised yarn 2.50 0.375 2.875 20.00 44.16 6.57 70.73

6. Viscose Filament yarn 16.00 2.40 18.40 20.00 22.08 5.68 47.76

c Blended Spun Yarn

1. Blended Yarn of all types 16.00 2.40 18.40 20.00 22.08 5.68 47.76

2. 100% Non-cotton spun yarn 16.00 2.40 18.40 20.00 22.08 5.68 47.76

D Fabrics (Processed)

Fabrics (Processed)

1. (Composite, Semi_composite
multilocational) 8 8 16

Ranges between 30% to 35% advalorem and specific rate ranges from Rs. 9/sq. mtr. to Rs. 200/sq.mtr.

2. Stenter/chamber based duty structure

a) Fabrics of value upto Rs. 30/sq.mtr. Rs. 2 lakh/chamber/month

b) Fabrics of value above Rs. 30/sq.mtr Rs. 2.5 lakh/chamber/month

3. Wollen fabrics 16 5 21

4. Readymade garments NIL 35.00 5.40 40.40

5. Made-ups 16 16 35.00 21.60 6.26 62.86
E Wollen Sector

1. Apparel Grade Raw Wool NIL 15.00 1.50 0.00 4.66 21.16

2. Carpet grade wool NIL 5.00 0.50 0.00 4.22 9.72

3. Woolen & synthetic rags. NIL 25.00 2.50 0.00 5.10 32.60

4. Flax Fibre NIL 25.00 2.50 0.00 5.10 32.60

AT& T : Additional duty on Textile & Textile Articles BCD : Basic Customs Duty

SC : Surcharge CVD : COUNTER Vialing Duty

RMG will attract customs duty on advalorem basis or Specific duty in the range of Rs. 25/- piece to Rs. 1110/- piece on whichever is higher basis.