

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:145
ANSWERED ON:01.08.2011
STRIKE BY TEXTILE MANUFACTURERS
Ahir Shri Hansraj Gangaram;Guddu Shri Premchandra

Will the Minister of TEXTILES be pleased to state:

- (a) whether the spinning/textile garment manufacturers went on strike recently due to imposition of ten percent excise duty;
- (b) if so, the details thereof alongwith any proposal to withdraw such excise duty from the readymade garments manufacturers;
- (c) whether the Government has taken any steps for tackling the difficulties being faced by the said manufacturers; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES(SMT. PANABAACA LAKSHMI)

(a) to (d): Government has not received any information/representation recently, from any textiles industry/association/trade body/export promotion council about strike by textile manufacturers. Government has since notified that the branded readymade garments and made-up articles of textiles, the tariff value notified under section 3 of the Central Excise Act for these items i.e. goods falling under Chapters 61, 62 and 63 (heading Nos. 63.01 to 63.08) has been reduced from 60% to 45% of the Retail Sale Price. The excise duty is to be paid on a reduced value that is 45% of the Retail Sale Price of the garment. The effective rate of duty is therefore, only 4.5% of the Retail Sale Price. It is further clarified that:

- (i) Manufacturers having a turnover of Rs. 4 crore in the previous year, are eligible for SSI exemption from Central excise Duty for clearances upto Rs. 1.5 crore. Now Ready Made garments manufacturers with Retail Sale Price turnover of upto Rs. 8.9 crore in the previous year, will have SSI exemption upto Rs. 3.5 crore on retail Sale Price clearance;
- (ii) To make compliance easier, Central Excise Department will accept a self declaration by the ready Made garments manufacturer or a certificate from a Chartered Accountant of total value of clearances;
- (iii) Since readymade garments manufacturers with annual turnover exceeding Rs. 10 lakh pay VAT and keep records for this purpose, the maintenance of similar records for Central Excise duty payment will not add to their compliance burden;
- (iv) As an additional facilitation measure, full exemption from Central excise duty has been provided to duty paid goods returned to the manufacturer upto 10% of the total clearance value in the preceding financially year.
- (v) No physical verification of returned stock by Central Excise officers will be required;
- (vi) Simplified export procedure is available to units that pre-dominantly export their goods.