GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
****

LOK SABHA

UNSTARRED QUESTION NO.3469

TO BE ANSWERED ON FRIDAY THE 16TH MARCH, 2018
PHALGUNA 25, 1939 (SAKA)

IMPACT OF GST ON HANDLOOM INDUSTRY

3469. SHRIMATI VASANTHI M.:

Will the Minister of FINANCE be pleased to state:

(a) whether the imposition of Goods and Services Tax (GST) on Handloom Textiles has become a death blow to the traditional Handloom Industry in the country and if so, the details thereof;
(b) whether the Government has received any representation requesting for waive off the GST on Handloom textiles and to save the handloom textile industry in the country; and
(c) whether the Government has taken any decision on this matter and if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a) and (b):- Handloom fabrics already attract lowest GST rates of 5% or nil rate, which were recommended by the GST Council keeping in view the sensitivity of the handloom sector. However, some representations have been received in the Ministry of Finance for exempting handloom textiles.

(c):-The GST rate structure for the textile sector was discussed in detail in the GST Council meeting held on 3rd June, 2017, wherein the Council recommended the detailed rate structure for the textile sector. Accordingly, the GST rates for the handloom sector have been notified as under:

- Khadi yarn under chapter 52 attracts nil GST.
- Amber charkha and weaving machinery [Handlooms] under heading 8445 or 8446 respectivelyattract nil GST.
- 5% GST rate, with no refund of unutilized input tax credit, on all types of fabrics including handloom fabrics[falling under chapters 50 to 55].The Council, in its meeting on 9th September, 2017, recommended Nil GST rate on Khadi fabric under chapters 50 to 55, sold through Khadi and Village Industries Commission (KVIC) and KVIC certified institutions/outlets.

Nil GST on any manufactured goods [including handloom fabrics and products] puts domestically manufactured goods at a disadvantage vis-à-vis imported goods, as it:-

(a) Breaks the input tax credit chain, and

(b) Results in zero rating of imported goods, while domestic goods continue to bear the burden of input taxes.

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