Press Information Bureau
Government of India
Ministry of Finance

18-July-2017 15:32 IST

FM: Organized traders and unorganized sellers in Textile Sector have not been affected by the Goods and Services Tax (GST)

In a written reply to a Starred Question in Rajya Sabha today, the Union Minister for Finance, Defence and Corporate Affairs, Shri Arun Jaitley said that the organized traders and unorganized sellers in Textile Sector have not been affected by the Goods and Services Tax (GST).

Shri Jaitley said that 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 textile sector have been notified as under:

S. No.	Type of fibre/filament	GST rate			
		Fibre	Yarn	Fabrics*	Garments and made ups**
1.	Silk	Nil	5%	5%	5% / 12%
2.	Wool	Nil	5%	5%	5% / 12%
3.	Cotton	Nil	5%	5%	5% / 12%
4.	Other vegetable fibres	Nil / 5%	5%	5%	5% / 12%
5.	Manmade fibres / filaments	18%	18%	5%	5% / 12%

* - 5% GST rate with no refund of unutilized input tax credit.
** - (i) 5% GST rate for garments / made ups of sale value not exceeding Rs.1000 per piece.
(ii) 12% GST rate for garments / made ups of sale value exceeding Rs.1000 per piece.

Thus, the GST rate structure for the Textiles Sector enables ease of classification and determination of rate.

The main demand of the textile traders is not to put any tax on fabrics. However, the same cannot be accepted because of the following reasons:

- Nil GST on fabrics will break the input tax credit chain and then the garments / made ups manufacturers will not be able to get the credit of tax on previous stages
- Nil GST on fabrics will result in zero rating of imported fabrics, while domestic fabrics will continue to bear the burden of input taxes.
- Generally, the GST rates are equal or lower than the pre-GST tax incidence. And therefore, the price of fabrics is not likely to go up.

It is not correct to say that textiles sector was never taxed in independent India. In fact, during 2003-04, the entire textiles sector was subjected to central excise duty. Necessary steps have been taken to facilitate taxpayers to take GST registration. GST Sewa Kendras have been set-up in various centres to handhold the taxpayers and to provide all necessary guidance regarding GST compliance.

This was stated by Shri Arun Jaitley, Union Minister for Finance, Defence and Corporate Affairs in a written reply to a Starred Question in Rajya Sabha today.

*****

DSM/SBS/KA