

Impact of GST on textile industry

*195. SHRI GOVINDRAO ADIK : Will the Minister of FINANCE be pleased to state :

(a) whether a section of textile industry has protested the imminent introduction of the Goods and Service Tax (GST) on textile industry;

(b) what will be the tax burden on the industry under GST vis-a-vis the present situation; and

(c) whether the extension of GST to textile sector is likely to lead to fragmentation of the textile industry?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : (a) to (c) A representation has been received from a section of textile industry requesting for exempting the textile sector from Goods and Services Tax (GST). Under the dual GST model proposed by the Empowered Committee of State Finance Ministers (EC) and agreed upon by the Union Government, GST will have two components, namely Central GST to be levied and collected by the Centre and State GST to be levied and collected by the States. The key GST parameters like registration threshold, exemption list, rate of tax on various goods and services will be decided by the Goods and Service Tax Council proposed to be created under the chairmanship of the Union Finance Minister. A draft of the bill related to the Constitutional amendments required for introduction of GST which inter alia contains a provision for setting up of the GST Council has been prepared and sent to the EC for obtaining the views of the States. EC is yet to revert back with any clear view in this regard. It is, therefore, not possible at this stage to indicate how the textile sector would be treated under the GST regime. Hence, the impact of introduction of GST on the textile sector can be assessed at this stage.

Revision of MGNREGS wages

*196. SHRI T.K. RANGARAJAN : Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether there are demands from States for the revision of wages under the Mahatama Gandhi National Rural Employment Guarantee Scheme (MGNREGS);

(b) if so, whether Government is considering to increase the wages in view of the increased Consumer Price Index (CPI);

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF RURAL DEVELOPMENT (SHRI C.P. JOSHI) : (a) Yes, Sir. Ministry of Rural Development has received proposals from some States for revision of wage rate under Mahatama Gandhi NREGA.

(b) to (d) An Expert Committee has been set up to suggest appropriate indexing of wage rate under Mahatama Gandhi NREGA. The Committee has not yet submitted its report.

Implementation of BASEL II and III Recommendations

*197. SHRIMATI T. RATNA BAI : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is implementing Basel II and Basel III recommendations; and

(b) if so, the details thereof and its implementation status?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : (a) and (b) The Reserve Bank of India (RBI) has issued guidelines to Scheduled Commercial Banks on Basel II capital requirements and these banks have already implemented the basic approaches under Basel II. The Reserve Bank has also listed a road map for implementation of Advanced Approaches under Basel II. Basel II guidelines provide for Total Capital Adequacy Ratio (CAR) of 8%, of which a minimum of 50% must be Tier I capital, RBI has mandated a minimum CAR of 9%, with minimum Tier I capital of 6%. Government of India, in order to keep the Public Sectors Banks (PSBs) well capitalized, has decided to maintain a minimum CAR of 12% of PSBs, of which at least 8% should be Tier I capital.

Basel III envisages improving the quality, consistency, risk coverage and transparency of capital and these are supplemented by non risk based leverage ratio improvement and global liquidity standards. Reserve Bank will consider implementing Basel III recommendations after they are finalized by the Basel Committee on Banking Supervision.

Children living with acute malnutrition

*198. SHRI D. RAJA : Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state: