

Impact of GST on apparel sector

2174. SHRI DEREK O'BRIEN: Will the Minister of TEXTILES be pleased to state:

(a) whether the introduction of GST has adversely affected the apparel sector and if so, the details thereof;

(b) the reasons for decline in India's textile and apparel sector from \$ 38.60 billion in 2014 to \$ 37.12 billion in 2018 and increase in imports during the same period; and

(c) the details of the steps taken by Government to arrest this trend?

THE MINISTER OF TEXTILES (SHRIMATI SMRITI ZUBIN IRANI): (a) GST rates for garments and made up articles is 5% of sale value not exceeding ₹ 1000 per piece and 12% for articles of sale value exceeding ₹ 1000 per piece. The GST rates are lesser than the pre-GST incidence of taxes on these goods. To reduce the cost of garment industry, GST rate on manmade fibre yarns has been reduced from 18% to 12%. Further, the refund of accumulated input tax credit on fabrics has also been allowed to reduce cost of fabrics which is a major input for garments.

(b) As per the data of Directorate General of Commercial Intelligence and Statistics, export of textile and apparel including handicrafts has increased by 0.2% from US\$ 40.1 bn in 2014-15 to US\$ 40.4 bn in 2018-19. Increase in imports is primarily due to increase in imports of MMF and cotton textiles.

(c) To increase competitiveness of textile industry, Government announced a Special Package for garments and made-ups sectors. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme (ATUFS) and relaxation of Section 80JJAA of Income Tax Act. The RoSL scheme has been replaced by the new RoSCTL (Rebate of State and Central Taxes and Levies) scheme *w.e.f.* 7th March 2019 and shall remain in force up to 31.03.2020. The rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for garment and made-ups, 5% to 7% for handloom and handicrafts *w.e.f.* 1st November 2017. Products such as fibre, yarn and fabric in the textile value chain are being strengthened and made competitive through various schemes, *inter alia*, Powertex for fabric segment, ATUFS for all segments except spinning, Scheme for Integrated Textile Parks (SITP) for all segments, etc. Assistance is also provided to exporters under Market Access Initiative (MAI) Scheme. Government has enhanced interest equalization rate for pre and post shipment credit for exports

done by MSMEs of textile sector from 3% to 5% *w.e.f.* 02.11.2018. Benefits of Interest Equalization Scheme has been extended to merchant exporters from 02.01.2019 which was earlier limited to only manufacturer exporters.

To contain increase in imports of textile and apparel, Government increased Basic Customs Duty on 504 lines comprising apparel, carpets, fabric, madeups and others from 1.0% to 20%.

Problems of cotton producers

2175. SHRI DHARMAPURI SRINIVAS: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the cotton producers are suffering from exorbitant cotton rates and if so, the details thereof;

(b) whether the Association of Cotton Producers have submitted a representation to the Ministry to take appropriate action to curtail the rising prices of raw cotton and if so, the details thereof;

(c) Government's response to such request; and

(d) the steps being taken by Government to rescue the cotton spinning millers in the country?

THE MINISTER OF TEXTILES (SHRIMATI SMRITI ZUBIN IRANI): (a) to (c) There is no report of cotton producers suffering from exorbitant cotton rates. The Association of Cotton Producers have also not submitted any representation to the Ministry for curtailment of rising prices of Raw Cotton.

(d) To encourage the cotton spinning millers in the country, the Government has been implementing various policy initiatives and schemes *viz.*, announcement of key reforms under a Special Package that includes additional incentives under the Amended Technology Upgradation Fund Scheme (ATUFS), relaxation of Section 80JJAA of Income Tax Act and introduction of fixed term employment for the apparel sector. Government is providing rebate of State and Central taxes/ levies embedded in manufacturing, assistance to exporters under Market Access Initiative (MAI) Scheme. Under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY), Government is providing entire 12% of Employer's contribution towards Employees' Provident Fund (EPF) and Employees Pension Scheme (EPS). The rates under Merchandise Exports from India