

under the scheme is 50% of the sanctioned amount of the credit facility for credit up to ₹100 lakh per MSE borrower.

The Credit Guarantee Scheme is implemented across the country including the State of Telangana. Under this Scheme, 1386 proposals for guarantee cover of ₹ 80.56 Crores were approved in F.Y. 2018-19.

Sinha Committee recommendations for MSMEs

†2471. SHRI AMAR SHANKAR SABLE: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether a Committee of RBI led by Shri U.K. Sinha has made some recommendation for Micro, Small and Medium Enterprises sector, if so, by when these recommendations would be implemented;

(b) whether Government has any plans to create a ₹5000 crore reserved corpus to assist MSME in cluster, if so, by when it would be started; and

(c) whether MSME employees are covered by insurance, if so, the details thereof and if not, by when such cover would be provided?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI NITIN JAIRAM GADKARI): (a) Yes, Sir. The Committee led by Shri U.K. Sinha has submitted its report to the RBI.

(b) No such plan is under consideration of the Ministry of MSME, Government of India.

(c) MSME employees can also be covered by insurance under various insurance products available in the country based on their coverage criteria.

Relief to textile MSMEs

2472. PROF. M.V. RAJEEV GOWDA: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the steps taken by Government to bring relief to textile MSMEs which are in crisis due to the implementation of GST, alterations in income tax policy and rise in cost of production; and

†Original notice of the question was received in Hindi.

- (b) the details thereof, including impact of such steps?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI NITIN JAIRAM GADKARI): (a) and (b) The stated policy of the Government is to reduce tax burden and increase ease of tax compliance of MSME's including Textiles MSMEs. For furtherance of this objective, the Government has taken various steps. Some of these steps taken in recent years are:

- (i) The rate of corporate tax was reduced to 25 per cent for companies with a turnover of upto ₹ 250 crores in Financial Year 2016-17 (covering 99 per cent of domestic companies). This limit is further proposed to be increased to ₹ 400 crores vide Finance (No.2) Bill, 2019.
- (ii) The threshold limit for applicability of presumptive taxation of business income was increased from ₹ 1 crore to ₹ 2. crore.
- (iii) The threshold for maintaining books of accounts on part of individuals and Hindu undivided family has been increased to income of ₹ 2.5 lakh from ₹ 1.2 lakh earlier or total turnover of ₹ 25 lakh from ₹ 10 lakh earlier.
- (iv) The rebate provided under the Income-tax Act, 1961 has been increased and now any individuals or Hindu undivided family having a total taxable income upto ₹ 5 lakh do not need to pay any Income-tax.
- (v) Section 80JAA of the Act provides for deduction *in lieu* of employment generation. Considering the seasonal nature of the business of an assessee engaged in manufacturing of apparel, the requirement of 240 days of employment has been relaxed to 150 days.

Ministry of Textiles has taken up the issues raised by the Textiles Industry/ Traders Associations regarding reduction of GST rates on various textile items and actively engaged with the Department of Revenue, Ministry of Finance for getting them resolved. As a result, many important changes have been made, *inter alia*, which are as follows:

- (i) GST rate on job works for entire textile segment *i.e.* yarn, fabric garments and made-ups was revised from 18% to 5%.
- (ii) Initially GST rates for a few Handicraft items have been reduced. Subsequently, GST Council in its 28th Meeting held on 21.7.2018 reduced

the GST rate to Zero for two handicrafts items, reduced from 12% to 10% for 15 handicraft items and reduced the GST rates from 12% to 5% on 8 items.

- (iii) GST rates for Corduroy and velvet fabric has been reduced from 12% to 5%.
- (iv) GST rates for Manmade Filament (MMF) yarn has been reduced from 18% to 12%.
- (v) GST on Common Effluent Treatment Plants services of effluents has been reduced from 18% to 12%.
- (vi) The import duty on MMF has been enhanced from 10% to 20% to protect domestic market.
- (vii) Sari has been included in the classification of fabric with 5% GST.
- (viii) Refund ITC to fabrics was allowed with prospective effect (*i.e.* 27.7.2018). The inverted duty structure on MMR (*i.e.* 18% on fibre, 12% on yarn and 5% on fabric without refund of ITC) led to stranding of 2% tax at the fabric stage and rendering the weavers uncompetitive in domestic and international markets).

Protection of MSMEs

2473. SHRI KANAKAMEDALA RAVINDRAKUMAR: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Government is aware of the fact that with the import liberalisation and entry of MNCs into India, the Indian small scale entrepreneurs are not able to face competition and finding it difficult to survive;
- (b) if so, the details thereof;
- (c) whether Government has any proposal to reserve certain sectors/entrepreneurship exclusively for Indian entrepreneurs in order to save and protect the Micro, Small and Medium Enterprises;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?