

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO-2610
ANSWERED ON – 21.12.2021

REDUCTION OF GST ON RAW MATERIAL OF TEXTILE PRODUCTS

2610. SHRI NARAYANA KORAGAPPA:

Will the Minister of **FINANCE** be pleased to state:-

- (a) whether the textile industry is benefitted with uniform GST of 12 percent;
- (b) if so, the details thereof;
- (c) whether the MSMEs have been benefitted;
- (d) if so, the details thereof; and
- (e) whether scope is available for GST of raw materials of the textile products to be reduced to 5 percent?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a to e): GST rates are prescribed on the recommendations of the GST Council. The Council has in its several meetings examined the anomalies in the GST rate structure that created inverted duty structure and other distortion in various sectors including textiles. GST Council recommended a revised rate structure for textile sector in its 45th meeting held on 17th September, 2021 with an objective to rectify such anomalies in rates, while ensuring that textile sector is subjected to lower standard rate of 12% uniformly across fabric and garments. Further, GST rate for MMF fibres has also been reduced from 18% to 12% to correct inversion in rates at yarn and fabric stages. These changes in rates will be made effective from 01.01.2022. Correction of inverted duty structure shall benefit the entire textile sector. It would address the issue of accumulated input taxes and cascading effect thereof. This would help in reducing cost, bring in new investment in the sector provide level playing field to the domestic industries against imports, and combined with all the other incentives provided to the textile sector, it would give a boost to the entire sector, and enhance its competitiveness.
