

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

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**LOK SABHA**

**UNSTARRED QUESTION NO.2770**

**TO BE ANSWERED ON FRIDAY THE 03<sup>RD</sup> AUGUST, 2018**  
**SHRAVANA 12, 1940 (SAKA)**

**GST EXEMPTION FOR HANDLOOM WEAVERS**

**2770. SHRI K.R.P. PRABAKARAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any appeal from the handloom weavers to withdraw the five and 12 per cent Goods and Services Tax (GST) on handloom products and if so, the details thereof;
- (b) whether the Government is taking action in this regard; and
- (c) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI SHIV PRATAP SHUKLA)**

**(a), (b) and (c):-** Certain representations have been received for exempting handloom products from GST.

2. Upon detailed examination the GST Council recommended the following GST rates with reference to the handloom sector:

- Khadi yarn under chapter 52 attracts nil GST.
- Amber charkha and handloom weaving machinery attract nil GST.
- 5% GST rate on all types of fabrics including handloom fabrics [falling under chapters 50 to 55].
- Nil GST rate on Khadi fabric under chapters 50 to 55, sold through Khadi and Village Industries Commission (KVIC) and KVIC certified institutions/outlets.
- Further, GST Council in its meeting held on 21<sup>st</sup> July, 2018 recommended reduction of GST on Handloom durries from 12% to 5%.

3. Nil GST on any manufactured goods [including handloom fabrics and products] puts domestically manufactured goods at a disadvantage vis-à-vis imported goods, as it:-

- (a) Breaks the input tax credit chain, and
- (b) Results in zero rating of imported goods, while domestic goods continue to bear the burden of input taxes.

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