

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

LOK SABHA

UNSTARRED QUESTION NO.4267

TO BE ANSWERED ON MONDAY, MARCH 27, 2023/CHAITRA 6, 1945 (SAKA)

KHADI UNDER ZERO-RATED LIST OF GST

†4267. **SHRI RAHUL KASWAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to include Khadi and Khadi-made garments in the zero list of GST;
- (b) if so, the details thereof, the time by when it is likely to be done;
- (c) if not, the reasons therefor;
- (d) whether the Government proposes to amend the GST rate imposed on small scale industries, handloom industries and Khadi & Khadi-made garments; and
- (e) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (e): GST rates are prescribed on the recommendation of GST Council, which is a constitutional body comprising of representatives of States/UTs and Centre. The GST Council in its 21st meeting held on 9th September, 2017, recommended exemption from GST to all khadi fabrics, falling under chapters 50 to 55, sold from all outlets of Khadi and Village Industries Commission (KVIC). This was notified vide notification No. 28/2017-Central Tax (Rate) dated 22nd September, 2017. In addition, supply of Khadi yarn falling under Chapter 52 attracts Nil GST vide notification No. 02/2017-Central Tax (Rate), dated the 28th June, 2017. Small Scale manufacturers with turnover of less than Rs. 40 lakhs per year are already exempt under the threshold exemption. Further, eligible small-scale manufacturers can also avail the benefit of composition scheme.
