

LOK SABHA
UNSTARRED QUESTION NO. 3297
TO BE ANSWERED ON 13.03.2020

TAX FOR COTTON AND MAN-MADE FIBRES

3297. SHRI MOHAMMED FAIZAL P.P.:

Will the Minister of TEXTILES वस्त्र मंत्री
be pleased to state :

- (a) whether there is a differential tax treatment for cotton and Man-made Fibres (MMF), if so, the reasons therefor;
- (b) whether the Government is considering to introduce the fibre tax neutrality, if so, the details thereof; and
- (c) the steps taken by the Government to boost the production of cotton clothing and increase the exports of such products?

उत्तर

ANSWER

वस्त्र मंत्री (श्रीमती स्मृति जूबिन इरानी)
MINISTER OF TEXTILES
(SMT. SMRITI ZUBIN IRANI)

(a) & (b): GST on cotton is uniform of 5% across the entire textiles value chain whereas GST rates on manmade fibres and textiles are 18%, 12%, and 5% on fibre, filament yarn/ spun yarn and fabrics respectively. The matter of implementation of a uniform tax structure for the MMF value chain (from feedstock to fabric) was already referred to Ministry of Finance to correct inversion in duty structures. Rationalisation of GST on MMF value chain will help to boost growth of the MMF sector.

(c): To boost exports in textile sector including cotton clothing, Government has introduced the new RoSCTL (Rebate of State and Central Taxes and Levies) scheme w.e.f 7th March 2019. Government has also notified a special one-time additional ad-hoc incentive of upto 1% of FoB value to be provided for exports of apparel and made-ups to offset the difference between RoSCTL and RoSL + MEIS@4%, from 7.3.2019 to 31.12.2019.

To boost exports in MMF sector, Government has removed anti-dumping duty on PTA, a key raw material for the manufacture of MMF fibre and yarn.

Exporters are also provided assistance under Market Access Initiative (MAI) Scheme. Interest equalization rate for pre and post shipment credit for exports by MSMEs of textile sector has been enhanced 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.
