

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

LOK SABHA

UNSTARRED QUESTION NO.696

TO BE ANSWERED ON MONDAY THE 7TH FEBRUARY, 2022
MAGHA 18, 1943 (SAKA)

IMPACT OF GST HIKE

**696. SHRI ANTO ANTONY:
SHRI BENNY BEHANAN:
SHRI MANICKAM TAGORE B.:
SHRI Y.S. AVINASH REDDY:**

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken cognizance of the devastating impact of 7 per cent Goods and Services Tax(GST) hike on garments, textiles and footwear businesses, karigars and MSMEs from Agra which is country's largest producer of shoes and if so, the details thereof;

(b) whether the decision to increase the GST rate from 5 per cent to 12 per cent on textiles and apparel with effect from January, 2022 has invited countrywide protests from all corners and if so, the details thereof;

(c) whether the said high tax rates can lead to units shutting down and risk job losses and if so, the details thereof along with the manner in which the Government intends to mitigate the loss of employment caused by this GST hike which is estimated at 15 lakh jobs;

(d) whether it is true that GST Council proposes to defer the tax rate increase on textiles and apparel for time being or various organizations have demanded a permanent full stop to the said GST increase on these products and if so, the details of decisions taken in this regard;

(e) whether the Government has received any representations from handloom industry representatives requesting for reduction of GST on handloom textiles and pressed for implementation of zero GST to safeguard the handloom industry and face the competition in the markets and if so, the details thereof along with the response of the Government thereto;

(f) whether the Government intends to reverse this GST hike considering the slowdown of business due to rising Covid-19 cases and restrictions on socio-economic activity and if so, the details thereof and if not, the reasons therefor; and

(g) whether the Government has assessed the impact of the GST hike on expansion of the unorganized and untaxed sectors within the textile industry and it has any plans to reform the GST system and if so, the details thereof and if not, the reasons therefor?

ANSWER

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

(a) to (g): Certain representations have been received in this regard. GST rates are prescribed on the recommendation of the GST Council. In 45th meeting, the Council recommended for revising the rates of GST on garments, textiles and footwear to correct inversion in GST rates on these items. However, subsequently, representations were received by the Government requesting not to implement these rate changes. The Council took note of these representations and in its 46th meeting, dated 31st December, 2021, recommended to defer the decision to change the rates in textiles. Consequently, the existing rates in textile sector would continue beyond 1st January, 2022. As regards handloom textiles, the issue of reduction of GST Rate on Handlooms was placed before the Council in its 21st meeting dated 9th September, 2017 and 28th meeting dated 21st July, 2018. The Council did not recommend any change in rates.
