

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 2450**

**TO BE ANSWERED ON MONDAY, AUGUST 04, 2025/ SRAVANA 13,
1947(SAKA)**

EXEMPTION FOR KHADI & VILLAGE INDUSTRIES PRODUCTS FROM GST

2450. ADV K. FRANCIS GEORGE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the fact that the products of Khadi & Village Industries Commission (KVIC) are handmade and the cost of production is high;**
- (b) whether it is also a fact that certain products of KVIC are being taxed upto 12 per cent of GST; and**
- (c) if so, whether the Government is considering to exempt all Khadi products from GST to 54 provide/sustain employment in this traditional sector of the country?**

ANSWER

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

- (a) The production process of Khadi products is hand spun and hand woven in nature and it is a labour/artisan intensive activity. Due to this fully manual nature of operations in manufacturing Khadi and Village Industry products, the manufacturing cost constitutes a significant portion of the overall product cost.**
- (b) GST rates are prescribed on the recommendations of GST Council, which is a constitutional body comprising of representatives from States/UTs and Centre. Khadi yarn and Khadi fabric sold from KVIC outlets, Gandhi Topi and Indian National flag attract Nil GST. Most handmade textile products attract concessional GST rate of 5%. Handmade articles of apparel and clothing accessories, knitted or crocheted, of sale value upto Rs. 1000 per piece attracts 5% GST and 12% otherwise.**
- (c) The GST Council in its 45th meeting held on 17th September, 2021, has constituted a Group of Ministers (GoM) on GST Rate Rationalisation. The terms of reference of the GoM include review of the current rate slab structure of GST and recommend rationalization of rates.**
