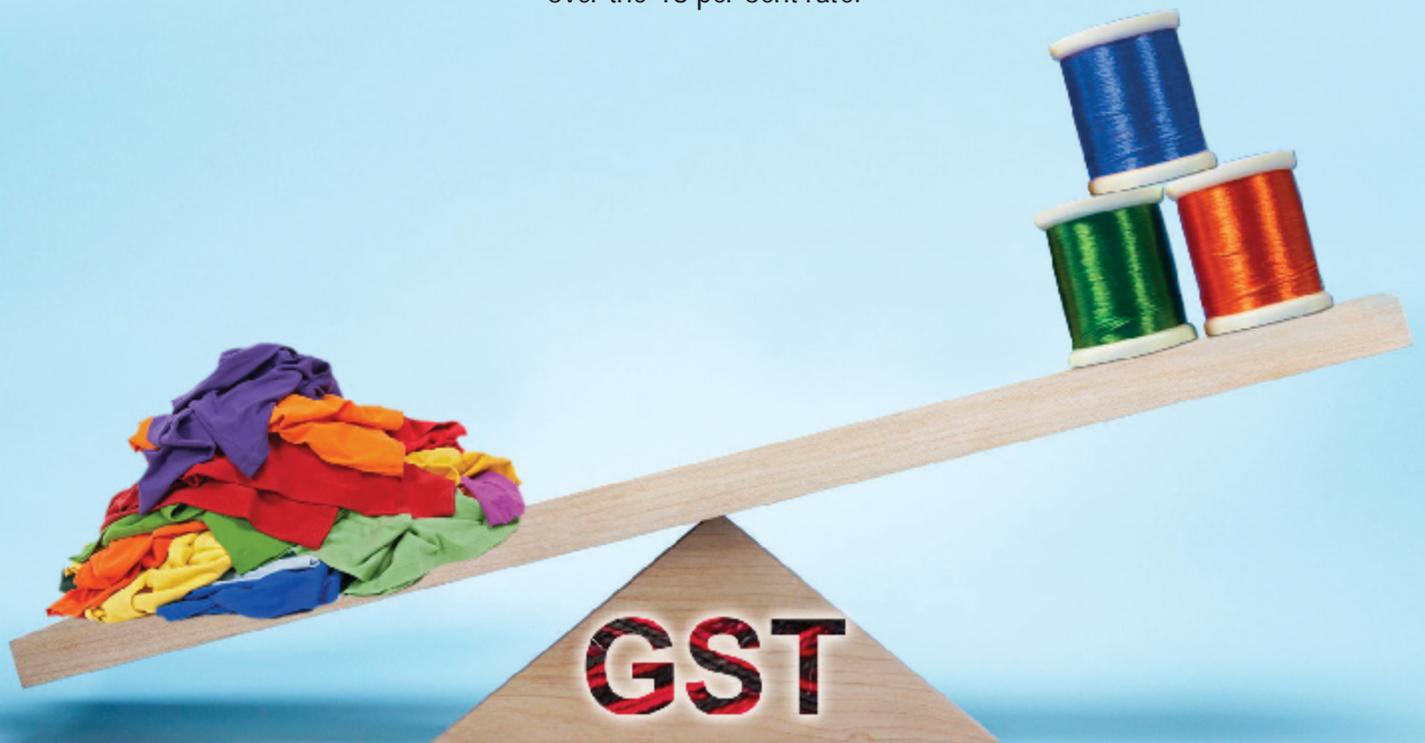


# GST PLUS OUTWEIGHS MINUS!

The long-awaited GST rates have sparked off many a smile and a few wails in the textile industry! While the majority of textile industry, particularly the garment industry, has gone gung ho over the new rates of GST, synthetic textile segment has been crying hoarse, legitimately over the 18 per cent rate.



“The basic principle of fibre neutrality should have been adhered to which would have been in keeping with the true spirit of GST.”



- Nikunj Bagdia

*Managing Director, Ken Enterprises Pvt Ltd*

“Under such situation, the manufacturer who does not have integrated composite units to complete the process of embroidery, doubling, printing and finishing as per the market requirements would have been in great loss as high taxed would have added to their cost and dented their profitability” said CITI chairman.

Chairman CITI also thanked the Government and GST Council on behalf of textile industry for increasing turnover from Rs 50 lakh to Rs 75 lakh under composition scheme for traders and manufacturers which will help MSME to grow their business and carry out their activities efficiently. But he expressed his apprehensiveness about the made-up and garment sector as the job work related to these still come under 18 per cent service tax slab. This will have a serious implication on the cost escalation of the final goods of made-up and garments and will be uncompetitive in the domestic and international market.

**Arun Ganapathy, Chief Financial Officer, Spykar Lifestyles Pvt Ltd**, says, “The current GST rate for ready-made garments is 5 per cent for value less than Rs 1,000 and 12 per cent if is higher than Rs 1,000. As far as the consumer is concerned, it would benefit him in the long run when the price is less than Rs 1,000. Currently, the overall tax suffered in ready-made garments is around 7 per cent. So, a rate of 5 per cent on ready-made garments below Rs 1,000 will benefit the consumer. With respect to garments above Rs 1,000, after taking necessary service tax credits that is available, there is not a very high increase at 12 per cent. There would be a temporary increase in prices in the immediate future, but in the long run, it would more or less be stable or slightly higher.”

