

NAG - VIDARBHA CHAMBER OF COMMERCE



TEMPLE ROAD, CIVIL LINES, NAGPUR - 440 001
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Ashwin Prakash Mehadia
President
Ph.: 9788699326

Ramawatar Totla
Hon. Secretary
Ph.: 9325504266

Ref: 202/GST/2021

Nagpur, Dated 22nd November, 2021

To,

- 1) **Shri. Narendra ji Modi,**
Hon'ble Prime Minister of India,
Government of India
NEW DELHI- 110 001
- 2) **Smt. Nirmala Sitharaman**
Hon'ble Minister for Finance; and Corporate Affairs,
Government of India
A-Wing, Shastri Bhawan,
Rajendra Prasad Road,
NEW DELHI- 110 001
- 3) **Shri. Nitin ji Gadkari,**
Hon'ble Minister for Road Transport & Highways of India and
Shipping Ministry of Micro, Small and Medium Enterprises in the
Government of India
2, Motilal Nehru Place,
In front of Lal bahadur Shastri Smarak,
Akbar Road, New Delhi - 110001
- 4) **Shri. Ajitdada Pawar**
Hon'ble Finance Minister of Maharashtra
5th Floor, Main Building Mantralaya, Mumbai-400032
Office Ph: 02222843657, 22843647
- 5) **The Principal Secretary Revenue & Finance**
Ministry of Finance
North Block, New Delhi - 110001
- 6) **The Commissioner of State GST,**
8th Floor Vikrikar Bhavan,
Mumbai - 400010, Maharashtra

22/11/2021
आवक / अविश्लेषित कर सहायक / लिपिक
राज्यकर सहायक (प्रशा.)
नागपुर विभाग विजिल कार्डिन
नागपुर- 440001

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7) The President,

GST Bar Association,

State GST Bhavan, Telengkhedi Road,
Civil Lines, Nagpur - 440001

8) The President,

GST Practitioners Association of Maharashtra,

8 & 9, Mazgaon Tower,
21, Mhatar, Pakhadi Road, Mazgaon,
Mumbai - 400010

9) The Chief Commissioner of CGST,

Nagpur Zone,
Nagpur.

10) The Principal Commissioner of CGST

Nagpur - I,
Nagpur.

11) The Principal Commissioner of CGST

Nagpur - II,
Nagpur.

12) The Jt. Commissioner, SGST Nagpur

GST, Telengkhedi Road,
Civil Lines, Nagpur - 440001

13) The Secretary

GST Council,

5th Floor, Tower II,
Jeevan Bhuti Building, Janpath Road,
Connaught Place, New Delhi - 110001.

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Sub.: Representation on increase in GST on textile & footwear.

Hon'ble Sir,

Nag Vidarbha Chamber of Commerce (NVCC) Established in 1944, is Apex Trade Association of 13 lac traders of various trade, commerce & industry and their association's from Vidarbha region, with mission & vision of -

- To promote, support, or defend constitutionally the legislation or other action, either legislative or executive by the State or Central Government, Railways, Local Authority or any other authorities affecting or likely to affect the trade & commerce activity in the region directly or indirectly.
- To consider, originate and support improvements in the laws of the country.

Thus NVCC is instrumental in addressing the needs of business community from the region and operate as a bridge between the Central, State & Local Government and business community, so as to balance the interest of both sides.

Goods and Services Tax (GST) is a land mark legislation brought into force under your able leadership to make India a common market by "One Nation - One Tax" theory. The noble intention of the law is to do away with multiple taxation under indirect tax and to remove the cascading effect of taxation. The implementation of GST has been welcomed open heartily by all trade bodies, traders, manufacturers, service providers and all.

We are harshly disappointed with the Notification No. 14 issued on 18.11.2021 which has increased GST on textile and footwear items from 5% to 12% on following grounds:

1. Textile industry biggest contributor to GDP

After agriculture, textile industry is the biggest contributor to the GDP of the nation and also generates largest employment to the youth of the nation. Increasing GST on textile sector from 5% to 12% would badly impact the sector and would add to inflationary situation. The sudden hike in GST rates wef 1.1.22 should be withdrawn

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immediately. Likewise, hike in GST rate on footwear would also make it costly and out of reach of common man.

2. Boost to Parallel economy:

There was no indirect tax on cloth and textile material for years together however after lot of protest and resistance GST was introduced at 5%. The industry took few years to absorb this tax impact of GST and suddenly the govt. has increased the tax rate from 5% to 12%. This would lead to generation of parallel economy as most players would prefer to remain out of formal economy to avoid taxation and its implications. Lower tax rate always is an acceptable norm and even in foreign countries the tax rate is lowest on textile items.

3. Textile is a basic necessity and increased tax rate would be inflationary;

ROTI, KAPDA, MAKAN are the basic necessities of common man & if Kapda (textile) is made costlier by increase in tax rate it would become difficult for common man to buy it. Further, the increase in pricing of goods would lead to inflationary pressure on the economy. It would also make the export from India unattractive and thus overall it is not in the interest of economy.

4. Issue of inverted tax structure:

The premise behind increase in tax rate as given by the government is that the input is taxable at higher GST rate and the output is taxable at lower GST rate and hence to do away with this anomaly the tax rate has been increased. However, this is not the correct way of handling the situation. Even if there is an anomaly in tax rate on input and output, the manufacturer i.e. the textile mills can claim GST refund from the government to get the accumulated input tax credit and hence would be benefited by the govt.

5. Taking away the benefit of PLI Scheme:

The govt. to boost the textile sector has announced Production Linked Incentive scheme (PLI) and at the same time this increase in

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GST rate would nullify the benefit of PLI Scheme to the mills. Thus, the intention of the govt. to boost textile sector in wake of severe competition from Bangladesh, Vietnam etc. would get severely impacted and this hike in tax rate would get wiped off. Already, the textile sector is facing huge impact of economic slowdown due to pandemic and this increase in tax rate would be a final blow to the sector.

We are very much hopeful and confident that the govt. in the interest of the sector and society at large would take back the decision of hike in GST rate from 5% to 12% and would normalise the GST on textile and footwear back to 5%

We hope that the issue highlighted above would draw your urgent attention and your timely intervention would help the trade and industry to focus on doing business and taking Indian economy to a 5 trillion economy.

We are quite hopeful of positive outcome on this representation.

Thanking You

Ashwin Mehadia
(President)

M. 9766699326

CA. Ritesh Mehta
(Convenor
Indirect Tax Committee)
M. 9822472744

Ramawatar Totla
(Secretary)

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