

17th August 2017

Smt Vanjana N Sarna,
Honorable Chairperson,
Central Board of Excise & Customs,
Government of India.

Subject: Seeking reduction in GST levy on Job work in Textile sector

Honorable Chairperson,

Greetings from Retailers Association of India!

It is my pleasure to write on behalf of Retailer's Association of India.

Retailers Association of India (RAI) is the unified voice of Indian retailers working with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. RAI is the body that encourages, develops, facilitates and supports retailers to become modern and adopt best practices that will delight customers. RAI has a three charter aim of Retail Development, Facilitation and Propagation. RAI is the premier body of Retailers in India having around 1000 member establishments including large and small retailers in the country having approximately 5,00,000 stores.

We are writing to you in regard to the high GST levy on on stitching cloth/ Tailoring/ Job work of garments.

While we welcome the governments decision regarding levy of GST on job work on textile yarns (other than man-made and filament) and textile fabrics to be brought down to 5 percent from 18 percent, but processes such as **stitching, printing, embroidery** are still subject to 18 percent, and not 5 percent, since the same are considered as 'Service'.

Our Submission:

1. GST on readymade garments is between 5- 12%. Imposing a 18% GST rate on tailoring/ job work is very high. It is very clear that stitching cloth/tailoring is a 'subsequent process' in the manufacture of textile products and not a service. We recommend that GST rate on stitching cloth/tailoring/Job work of garments should be brought down to 5 percentage from 18 percentage, similar to textile yarns (other than man-made and filament) and textile fabrics.

RAI National Council

Avijit Mitra,
Infiniti Retail (Croma)

B A Kodandarama Setty,
Vivek Ltd.

B S Nagesh,
Shoppers Stop Ltd.

Bhaskar Bhat,
Titan Industries Ltd.

Govind Shrikhande,
Shoppers Stop Ltd.

J Suresh,
Arvind Brands

Jamshed Daboo,
Trent Hypermarket Ltd.

Kabir Lumba,
Lifestyle International (P) Ltd.

Kishore Biyani,
Future Group

Krish Iyer,
Walmart India

Noel Tata,
Trent Ltd.

Pranab Barua,
Aditya Birla Retail Ltd.

Rafique Malik,
Metro Shoes Ltd.

Rahul Mehta,
CMAI

Rakesh Biyani,
Future Group

Shashwat Goenka,
Spencer's Retail

Vinay Nadkarni,
Globus Stores Pvt. Ltd.

2. We would also like to draw your attention to the fact that 5 percentage GST levy is applicable on Jewellery & diamond processing & making charges of ornaments, inspite of the fact that Jewellery are luxury goods, whereas garments are basic necessities and essential commodities. If GST on labour is slabbed at 5% on labour charges on jewellery, which seems fair, the slab of 18% on tailoring is definitely an anomaly.

3. Tailoring is definitely a necessity since people can survive without jewellery but not without clothing. Hence, it GST on about for tailoring should at best be equal to that in the jewellery industry if not lower.

Tailoring has a rich heritage in India and imposing such a high GST rate on it would be a serious impediment to the "Make in India" mission of our Prime Minister. Furthermore, Tailoring is a labour intensive industry and due to high taxes, Karigar's could loose out to readymade business therefore risking the livelihood of millions of Karigar's. Charging 18 percentage GST on tailoring and subsequent intermediary processes will substantially increase the price of the product.

We request your office to reconsider the levy on Stitching cloth/ Tailoring/ Job work of garments and to bring it down to 5 percent from 18 percent. **We hope that you shall receive our representation favorably and issue a notification on similar lines.**

We believe such a move would surely bear fruitful results in both, supporting the industry as well as taking forth the objectives of the government.

Awaiting your response.

Warm Regards,

For and on behalf of Retail Association of India



Gautam Jain
Director – Advocacy

RAI National Council

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Infiniti Retail (Croma)

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Vinay Nadkarni,
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Cc

Shri Arun Jaitley,
Hon'ble Finance Minister,
Government of India

Dr. Hasmukh Adhia,
Hon'ble Financial Service Secretary,
Government of India

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