

COIMBATORE

Powerloom Council appeals to Centre to suspend GST on fabrics for three months

SPECIAL CORRESPONDENT

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With the spread of COVID-19 exports as well as domestic trade have taken a huge hit, the Council said

The Powerloom Development and Export Promotion Council (PDEXCIL) has appealed to the Union Government to suspend Goods and Services Tax (GST) on fabrics for three months, from May to July.

The Council chairman M. A. Ramasamy said in a press release that the powerloom sector, which employs nearly 6.3 million workers, largely has MSME units. With the spread of COVID-19, several countries are facing a slump in trade, thus impacting Indian exports and imports too. With closure of retail outlets and shopping malls, domestic trade has also taken a hit.

The small and medium textile entrepreneurs, specifically those in the powerloom sector face huge problems of cancellation of orders, outstanding payments for long, payment of wages to labourers and a working capital crunch.

The sector hence seeks an interest waiver for working capital, waiver of the GST on fabrics and made ups for three months from May. The Council also sought the releasing of pending subsidies under ATUFS immediately or the extension of soft loans equivalent to Government dues pending in the books of individual textile units. This can be adjusted soon as the government clears the dues.

All raw material such as yarn, spares, and accessories should not have anti-dumping duty and basic custom duty. The duty drawback rates for fabrics and made-ups should be increased, he said.

“Considering the growing competition and adverse impact of COVID-19 pandemic on the powerloom sector, a higher rate of duty drawback upto 8 % - 10 % for fabrics and made ups should be announced,” he added.