



# GST on Khadi products

Posted On: 10 AUG 2017 5:58PM by PIB Delhi

Ministry of Micro, Small and Medium Enterprises (MSME) welcomes the introduction of GST. The entire Khadi & Village Industries (KVI) sector has been enjoying the benefit of tax exemption even under the pre-independence era. With the exemption to the SSI sector being drastically reduced from the existing Rs.150 lakh to Rs.20 lakh, the exemption cover enjoyed by many of the Khadi Institutions (KIs) has been removed. KIs are now mandated to obtain registration under GST and also pay GST on various Khadi products which is 5%. The products of the Village Industries sector were either taxed @ 0-14.30% before-GST and post-GST the same products attracts tax @ 12-28%, and the details of the same is given below:

Details of products of the Village Industries sector under pre-GST & post-GST

Items	Before (GST)	After (GST)
Dona plate	5%	18%
PVC Scrap	5%	18%
Ayurvedic Medicine	0%	12%
Sanitary Hardware & Paint	14%	28%
Marble & Granite	5-14%	28%
Electronic Weighing Scale	5.5%	28%
Lock	5%	18%
Mentha	5%	18%
Solar Plate	0%	18%
Textile sector	0 to 5%	18%
Gobar Gas/Bio Fuel Generator	0%	18%
Agriculture Diesel Engine (upto 12 B.H.P.)	5%	28%
Plywood	14.30%	28%
Sewing Machine parts	5%	12%
Detergents	5%	28%
Glassware boll (Kancha)	0%	18%
Tractor attachments	14%	28%
Weighing machines	14%	28%
Wet grinders	14%	28%
Compressors	14%	28%
Packing Machines	14%	28%
Auto-parts	14%	28%
Garage Equipment	14%	28%
Hand-made soap (3401)	0%	18%

Hand-made paper (4802)	0-4%	12%
Herbal Shampoo (3305)	5-12%	28%
Leather Products (suit-case/brief-case/other articles)	5-12%	28%
Agricultural, Horticultural or Forestry Machinery for Soil preparation	5%	12%
Harvesting or threshing machinery	0%	12%
All food mixes, sharbat, ready to eat packaged food	5%	18%
Hand operated mechanical appliances, weighing 10 kg or less, used in the preparation, conditioning or serving of food or drink	5%	18%

At present only Khadi yarn produced in Khadi sector is exempted, while other Khadi products attracts 5% GST. Ministry of MSME has approached Ministry of Finance to consider the sector for exemption from GST or to ensure a seamless flow of input tax credit in order for Khadi Institutions to claim input tax credit.

This Press Release is based on information given by the Minister of State for MSME Shri Giriraj Singh in a written reply to a question in Rajya Sabha on 10.08.2017 (Wednesday).

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(Release ID: 1499216) Visitor Counter : 202