

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 2509**

**TO BE ANSWERED ON MONDAY, DECEMBER 15, 2025/AGRAHAYANA
24, 1947 (SAKA)**

CHANGE IN GST RATE ON READYMADE GARMENTS

2509. SHRI GURMEET SINGH MEET HAYER:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made any changes in the GST rate on readymade garments and textile accessories, resulting in increasing tax from 12 per cent to 18 per cent on items priced above Rs. 2,500 per piece, if so, the rationale for selecting the 2,500 threshold;**
- (b) whether any assessment was made of its likely impact on affordability for middle-class consumers affordability, organized retail and labour-intensive garment units, if so, the details 80 thereof;**
- (c) whether the Government has any estimates of the additional revenue generated by this rate increase and the manner in which it is expected to be offset by a potential slowdown in demand or production in the affected segments, if so, the details thereof; and**
- (d) whether any support measures for lower GST slabs for small textile/handloom units, incentive schemes or demand boosting have been proposed to offset adverse impact of the said GST change on traditional textile workers, artisans, and domestic manufacturers and if so, the details thereof?**

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a), (b) and (c) As per Article 279-A GST Council, in its 56th GST Council meeting, while recommending a simplified two slab structure by removal of existing 12% slab, had recommended to increase GST rate from 12% to 18% on articles of apparel and clothing accessories and other made-up textile articles of sale value exceeding Rs 2500 per piece. Further, the Council recommended to increase the threshold value for concessional rate of GST of 5% on articles of apparel and clothing accessories from

Rs 1000 per piece to Rs 2500 per piece. Moreover, the GST rate on handmade/ hand embroidered shawls has been retained at 5% and the threshold value limit for the same has been removed. Hand embroidered articles such as embroidery in strips/ motifs, handmade lace etc continue to attract 5% GST. This is expected to improve affordability and stimulate consumption demand which, given the labour-intensive nature of garmenting, will sustain and expand employment. The changes in rates recommended by the GST Council have been implemented by the Central Government with effect from 22nd September 2025. Following the rate rationalization in September, the gross Goods and Services Tax (GST) revenue collected for October 2025 is ₹1,95,936 crores, registering a 4.6% increase compared last year.

(d) Based on the recommendations of the GST Council the GST rate has been reduced to 5% on manmade fibres and yarns from 18% and 12% respectively. This is expected to increase the competitiveness of MSME textile manufacturers and exporters.

This rate reduction is further supplemented by existing major schemes/initiatives of the Government including PM Mega Integrated Textile Regions and Apparel (PM MITRA) Parks Scheme to create a modern, integrated, world class textile infrastructure; Production Linked Incentive (PLI) Scheme focusing on MMF Fabric, MMF Apparel and Technical Textiles to boost large scale manufacturing and enhancing competitiveness; National Technical Textiles Mission focusing on Research Innovation & Development, Promotion and Market Development; SAMARTH – Scheme for Capacity Building in Textile Sector with the objective providing demand driven, placement oriented, skilling program; Silk Samagra-2 for comprehensive development of sericulture value chain and National Handloom Development Program for end to end support for handloom sector. Ministry of Textiles is also implementing the National Handicrafts Development Programme and Comprehensive Handicrafts Cluster Development Scheme for promotion of handicrafts.

Further, the Government is also administering the remission schemes of Rebate of State and Central Taxes and Levies (RoSCTL) for Apparel/Garments and Made-ups and the Remissions of Duties and Taxes on Exported Products (RoDTEP) Scheme for other textiles products.