



EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

"EPCH HOUSE" POCKET 6 & 7, SECTOR - C, L.S.C., VASANT KUNJ, NEW DELHI-11

Tel.: +91-11-26135256 / 57 / 58

Fax: +91-11-26135518 / 19

Ext. : 118

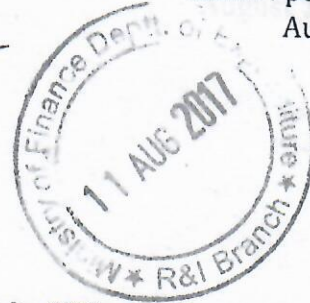
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E-mail: mails@epch.com
Web : www.epch.com

Email : policy@epch.com

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The Chairman,
GST Council
Ministry of Finance,
Government of India, North Block,
New Delhi - 110001



Sub: Job work in Handicrafts Sector - reduction in GST rate from 18% to 5% - reg

Dear Sir,

This is further to the announcement made in the 20th GST Council meeting held on 5th August, 2017. One of the important decisions taken in the meeting included job work services in respect of Textiles and Textiles products [including MMF Yarn, Garment, made ups etc. falling in Chapter 50 to 63] wherein the GST rate has been reduced from 18% to 5%.

We would like to bring to your kind notice that the entire production process of the handicrafts is outside the four walls of the factories of the exporters. Since this is a cottage sector, the process of manufacturing is not limited under one roof, the process of production is spread to minimum 7 and upto 15 stages of production by the artisan [job worker] premises who are located at the different places. The majority of artisans will not be registered under the GST law and as per the provision contained in section 9[4], the exporter getting the work done from such artisans is liable to pay GST under Reverse Charge Mechanism. As a result of the exporter or manufacturer may prefer to pass the work to the job worker who is registered under GST act to avoid payment of GST under Reverse Charge resulting lakhs of small job workers on the verge of unemployment.

It is requested that keeping in view the number of artisans engaged in production of handicrafts representing cottage sector of the Indian economy, the GST rate of 5% for job work in Handicraft Sector may also be considered.

Thanks and regards,

Yours sincerely

Op Prahlad

**[O.P. PRAHLADKAI
CHAIRMAN**