***Press Release:***

***“Disastrous impact on the Indian Hosiery & Garments industry***

***due to the revised GST rates” -***

***Kolkata, 10.12.2021: Federation of the Hosiery Manufacturers Association of India (FOHMA)*** representing the interests of Indian Hosiery & Knitwear Industry since the early 70’s has expressed its deep sense of disappointment and anguish at the recent *Notification No. 14/2021-INTEGRATED TAX (RATE) dated 18th November, 2021 amending the GST rates on Hosiery & Knitwear products.*

***Shri K B Agarwala****,* ***President of FOHMA*** said that the Hosiery & Knitwear (including the Garments Industry) in India employs close to ***11 million workers, of which 8 million are engaged in the domestic sector and 3 million in the export sector.*** Even if there is an **18%** shrinkage in Workforce (*estimated*), the job loss will be around **1.44 million.** An increase in **“Taxes”** by as much as **7%** will lead to a much higher level of job losses – possibly in excess of **2 million.**

These changes will affect the total Textile Industry and the prices of all Fabrics, Hosiery & Garments priced below **Rs. 1,000** will be increased from **5% to 12%.** This in turn would have a cascading effect and result in additional cost increase of hosiery items. The poorer sections of the society who buy such products below Rs. 1000 would be affected badly. It is important to understand that more than **80%** of India’s total garment market and **99%** of the hosiery market is below the Rs. 1,000 price levels. Currently, the industry is already reeling under a totally unprecedented price increase of its **Raw Materials**, especially ***Yarn, Packing Material, and Freight.*** The market is likely to see a **20% to 25%** price increase in the Garments & Hosiery sector immediately even without the revised GST Rate implication.

The stated objective of such a change is the anomaly of an inverted Duty structure faced by a small section of the industry, which constitutes not more than **15%** of the total Industry, the Government is considering increasing the prices of nearly **80%** of the final products to the Consumers (Garments over Rs. 1,000 were in any case at **12%** GST).

FOHMA is continuing its efforts (along with other relevant Associations & Trade Bodies) to impress upon the Government and GST Council – to refrain from going ahead with this change of rate. It hopes that the Government will recognize the disastrous impact of this hike and withdraw the above notification or maintain a “**status quo**” to avoid a calamitous situation in the country.

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