

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**RAJYA SABHA**  
**UN-STARRED QUESTION NO. 1822**  
**ANSWERED ON-16.12.2025**  
**Rationalisation under GST 2.0**

1822. Shri K.R.N. Rajeshkumar :

Will the Minister of Finance be pleased to state:

- (a) how Government intends to compensate Tamil Nadu for estimated revenue losses stemming from proposed GST rationalisation under GST 2.0;
- (b) the steps that are taken by Government to implement the GST reforms for small businesses and MSMEs;
- (c) the measures planned/taken to ensure smooth credit flow and financial support to MSMEs in Tamil Nadu in light of recent GST reforms; and
- (d) the outreach or training programs planned to educate small and medium businesses in Tamil Nadu about the benefits and requirements of the GST reforms?

**ANSWER**

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

(a) No specific study has been conducted on the State-wise implications.

(b), (c) & (d) The details are as per Annexure-A

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**‘Annexure A’ in respect of point (b), (c) and (d) of Rajya Sabha Un-starred Q. No. 1822 for answer on 16.12.2025 regarding “Rationalisation under GST 2.0”.**

- i. The threshold limit of annual turnover for registration under GST for entities engaged in supply of goods has been increased to Rs. 40 lakhs (other than some special category States) effective from April 1, 2019, which was initially Rs. 20 lakhs. This ensures that no GST compliance is required by such small units below the above threshold turnover and no GST is required to be paid by such units upto the said threshold turnover.
- ii. The threshold limit of annual turnover for supply of goods under composition scheme has been increased to Rs. 1.5 crore (other than some special category States) effective from 1st April 2019, which was initially Rs. 75 lakhs. Such taxpayers under composition scheme are required to file a return on annual basis, thus reducing their compliance burden substantially.
- iii. A scheme of quarterly return filing and monthly payment (QRMP) has been introduced where small taxpayers with turnover up to Rs. 5 crores have an option to file returns on quarterly basis, instead of monthly return.
- iv. Functionality for filing of NIL GST monthly return through SMS has been created for benefit of taxpayers.
- v. Refund process has been made completely electronic with the process of filing, processing and sanction of refund done completely electronically.
- vi. To reduce compliance burden on small taxpayers, exemption has been provided from filing annual return to taxpayers having annual Aggregate Turnover upto Rs. 2 crores.
- vii. To facilitate and ease return filing process, an auto-generated return provided to the taxpayers on the portal based on details of the outward supplies furnished by the taxpayer and their suppliers.
- viii. UPI, Credit Card and IMPS have been provided as additional modes for payment of GST to facilitate taxpayers and to further encourage digital payment.
- ix. To facilitate small taxpayers in making supply of goods through e-commerce operators (ECOs), the requirement of mandatory registration for intra-state supply of goods through ECOs has been waived off with effect from 01.10.2023 subject to fulfillment of certain conditions.
- x. Retrospective amendment w.e.f. 01.07.2017 has been made to increase the time limit to avail input tax credit in respect of any invoice or debit note pertaining to the financial years 2017-18, 2018-19, 2019-20 and 2020-21, through any GSTR 3B return filed upto 30.11.2021.

- xi. Section 128A has been inserted in Central Goods and Services Tax Act, 2017, leading to waiver of interest and penalties for demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto 31.03.2025.
- xii. Amendment has been made in Section 107 and Section 112 of Central Goods and Services Tax Act, 2017, for reducing the amount of pre-deposit required to be paid for filing of appeals under GST.
- xiii. To reduce burden of late fee on smaller taxpayers, late fee structure has been rationalized, from June, 2021 tax period onwards, by aligning the upper cap of late fee with tax liability/ turnover of the taxpayer.
- xiv. Decriminalization of certain offences have been carried out in Central Goods and Services Tax Act, 2017.
- xv. In order to simplify the registration process, an optional simplified GST registration scheme has been introduced wherein registration shall be granted on an automated basis within three working days from the date of submission of application in case of low risk applicants and applicants who based on their own assessment, determine that their output tax liability on supplies to registered persons will not exceed Rs. 2.5 lakh per month. This has been made operational w.e.f. 01.11.2025.
- xvi. The Government of India has undertaken several initiatives and measures to ensure the smooth flow of credit and the provision of financial support to Micro, Small and Medium Enterprises (MSMEs), including those in Tamil Nadu. Some of them are:
  - (i) Ministry of MSME implements Credit Guarantee Scheme (CGS) for MSEs through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans (revised to loans upto Rs. 10 crore w.e.f 01.04.2025) extended to MSEs without collateral security and third-party guarantee.
  - (ii) Self-Reliant India (SRI) Fund has been set up to infuse Rs. 50,000 Crore as equity funding in Micro Small and Medium Enterprises (MSMEs) with a provision of Rs. 10,000 Crore from the Government of India and Rs. 40,000 Crore through Private Equity/Venture Capital Funds.

(iii) PM Vishwakarma Scheme was launched on 17.09.2023 to provide end-to-end holistic support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans up to Rs.3 lakh with interest subvention of max up to 8%. The details of MSME registered on All India Basis and Tamil Nadu is as detailed below:

MSMEs Registered on UDYAM & UAP Since 01/07/2020 to 30/11/2025					
Country/State/District	Micro	Small	Medium	Total	Employment
All India	7,17,10,805	4,84,961	36,494	7,22,32,260	31,66,13,901
Tamil Nadu	57,44,441	39,043	2,811	57,86,295	2,99,45,213

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