

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 584

TO BE ANSWERED ON FRIDAY, THE 18TH NOVEMBER, 2016
27TH Kartika, 1938 (SAKA)

FICCI and ASSOCHAM Proposal on GST

584. DR. KULAMANI SAMAL:

Will the Minister of FINANCE be pleased to state:

- a) whether the Federation of Indian Chambers of Commerce and Industry (FICCI) has suggested the Government to have a standard rate of 18 per cent of GST, if so, the details thereof and the reasons therefor;
- b) whether the Government is considering the proposal put by FICCI, if so, the details thereof;
- c) whether the Associated Chambers of Commerce and Industry of India (ASSOCHAM) has called for a relaxation in the provision in respect of penal and prosecution in the first two years after roll out of GST except in case of tax fraud and non-deposit of collected taxes;
- d) if so, the details thereof along with the action taken by the Government thereon;
- e) whether the Government proposes to have single and centralized registration of suppliers of services operating across various States in the country; and
- f) if so, the details thereof?

ANSWER

MINISTER of STATE IN MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

- a) No. The Federation of Indian Chambers of Commerce and Industry (FICCI) has recommended GST rates ranging from zero to 12 per cent for different types of industries through an e-mail dated 1st November, 2016. The details are at Annexure A.
- b) The GST rate structure of 5%, 12% (Standard Rate 1), 18% (Standard Rate 2) and 28% has been recommended by the GST Council, in its meeting held on 3-4 November, 2016.
- c) & d) No. ASSOCHAM has not suggested any such relaxation.
- (e) & f) As per article 279A(4)(c) of the Constitution, the GST Council shall make recommendations to the Union and the State on model GST laws, which will include details of the proposed registration process under GST.

ANNEXURE – A

S. No.	Industry	Recommended Rate	Reason
1	Paper and Paper Board Industry	10%.	To control the price
2	Pharmaceutical and nutritional industry	10 -12 %	Essential goods
3	Food Processing	Lowest Tax Bracket	To control the price as the ITC benefit is limited to this sector.
4	Hydrocarbons	Zero/ Nominal Tax Rate	To curb inflationary impact on the economy
5	Gold Bullion and Jewellery	1%	To discourage smuggling and to decrease tax avoidance and price control
6	Medical Devices and Diagnostics Industry	10 %	Essential goods
7	Membranes for Water Purifier	Lower Rate	To minimize the impact on the consumer.
8	Insecticides	Lower Rate	To minimize the impact on the farmer.
9	Seeds	Exempted	To minimize the impact on the farmer.
10	Pesticides	Exempted	To minimize the impact on the farmer.
11	Petrochemicals	Merit Rate	To curb inflationary impact on the economy
12	Betel Nut	2-6%	Agricultural goods
13	Duty Free Stores	Zero rated	Being an export from the airport and earns Foreign Exchange
14	Kerosene wick stove and parts thereof	Exempted	To be used by the BPL families.
15	Services like Healthcare, Education, Sea Transportation of LNG by vessel, Services supporting food processing, Real estate, Film/ Cinema Exhibition Trade, R & D activities	Zero-rated/ Exempted	Services are rendered to the consumer and tax on these services will affect the consumer