

**GOVERNMENT OF INDIA
MINISTRY OF HEALTH AND FAMILY WELFARE
DEPARTMENT OF HEALTH AND FAMILY WELFARE**

**LOK SABHA
UNSTARRED QUESTION NO. 3109
TO BE ANSWERED ON 5TH JANUARY, 2018**

BRANDED FOOD ITEMS

3109. SHRI R. GOPALAKRISHNAN:

Will the Minister of **HEALTH AND FAMILY WELFARE** be pleased to state:

(a) whether the Food Safety and Standards Authority of India (FSSAI) insists on packing and branding of rice, pulses, food grains and flour to provide safe and healthy food to the public;

(b) if so, the details thereof;

(c) whether the Government has noticed that a 5 per cent taxation is levied on such branded food items whereas the unbranded food items are exempt from taxation;

(d) if so, the details thereof and the reasons therefor;

(e) whether Foodgrains Merchants Association has submitted their representation to the Government in this regard and if so, the details thereof and the action taken by the Government thereon; and

(f) whether the Ministry has taken up the matter with the Ministry of Finance for exemption of such branded food items from taxation and if so, the details of outcome thereof?

**ANSWER
THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND
FAMILY WELFARE
(SHRI ASHWINI KUMAR CHOUBEY)**

(a) & (b): No. However, whether sold loose or in packaged form, these products have to conform to the standards prescribed for them under Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. Further, in respect of packaged food items, the provisions of Food Safety and Standards (Packaging and Labelling) Regulations, 2011 are to be adhered to.

(c) & (d): Ministry of Finance, Department of Revenue has informed that the Goods Service Tax (GST) Council, after examining in detail the issue of GST on packed and branded specified food items, and taking *interalia* into consideration the value addition in such branded goods, recommended 5% GST on food grains, pulses, flours (including wheat flour) put up in unit containers and bearing a registered brand name or bearing a brand name in respect of which actionable claim or an enforceable right is available in a court of law. The notifications bringing into force the said recommendation of the GST Council are available on the website <http://www.cbec.gov.in/htdocsbec/gst/index>.

(e): FSSAI has informed that Grain Millers Association have made a representation to Hon'ble Finance Minister & Chairman, Goods Service Tax (GST) Council on 3rd November, 2017 with a copy marked, *inter-alia*, to Chief Executive Officer (CEO), FSSAI seeking review of 5% GST for flour products with the request that GST be either made NIL for all categories of flour as the profit margins are low or GST be imposed uniformly on all packages and branded flour/food products irrespective of whether the brands are registered or not. Decision of the Government/GST Council thereon is not known to FSSAI.

(f): Considering the reluctance of food businesses to manufacture fortified products due to higher taxation structure which increases their cost compared to their unfortified variants, Chairperson, FSSAI had written to the Revenue Secretary on 19th September, 2017 requesting to waive off GST of 5% levied on branded wheat flour provided it is fortified as per the standards stipulated by FSSAI. Revenue Secretary, vide his letter dated 23rd October, 2017 informed that the GST Council, after examining in details the issue of GST on packed and branded specified food items, and taking, *inter alia*, into consideration that there was substantial value addition in such branded goods, recommended 5% GST on food grains, pulses, flours (including wheat flour) put up in unit containers and bearing registered brand name or bearing brand name in respect of which actionable claim or an enforceable right is available in a court of law. He clarified that fortified branded wheat flour in which no actionable right is retained is already exempt from GST.