

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA UNSTARRED QUESTION NO. 4213
ANSWERED ON MONDAY, MARCH 27, 2023/CHAITRA 6, 1945 (SAKA)

Oxfam Report on GST Revenues

4213. SHRI BALUBHAU ALIAS SURESH NARAYAN DHANORKAR:
SHRI KUMBAKUDI SUDHAKARAN:
SHRI K. MURALEEDHARAN:
SHRI HIBI EDEN:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the Oxfam Report 2023 which states that, while India's richest 10 percentage contribute 3 per cent towards Goods and Services Tax (GST), the country's poorest 50 percentage's contribute constitutes two thirds of GST revenues and if so, the details thereof and the reaction of the Government thereto;

(b) whether the Government proposes to take any steps to reduce the said inequality in GST contribution and if so, the details thereof and if not, the reasons therefor; and

(c) whether the Government is aware that small businesses are severely affected by the current GST regime because of the additional operational cost and if so, the details thereof and the concrete steps taken by the Government to reduce these costs?

ANSWER

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

(a) & (b): The Goods and Services Tax (GST) is a consumption tax that consolidates various indirect taxes into a single tax structure, streamlining the taxation process. Being an indirect tax, GST is collected from suppliers of goods and services and not from the ultimate consumers of goods and services. Therefore, it is not possible to exactly calculate how much GST is actually paid by whom. From the data of return filing for the period April 2022 to January 2023, it is evident that 90% of GST is paid by top 22% businesses of India having turnover above 50 crores. To keep the incidence of taxation low on items of mass consumption, goods like unpackaged food grains, fruits and vegetables and services like education and health are exempt. In addition, items like edible oil, lifesaving medicines, and fertilizers are in 5% slab.

The Oxfam Report with respect to indirect taxes is based on estimated expenditure on certain food items and non-food items. According to the report, of the total GST collected from these food and non-food items, 64.3% is collected from the bottom 50% income group and 3-4% from the top 10% income group. Thus, the percentage is not with respect to the total GST revenue but GST from only some selected items. It is not known as to what items have been taken by the Oxfam Report. However, it seems to be based on various improbable assumptions and not irrefutable or verifiable facts.

(c): With introduction of GST, all compliances are available online with very minimal physical interface. The compliances are uniform all across the country. Before GST, each State had its own set of compliances and procedures. GSTN provides online services for registration, return, GST payment and refund. Taxpayers are not charged anything for these services.

In GST, the exemption and the composition limits have been fixed at significantly higher levels of Rs. 40 lakh (for goods and Rs. 20 lakh for services) and Rs. 1.5 crore respectively as compared to pre GST levels.

Small businesses have also benefitted by facilities such as QRMP (Quarterly Return Monthly Payment), SMS based Nil return filing, auto population of returns, providing ITC statement, automatic transfer of sanctioned refund to account etc. In addition, small businesses and MSMEs can avail easy credit/loan facilities using GST invoice known as TReDS (Trade Receivable Discounting Systems). GST regime, in fact, has improved the ease of doing business and reduced the cost of compliance.
