

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UNSTARRED QUESTION NO.1209

TO BE ANSWERED ON MONDAY, JULY 25TH 2022/ SRAVANA 3, 1944 (SAKA)

GST ON UNBRANDED FOOD ITEMS

1209. SHRI V.K.SREEKANDAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has hiked the Goods and Services Tax (GST) on over two dozen goods and services, ranging from unbranded food items to curd, buttermilk, etc. and if so, the details thereof;
- (b) whether the farmers' organisations and milk cooperatives have protested against the said decision and if so, the details thereof;
- (c) whether the said move will adversely affect over nine crore Indian households depending on the dairy sector for their livelihoods and millions of poor consumers who depend on milk and its by-products for nutrition; and
- (d) if so, whether the Government is considering to make a rethink on the said decision and if so, the details thereof?

ANSWER

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

(a): GST rates are prescribed on the recommendation of the GST Council, which is a constitutional body comprising of representatives from the States/UTs and Centre, taking into account all the relevant factors. The GST Council, in its 47th Meeting, held in Chandigarh on 28th June, 2022, on the basis of the recommendation made by the Group of Ministers (GoM) on Rate rationalization, as a measure for rate rationalization and prevention of tax leakages, made a unanimous recommendation for imposition of GST on "pre-packaged and labelled" form for specified goods like pulses, rice, flour, paneer, etc., at a nominal rate of 5%. Further, this modality of 5% GST levy on pre-packaged and labelled goods has been made applicable on very few other items like curd, lassi, buttermilk. However, when sold in loose form (not in pre-packaged and labelled form), food grains, flour, pulses, curd, lassi, buttermilk, paneer continue to remain exempt from GST. These changes have been made effective from the 18th of July, 2022.

(b) Certain representations have been received for re-considering the above-mentioned levy of GST on concerned pre-packaged and labelled goods.

(c) As stated above, when sold in loose form (not in pre-packaged and labelled form), food grains, flour, pulses, curd, lassi, buttermilk, paneer continue to remain exempt from GST and its consumer is not impacted. In case of pre-packaged and labelled form of such commodities, considering that the taxpayer would get input tax credit on the inputs and input services, the net impact of GST would be marginal for consumers. Further, the supplier of such pre-packaged and labelled commodities eligible for availing threshold exemption or composition scheme would be entitled to exemption or composition rate, as the case may be.

(d) GST rates are prescribed on the recommendation of the GST Council, which is a constitutional body comprising of representatives from the States/UTs and Centre, taking into account all the relevant factors.
