

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
STARRED QUESTION NO. *93

TO BE ANSWERED ON MONDAY, DECEMBER 02, 2024 /AGRAHAYANA 11, 1946

(SAKA)

RATE REDUCTION AND RATIONALIZATION OF GST

***93. SHRI SELVAGANAPATHI T.M.:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the average rate of Goods and Services Tax has decreased to 12.2% in 2023 from 15.3% in 2017;
- (b) whether nearly 60% of all consumer items attract a GST rate of 5% or less, while less than 3% of consumption items are in the 28% bracket;
- (c) whether the GST Council has formed a Group of Ministers who are looking after the rate reduction and rationalization of GST;
- (d) whether there exists bitterness and friction between the Centre and the States on the Goods and Services Tax arising out of the GST shares to States, etc.; and
- (e) if so, the reasons therefor?

ANSWER

MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN

(a), (b), (c), (d) and (e): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 93 RAISED BY SHRI SELVAGANAPATHI T.M FOR 2nd DECEMBER, 2024 ON RATE REDUCTION AND RATIONALIZATION OF GST

(a): The Committee headed by Dr Arvind Subramanian on Possible Tax rates under GST was of the view that the Revenue Neutral Rate should be between 15% and 15.5% . Based on current data of GST returns as available with Goods and Service Tax Network, the average GST rate for financial year 2023-24 is 11.64%

(b): No such data is maintained by the Ministry. However, an article published in the Economic and Political Weekly dated 15th June, 2024 mentions that 57.6% (about 60%) of the average monthly per-capita expenditure (MPCE) is either exempted or face lower tax rate (up to 5% GST) and only 2.3% of average MPCE is on 28% GST rate.

(c): Based on the recommendations of the GST Council in its 45th Meeting held on 17th September, 2021, a Group of Ministers on Rate Rationalisation has been constituted.

(d): There is no bitterness between Centre and States on GST. GST shares to States are settled on a regular basis as provided under the GST law.

(e) Does not arise in view of reply to (d) above.
