

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 2509
TO BE ANSWERED ON 08.08.2022

E-COMMERCE PLATFORM FOR MSMEs

2509. SHRI SANJAY SINGH:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Government is aware of the GST related challenges faced by Micro, Small and Medium Enterprises (MSMEs) which are moving towards e-commerce platform;
- (b) whether Government is taking any action for allowing small offline sellers to conduct online sales without requirement of GST registration; and
- (c) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) to (c): The Government has taken various steps to ease the Goods and Service Tax (GST) filing process for Micro, Small and Medium Enterprises (MSME) sector. Annual turnover limit for availing of composition scheme has been enhanced to 1.5 crores in general and to Rs. 75 lakh for special category States viz; Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand. This has been implemented with effect from 01.04.2019.

As per existing GST notification, GST is applicable on e-commerce online sales of KVI products except exempted goods. As per Notification No. 2/2017-Central Tax (Rate) dated: 28.06.2017, the products and products produced under Khadi and Village Industries Sector like Jaggery, Pappad, Neera, Cocoon, Raw Silk, Silk Waste, Wool not carded or combed, Gandhi Topi, Khadi Yarn, Indian National Flag, Earthen pot & clay lamps and Amber Charkha have been exempted from GST.

No GST registration is required for inter-state and intra-state supply of services upto Rs. 20 lakhs in a year (Rs.10 lakhs for the States of Manipur, Mizoram, Nagaland and Tripura). No registration is required for intra-State supply of goods upto Rs. 40 lakh in a year (Rs. 20 lakh in the states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand) w.e.f. 01.04.2019.

Service providers making inter-State supplies, including those supplying through e-commerce operators, whose aggregate annual turnover does not exceed Rs.20 Lakh, have been exempted from the requirement of registration under GST. Various measures / decisions have been taken by the GST council in its various meetings for the benefit of the MSME sector which include (i) Goods predominantly manufactured and/or used in the unorganised MSME sector have been kept at lower rates or are exempted such as electrical switches and wires, pipeline, plastic products, etc. are largely produced by MSMEs and they earlier did not pay Central Excise duty and therefore tax rate on these have been brought down from 28% to 18%. Similarly, rates of GST on jute and coir like hand bags, ropes etc, which are mainly made in the cottage sector, have been reduced from 12% to 5%. Rate on Fishing hooks largely used by the fisherman – the industry being largely labour intensive with insignificant ITC have been reduced from 12% to 5%, (ii) upper limit of turnover for opting for composition scheme to be raised from Rs. 1 crore to Rs. 1.5 crore, (iii) composition dealers to be allowed to supply services, for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher. This will make a large number of MSMEs eligible for the composition scheme, (iv) filing of NIL returns to be simplified with one step, (v) Service providers making inter-State supplies whose aggregate annual turnover does not exceed Rs. 20 lakhs have been exempted from the requirement of registration under GST vide notification No.08/2017-Integrated Tax, dated 14.09.2017, (vi) The GST Council, in its 23rd meeting held on 10.11.2017, decided that taxpayers having annual turnover of up to Rs.1.5 crore in the previous year would have the option to file quarterly returns. This has been implemented vide issuance of notification No. 57/2017 – Central Tax 15th November, 2017.
