

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO *80
ANSWERED ON – 11.02.2025

GST CLASSIFICATION AND TAXATION

*80. SHRI MOHAMMED NADIMUL HAQUE:

Will the Minister of **Finance** be pleased to state:

- (a) whether Government has conducted any studies or statistical analysis to justify the movement of commodities between different GST slabs based on their perceived-use characteristics, if so, the details thereof; and
- (b) whether steps have been taken to reduce arbitrariness and ensure a uniform taxation policy within a four-digit HSN code classification?

ANSWER

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

(a) to (b): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO. 80 RAISED BY SHRI MOHAMMED NADIMUL HAQUE FOR 11TH FEBRUARY, 2025, ON GST CLASSIFICATION AND TAXATION:

(a) & (b): As per Article 279A (4) of the Constitution of India, the GST Council shall make recommendations to the Union and the States, on rates, including floor rates with bands of goods and service tax. Thus, the GST rates are notified by the Government based on the recommendations of the GST Council which comprises of representatives of the Union and State/UT Governments. In its 45th meeting held on 17th September, 2021 the GST Council has constituted a Group of Ministers (GoM) on Rate Rationalization. The terms of reference of the GoM are as follows:

- (i) review the supply of goods and services exempt under GST with an objective to expand the tax base and eliminate breaking of ITC chain;*
- (ii) review the instances of inverted duty structure other than where Council has already taken a decision to correct the inverted structure and recommend suitable rates to eliminate inverted duty structure as far as possible so as to minimize instances of refund due to inverted duty structure;*
- (iii) review the current tax slab rates and recommend changes in the same as may be needed to garner required resources; and*
- (iv) review the current rate slab structure of GST, including special rates, and recommend rationalization measures, including merger of tax rate slabs, required for a simpler rate structure in GST.*

The GoM on Rate Rationalization submitted its Interim Report on correction of inverted duty structure and review of GST exemptions which was placed before the GST Council in the 47th meetings of the GST Council held on 28.06.2022 and 29.06.2022. Based on the Interim Report, the tax rates were revised on a number of goods and services. Certain exemptions were also withdrawn on both goods and services. The GoM on Rate Rationalization has not submitted its Final Report.

भारत सरकार
वित्त मंत्रालय
राजस्व विभाग
राज्य सभा

तारांकित प्रश्न सं. 80

(जिसका उत्तर मंगलवार, 11 फरवरी, 2025 को दिया जाना है)

“जीएसटी वर्गीकरण और कराधान”

80. श्री मुहम्मद नदीमुल हक:

क्या *वित्त* मंत्री यह बताने की कृपा करेंगे कि:

(क) सरकार ने वस्तुओं को उनकी उपयोग-संबंधी विशेषताओं के आधार पर विभिन्न जीएसटी स्लैब के बीच श्रेणीबद्ध करने के लिए कोई अध्ययन या सांख्यिकीय विश्लेषण किया है या नहीं, और यदि किया है तो इसके विवरण क्या हैं;

(ख) सरकार द्वारा चार-अंकीय HSN कोड वर्गीकरण के भीतर मनमानेपन को कम करने और एकसमान कर नीति सुनिश्चित करने के लिए क्या कदम उठाए गए हैं?

उत्तर
वित्त मंत्रालय में राज्य मंत्री (श्री पंकज चौधरी)

(क) और (ख): विवरण सभा पटल पर रख दिया गया है।

जीएसटी वर्गीकरण और कराधान के संबंध में माननीय संसद सदस्य श्री मुहम्मद नदीमुल हक द्वारा पूछे गए दिनांक 11.02.2025 को उत्तरार्थ राज्य सभा तारांकित प्रश्न सं. 80 के उत्तर में संदर्भित विवरण:

(क) और (ख): भारतीय संविधान के अनुच्छेद 279A(4) के अनुसार, जीएसटी परिषद संघ और राज्यों को वस्तुओं एवं सेवाओं पर कर की दरों - जिसमें न्यूनतम दरों के साथ विभिन्न बैंड शामिल हैं - पर सिफारिशें करेगी। इसी आधार पर, जीएसटी दरें सरकार द्वारा अधिसूचित की जाती हैं, जो संघ और राज्य/केंद्र शासित प्रदेश सरकारों के प्रतिनिधियों से युक्त जीएसटी परिषद की सिफारिशों पर आधारित होती हैं। 17 सितंबर, 2021 को आयोजित 45वीं बैठक में, जीएसटी परिषद ने दर युक्तिकरण (Rate Rationalization) पर एक मंत्रियों का समूह (GoM) गठित किया है। GoM के संदर्भ के नियम निम्नलिखित हैं:

- (i) जीएसटी के अंतर्गत छूट प्राप्त वस्तुओं और सेवाओं की आपूर्ति की समीक्षा करना, जिसका उद्देश्य कर आधार का विस्तार करना और इनपुट टैक्स क्रेडिट (ITC) श्रृंखला में विघटन को समाप्त करना है;
- (ii) उन मामलों की समीक्षा करना जहाँ व्युत्क्रम शुल्क ढांचा की स्थिति है, सिवाय उन मामलों के जहाँ परिषद ने पहले ही उल्टे संरचना को सुधारने का निर्णय लिया है, और उल्टे शुल्क संरचना को यथासंभव समाप्त करने हेतु उपयुक्त दरों की सिफारिश करना ताकि उल्टे शुल्क संरचना के कारण होने वाले रिफंड के मामलों को न्यूनतम किया जा सके;
- (iii) वर्तमान कर स्लैब दरों की समीक्षा करना और आवश्यक संसाधनों को जुटाने के लिए आवश्यकतानुसार उनमें परिवर्तन की सिफारिश करना; तथा
- (iv) जीएसटी की वर्तमान दर स्लैब संरचना, जिसमें विशेष दरें भी शामिल हैं, की समीक्षा करना और जीएसटी में एक सरल दर संरचना के लिए आवश्यक युक्तिकरण उपायों, जिनमें कर दर स्लैबों का विलय भी शामिल है, की सिफारिश करना।

दर युक्तिकरण पर GoM ने व्युत्क्रम शुल्क ढांचा के सुधार तथा जीएसटी छूटों की समीक्षा पर अपनी अंतरिम रिपोर्ट प्रस्तुत करी थी, जिसे 28.06.2022 और 29.06.2022 को आयोजित जीएसटी परिषद की 47वीं बैठकों में जीएसटी परिषद के समक्ष रखा गया। अंतरिम रिपोर्ट के आधार पर, कई वस्तुओं एवं सेवाओं पर कर दरों में संशोधन किया गया तथा कुछ छूटें भी वस्तुओं और सेवाओं दोनों पर हटा दी गईं। दर युक्तिकरण पर GoM ने अपनी अंतिम रिपोर्ट प्रस्तुत नहीं की है।

SHRI MOHAMMED NADIMUL HAQUE: Sir, in the General Budget discussions and also through a letter written by our hon. Chief Minister of West Bengal, we have asked whether there is a plan to scrap the 18 per cent GST on health and life insurance premium. This is very important. But my question is whether the Government, in its pursuit of enhancing GST compliance, has considered the disproportionate compliance burden imposed on businesses, especially SMEs, through measures such as mandatory ITC reversals linked to supplier credit notes and the ambiguity surrounding the taxability of vouchers. If not, what are the reasons for disregarding the operational challenges and financial strain these policies may create?

श्री पंकज चौधरी: माननीय उपसभाध्यक्ष महोदय, मैं माननीय सदस्य तथा बाकी सभी को बताना चाहता हूँ कि जहाँ तक जीएसटी का सवाल है, इससे संबंधित कोई भी निर्णय जीएसटी कौंसिल के माध्यम से ही लिया जाता है। क्योंकि जीएसटी कौंसिल एक संवैधानिक संस्था, इसलिए इसमें केंद्र तथा सभी प्रदेश, एक साथ मिलकर निर्णय लेते हैं।

उपसभाध्यक्ष (श्री घनश्याम तिवाड़ी): मोहम्मद नदीमुल हक जी, आप अपना सेकंड सप्लीमेंटरी प्रश्न पूछिए।

श्री मोहम्मद नदीमुल हक: सर, जीएसटी कौंसिल भी तो इन्हीं के कंट्रोल में हैं, ये आराम से डिस्ीजन ले सकते हैं।...(व्यवधान)...

†جناب ندیم الحق: سر، جی ایس ٹی کونسل بھی تو انہی کے کنٹرول میں ہے، یہ آام سے ڈسین لے سکتے ہیں
...مداخلت...

My second supplementary is that currently, GST compliance is a nightmare for businesses due to the different and arbitrary tax slabs on various commodities. We saw an example of this when the hon. Finance Minister held an entire press conference to explain the difference in taxation on normal popcorn versus caramel popcorn. Please state whether the Ministry has any plans to reform the complicated GST structure by reducing the number of tax slabs, thereby ensuring ease of doing business, as has been done with income tax slabs.

श्री पंकज चौधरी: माननीय उपसभाध्यक्ष महोदय, माननीय सदस्य ने कहा है कि केंद्र उस पर खुद निर्णय ले सकता है, इस संबंध में मैं आपके माध्यम से माननीय सदस्य को बताना चाहता हूँ

† Transliteration in Urdu script.

कि जीएसटी कौंसिल का गठन संविधान के आर्टिकल 279 ए के तहत किया गया है।
...(व्यवधान)...

उपसभाध्यक्ष (श्री घनश्याम तिवाड़ी): माननीय सदस्य, आप जवाब सुनिए। कृपया बैठ जाइए।

श्री पंकज चौधरी: माननीय उपसभाध्यक्ष महोदय, जीएसटी कौंसिल कॉर्पोरेटिव फेडरलिज्म का एक उत्कृष्ट उदाहरण है। जहाँ पर सभी निर्णय केंद्र और राज्य की सरकारें मिलकर लेती हैं। महोदय, मैं इसके साथ ही यह भी कहना चाहता हूँ कि भारत के डिजीटल भुगतान सिस्टम से के साथ-साथ जीएसटी कौंसिल की सफलता की वैश्विक स्तर पर अत्यंत सराहना हो रही है। जहाँ तक माननीय सदस्य ने कहा रेट रिविजन के मामले के बारे में कहा है, वहाँ पर जीएसटी दरों को और तर्कसंगत बनाए जाने के लिए 45वीं जीएसटी परिषद की सिफारिश पर एक मंत्री समूह का गठन किया गया था। यह कर्णाटक के मंत्री की अध्यक्षता में बनी थी। इस मंत्री समूह की अब तक एक अंतरिम रिपोर्ट आ चुकी है। इस अंतरिम रिपोर्ट के आधार पर 47वीं बैठक में जीएसटी कौंसिल ने इसकी दरों में कुछ संशोधन किया भी है।

उपसभाध्यक्ष (श्री घनश्याम तिवाड़ी): माननीय वित्त मंत्री महोदय, इस पर कुछ जवाब देना चाहेंगी।

वित्त मंत्री; तथा कारपोरेट कार्य मंत्री (श्रीमती निर्मला सीतारमण): महोदय, आपका बहुत-बहुत धन्यवाद। Sir, I seek your indulgence to interfere in this. Although the MoS has given a clear reply, yet I hope the hon. Member surely knows that in the GST Council, Finance Ministers from State Governments also sit and together take a call. ...*(Interruptions)*... I have not finished my answer, please. So, the Ministers from States sit and discuss the matter. It is said very clearly, after every GST Council meeting, on the progress of the work made in the GST Council, which is a constitutional body, it may take a call in a hurry, in a month or it may take a call after much detailing. And, to the credit of every Finance Minister in the GST Council, I must say that they have gone into great details of looking into item by item to see where rate reduction can happen. And, equally, four rates or three rates or two rates or collapse into one rate is also being discussed. Every Finance Minister from every State is doing his maximum best, so that GST can become simpler and lesser in terms of compliance difficulties. Therefore, if GST Council has taken a bit longer than what all of us would desire, it is because work is going on there and they are seized of. After all, they represent the people of their respective States and they know the ground difficulties. If there are any, they speak about it in the Council. Therefore, let the Council take the call by repeatedly posing the questions to the Union Finance Minister or the MoS. It is not a singular decision of the Government of India; it has got to be a decision of the Council. The Finance Ministers of the respective States are fully empowered to speak to the people in their State as to what is got to be taken up by

the Council and what is not got to be taken. And, I am sure the Bengal Minister, who I personally respect a lot, a very thinking Minister who contributes substantially to the debate, has also been giving her inputs and all of us are together taking a call. One last point, Sir. I would like to take this opportunity to dispel this thought that after GST, rates have gone up. Not at all, Sir. I would stand here to answer questions of any number of Members. Not even in one item, after the GST being introduced, rates have been raised. If anything, the rates have been brought down. Today, I can say clearly, repeatedly I have said this, and I am saying it today here also, at the point in time of GST's introduction, on an average, the tax levied on every item which is there in the GST, 15.8 per cent tax could have been levied without additionally burdening the buyer or consumer. If that was the rate at which the GST rates were brought in, today, Sir, through you, I would like to leave a thought with the Members of the august House, the rate has come down to 11.3 per cent. That is the level of reduction of rates which has happened in the GST Council. Therefore, I appeal to all the Members here, kindly spare some time, meet your respective Finance Ministers in your States, talk to them as to what kind of work is going on. Is there an obstruction by the Union Government's members, MoS and myself, to say, 'No, no; do not reduce rate, we want to burden the consumer'? Has there been an incidence, one such incidence? So, the tone and tenor and the content of the question being posed to the Union Finance Minister or the MoS or to the Government is, 'oh! You are not telling us.' Not at all, Sir. Rates have not been increased. ...*(Interruptions)*.. I will answer it in all elaborateness because this is the kind of narrative which is being built up. The GST Council is a constitutional authority. All of us should engage with it. Thank you.

THE VICE-CHAIRMAN (SHRI GHANSHYAM TIWARI): Now, third supplementary; Shri Sanjay Kumar Jha.। ...*(व्यवधान)*... क्लीयर हो गया है। सब अपने-अपने वित्त मंत्रियों से बात कीजिए।

SHRI MOHAMMED NADIMUL HAQUE: Sir, I will not...

उपसभाध्यक्ष (श्री घनश्याम तिवाड़ी): हक साहब, आप बैठिए। Please sit down.

श्री मोहम्मद नदीमुल हक: सर, मैं walk-out कर रहा हूँ।

† یوں۔ کرنا با اوٹ واک میں سر، :الحق ندیم جناب

(At this stage, the hon. Member left the Chamber.)

† Transliteration in Urdu Script.

SHRI SANJAY KUMAR JHA: Sir, since the introduction of GST in 2017, the Government has made several adjustments to the tax slabs. How have the average rates changed since then? And, what is the direction that the Centre would want to pursue in this regard? And, whether the Centre will prioritize aligning the GST system with economic growth by focusing on key sectors such as EVs, renewable energy, technology-related goods and services and MSMEs.

श्री पंकज चौधरी: उपसभाध्यक्ष महोदय, अभी माननीय वित्त मंत्री जी ने विस्तार से जीएसटी काउंसिल के बारे में पूरे सदन के सामने बताया। मंत्री जी ने कहा कि जीएसटी में टैक्स पहले से कम हुआ है। 2017 से लेकर अब तक रेट के संबंध में जितने बदलाव हुए हैं, उसकी सूची में माननीय सदस्य को उपलब्ध करा दूंगा।

उपसभाध्यक्ष (श्री घनश्याम तिवाड़ी): धन्यवाद। माननीया श्रीमती सुलता देव।

श्रीमती सुलता देव: जय श्री जगन्नाथ! वाइस चेयरमैन सर, आपने मुझे प्रश्न पूछने का अवसर दिया, इसके लिए आपका धन्यवाद। मैं ओडिशा से बिलॉन्ग करती हूँ। केंदू लीफ के ऊपर आज 18 परसेंट जीएसटी लिया जा रहा है, जो कि पहले 5 परसेंट था। माननीया फाइनेंस मिनिस्टर भी यहां पर हैं। मेरे पूर्व मुख्य मंत्री नवीन पटनायक जी ने केंदू लीफ के ऊपर जीएसटी हटाने के लिए बहुत बार चिट्ठी लिखी है, क्योंकि 10 लाख केंदू लीफ वर्कर्स में से 90 परसेंट महिलाएं हैं, इससे उनको बेनिफिट मिलेगा।

मैं माननीय वित्त मंत्री महोदय से पूछना चाहती हूँ कि क्या वे केंदू लीफ के ऊपर जीएसटी विद्‌ड्रॉ कर सकती हैं?

SHRIMATI NIRMALA SITHARAMAN: Mr. Deputy Chairman, Sir, the hon. Member has raised an issue which has been discussed more than three times in the GST Council. And I remember the Finance Minister at that time, Niranjani, was from Odisha. He had even requested a Committee of Ministers to look into this matter. But this issue of *tendu* leaves has also been worrying States like Telangana whose Finance Ministers used to also speak about it. Telangana did raise a very valid concern, and that concern, Sir, is true that it is a minor forest produce and many women, not just in Odisha but also in Telangana, are involved in the collection and bringing it to the marketplace. Now the objection which Telangana had was whilst the GST reduction might help, in Odisha, the body which procures all this was a Government body and procures it, probably, even from middlemen. Therefore, whether the benefit of the taxes reduced or waived, benefit of that action of the tax, would benefit the middlemen or actually would benefit the women who are collecting it from the forest areas. So Telangana's question was, if it is not going to benefit the collecting-women

from the forest, minor forest produce, why should the discount or waving-off of the GST happen at all? It was a question raised. It was discussed, and, in Odisha, if not everything, at least, some portion of it was being collected from middlemen and by the Government agencies. So it had too many layers to be convincing one-another about it. So the States' Finance Ministers didn't feel comfortable about reducing or waving-off of the GST on *tendu* leaves.

DR. M. THAMBIDURAI: Sir, the GST was brought to simplify the tax system under one tax for the country and also to see that goods can be moved freely from one State to the other State. For example, in Tamil Nadu, in Hosur, in my place, the vehicles that come to the check post get stopped there completely because they are verifying and putting the taxes. The Commercial Department is putting taxes. I want to know whether the Minister knows that. I also want to know whether the State Government of Tamil Nadu is putting this kind of taxes and whether it comes under the GST purview. I want to know about that because this is happening in our place. We are suffering because all the vehicles get stranded there to cross Bangalore to go to our place. It takes three hours because all the vehicles get stranded there. Is this the way? How is the GST functioning in Tamil Nadu? I want to know from the hon. Minister whether he has got any information regarding this kind of system. What is happening in Tamil Nadu is that the State Government is also putting commercial tax apart from the GST. I want to know whether the Minister knows that.

SHRIMATI NIRMALA SITHARAMAN: Sir, the specific instance of State Government levying on the existing GST or, aside from it but along with it, is something which I have to study. I do not think I have enough information to answer that question.

DR. M. THAMBIDURAI: I have experience... ..(Interruptions)...

उपसभाध्यक्ष (श्री घनश्याम तिवाड़ी): माननीय सदस्य, यह प्रश्न से जुड़ा हुआ नहीं है।

SHRIMATI NIRMALA SITHARAMAN: Sir, I am answering it. First, I will have to look into whether the State Government is taking such an action. Second, are they stopping to levy a new tax or a new charge, or they are checking the e-way bill? That is something that I need to understand. Some information would have reached me, but still, an off-the-cuff response will not be correct. So, I would have to look into that situation.

SHRI TIRUCHI SIVA: Mr. Vice-Chairman, Sir, the hon. Member has asked the question. He must authenticate.

THE VICE-CHAIRMAN (SHRI GHANSHYAM TIWARI): Q. No. 81.