

Ref.No.5/PresR/0001

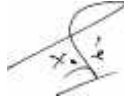
9<sup>th</sup>June.2017

To,  
The Editor

Sir / Madam,

Indian Industries Association (IIA) observed several anomalies / discrepancies / problems with GST Rate Schedules announce by the GST Council on 18<sup>th</sup> may 2017. Accordingly, IIA submitted its observations and recommendations to GST Council today. Press Note on this is being submitted to you as under for publication in your esteemed News Paper / News Channel.

Thanks & Regards



D.S.Verma  
Executive Director

### PRESS NOTE

#### **Indian Industries Association (IIA) finds Anomalies & Discrepancies in GST Rate Schedules – Representation submitted to GST Council.**

#### **Indian Industries Association (IIA) pleads for promotion of Sports, Environment Friendly and Agro based Industry by keeping GST Rates at lower slabs.**

Indian Industries Association (IIA) is an apex representative body of Micro, Small and Medium Enterprises (MSME) in consultation with more than 7000 MSME Members carried out a detailed study on the GST Rates announced by GST Council for Goods and Services. The study has revealed that there are several anomalies / discrepancies / problems with the GST Rates announced which need to be corrected mainly in the interest of Environmental Friendly and Agro based Industries. Accordingly IIA submitted a representation to Chairman GST Council along with suggestions for correcting the situation. Highlights of IIA Observations and recommendations are as under:

**Sports Goods** in GST are kept under three different high rate slabs i.e. at 12%, 18% and 28%. IIA have strongly recommended that keeping in view the need for promoting Sports & Fitness of Indian citizens for making a strong India, all Sports Goods items should either be exempted or should be kept at 5% GST rate the maximum.

**Fly Ash Brick & Products** are environment friendly products compared to “Burnt Clay Bricks”. Still the Fly Ash Bricks are kept @12% and / or 28% GST rates and “Burnt Clay Bricks” at 5% GST Rates. IIA have proposed to GST Council that “Fly Ash Bricks and Product” should also be kept at 5% GST Rate to promote this environmentally friendly industry.

**Environmental Friendly Aluminum Door’s, Window’s, Frames & Thresholds which are placed in 28% GST rate slab by the GST Council should be kept @ 18% GST Rates to save Trees and promote this industry.** Lower rate of Tax on Aluminum Door’s and Window’s etc will push the demands and with economy of scale factor the prices of these items will come down further to replace hard wooden doors & windows.

Indian Industries Association propose that “**Plywood, flush door and Block board**” *which uses mainly the soft wood grown by the farmers as raw material* should be kept in the lowest slab of the GST Rates i.e 5% instead of **28% GST rate slab** as has been decided by the GST Council. This on one hand will promote MSME’s in the country, generate more employment and above all will help Farmers in their farm income generation.

**Mentha industry** is main industry of UP, earning the foreign currency and involved lot of farmers and small scale industries. From the binging, it was proclamation by Central Govt. that GST rates in tariff will not increase in comparison of present rates. VAT applicable on Mentha Oil is 5% and Excise duty is nil at present. Now **GST rate 18% has been announced on Mentha oil and its products under Chapter 30.** This is against the interest of thousands of farmers and micro units in the country. As such IIA have recommended that GST Rates on Mentha oil and Menthol should be kept at 5% only.

Production of **Organic Manure** is required to be promoted for producing Organic food items. The credibility of the Organic Manure can be ensured only if it is sold in sealed packets with a Brand name. However in GST the Organic Manure put up in Unit Container and bearing a brand name is taxed @ 12% which will result in decreasing the demand & use of organic manure. As such IIA have recommended to GST Council that Organic manure sold in container / packed with any brand name should also be kept in nil rate of GST or maximum 5% GST rate. Similarly IIA have recommended that **Micronutrients and Bio Fertilizer should be kept in maximum 5% GST Rates Slab**

**Wheat Flour, Maida & Semolina** are items for human consumption and ideally should not be encourage to be sold loose/unbranded. Similarly **Bran & Refraction** are items used as cattle feed. All these items if sold in loose , are exempted from GST . However if these are packed and sold with a brand name will attract GST. IIA therefore have

recommended that Wheat Flour, Maida, Semolina, Bran, Refraction, Meslin Flour (Branded & unbranded) should be kept in exempted GST rate schedule.

**Tax on Cement Concrete products under the GST** is fixed at 28%. This will escalate the cost of all infrastructure projects. PM Modi's schemes like affordable housing for all, will take a hit due to this high rate of Tax on Cement Concrete products. Moreover all companies engaged in production of cement concrete items are micro and small scale industries . The high tax rates will make the micro and small scale industries highly uncompetitive. IIA therefore have suggested that cement concrete products (reinforced and non reinforced)" should be kept at maximum 5% GST rate slab.

**Laundry Soap** is mainly used in rural areas of our country and consumes less water for washing. This item is manufactured by Micro & Small units only. As such IIA recommends that Laundry Soap may be kept in exempted list or minimum 5% GST Rate Slab instead of 18% as at present

**School Bags should be kept in exempted GST list** which is at 5% GST slab at present in view to promote education for all specially the poor in the Country.

Proposals for Rationalization of GST Rates on Adhesives & Thinners to 18 % GST, Blended edible oils are taxed at 5% GST, Matches not produced by hand @ 5%, Polypropylene Bags at 18% GST and MSME Industry Association Membership Fee should to be exempted from GST etc are also submitted by IIA to GST Council with justification.

Apart from this few ambiguities such as applicability of two GST rates on same product i.e Sulphate used in Fertilizer manufacturing etc have also been brought to the notice of GST Council by IIA in its representation.



**D.S.Verma**  
**Executive Director**