

# Relief for traders on way

## OUR SPECIAL CORRESPONDENT

**New Delhi:** Small and medium businesses, hit by the goods and services tax (GST), are likely to get some relief soon as Prime Minister Narendra Modi on Saturday said most of the suggestions made by a committee of state ministers have been accepted and an announcement is likely to be made at the GST Council meet next week.

"If no state creates trouble, further steps will be taken to address the problems faced by business and traders in the implementation of the GST at the forthcoming meeting of the GST Council in Guwahati," Modi said.

Speaking at an event to mark the massive jump by India in the World Bank's ease

of doing business ranking, Modi said the GST Council had set up panels of state ministers and officials as some of the states had expressed reservation on certain issues.

At its meeting on November 9-10 in Guwahati, the GST Council is likely to trim the number of items in the highest tax slab of 28 per cent by shifting some items of common use as well as products made by small and medium enterprises to a lower tax slab.

Traders and small businesses have pointed out the anomaly of placing some of the items in the highest slab. Dried fish attracts a 5 per cent tax, while whole fish (not fillet or frozen) attracts none.

Similarly, 28 per cent tax is levied on chocolate syrup, while on sugar syrup it is 18 per cent.

## SOPS AHEAD

- Shift some items of common use and products made by SMEs to lower slab from 28% now
- Overhaul composition scheme by cutting rates, hiking eligibility threshold to Rs 1.5 crore and allowing interstate supply
- Next meet: Nov 9-10
- Place: Guwahati

Health drinks were in the highest slab, which traders feel should be changed.

## Composition scheme

The ministerial committee has suggested an overhaul of the composition scheme in the form of reducing rates, hiking the eligibility threshold to Rs

1.5 crore and allowing interstate supply.

SMEs contribute only about 5 per cent to the total indirect tax revenue and offering them some relief may not hit revenue collection, officials said.

Industry had pointed out to the committee that for most of the big industries, 95 per cent of production used to take place in MSMEs and all of them used to get excise duty exemption. However, while finalising GST, the excise rate was taken for those items.

## World Bank ranking

Referring to the World Bank's ranking, Modi said the latest report did not take into account the implementation of the GST.

"As you all know, GST is the biggest tax reform in India.

And it impacts many aspects of doing business," he said.

The World Bank has said the GST and the reforms push by the government would catapult the country to a high middle income economy in 30 years. It credited India's "extraordinary" achievement of quadrupling of per capita income to reforms taken in the last three decades.

Comparing the achievement of securing 100th rank in the latest "Doing Business Report" to hitting a century in cricket, World Bank CEO Kristalina Georgieva said a jump of that nature was very rare since the beginning of the survey 15 year ago.

"It is particularly rare when we talk about the size of India... In a cricket-loving nation hitting a century is a very important milestone," she said.