

P.R. No. 351

Date: 03.06.2017

**Press Release**

**Respected Shri Arun Jaitley, Hon'ble Union Finance Minister and  
Chairperson of the GST Council,  
Hon'ble Members of the GST Council,  
Officers of the Central and State Governments,  
Other distinguished invitees.**

At the outset, I am pleased and privileged to announce before this august Council that our State Cabinet has approved the draft Tamil Nadu Goods and Services Tax Bill, 2017. We will be introducing it in the State Legislative Assembly very soon for its consideration and passage.

The 14<sup>th</sup> GST Council meeting in Srinagar was an important milestone in the history of Goods and Services Tax as the Council gave its approval to the tax rates for more than 2000 goods and services. This was largely achieved due to the able guidance of our Chairperson. I would not be wrong in placing on record that the salubrious atmosphere of Srinagar and the excellent arrangements made by our warm hearted colleagues in Jammu and Kashmir played a major part in arriving at the historic 'Srinagar consensus'. I once again thank our friends from Jammu and Kashmir.

**Mr.Chairperson Sir, and distinguished Members of the council**

As all of you are aware, our departed leader Puratchi Thalaivi Amma was a lifelong champion in upholding the rights of the poor and downtrodden. She dedicated her life for their upliftment and for making Tamil Nadu the most progressive State in the country. The present Government is striving hard to continue along the path shown by her.

It is against this background of keeping the interests of the common man that we feel some of the rates need to be revisited. I shall mention

them in brief:

- (a) Cereals like rice, wheat, barley, etc. have been exempted as per the unanimous decision of the Council. However, the same items sold in unit containers and bearing a registered brand name have been brought under the 5% category. We would reiterate that all food items whether branded or not should be Nil rated. Aata, maida, besan and other flours may also be treated similarly.
- (b) Water sold in Refill Cans (bubble top) and small plastic pouches should be distinguished from water sold in Bottles as the former are consumed by the lower strata of society as an essential commodity. We strongly urge that the first two categories may be exempted or taxed at a lower rate of 5%.
- (c) Palmyra Jaggery (Gur) known as *Karupatti* and Palmyra Sugar known as *Pana Kalkandu* are traditional cottage industries and are also organic products. They are a source of income for the rural people who are engaged in these cottage industries. As they are not specifically mentioned in the Schedule, they are likely to be charged at 18%. We request that *Karupatti* may be mentioned in the Schedule along with Cane Jaggery in Chapter 17, item 1.
- (d) Curry and other spices are mentioned in Chapter 9, item 10 as taxable at the rate of 5%. This is commonly known as Masala powder. We request that the entry may be expanded as follows: "*...curry and other spices, masalas using mixture of spices of all forms and in all varieties*". This will prevent misinterpretation as condiments are separately listed in Chapter 21 and are subjected to tax at 28%. The Supreme Court has ruled that spice mixes are distinct from condiments.
- (e) Unbranded sugar confectionery is a cottage industry and the primary input is sugar which is taxable at 5%. Unbranded sugar

confectioneries may also be taxed at 5% instead of 18%.

- (f) In the coastal areas, as a supplement to fishing activities, fisherfolks are involved in collection of seashells for making of articles and handicraft items. Hence, seashells and articles and handicraft items made out of them may be NIL rated.
- (g) Pickle is an essential part of Indian cuisine and its main ingredients are vegetables and other edible parts of plants which are exempted. Other ingredients like masala, oil, etc. are taxed at 5%. Hence pickles may also be taxed at a lower rate of 5% instead of 18%.
- (h) Electrical apparatus not exceeding 1000 volts are now taxed at 28% while those exceeding 1000 volts are proposed to be taxed at 18%. We suggest that electrical apparatus irrespective of capacity may be brought under 18% to benefit housing and agriculture.
- (i) Roasted gram locally known as "*fried gram*" is not specifically mentioned. Under Chapter 7, item 11 may be modified so as to include "*fried grams*" also.
- (j) For the benefit of visually impaired people, glass for corrective spectacles and frames and mountings for spectacles may be kept at 12% instead of 18%.
- (k) The attachments to tractors (HSN 8708) are proposed to be taxed at 28%, whereas tractors are to be taxed at 12%. Hence, the rate of tax on attachments of tractors may also be taxed at 12%.
- (l) Cess is proposed to be levied on Motor Cycles with engine capacity of more than 350 cc. The Cess may be restricted to Motor Cycles above 500 cc as only such bikes can be considered luxury items.
- (m) Concrete blocks/bricks are made up of Sand, Blue Metal and Cement. Cement (rate of tax 28%) constitutes only 15 % of the

total inputs whereas all other ingredients are taxed at 5%. Therefore, Concrete blocks/bricks may be taxed at a lower rate instead of 28% for the benefit of construction industry. Similarly Fly Ash Bricks should also be brought down to 5%.

- (n) "Wet grinder" manufactured in Coimbatore is a GI-tagged product. This is proposed to be taxed at 28%. As 98% of this industry is under Micro, Small and Medium Enterprises sector, they were not subjected to Central Excise. As most of the inputs are subject to taxation at 18%, this may be reduced to 18%. On the same analogy, Air Compressors and Weighing Machineries may be taxed at 18% instead of 28%.
- (o) Power driven pumps primarily designed for handling water are predominantly used for agricultural and domestic purposes. Hence, they may be taxed at 5% instead of 12%.
- (p) The rate of tax for supply of food and drinks in restaurants without air-conditioning has been proposed at 12%. This would affect the common man as the non air-conditioned restaurants including "Amma Canteens" would suffer a higher rate of tax. This should be brought down to 5%. Similarly a distinction needs to be made between AC restaurants serving liquor, which have special licence and other AC restaurants that do not serve liquor. Ordinary AC restaurants that do not serve liquor should be taxed at 12% instead of 18%.
- (q) As regards the rate of tax on gold jewellery, we would like to suggest that a distinction should be made between hand-made jewellery and machine-made jewellery. As hand-made jewellery is made by goldsmiths from the economically weaker sections, it should be exempted or taxed at a nominal rate.
- (r) Tamil Nadu has been exempting films made in the local language from the purview of Entertainment Tax. The levy of tax at 28% on all films will adversely impact the film industry in

the State. Hence, we urge that films made in the local language of the State should be subject to a lower rate of tax.

**Mr.Chairperson Sir, and distinguished Members of the council**

It is well-known that the textile industry is the largest provider of employment. Millions of people are dependent on this sector for their livelihood. The entire population consumes this product. Considering the impact on the public in general, we would suggest that the goods falling in the entire textile chain be taxed uniformly under GST at the lowest rate. Handloom textiles may be NIL rated.

Footwear sold at rates less than Rs.500/- may be taxed at 5%. Other footwear may be taxed at 28%.

A large number of people, particularly womenfolk, are involved in the manufacture of Beedi. Hence, beedi may be taxed at a lower rate.

The above are only a few suggestions that I have listed. The detailed proposal has been separately handed over to the Secretariat. I am sure this august body will give due consideration to the interests of the common man and will decide judiciously on the rate of tax to be imposed.

In conclusion, our late Chief Minister Puratchi Thalaivi Amma with her astute and sagacious leadership worked tirelessly day and night to bring prosperity to the common man. We are confident that the reform measure that we are undertaking jointly will serve the same interest and bring all round prosperity to all sections of the society.

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