



30th January, 2021/18539

Smt. Nirmala Sitharaman

Hon'ble Minister of Finance and Corporate Affairs
Govt. of India
New Delhi.

Sub: Request to reduce GST on Ice-cream from 18% to 12%

Respected Madam,

Greetings from Gujarat Chamber of Commerce & Industry.

Gujarat Chamber of Commerce & Industry is the apex body of trade & industry in the state of Gujarat with 6000+ direct members including 200+ regional chambers and business associations, thereby representing more than 2 lakh business entities across the state, ranging from large scale to MSME units and covering almost all key sectors of trade and industry.

Madam, at the outset we appreciate the steps taken by the GST Council under your able leadership to rationalize the GST tax rates for the wide variety of products keeping in mind various parameters. However, there are still a few segments where such rationalization is still pending and needs to be considered. We would like to draw your kind attention to one such product which is ice-creams.

Madam, ice-cream is essentially a product widely consumed by the masses and therefore it is not a luxury. Ice-cream is currently priced for major variants starting from Rs 5 to Rs 20.

The Indian ice-cream market is fragmented in nature and the size of the overall ice-cream market considering organised and unorganised players is small, i.e. less than Rs.20,000 crores which constitutes a small part of the dairy and food sector as a category. However, the high rate of taxation applicable to the segment is not bearable by the small units operating in this segment. Also, this rate of taxation is much higher than the tax rate prevalent for other dairy products and therefore needs reconsideration.

Madam, keeping ice-cream at par with most dairy products, either at 5 % or 12 % is not going to make a huge impact to the GST revenue of the government considering the small market size. While levying 18 % GST on ice-cream makes it expensive and beyond the reach of common middle-class consumer besides badly impacting business of the small players.

We therefore request you to kindly consider review and reduction in the GST tax rate and place it in the 12 % GST rate slab.

We look forward to your favourable consideration of our request.

With regards,


Natubhai Patel
President

Natubhai Patel
President

Hemant N. Shah
Sr. Vice President

K. I. Patel
Vice President

Pathik S. Patwari
Hon. Secretary

V. P. Vaishnav
Hon. Secretary (R)

Sachin K. Patel
Hon. Treasurer