

Minutes of the 46<sup>th</sup> Meeting of the GST Council held on 31<sup>st</sup> December, 2021

The 46th Meeting of the GST Council (hereinafter referred to as 'Council') was held on 31st December, 2021 at New Delhi under the Chairpersonship of Hon'ble Union Finance Minister, Smt. Nirmala Sitharaman (hereinafter referred to as 'Chairperson'). A list of the Hon'ble Members/Ministers of the Council who attended the meeting is at **Annexure-1**. A list of officers of the Centre, the States, the GST Council, the Goods and Services Tax Network (GSTN) who attended the meeting, is at **Annexure-2**.

2. The Chairperson invited the Revenue Secretary and the ex-officio Secretary to the Council (hereinafter referred to as 'Secretary') to begin the proceedings. The Secretary welcomed the Hon'ble Deputy CMs and Hon'ble Ministers to the 46<sup>th</sup> meeting of the Council. He welcomed the Union Finance minister, Ministers/Members from the States, officers of the State Government and Central Government to the 46<sup>th</sup> meeting of the Council at Delhi and emphasized the significance of the meeting as it had been called under the emergency clause under proviso to sub-clause (2) of clause 3 of the Procedure and Conduct of Business Regulations of the GST Council in which 48 hours of notice had been given.

3. At the outset, the Secretary placed on record the gratitude and sincere appreciation for the valuable contribution made to the Council by Shri. Nitinbhai Patel, former Member from the State of Gujarat. On behalf of the Chairperson and all the Members of Council, he welcomed Shri. Kanubhai Desai, the new Member from the State of Gujarat, who attended the meeting of the Council for the first time. He also introduced and welcomed Shri Vivek Johri, the newly appointed Chairman, CBIC.

4. He informed that a letter had been received from the Minister of Gujarat requesting that the proposed GST rate revision of textiles from 5% to 12 % w.e.f 1.1.2022 may be deferred. As this power lies with the GST Council, a meeting of the Council had to be convened. The said letter from Gujarat was received on 29.12 2021 and the notice for the emergency meeting was issued the same day for the Council meeting. He reiterated the discussions from the 39<sup>th</sup> meeting of the Council elucidating the reasons for inverted rate correction in textiles in pursuance of which the decision for rate revision in textiles was taken in the 45<sup>th</sup> meeting of the Council.

5. He informed the Council that in pre-GST regime, fabrics suffered a much higher incidence of tax. In the pre-GST regime, while cotton fabric had about 9% tax incidence, the MMF fabrics had about 13.6% tax incidence as compared to the existing 5% rate of GST. The





Council had prescribed the restriction of not allowing refund of accumulated ITC. After the rollout of GST, the textile industry represented that the rate structure resulted in acute inversion in textile sector particularly at fabric stage. It was also argued that the restriction of not allowing refund of accumulated ITC on fabrics favored large composite mills while standalone Power Loom suffered. Accordingly, in stages, further relief was extended to textile sector. To begin with, GST rate on man-made yarn was reduced to 12 percent. Thereafter, refund of accumulated ITC was allowed on fabrics with prospective effect from 01.08.2018 and tax rate on job work services was also brought down to 5%. However, yarn continued to suffer significant inversion as value addition from fiber to yarn was not significant. Hence, standalone spinning units suffered. Fabric continued to have inversion on account of higher tax rate on yarn, input services and capital goods. The adverse impact of inverted rate structure had bearing on ready-made garments segment on account of accumulated ITC on services and capital goods. Also, the cost associated with inversion in fabric became a cost that was transferred by fabric manufacturers to the ready-made garments. On readymade garments, the pre-GST incidence was about 13.2% as compared to 5% rate in GST. Lower rate of 5% and job work had led to hardships to dyeing units as inputs like chemicals and dyes attracted GST at the rate of 18% and effluent treatment attracted GST at the rate of 12%. Job workers had been seeking correction in inverted duty structure even if it required increasing the rate of tax on dyeing services.

6. The Ministry of Textiles had recommended for correcting inverted rate structure so as to unshackle it from the burden of taxes and to substantially increase employment opportunities in the textile industry. The differential rates and slow refunds of accumulated Input Tax Credit had affected the competitiveness of the industry and had proven to be a deterrent for investment in this sector. The Ministry of Textiles was of the view that for tax uniformity across the value chain, Man-Made Fibres (MMF) and yarns needed to be brought under a uniform tax slab to take care of inversion in the tax structure. This would benefit the spinning and power-loom sectors, which in turn, would create huge job opportunities. An inter-ministerial group consisting of Ministry of Textiles, Ministry of Commerce and NITI Aayog had also made similar observations. The inter-ministerial group had observed that with implied limitation on growing cotton, man-made fibre base needed to grow at least five times in the next five years. The inversion in tax structure of textile sector had led to a refund of about Rs 4000 crores which was anticipated to grow considerably in future.

7. The Fitment Committee had deliberated in detail on this issue and the impact of any calibration of GST rates and fabrics or garments on the end consumers. It was observed that the

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Council had recommended a lower rate of 5% on all fabrics, and lower segment garments on account of acceptability of GST rate and essential consumption nature of the item. However, the experience since the rollout of GST had been that inverted rate structure had led to significant adverse impact as stated above. It had not really benefitted the consumer by way of reduction in prices of fabrics or garments. Inversion of tax rate meant that cost on account of accumulated ITC on services and capital goods and resource cost for seeking refund of accumulated ITC on inputs got embedded in the cost of fabric and garments. This could be 4% to 5% considering services and capital goods would at least constitute of 20% to 25% of the input cost.

8. Further, removal of inversion would give a boost to the garment sector and with increasing production, the customer also would benefit. Therefore, increase in tax rates could, at the most, have a marginal effect on garments. Besides, as argued by Ministry of Textiles, there existed a strong economic justification that revised rate structure would help the sector grow at a faster pace. In this background, the Fitment Committee discussed the possible solutions to address the issue of inversion in the textile value chain. While doing so, it was kept in mind that input chemicals, capital goods and input services other than job work and inputs like buttons, dyes etc. were at 18 percent and hence low rate of 5% on MMF fabrics and garments would not help the sector. It was felt that at the garments or fabrics stage, it was not feasible to differentiate between the natural fibre and MMFs. In any case, blended fabric was quite common. Therefore, Fitment Committee was of the view that the output tax rate on fabrics and garments should be prescribed at a uniform level of 12%. It was also discussed that as per the recommendations made by the Ministry of Textiles and Inter-Ministerial Group (IMG), the GST rate on fibres should be lowered to 12% to bring them at par with yarn to avoid inverted rate structure at yarn stage. As the value addition at the fibre stage was significant and the import parity price for fibre was about hundred rupees per kg, the fibre manufacturer would not suffer adversely on account of inversion.

9. The Secretary stated that the objective of above discussion was to show that the Council and the Fitment Committee had duly deliberated on the issues that arose in the textile sector in the past and had made the recommendations after due consideration. With the permission of the chair, he requested the Hon'ble Member from Gujarat to introduce the issue.

10. Hon'ble Member from Gujarat stated that Covid had impacted GST revenues, adversely affecting the State's financial situation. Also, the GST compensation amount would

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not be available to the States after June, 2022. The GST compensation had helped States to manage their financial situation much better despite strained finances due to Covid. During the last Council meeting at Lucknow, a few important decisions were taken keeping in view the twin issues of GST compensation and low GST collection. Two Group of Ministers (GoMs) were set up for rationalization of rates and restructuring of GST framework, suggesting procedural reforms, improving tax administration and preventing tax evasion. He requested to ensure that the recommendations of the GoM be submitted at the earliest and the decisions should be taken based on their recommendations to lay a clear roadmap for GST in forthcoming days.

11. One of the decisions in the Lucknow meeting was regarding rate rationalization and removal of inverted duty structure in textile sector. In the meeting, it was submitted then by Gujarat that since Textile sector plays a vital role in economy of the State and therefore, any decision in this regard must be implemented in consultation with it. The State had received the representations from trade and industry regarding the notification issued for the purpose of bringing the change in the rate of GST in textile sector. These changes would impact the sector significantly, particularly the manufacturing of MMF at Surat and cotton fabric industry which was spread all over the State. The MSME sector and the labor market could also be affected adversely, especially when the sector was yet to recover from Covid pandemic. Keeping in view of the overall situation, he requested the Council to put on hold, the decision on textile sector and consider the views of all the different stakeholders before arriving at a final decision.

12. The Secretary thanked the Hon'ble Member from Gujarat for also bringing attention of the members to the compensation cess along with textile sector issue. He emphasized that the compensation amount would stop from 30<sup>th</sup> June 2022.

13. Hon'ble Member from Tamil Nadu thanked the Chairperson for arranging the Council meeting at a short notice. He stated that not only were they effected by Covid situation but were already in relatively declining growth rate and all the data suggested that MSME and individuals had been more effected than large corporates and relatively affluent individuals. The Union Government had projected and spelt out many schemes to support this sector. In that context, he made the distinction that while there were strategic and global implications for man-made fibres, the relative difference between man-made and natural fibre was quite stark. Man-made fibres were largely capital intensive and technology intensive and run by corporates. Natural fibres were largely processed using manual labor and are labour intensive and had a

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direct impact on farm prices for the raw materials. Given the economic situation, from the Tamil Nadu perspective, the rate hike would be a huge hike, at a wrong time. Before GST was implemented, there was complete exemption for natural fibre and readymade garments were at 5% under the VAT regime. The textile industry in Tamil Nadu is one of the largest employers, especially after farming. Manufacturers' associations, farmers' associations and other associations from almost every district in Tamil Nadu including Madurai had represented against the hike. He requested that the increase in tax rate be held in abeyance for greater discussion as suggested by Hon'ble Member from Gujarat. If there was an urgent need to implement changes, then a threshold value level like Rs 3000 or Rs 5000 or more be kept, above which, levy of GST at the rate of 12 % be charged and below this, a levy of GST at the rate of 5 % should be considered, as an alternative.

14. Hon'ble Member from West Bengal stated that they had opposed this decision in the 45<sup>th</sup> meeting of the Council and favoured the GST rate of five percent. On 18<sup>th</sup> of November, 2021, the Central Government had already issued a notification and the changes were scheduled to be effective from 1.1.2022. The volume of the overall textile market was about Rs 5.4 lakh crore and 80 to 85 percent of it comprises natural fibre and the rest comprises man-made fibre. Inverted tax structure existed in the man-made fibre sector with inputs being taxed at the rate of 18 percent, but it was only 15 to 20 percent of the total volume of the industry. The textile industry was very crucial for employment generation in the country which currently employed around 4 crore people. 85% of the end retail market was taxed at rate of 5% which comprises sari, readymade garments or others having value less than Rs 1000. The total revenue yield from this sector was around Rs 20,000 crore. Estimates show that revenue gained from the upward revision from 5% to 12% would be considerable but the overall impact would be devastating. It was estimated that this would result in a drop in the volume of demand by 3%. The industry ran on a slender margin of around 1 to 3 percent for small and medium scale players in spinning, weaving and garment sector. Evidently, it would be impossible for them to absorb this shock of seven percent increase in tax rate. Estimates show that this would create a situation where one lakh small units would close rendering 15 lakh people jobless. Many units in this sector came to the fold of formal economy after the introduction of GST. If not altered, this move of hiking tax rate by 7% would push many out of the formal sector and promote parallel economy. Therefore, the decision for this rate revision needs to be relooked in its entirety. In addition to this, she requested that though it was not in the agenda, the footwear rate revision along with the works contract which had been hiked from 12% to 18% also needed to

be looked into.

15. Hon'ble Member from Puducherry stated that the Union Territory of Puducherry agreed in principle that the inverted duty structure should be corrected. However, the proposed increase in tax rates on textile with effect from 01.01.2022 would affect the textile sector especially MSME units. Further, it would lead to additional burden on the common people. Hence, the Council may consider postponing this decision after deliberations. He also requested that the decision to not extend the GST compensation to the States beyond June, 2022 may also be reconsidered otherwise Puducherry would face severe financial stress and ongoing welfare and developmental schemes may get affected. He suggested to continue with the compensation for a further period of five years.

16. Hon'ble Member from Goa stated that the decision to increase tax rate on textiles from 5% to 12% was only to correct the inverted duty structure. This issue should be linked to the bigger issue of rate rationalization. The decision to increase the GST rate on textiles required detailed study based on data. The impact of increase in GST rate on employment would also have to be factored in. He fully agreed with the proposal from State of Gujarat to defer this decision to increase GST rate till a thorough study on this matter was done.

17. Hon'ble Member from Andhra Pradesh reiterated their position to defer the decision of increase in GST rate on textiles. He stated that a deeper study of the industry had to be made as various farm produce go into making textiles. Detailed study on the share of apparel vs fabric, the share of different yarns, natural or manmade, that went into the fabric and the estimate of future refunds was required. Such a study could be made by the GoM. State of Andhra Pradesh had 3 lakh people employed in the weaving industry and was more into natural yarn and its related industries. A deeper study on these aspects would enable sound decision making.

18. Hon'ble Member from Rajasthan thanked the Chairperson for calling the emergency meeting of the Council for the purpose. He stated that the deferment of the earlier decision of the Council was not a long term solution as the external environment would not change especially in the light of Omicron variant of COVID. Hon'ble Chief Minister of Rajasthan had also written that in the light of COVID situation, changes in the GST rates should not be made. He proposed that rate changes should not be done, not only on textiles but also on footwear. However, keeping in view the situation of the States, there should be a long term policy. He stated that the stand of State of Rajasthan was that there should be a decision to not change the GST rates for two to three years pursuing a long term policy. Just as textile was basic need for



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the common man, footwear was also a basic necessity and therefore the decision to increase GST rate on footwear should also be deferred. He also requested that GST Compensation which would end in June, 2022 should be extended till, at least, upto 2027.

19. The Secretary brought to the notice of the Council that this issue was discussed in the 38<sup>th</sup>, 39<sup>th</sup>, 40<sup>th</sup>, 43<sup>rd</sup> and 45<sup>th</sup> meeting of the Council. The Fitment Committee also deliberated on this issue in great detail. He quoted the reference from Ministry of Textiles and NITI Aayog to emphasize that revenue consideration was not the basis of the decision to do away with the inverted duty structure in textiles. It was because enough investment was not being made in the textile sector since ITC on input services and capital goods could not be refunded and it got embedded in the cost of the goods. The inverted duty structure gets corrected at around tax rate of 9% to 9.5%. So, finally, 4% to 4.5% would be embedded in the cost. Ministry of Textiles, NITI Aayog and part of the industry had suggested that unless the inverted duty structure was corrected, India cannot compete at international level in textiles. Further, while internationally it was seen that man-made fibre (MMF) was taking precedence over natural fibres, in India, the position was reverse.

20. Hon'ble Member from Kerala stated that they supported the proposal to defer the decision but a detailed study was imperative. He also requested the deferment of increase in GST rate on footwear. He added that the earlier decision to increase the GST rate on works contract from 12% to 18 % in relation to government entities should also be reversed. He also stated that it was the view of many Hon'ble Members that the GST Compensation should be extended.

21. Hon'ble Member from Odisha stated that he had submitted earlier to the Council that there were two aspects of textiles sector, the power loom and the handloom. There should be two tax slabs and the GST rate on handloom should be less than 5%. His constituency was globally famous for manufacture of silk sarees. Odisha is famous for Sambalpuri silk saree. The handloom sector as a whole embodied the traditional wisdom and cultural wealth of India and had a role in Atmanirbhar Bharat. The handloom and craft sector was under severe stress as average household income of handloom industry was only Rs 3,042 per month. The pandemic had exacerbated the situation and weavers had lost their livelihood. The cost of cotton yarn had also increased by nearly 30% to 40% this year. Thus, handloom sector should be taxed at a lower rate.



22. Hon'ble Member from Uttar Pradesh thanked the Hon'ble Chairperson for convening the meeting to discuss the sensitive issue of textiles and also appreciated Gujarat for raising the issue. At the commencement of the GST regime, the GST rate on textile was 5%, on threads and chemicals it was 12% and ITC refund was blocked. Later in July, 2018, it was decided to give the refund of ITC on inverted duty structure. He requested that the GST rate on textile be 5% and refunds of ITC prior to July, 2018 may be blocked since refunds were a liability.

23. Hon'ble Member from Bihar stated that when it was decided to increase the GST rate on textiles in the previous meeting, there were negative reactions from the textile industry and public in general. He supported the proposal of the State of Gujarat to defer the rate revision as it was in favour of the common man. Interventions should be made for boosting the sector, encouraging investments and creating a niche for India at an international level. The Hon'ble Member from Bihar further stated that India was the global leader in the textile sector and the Council should strive to put in place a mechanism which attracts investment and fuels growth in the textile sector so that the country can reclaim its past glory as the world leader and textile hub of the world.

24. Hon'ble Member from Tamil Nadu stated that several observations were made on the percentages of various inputs, their costs and their likely impact. He requested that if such studies were available, they may be circulated to the Members. If such studies were not available, they need to be commissioned. He hoped that the GoM constituted by the Hon'ble Chairperson would look into all of this.

25. Hon'ble Member from Madhya Pradesh submitted that post decision to increase the GST rate on textile in the 45<sup>th</sup> Meeting of the Council; the State had received several representations from trade to reconsider the decision. He further submitted that textile was a very important sector in the State and this decision may financially hit the sector which was recovering from impact of COVID pandemic. He stated that Madhya Pradesh had more than 20000 registered businesses in textile sector generating approximately Rs. 150 crore of GST revenue and employing millions of people. He requested that in this scenario, the Council should reconsider the decision to increase the GST on textiles from 5% to 12 %.

26. Hon'ble Member from Tripura stated that he supported the representation made by Gujarat and the issue required more consultation with the stakeholders. He agreed with Odisha that there should be distinction between power loom and handloom textiles while deciding tax rates.

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27. Hon'ble Member from Delhi was appreciative of calling the Council meeting at a short notice on the basis of a request from a Member for discussing an issue of urgent nature. He stated that there was a need to rationalize the tax in the sector to correct the inverted duty structure and for this a detailed presentation could be made by Ministry of Textiles on cons of increasing the GST on textiles from 5% to 12 % as pros had already been discussed in the earlier Council meetings. He stated that he had always advocated lower taxes as it resulted in higher compliance. He stated that impact of increase in tax rates on textile sector in terms of job, investment and economic condition required further deliberations and study. The decision could be deferred or rolled back and study could be undertaken to analyse the complexities in the textile sector other than tax alone in scenario of the tax rate hike.

28. Hon'ble Member from Rajasthan submitted that alternatives like new tax slabs need to be explored. He suggested formation of a Committee to study the GST taxation system from long term perspective after dividing the economy in to various sectors and then identifying the basic sectors where there should be no increase in tax rates. This would help in framing long term policies on issues like investment and encouraging new enterprises.

29. The Secretary stated that both Delhi and Rajasthan had raised very relevant points and that facts and data available with Fitment Committee should be circulated among the Members of the Council to help them in making informed decisions.

30. Hon'ble Member from Delhi stated that the presentation in the 39<sup>th</sup> GSTC meeting was in the perspective of taxation in textile sector but as Finance Minister of a State, he reiterated the need to look at rate revision from a wholistic perspective encompassing issues like employment, etc.

31. The Hon'ble Chairperson stated that the issue of inversion had been discussed in multiple meetings of the Council and Council has devotedly spent considerable time deliberating upon the matter. She further stated that on this issue, not only from Gujarat but several other representations had also been received in December, 2021 after the decision to increase the GST on textiles was taken in September, 2021 to implement the increase w.e.f 1.1.2022. She stated that in the Council meeting, a presentation may be made by the Fitment Committee on this issue for better understanding of all including the possibility of differentiating between the power loom and the handloom, and man-made and natural fiber. She further referred to the observation made by the Hon'ble Member from Uttar Pradesh that no refund of ITC was given prior to 2018 in case of 5% GST and stated that this aspect had

been discussed in the Council earlier. The Council may like to discuss at some time whether there was some merit in going back to the situation which prevailed prior to 2018. She further stated that Council had discussed the issue of inversion in various meetings and it was unanimously decided to defer the decision due to the prevailing COVID situation. The decision to correct inversion was taken in September. Further, there was a GoM on Rate Rationalization and the items on which inversion correction is required to be done by the Council were also within the purview of this GoM. She further insisted that a call on the agenda should be taken as new rate on textiles were scheduled to be effective from 1.1.2022.

32. In response to the comments made by the Hon'ble Member from Delhi, the Secretary submitted that Niti Aayog and Ministry of Textiles were involved in the discussions including issues of investment and employment which were briefed to the Fitment Committee. However, in future even if there was a need to call any experts on the matter to give their suggestions or to make presentations on the impact on the textile sector on aspects other than taxation, it could be done. He further stated that the long-term policy as suggested by the Hon'ble Member from Rajasthan may be considered by the Committee on tax rationalization. He further cautioned that inverted duty structure led to refunds and the problem got compounded due to fake invoices while revenue augmentation efforts were taken with the help of technology, and many other policy decisions were taken to stop tax evasion.

33. Hon'ble Member from Haryana stated that he supported the proposal and also requested to reconsider the case of rate revision in footwear also on similar lines.

34. Hon'ble Member from Himachal Pradesh was of the view that inverted duty structure needed to be rectified to attract investment. Textile sector was gravitating towards man-made fiber. He stated that the consensus in the Council was to defer the decision to hike the GST rate on textiles from 5% to 12% and he agreed with it. Also, the refund of ITC should be blocked. He also requested to extend the time of compensation cess till the year 2027.

35. Hon'ble Member from Sikkim supported the consensus in the Council to defer the decision on rate revision on textiles.

36. The officers of Arunachal Pradesh, Assam, Chhattisgarh and Jharkhand supported the proposal to defer the decision.

37. The officer from Karnataka conveyed the message of Hon'ble Chief Minister that he supported the consensus but with ITC restrictions, as proposed by the State of Uttar Pradesh.



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38. The officer from Maharashtra pointed out that as the member of Fitment Committee; they had made significant deliberations while making the recommendation and therefore, some kind of analysis as to why the decision was being deferred, should be presented. Further, in the current year due to various pressures, it was very difficult to estimate resources for the coming year's budget due to following reasons (a) Advisory from the Central Government to reduce VAT on fuels (petrol & diesel) (b) Advisory from Central Government to reduce VAT on ATF (c) Lack of clarity on the decision regarding GST rate on textiles (d) Pending proposals with the GoM on Rate Rationalization. He stated that the next time the Council decided to hike GST rate, there would be similar demands for rollback. He further conveyed the opinion of Hon'ble Member from Maharashtra that the Covid -19 pandemic had affected the livelihood of millions of people and strained the economy. He had suggested that at this juncture, decision to increase tax rates on textiles be deferred and further decision may be taken after a proper review. He had further added that as the revenue protection is not extended to States beyond 30/06/2022, it is going to adversely affect the State's finances thus the State's revenues should be protected as per the current arrangement at 14% increment every year beyond June, 2022.

39. In response to a query of Hon'ble Member from Rajasthan about the members in the Fitment Committee, Hon'ble Chairperson mentioned about the same and the list of States was provided. He enquired whether the point of view of the States was put forth during the meetings by the members of Fitment Committee, to which the Secretary stated that the nominated officers are expected to take clearance from the political executive before placing the views.

40. Hon'ble Member from Tamil Nadu stated that even the political executives also face the dilemma between revenue augmentation vs the interests of the industry. Further, he stated that the Convener for GoM on Casinos, Race Courses and Online Gaming was Shri. Nitinbhai Patel, then Hon'ble Member from Gujarat. Due to changes in the Gujarat cabinet, a new convener needs to be named and requested that the functioning of the GoM and all other Committees may be better integrated.

41. Hon'ble Member from Odisha stated that inverted duty structure is only in 15% part of the Sector i.e. power loom and that 85% i.e. Handloom should not suffer due to the rest of the 15% of textile sector.

42. The officer from Uttarakhand conveyed the opinion of Hon'ble Member from Uttarakhand that the inverted duty structure had led to distortion in the textile sector which needed to be corrected. However, he had suggested that keeping in view the representations

received from trade and Ministry of Textiles, it would be appropriate that the decision to increase the tax rate on Textiles may be deferred for a certain period.

43. The officers from Nagaland, Telangana, Punjab and J&K agreed with the emerging consensus and Telangana suggested that the decision should be for a longer term rather than two or three months.

44. The Secretary observed that there was general consensus to defer the hike in GST rate on textile from 5% to 12% but UP, Himachal Pradesh and Karnataka mentioned about blocking the refund of ITC also.

45. Hon'ble Member from Gujarat stated that blocking of refund would not be a prudent decision as it would discourage investment in a big way and also lead to tax evasion.

46. Hon'ble Member from Haryana stated that rather than blocking the refund of ITC, GoM should finalize the deliberations within a deadline and present it to the Council so that a decision could be taken.

47. Hon'ble Member from UP requested that the State exchequer should not face the burden of refunds and to go back to pre-2018 status where refund was not available especially in the light of discontinuance of GST Compensation from July, 2022.

48. Hon'ble Chairperson clarified that the rate was at a level whereby the output tax was higher than the input tax. The larger interest of the Council was to go ahead with the inversion correction and the Council was not looking for additional revenue in this case. If there was a perspective that if refunds were stopped, then no investments would come in the sector just the same holds true with inversion scenario also. She mentioned that there are Performance Linked Incentive (PLI) schemes of the Government but there was hesitation to invest in the textile sector due to inversion of duty.

49. Hon'ble Member from Tamil Nadu stated that presently there was no blockage on refunds and GST on textiles was at 5%. The same policy should be continued till the Council took a comprehensive and informed decision.

50. The Secretary stated there was consensus in the house to defer the tax revision in the textile sector. He also assured the Council that the GoM on Rate Rationalization would discuss this issue threadbare and all the points raised by the Hon'ble Members would be discussed in the GoM. If required, NITI Aayog would make a presentation to the GoM. He informed that

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this GoM was not only looking into textiles but also looking at a larger and broader framework of GST which was important in the context of GST Compensation. He urged the GoM to submit the report by February, 2022 so that the GST Council Secretariat could evaluate and process the report and thereafter, the Council could take a considered decision on all these matters. He stated that the GoM would be assisted by the Fitment Committee and both taken together, there was a broad-based representation from many States. The Fitment Committee itself had also taken views of other States. He stated that the Council decided to defer the decision of increasing the GST rate on the textiles from 5% to 12% till larger deliberations were carried out.

51. The Chairperson stated that the GoM on Rate Rationalization constituted under the convenership of Hon'ble Chief Minister of Karnataka, comprised Members from Bihar, Goa, Kerala, Rajasthan, UP and West Bengal. She reiterated that this GoM would discuss the issue of textiles as well and should submit its report on rate rationalization inclusive of the textile issue by late February, 2022 or in the first week of March, 2022 to the Council.

52. The Meeting ended with thanks to the Chair.





**Annexure-1**

**List of Hon'ble Ministers who attended the 46<sup>th</sup> Meeting of the GST Council on 31.12.2021**

S. No	Centre/State	Name of Hon'ble Minister	Charge
1	Govt. of India	Smt. Nirmala Sitharaman	Union Finance Minister
2	Andhra Pradesh	Shri Buggana Rajendranath	Minister for Finance, Planning and Legislative Affairs and Commercial Taxes
3	Bihar	Shri Tarkishore Prasad	Deputy Chief Minister
4	Delhi	Shri Manish Sisodia	Deputy Chief Minister
5	Goa	Shri Mauvin Godinho	Minister for Transport and Panchayat Raj, Housing, Protocol and Legislative Affairs
6	Gujarat	Shri Kanubhai Desai	Finance Minister
7	Haryana	Shri Dushyant Chautala	Deputy Chief Minister
8	Himachal Pradesh	Shri Bikram Singh	Minister for Industries & Transport
9	Jammu & Kashmir	Shri Rajeev Rai Bhatnagar	Advisor to Hon'ble Lieutenant Governor
10	Kerala	Shri K.N. Balagopal	Finance Minister
11	Madhya	Shri Jagdish Devda	Minister for Commercial Tax,



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# MINUTE BOOK

Shipra

	Pradesh		Finance, Planning & Statistics
12	Odisha	Shri Niranjan Pujari	Minister, Finance & Excise
13	Puducherry	Shri K. Lakshminarayanan	Minister for Public Works
14	Rajasthan	Shri Subhash Garg	Minister of Technical Education Dept., Ayurveda and Indian Medical Dept., Public Grievances & Redressal, Minority Affairs, Waqf, Colonisation, Agriculture Command Area, Development & Water Utilisation
15	Sikkim	Shri B.S. Panth	Minister for Commerce & Industries, Tourism & Civil Aviation
16	Tamil Nadu	Dr. Palanivel Thiaga Rajan	Minister for Finance and Human Resource Management
17	Tripura	Shri Jishnu Dev Varma	Deputy Chief Minister
18	Uttar Pradesh	Shri Suresh Kumar Khanna	Minister of Finance, Parliamentary Affairs, Medical Education
19	West Bengal	Smt. Chandrima Bhattacharya	Minister of State for Finance



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## Annexure-2

## List of Officials who attended the 46th Meeting of the GST Council on 31.12.2021

Sl No	State/Centre	Name of the Officer	Charge
1	Govt. of India	Shri Tarun Bajaj	Revenue Secretary
2	Govt. of India	Shri Vivek Johri	Chairman, CBIC
3	Govt. of India	Shri D.P. Nagendra Kumar	Member (GST), CBIC
4	GST Council Sectt.	Dr. C.S. Mohapatra	Additional Secretary, GST Council
5	Govt. of India	Shri Vivek Aggarwal	Additional Secretary, DoR
6	Govt. of India	Shri Rajesh Malhotra	DG (Media & Comm.), PIB
7	Govt of India	Shri Ritvik Pandey	Joint Secretary, DoR
8	Govt of India	Shri Sanjay Mangal	Principal Commissioner (GST PW), CBIC
9	Govt. of India	Shri G.D. Lohani	Joint Secretary, TRU
10	GSTN	Shri Manish Kumar Sinha	CEO
11	GSTN	Shri Dheeraj Rastogi	EVP (Support) & SVP (Services)


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12	GST Council Sectt.	Ms Ashima Bansal	Joint Secretary
13	Govt. of India	Shri S. S. Nakul	PS to Minster of Finance and Corporate Affairs
14	Govt. of India	Sernya Bhutia	First PA to FM
15	Govt. of India	Shri Debashis Chakraborty	OSD to Revenue Secretary
16	Govt. of India	Shri N. Gandhi Kumar	Director (State Tax), DoR
17	Govt. of India	Shri Amaresh Kumar	Additional Commissioner, GST PW, CBIC
18	Govt. of India	Shri Pramod Kumar	Director, TRU
19	Govt. of India	Shri Syed Wasif Haider	OSD, TRU
20	Govt. of India	Shri D. P. Misra	OSD to Chairman, CBIC
21	Govt. of India	Rakesh Dahiya	Joint Commissioner
22	Govt. of India	Gaurav Singh	Deputy Secretary, TRU
23	Govt of India	Shri Dibyalok	Technical Officer, TRU
24	Govt of India	Shri Amit Samdariya	Deputy Commissioner, GST PW, CBIC
25	GST Council Sectt.	Shri Kshitendra Verma	Director
26	GST Council Sectt.	Shri Harish Kumar	Deputy Secretary

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27	GST Council Sectt.	Shri Krishna Koundinya	Under Secretary
28	GST Council Sectt.	Shri Naveen Agrawal	Under Secretary
29	GST Council Sectt.	Shri Joginder Singh Mor	Under Secretary
30	GST Council Sectt.	Shri Adesh Nayak	Superintendent
31	GST Council Sectt.	Shri Naveen Kumar	Superintendent
32	GST Council Sectt.	Shri Irfan Jakir	Superintendent
33	GST Council Sectt.	Shri Sachin Goel	Superintendent
34	GST Council Sectt.	Shri Manoj Kumar	Superintendent
35	GST Council Sectt.	Shri Dharambir	Superintendent
36	GST Council Sectt.	Shri Rakesh Joshi	Inspector
37	GST Council Sectt.	Shri Pankaj Bhardwaj	Inspector
38	GST Council Sectt.	Shri Vijay Malik	Inspector
39	GST Council Sectt.	Shri Rohit Sharma	Inspector
40	Andhra Pradesh	Shri Mukhesh Kumar Meena	Secretary (CT) Finance
41	Andhra Pradesh	Shri J V M Sarma	Joint Commissioner State Taxes
42	Andhra Pradesh	Shri Chandra Obul Reddy	OSD to Finance Minister
43	Arunachal Pradesh	Shri Sangeet Dubey	Deputy Resident Commissioner



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44	Assam	Shri Rakesh Agarwala	Principal Commissioner of State Tax
45	Bihar	Shri Arun Kumar Mishra	Special Secretary, Commercial Taxes
46	Chandigarh	Shri Vinay Partap Singh	Excise & Taxation Commissioner
47	Chandigarh	Shri Randhir Singh	Assistant Excise & Taxation Commissioner
48	Chhattisgarh	Shri Toran Lal Dhruw	Additional Commissioner of State Tax
49	Chhattisgarh	Shri Tarun Kumar Kiran	Deputy Commissioner of State Tax
50	Delhi	Shri Ankur Garg	Commissioner, State Tax
51	Delhi	Shri Anand Kumar Tiwari	Additional Commissioner (Policy), State Tax
52	Gujarat	Shri J. P. Gupta	Principal Secretary, Finance Department
53	Gujarat	Shri Milind Torawane	Secretary(Economic Affairs, Finance Department) & Chief Commissioner of State Tax
54	Haryana	Shri Anurag Rastogi	Additional Chief Secretary, Excise & Taxation

  
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55	Haryana	Shri Sameer Yadav	DETC, Gurgaon
56	Himachal Pradesh	Shri Yunus	Commissioner of State Tax and Excise
57	Himachal Pradesh	Shri Rakesh Sharma	Additional Commissioner of State Tax and Excise
58	Himachal Pradesh	Shri Rajesh Bhardwaj	Special Private secretary to honble industries minister HP
59	Jammu and Kashmir	Shri Showkat Aijaz Bhat	Commissioner, State Taxes
60	Jammu and Kashmir	Shri Waseem Raja	Assistant Commissioner, State Taxes
61	Jharkhand	Shri Ramchandra Prasad Barnwal	Additional Commissioner, State Tax
62	Jharkhand	Shri Brajesh Kumar	State Tax Officer, CT
63	Karnataka	Smt. C. Shikha	Commissioner of Commercial Taxes
64	Karnataka	Smt. C. Pushpalatha	Additional Commissioner of Commercial Taxes (Policy & Law)
65	Kerala	Shri Rajesh Kumar Singh	Additional Chief Secretary (Finance & Taxes Department)
66	Kerala	Shri Abraham Renn S.	Additional Commissioner of State Tax



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67	Madhya Pradesh	Shri Lokesh Kumar Jatav	Commissioner, Commercial Taxes
68	Madhya Pradesh	Shri S. N. Maravi	Director, Commercial Taxes
69	Madhya Pradesh	Shri Manoj Kumar Choubey	Deputy Commissioner, Commercial Taxes
70	Maharashtra	Shri Rajiv Mittal	Commissioner of State Tax
71	Mizoram	Shri Vanlalzuala	Deputy Resident Commissioner
72	Nagaland	Shri C Lima Imsong	Joint Commissioner of State Taxes
73	Odisha	Shri Pramod Kumar Mohanty	Special Commissioner, Commercial Taxes & GST
74	Odisha	Shri Nihar Ranjan Nayak	Additional Commissioner, CT & GST (Policy)
75	Puducherry	Shri. B. Balamurthy	Asst.CTO
76	Punjab	Shri V.K Garg	Advisor (Financial Resources)
77	Punjab	Shri A.Venu Prashad	Additional Chief Secretary(Taxation)
78	Rajasthan	Shri T. Ravikanth	Secretary, Finance(Revenue)
79	Rajasthan	Shri Ravi Jain	Chief Commissioner, State Tax
80	Sikkim	Shri J.D.Bhutia	Commissioner cum Secretary Commercial Taxes



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81	Tamil Nadu	Shri K Phannidra Reddy	Additional Chief Secretary/Commissioner, CTD
82	Tamil Nadu	Shri N. Muruganandam	Additional Chief Secretary, Finance
83	Telangana	Shri K. Rama Krishna Rao	Special Chief Secretary for Finance
84	Telangana	Gaurav Uppal	Resident Commissioner
85	Telangana	Smt Neetu Prasad	Commissioner of Commercial Taxes
86	Telangana	Smt K. Roopa Sowmya	Deputy Commissioner(ST)
87	Tripura	Shri Akinchan Sarkar	Additional Secretary, Finance (OSD of the Hon'ble Deputy Chief Minister,
88	Uttarakhand	Dr Ahmed Iqbal	Commissioner, State Tax
89	Uttar Pradesh	Shri Sanjiv Mittal	Additional Chief Secretary, State Tax
90	Uttar Pradesh	Smt. Ministhy S.	Commissioner, Commercial Tax
91	Uttar Pradesh	Sanjay Kumar Pathak	Dy Secy, State Tax
92	Uttar Pradesh	Amit Pandey	PS to FM
93	West Bengal	Shri Khalid Aizaz Anwar	Commissioner, Commercial Taxes

*[Handwritten Signature]*

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94	West Bengal	T. K. Pathak	Jt Secy & Priv. Secy to Minister
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