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CONFEDERATION OF ALL INDIA TRADERS

(An Apex Body of Trade Federations, Associations & Small Scale Sector of India)

CG Chapter :- Geekay House, Telibandha G.E. Road, Raipur (C.G.) 492009
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Letter No.- CGCAIT/289/08/2025-26

Dated: - 31/08/2025

To,
Hon'ble Smt. Nirmala Sitharaman Ji,
Union Finance Minister, Government of India,
New Delhi, India

Subject :- Representation regarding proposed changes in GST rates & other issues for consideration in the forthcoming GST Council Meeting on 3rd & 4th September, 2025

Respected Sir,

We respectfully submit this representation for your kind consideration in light of the forthcoming GST Council Meeting scheduled on 3rd & 4th September, 2025.

Various trade and industry stakeholders across Chhattisgarh have approached us with their concerns and recommendations relating to the prevailing GST rates and other issues. These issues have been deliberated upon, and we find them genuine and deserving of consideration in the Council for appropriate rationalisation in the larger interest of trade, industry, and consumers.

The transition towards a two-rate GST system is designed to serve multiple objectives. It provides **consumer relief** by lowering tax rates on essential goods, particularly benefiting farmers, MSMEs, and middle-class households. It ensures **simplified compliance** for businesses by minimizing ambiguities in product classification, thereby reducing disputes and litigation. It encourages a **consumption boost** by making goods more affordable, while enhancing **transparency and predictability** in the tax system by removing overlapping rates. Additionally, the reform carries strong **political messaging**, being positioned as a "Diwali Gift" and signaling the onset of "Next-Generation GST Reforms."

For your kind perusal, the consolidated recommendations received from stakeholders are tabulated hereunder:

1. Reduction of GST on Stationery Products to 5%: -

a. Impact on Students & Education:

Direct 7-10% price reduction on notebooks, pens, pencils, geometry boxes, bags, etc. This will reduce education costs and benefit millions of students.

b. Benefit to Offices & Institutions:

Lower cost of files, folders, diaries, and other office supplies will reduce administrative expenses. Bulk purchases by schools/colleges will see significant savings, easing fee pressures.



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- c. **National Advantages:**
- Promotes literacy and education by making study materials cheaper.
 - Encourages MSMEs and small traders in the stationery sector.
 - Improves tax compliance and reduces unregistered trade.
 - Boosts employment through increased demand in the industry.
- d. **Export Opportunity:**
- Current exports of ₹3,500-₹4,000 crore annually can double to ₹7,000-₹8,000 crore within 5 years, particularly to Africa, Asia, and Middle-East markets.

2. Reduction in GST on School Buses

- The Bus Owners Confederation of India (BOCI) has requested a reduction in GST on fully built school buses purchased from OEMs through dealerships from 28% to 5%.
- Fleet owners currently pay 28% GST (~₹7 lakh per bus) with no ITC benefit, as transportation services provided to schools are GST exempt. This inflates education costs.
- Approx. 36,000 new fully built school buses are purchased annually for educational institutions, contributing ₹2,520 Cr GST revenue (Centre + State).
- Requested reduction would cause only 0.09% impact on annual GST collections (₹22.08 lakh Cr FY 2024-25).

Benefits of Proposed Change:

- Safer compliance: Encourages direct OEM purchases, ensuring vehicles meet Motor Vehicle Act norms and safety requirements (seat belts, GPS, speed limiters).
- Prevents unsafe practices: Discourages body-built buses on chassis which compromise safety.
- Concessional 5% rate only when vehicles are certified and registered with RTO as school buses. Non-compliance recoverable from fleet owners (end-use monitoring similar to merchant exporters).

Conclusion:

- The proposal is revenue-neutral in the long run and yields significant social, educational, and safety benefits. Council's approval is sought for reducing GST on fully built school buses used by educational institutions.

3. Reduction in GST Rates for Textiles and Footwear: -

- We would like to humbly submit that textiles and footwear are not luxury items but essential necessities of the common man. Any increase in GST on



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these items directly burdens the middle class and weaker sections of society, for whom these goods form a part of day-to-day living.

- The earlier attempt to increase the rate from 5% to 12% (vide Notification No. 14/2021 dated 18.11.2021) had to be suspended due to genuine concerns raised by stakeholders. The issues raised at that time still remain relevant, and hence, we request that the proposed hike should be permanently withdrawn.
- At the same time, to strike a balance between revenue considerations and affordability, we submit the following rational rate structure for your kind consideration:

5% GST on textiles and footwear up to ₹10,000 per article - as these are consumed by the masses and must remain affordable.

18% GST on articles above ₹10,000 per piece - since such higher-end products cater to premium consumption and can bear higher taxation.

4. **Removal of GST Rate on Poha & Murmura from present 5% to NIL: -**

- These are daily-consumed food items for the masses, especially middle and lower-income groups.
- Levying GST makes them costlier, impacting affordability.
- Poha and Murmura are agro-based cottage-industry products, generating rural employment and supporting small traders.
- Similar to essential food items like rice and wheat which are exempt, Poha and Murmura should also be exempted.

5. **One Business - One Rate (Request for Rationalization of GST Rates) - Cycles, tri-cycles, cycle rickshaws**

- At present, multiple GST slabs are applicable on the same line of business, which is creating avoidable complexity and confusion:
- **Cycles, tri-cycles, cycle rickshaws and their parts** are spread across different GST slabs (5%, 12%, 18%, and 28%).
- Because of this fragmented tax structure, businesses in these trades are facing significant difficulties in classification and computation of GST liability, leading to doubts, disputes, and increased compliance burden.
- In view of the above, it is humbly submitted that these trades should be brought under a **single GST slab** for ease of doing business, transparency, and reduction of litigation.
- Accordingly, we request that the current provisions prescribing multiple rates on the same line of business be withdrawn, and a **uniform GST rate be prescribed** for cycles, rickshaws, and stationery items.



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6. Request for Reduction of GST Rates on Agricultural Equipment

- Farmers in India, particularly in agricultural states like Chhattisgarh, are facing severe financial distress. To support them, it is imperative that essential agricultural equipment be made more affordable. Items such as agricultural motor pumps, diesel pumps, submersible pumps, pipes, power cables, and starter control panels are critical inputs for farming activities.
- Currently, these products attract higher GST rates, which increases the financial burden on farmers. Considering their indispensable role in agriculture and the economic challenges faced by the farming community, it is respectfully requested that the GST rate on such equipment be reduced to 5%.
- This rationalization will directly benefit farmers by lowering their input costs, promote mechanization in agriculture, and contribute to the overall growth of the sector.

7. Simplification for Small Traders and MSME. In order to ease compliance and support small businesses, it is proposed that:

- The registration **threshold for traders and manufacturers** under the normal scheme be enhanced from ₹40 lakhs to ₹75 lakhs.
- The registration **threshold for service providers** be enhanced from ₹20 lakhs to ₹40 lakhs.
- The limit under the **Composition Scheme** be increased from the existing ₹1.5 crore to ₹2.5 crore, including service providers.

This rationalization will substantially reduce the compliance burden for micro and small businesses, bring parity between goods and services sectors, and encourage formalization of business without overburdening them with early GST compliances.

8. Dispensing of the Provision Requiring Reversal of Input Tax Credit after 180 Days:-

- We wish to bring to your kind attention the hardships being faced by trade and industry on account of the provision contained in Section 16(2) read with Rule 37 of the CGST Rules, 2017, which mandates reversal of Input Tax Credit (ITC) if payment to the supplier is not made within 180 days from the date of invoice.
- In many industries, commercial and business arrangements mutually agreed between buyer and seller provide for a credit cycle exceeding 180 days. For example, long-term supply contracts, seasonal industries,



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infrastructure projects, or export-oriented transactions often involve payment terms ranging from 210 days to even 270 days.

- The provision requires reversal of ITC along with interest after 180 days and then allows re-credit only when the payment is actually made. This creates unnecessary **cash flow blockages**, double compliance burden, and unwarranted interest costs for the recipient.
- The law presumes that any payment beyond 180 days indicates a lapse in commercial obligation, whereas in reality, such payment terms are **mutually agreed and contractually valid**. This disconnect between law and business practices is resulting in undue hardship to taxpayers.
- The supplier has already discharged GST liability on supply at the time of invoice issuance. Requiring the recipient to reverse ITC in such cases, when tax has been duly paid to the exchequer, leads to **unjust enrichment of revenue without corresponding benefit to trade**.
- It is requested that the condition of **180 days for reversal of ITC** may be either:
 - a) **Extended to 365 days** to align with business practices in sectors where longer credit cycles are prevalent, or
 - b) **Deleted entirely** where payment delay is supported by valid commercial agreements/contracts between supplier and recipient.
- Alternatively, **interest liability** on reversal may be dispensed with, since the tax has already been paid by the supplier and there is no revenue loss to the Government.

9. Representation for Introduction of OTS 2.0 (One-Time Settlement) / Amnesty Scheme

- A large portion of the outstanding tax demands relates not to principal tax but to interest and penalty, which often exceeds the basic liability. Small taxpayers and traders, due to genuine hardships such as lack of working capital, procedural lapses, or pandemic-induced disruptions, have been unable to pay these huge demands.
- Many small businesses want to settle their disputes and start afresh but are discouraged by the disproportionate burden of interest and penalty. This results in either **litigation or business closure**, neither of which serves the Government's revenue interests.
- The Government has already received the principal tax in many cases, or the same can be recovered under OTS 2.0. Waiving of interest and penalty will not cause significant revenue loss but will **unlock revenue from otherwise unrecoverable arrears**.



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- Such a measure would bring confidence among small traders and strengthen compliance culture, as businesses will be more willing to pay taxes regularly once their legacy disputes are settled.

Suggestion

- **Introduction of OTS 2.0 with the following features:**
 - **Waiver of interest and penalty**, provided the taxpayer pays the entire principal tax within a prescribed period.
 - Covering both pending demands and cases under litigation.
 - Applicable especially for **small taxpayers and MSMEs**, who are most impacted by these burdens.
 - Scheme to be kept simple, time-bound, and with minimal documentation.

10. Amnesty for Delayed Appeals (2017-18 to 2024-25)

- Many taxpayers could not file appeals against orders passed in the initial years of GST due to lack of proper communication, absence of notices on the portal, or lack of email intimation.
- In several cases, by the time taxpayers became aware of the orders, the appeal period had lapsed. Presently, appellate authorities cannot condone delay beyond 30 days, resulting in outright rejection of such appeals without examination on merits.
- To provide relief, it is recommended that a **special one-time amnesty scheme** be notified under Section 148. This scheme should:
 - Allow filing of appeals against all orders passed till date where no appeal has been filed or where appeals were rejected solely on limitation grounds.
 - Grant waiver of penalties and interest where taxpayers voluntarily settle tax dues under the scheme.
 - This measure will provide justice in genuine cases, reduce litigation, and ensure revenue inflow.

11. Relief for Pending Returns (GSTR-3B, GSTR-9, GSTR-9C)

- A large number of taxpayers have pending compliances due to financial stress or lack of clarity in the initial years.
- A facilitative window should be given to file all pending **GSTR-3B, GSTR-9, and GSTR-9C returns** with:
 - Waiver of late fees and penalties, and



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- Nominal interest on net tax liability only.
- This will encourage voluntary compliance and cleanse the return database.

12. Advance Tax on Services vs. Goods

- In the case of supply of goods, no tax liability arises merely on the receipt of advance payments—GST becomes payable only at the time of actual supply or issuance of invoice. However, in the case of services, GST is currently payable on receipt of advance, even before the invoice is raised or the service is rendered.
- This creates undue hardship for service providers, as tax is required to be discharged without any corresponding revenue recognition or performance of service, leading to working capital blockage.
- It is respectfully suggested that **an identical provision should be introduced for services as applicable to goods**, whereby GST should be payable only upon issuance of invoice or completion of service, and not at the stage of receiving advance.
- This will ensure parity, remove unnecessary compliance burden, and align tax incidence with the actual point of supply.

13. Revision Facility for GSTR-9 & 9C

- Currently, once GSTR-9 (Annual Return) and GSTR-9C (Reconciliation Statement) are filed, there is no mechanism for revision. In practice, taxpayers often identify genuine errors or omissions after filing, such as misreporting of ITC, turnover, or reconciliations. Due to the absence of a revision facility, these mistakes remain uncorrected, leading to avoidable litigation, unnecessary demand notices, and hardship to taxpayers.



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- It is therefore suggested that a suitable amendment be introduced in the law to permit revision of GSTR-9 and GSTR-9C within a prescribed time frame (for example, till the due date of filing for the subsequent financial year). This will align with the principle of ease of doing business and reduce disputes arising purely out of clerical or reporting mistakes.
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Thanks

Parmanand Jain

State President
Confederation of All India Traders
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Copy :-

01. Honorable Shri O.P.Choudhary, The Hon'ble Finance Minister, Government of Chhattisgarh, Mantralaya, Raipur (Chhattisgarh)
02. Honorable Shri Parag Borkar, Principal Commissioner of Central Gst, Raipur (Chhattisgarh)
03. Honorable Shri Pushpendra Kumar Meena Ji (IAS) State GST Commissioner, North Block Sector - 19, Atal Nagar, Naya Raipur (Chhattisgarh)