



GST rate cut brings relief to direct selling industry, says IDSA

- Decision to bring immediate relief for Direct Selling Entities dealing in FMCG vertical

New Delhi, November 13, 2017

Government's decision to slash GST rates on many daily use items has brought a sigh of relief for the Direct Selling Industry. Most of the Direct Selling Entities deal in the FMCG vertical, dealing in products such as cosmetics, shampoos, nutrition drinks, among the item which have been placed in the 18% tax bracket.

"Indian Direct Selling Association (IDSA) welcomes the Government decision to bring down tax rates on essential commodities, a step that would bring much relief to both consumer as well as the businesses." We must applaud for the government and the GST Council, who took a decision which will benefit the consumers the most by taking away the burden of paying higher taxes on essential products," said **Vivek Katoch, Chairman Indian Direct Selling Association**. "Most of the Direct Selling Entities deal in food and health supplements, cosmetics and daily use products in the FMCG verticals, the sale of which had taken a hit due to the high tax rates. Now that the tax rates are revised, we expect the sale of such goods to go up in the coming times. The Industry remain thankful to the GST Council and the Government of India for taking a decision aimed at nation building," added **Vivek Katoch**.

A total of 178 items were shifted from the highest tax bracket of 28 per cent to 18 per cent, one of the biggest revamps in the GST list in the recent past. With this revision in product list, only about 50 luxury goods remain in the highest slab, paving the way for price cuts in raft of commonly used goods.

"About 70% of the products sold through Direct Selling is procured within the country. This in turn also gives a boost to the MSME sector and generates large employment in the country. A higher tax rate had an adverse effect due to decrease in demand, which in turn also hit the earnings of millions of Direct Sellers associated with Direct Selling. IDSA made submissions and representations with the GST Council to consider revising the tax rates in the larger interest of Direct Sellers and consumer. The decision to lower down tax rates on commonly used products will bring back cheers for Direct Selling workforce," said **Amit Chadha, Secretary General, IDSA**.

About IDSA: Incorporated in 1996 and headquartered in Delhi, IDSA is an autonomous, self-regulatory body for the Direct Selling industry in India. The Association acts as an interface between the industry and policy-making bodies of the Government facilitating the cause of Direct Selling Industry in India. IDSA has played a proactive role in raising the voice for the Direct Selling Industry for policy reforms which can nurture growth and facilitate the trade of Direct Selling Industry in India with the Central and State Governments. It is affiliated to World Federation of Direct Selling Association, which was established in 1978, currently having 63 Direct Selling Associations across the world as its members. WFDSA is a non-government voluntary organization, representing Direct Selling Industry globally as a federation worldwide.