

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

The government's decision to cut GST rates on many daily use items has brought a sigh of relief and cheer for the direct selling Industry, according to the Indian Direct Selling Association (IDSA).

Direct selling entities deal mostly in the FMCG vertical with products such as cosmetics, shampoos and nutrition drinks, which now have been placed in the 18 per cent tax bracket.

The Government's decision to bring down tax rates on essential commodities is a step that would bring much relief to both consumers as well as the businesses, said chairman Indian Direct Selling Association (IDSA), Vivek Katoch.

IDSA had made submissions and representations to the GST Council earlier to consider revising the tax rates in the larger interest of Direct Sellers and consumers.

"The sale of direct selling entities 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," added Katoch.

A total of 178 items were shifted from the highest tax bracket of 28 per cent to 18 per cent, in one of the biggest revamps in the GST list in the recent past.

"About 70 percent of the products sold through Direct Selling is procured within the country. This in turn would give a boost to the MSME sector and generate large employment in the country. A higher tax rate had an adverse effect due to a decrease in demand, which in turn also hit the earnings of millions of Direct Sellers associated with Direct Selling," said Amit Chadha, Secretary-General, IDSA.

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