

INDIAN HOME & PERSONAL CARE INDUSTRY ASSOCIATION



CIN : U91100MH2011NPL217250
(Registration u/s 25(l) (a) & (b) of Indian Companies Act, 1956)



May 22, 2017

Chairman of GST Council
Hon'ble Minister of Finance
Jeevan Deep Building,
Sansad Marg, New Delhi 110001

Respected Shri Arun Jaitleyji,

Sub: Appeal for review of GST rate of 28% on daily use detergent products

The Board of Directors and members of the IHPCIA congratulate the GST Council for successful steering India's largest tax reform by creating an integrated Goods & Services tax mechanism. The intent to reduce the effective tax incidence is laudable and will drive growth and improve the lives of all Indians.

Our Association represents the home care sector of which includes daily use detergents and soaps. Our 1300 plus members include the large across India and MSME manufacturers from the States of Maharashtra, Gujarat, Tamil Nadu, West Bengal, Chhattisgarh and Madhya Pradesh.

The laundry detergents are daily necessity products used by families for cleaning purposes. In fact, 75% of usage comes from low income families particularly from rural India. These products are used on a daily basis with volumes of about forty lakh tonnes nationally. On an average every household in India uses 14 kgs of detergents per annum. Currently, both these consumer categories are taxed at an average of 24% which is already high. An increase to 28% will significantly impact consumers, particularly low income families given that they constitute the majority of the consumption. Detergents are critical to help families to wear clean clothes and they are also used to clean toilets and bathrooms.

The inclusion of laundry detergents in the 28% GST slab is in contrast to the other daily necessity products such as soaps and tooth paste which have been included in 18% or lower slabs. Any increase in pricing of these sanitation products will result in a significant consumer price inflation and adversely impact the monthly budget of low income families and become a deterrent in the behaviour change that is required for Swachh Bharat mission to be successful.

It is pertinent to note that detergents are used by a large number of households for cleaning homes and toilets. In fact in India, the specialist toilet cleaners are only used by a very small section of households. The remaining, especially, middle and lower income households use commonly available detergent products to keep their toilets clean. Therefore, taking up the effective tax rate for detergent products is inconsistent with Government of India's thrust under Swachh Bharat Abhiyan. The Swachh Bharat Abhiyan can succeed only if commonly used cleaning products are kept affordable.

401, Onyx, 375, S. V. Road, Goregaon (West), Mumbai 400 104.

Phone : +91 22 2877 1857 Fax : +91 22 2874 1366 CIN : U91100MH2011NPL217250 Email : IHPCIA@ihpcia.org

We appeal for a review & reduction of the proposed tax rate on detergents from 28% to 18% as this is supporting Hon'ble Prime Minister's drive for a Swachh Bharat.

We request for a meeting to represent our members' view and submit plans for a cleaner and healthier India. Please give a suitable time and date for this representation.

Yours Respectfully,
for Indian Home & Personal Care Industry Association


(Sanjay Trivedi)
Director