

DAILY FINANCIAL NEWS ANALYSIS

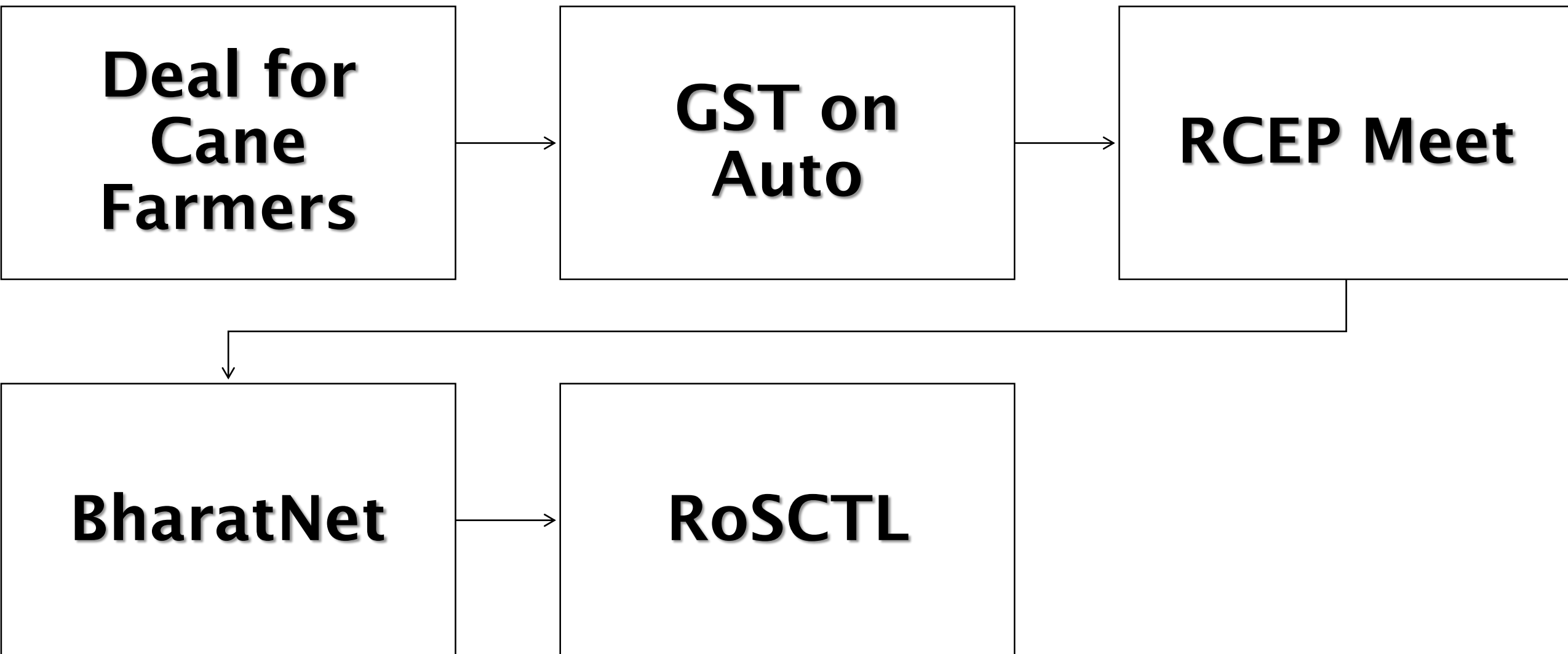
**UPSC
SBI
IBPS
RBI
SSC**

by Prashant Mavani

**FOR ALL
COMPETITIVE EXAMS**

9 SEP 2019





OUR PENDRIVE COURSES

SSC & BANK COURSES

- All Govt Exams
- SSC & Bank Combo
- SSC Exams
- Bank Exams
- Bank SO - IT Officer
- SSC CGL - AAO

UPSC OPTIONAL

- UPSC - Geography
- UPSC - Psychology
- UPSC - Philosophy
- UPSC - Sociology

SSC JE COURSES

- Civil (Tech + Non-Tech)
- Electrical (Tech + Non-Tech)
- Mechanical (Tech + Non-Tech)
- Civil (Tech)
- Electrical (Tech)
- Mechanical (Tech)

TEACHING

- CTET Exams
- DSSSB/KVS

RAILWAY COURSES

- RRB (Non-Tech)
- Asst Loco Pilot - Electrical
- Asst. Loco Pilot - Electronics & Comm.

DEFENCE EXAMS

- All Defence
- CAPF (A.C.)
- CDS Exam
- AFCAT
- NDA EXAM
- SSB Exams

RBI GRADE - B

- RBI Grade -B

NABARD

- Nabard Grade - A

UGC NET

- UGC NET - Paper I
- UGC NET - English (Paper II)
- UGC NET - Hindi (Paper -II)
- UGC NET - Maths (Paper -II)

UPSC/IAS COURSES

- UPSC
- History GS
- Geography GS
- Polity GS
- UPSC CSAT
- International Relations
- Science & Technology
- Ecology & Env
- Economics

LAW EXAMS

- CLAT Exams

STATE PSC COURSES

- Madhya Pradesh
- Maharashtra
- Uttar Pradesh
- Gujrat
- Punjab
- Uttrakhand
- Chattishgarh
- Andhra Pradesh
- Jharkhand
- Karnataka
- Bihar
- Himachal Pradesh
- More.....

PROFESSIONAL COURSES

- MS Excel

Call : 9580048004,
7291059476

www.studyiq.com



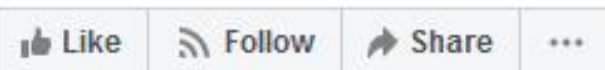
Prashant Mavani

@PrashantTMavani

Home

About

Photos



➤ A **government panel** is considering recommending **special incentives** to dissuade farmers from growing **sugarcane** in **water-scarce areas**.

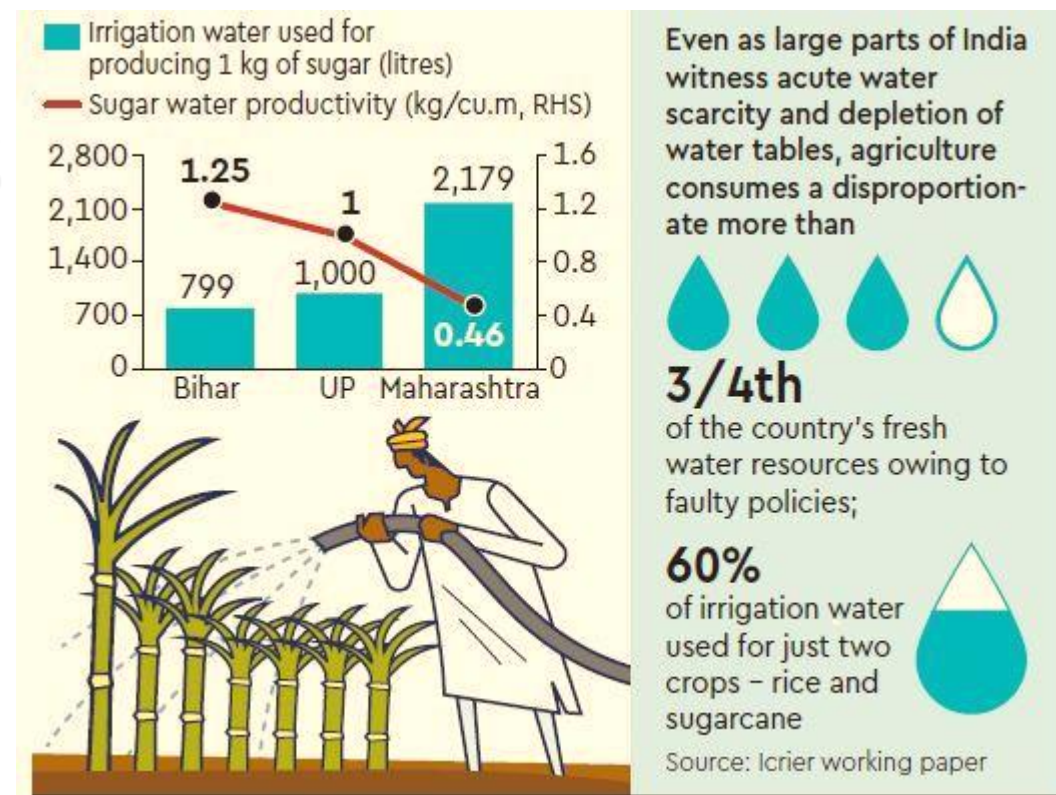
1. Ever-rising fiscal burden
2. Depletion of water tables

➤ Task force headed by **NITI Aayog** member **Ramesh Chand**

- An incentive of **Rs 6,000/acre** for farmers **in a year to not grow cane** in states like **Uttar Pradesh** and **Maharashtra**.
- **Idea**: bring down **area** under sugarcane cultivation by about **20%**
- On an average, over **48 lakh hectare** of cultivable land has been under sugarcane farming in the last five years.

➤ The reason for farmers in water-scarce regions sticking to sugarcane farming is the **support prices**, **assured market** and **profitability** ensured by the Centre and state governments.

➤ **Objective:** shifting **water-intensive crops** to regions where the natural resource is abundant.



GST on Auto

- Good and Services Tax (**GST**) Council meets in Goa on **September 20**.
- Heightened expectations: Council will **cut the tax rates** for a host of categories of **automobiles**.
- Revenue authorities at the central and state level are concerned about the **potential revenue loss**.

PITFALLS

- Large revenue impact of GST cut on automobiles a hindrance
- States may oppose as rate cut would mean no cess on automobiles
- Lower cess collection threaten guaranteed 14% y-o-y GST revenue growth for states
- No justification for not cutting rates for other non-luxury goods like cement from 28%
- Govt not convinced a rate cut would boost auto sales

- Automobiles including two-wheelers, attract **28% GST**, they also are subjected to **cesses** that vary from **1-22%** depending on the make of the vehicle.
- If GST is reduced from 28% to 18%: government's GST revenue could take a hit of at least **Rs 30,000 crore**.
- This **takes into account** gains from the push to sales volumes once taxes are cut.

- **GST Compensation Act** doesn't allow **cesses** on products that are not placed on the highest slab.
- The compensation proceeds are vital for states that are by law guaranteed a 14% year-on-year rise in GST revenue till 2022.

Auto Slump: Will GST Cut Help?

India's auto sector, facing plummeting sales and an inventory pile-up, has made a strong pitch for cutting the goods and services tax (GST) rate to 18%, from 28% at present. This could come up at the GST Council meeting on September 20. ET looks at the pros and cons of a cut.

WHY AUTO SECTOR WANTS GST CUT

SALES SKID (Sales by volume)

	2018	2019	% change
July	2,245,223	1,825,148	-18.7
June	2,279,186	1,997,952	-12.3
May	2,283,262	2,086,358	-8.6
April	2,380,294	2,001,096	-15.9



INVENTORY PILE-UP

July 2019

Passenger vehicles

25-30 days



Commercial vehicles

55-60 days



Two-wheelers

60-65 days



PRODUCTION HIT

- ▶ Many companies have had plant shutdowns
- ▶ Temporary workers have been laid off



GST COLLECTIONS ARE STABLE

	2018		2019
April	1,03,459	January	1,02,503
May	94,016	February	97,247
June	95,610	March	1,06,577
July	96,483	April	1,13,865
August	93,960	May	1,00,289
September	94,442	June	99,939
October	1,00,710	July	1,02,000
November	97,637	August	98,202
December	94,726		



CASE FOR RATE CUT

- ▶ Lower GST could bring down prices, encourage buying

TAX INCIDENCE REMAINS HIGH

- ▶ Automobiles placed in highest bracket of 28%
- ▶ They also face cess specific to variant
- ▶ Cess varies from 1% to 22%
- ▶ Hybrid cars do not face any cess



WILL A RATE CUT WORK?

- ▶ Cut may provide a temporary boost
- ▶ Impact unlikely to be significant
- ▶ Loss of revenue can lead to fiscal issues
- ▶ Lower revenue may lead to cut in spending elsewhere
- ▶ Other sectors will pose similar demands

DK PANT Chief economist, India Ratings

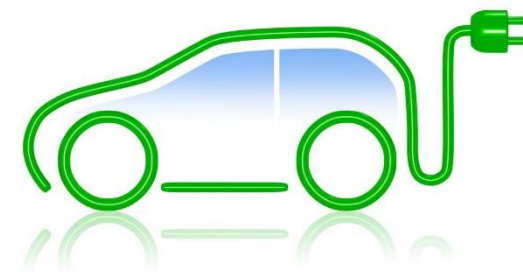
It (GST cut) may provide some boost, but is unlikely to be a gamechanger. Income growth has been impacted in line with GDP growth so auto sales have been impacted. GST cut could have implications for govt's fisc

ADITI NAYAR Principal economist, ICRA

The boost to demand arising from GST rate cuts may be mild unless there is a broader upturn in sentiment

➤Q. At present, GST rate for electric vehicles is?

- A. 0%
- B. 5%
- C. 12%
- D. 18%



- **Pressure mounts** to conclude the deal this year.
- RCEP members have **asked India** to **decide** if it **wants to remain a part** of the proposed trade grouping.
- Talks were on for India to immediately **eliminate tariffs on 28%** of the **traded goods** and more than **35%** of the **goods in phases**.

- Piyush Goyal attended the plenary session of the 7th RCEP Ministerial Meeting in Bangkok.
- RCEP has said developments in the global trade environment may affect their individual positions as talks reach a “critical milestone.”

- Aims at connecting **2.5 lakh gram panchayats** with wired **broadband connectivity** at **100 Mbps speed**.
- Government's **showpiece project** related to Digital India.
- **FE** recently visited **Dhanauri Kalan panchayat** in **Gautam Budh** district in **Uttar Pradesh**, which has been earmarked as a **Digital Village** inaugurated by communications and IT minister Ravi Shankar Prasad last year, but the services did not look encouraging.

- Although the panchayat was connected with **optical fibre** in **2016-end** under the **phase-I** of the **BharatNet project**, **100 Mbps speed** is still not available to consumers in Dhanauri Kalan.
- The only **Common Service Centre** (CSC) at the panchayat, which provides home broadband connections as well as acts as a centre where citizens can access Internet on computers for their various needs like taking printouts or applying online for various schemes, **is also facing peculiar problems.**

- The Internet remains down for several hours for days due to some cable cuts which happens quite frequently.
- The cables and Internet are provided and maintained by **BSNL**.
- Speed is only **2 Mbps**, which is much lower than what is being provided by **Reliance Jio's mobile services**.

- Government aims at **administrative easing to boost exports and domestic manufacturing.**
- Government is contemplating a **revamp** of the Department of Commerce and certain incentive schemes that fall under it.
- New exports incentives scheme — **Rebate of State and Central Taxes and Levies (RoSCTL)**

Oiling the Exports Machinery



MINISTRIES OF COMMERCE,
FINANCE DISCUSS RESTRUCTURING
OF EXPORT SCHEMES

Considering
finmin taking
over advance
authorisation,
RoSCTL schemes

Rebate of State and
Central Taxes and Lev-
ies scheme will replace
Merchandise Exports
from India Scheme

External
affairs min may
get charge of
trade talks,
which is a
commerce dept
function

**ADVANCE AUTHORISATION UNDER
DGFT ALLOWS DUTY-FREE IMPORTS
USED IN EXPORTS**



- RoSCTL is a replacement of the DGFT's Merchandise Exports from India Scheme (**MEIS**), which was challenged by the US last year for violating global trade rules.
- There is a feeling that making the **revenue department** solely responsible for these schemes will help in **ease of doing business** and **reduce transaction time for exporters**.

➤ Biswajit Dhar, professor, Jawaharlal Nehru University: “Any such move will only pit ministries against each other because while the finance ministry looks at revenue foregone, export targets and exporters’ concerns are the commerce department’s responsibility.”

✓Subscribe

✓Hit: Notification Bell

✓Like



✓Comment

Download PDF

<https://www.facebook.com/PrashantTMavani>

<https://t.me/StudyiQeducation>

<https://t.me/PrashantMavani>

<https://twitter.com/PrashantMavani>

Do you know?

Nalanda = Na+alam+Daa, meaning “*no stopping of the gift of knowledge*”

So do gift share this lecture with your loved ones. Thanks