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Baby steps in GST



Sweeter GST offer to States and relaxed filing norms for small units are welcome steps

The GST Council's Monday meeting was able to make slight progress in two respects: simplifying the return filing process and taking a tentative step forward in resolving the impasse over compensation cess. The Centre struck the right note by accepting the demand of some States and raising the compensation payable under 'option one' from ₹97,000 crore to ₹1,10,000 crore. Under this option, States can borrow through a special window of the Reserve Bank of India and the entire principal and interest on the borrowing would be borne out of the cess. Option 2 involves the States borrowing the entire shortfall of ₹2,35,000 crore from the market, with the interest being borne by them. While 21 States have opted for the first option, the remaining (largely Opposition-ruled) have opposed the terms. The latter States should concede that the unprecedented economic crisis caused by the pandemic could not have been foreseen in 2017, when the 14 per cent annual increase in GST revenues to States was written into law. The Finance Minister has promised that all the dues of the States will be settled through the extension of the compensation cess beyond June 2022. The Centre has released ₹20,000 crore of compensation cess collected this year. Pragmatism would dictate that the opposing States accept the reality and not insist on an escalation to the dispute redress mechanism, which would delay and complicate the process for all States at a time when their need for funds is immediate.

The intent to move towards auto-populated returns and invoice matching can go a long way towards checking tax evasion and improving revenue collection. From next January, taxpayers would have to provide details required in the GSTR 1 return alone, regarding outward supplies. Other data pertaining to input tax credit will be captured from the suppliers and the net tax payable will be shown in the GSTR-3B return. These measures,

when viewed along with requirement for businesses with turnover exceeding ₹500 crore to file e-invoices from October, show that the GST return filing system is trying to move back to its original design — of ease of compliance and improved collection.

Providing leeway to smaller businesses with turnover less than ₹5 crore to file returns on a quarterly basis from next year, is a good move. With almost 93 per cent of the 1.3 crore GST registered taxpayers having less than ₹5 crore of annual turnover, this move will provide relief to the majority of the businesses, cutting down their compliance costs to a third. However, there could be glitches for a few quarters. With small taxpayers filing quarterly returns, input tax credit could get blocked for larger taxpayers (who file on a monthly basis). Yet, the step may lead to larger companies coaxing their suppliers to be more compliant in filing returns. Overall, the recent changes could further the shift of entities from the unorganised to organised sector, so far stalled by loose implementation.

Grapes of wrath: On Yogi Adityanath regime handling Hathras case

The Yogi regime is trying to stigmatise legitimate outcry on the Hathras murder

The registration of **multiple police cases in Uttar Pradesh on charges of conspiracy** and sedition is an insensitive, albeit unsurprising, response to the legitimate outrage sparked by the way in which its officials had handled the aftermath of the **gang rape and murder of a Dalit girl in Hathras**. The State administration is **seeking to convert the outcry and political advocacy** into a putative conspiracy to foment caste discord. There seems to be inadequate recognition that initial attempts to deny that any rape took place and to **prevent political leaders and the media from meeting the girl's family** pointed to an administrative posture hostile to the doing of complete justice. It was only to be expected that such an attitude would create a backlash against the State government. The only way to restore its image is to display empathy for the victim and treat protests seeking justice as legitimate. Even though the suspects named by the 19-year-old before her death in a Delhi hospital have been arrested and the FIR includes the charge of gang rape, there are clear signs that the Yogi Adityanath government is adopting dubious tactics to prevent what it sees as the crystallisation of public opinion against itself. Recognising that the formation of an SIT did not help undo the damage to the government's image, the Chief Minister recommended a CBI investigation. However, even that came across as a move to fob off any adverse order from the Allahabad High Court, which has taken *suo motu* cognisance of the matter.

Remarks by senior police officers to the effect that there was no evidence of rape — citing the absence of semen in swabs taken for forensic analysis — indicated an official reluctance to acknowledge the gang-rape part of the offence. **Latest reports suggest that a journalist on his way to Hathras and three others have been detained**. They are also sought to be linked to the Popular Front of India, an organisation whose name

came up in connection with recent riots and anti-government protests. This raises the suspicion of an attempt to control the narrative by resorting to a template of identifying members of a communal organisation as alleged conspirators and instigators of violence. The template includes the use of penal provisions relating to sedition and conspiracy and the projection of a theory that all protests and political activity against it constitute a plot to overthrow the government. A responsive government would have endeavoured to extend a healing touch, reassure the victims, and reserve its wrath for the offenders. Instead, the Adityanath government is focusing on blaming political leaders, pressuring the victim's family and preventing the emergence of a united voice against sexual violence, attacks on the marginalised communities and the devastating effect an unregenerate caste hierarchy has on society.

Vanquishing viruses: On Nobel prize for medicine

The Nobel Prize for Medicine is an inspiration to researchers working on SARS-CoV-2

At a time when the world is faced with multiple assaults from a frighteningly obscure virus, it cannot be mere coincidence that the **Nobel Committee decided to anoint three scientists who peeled the layers off another virus that confounded generations of physicians** — the Hepatitis C virus (HCV). The **2020 Nobel Prize in Physiology or Medicine**, to Harvey J. Alter, Michael Houghton and Charles M. Rice, is a stout endorsement of years of work that went towards identifying one of the world's greatest scourges. But to see it shorn of the context it is couched in would be to miss the larger point or purpose it could serve. Choosing researchers who went after a pathogen, and succeeded in unwrapping the whole puzzle at a time when others are fighting fatigue in a daily battle against the SARS-CoV-2 virus, is also a hat tip to the virologists and geneticists burning the midnight oil, for over nine months now.

The accolades went to the three for identifying the viral origin of Hepatitis C. Their work, the Nobel statement said, characterised this form of hepatitis to be a distinct clinical entity, caused by an RNA virus of the *Flavivirus* family, now known as HCV. In fact, it was for the discovery of the Hepatitis B virus (HBV), and the development of the first-generation HBV vaccine, that Baruch Blumberg, whom the young Alter collaborated with, was awarded the 1976 Medicine Nobel. However, even the isolation of the HBV only partially eliminated the risk of contracting this severe liver disease transmitted through blood. The circle was only complete with the discovery of HCV. According to the WHO Global Hepatitis report, HBV and HCV are major causes for mortality and morbidity, with 1.34 million deaths reported in 2015, a 63% increase from 1990, mainly due to HCV. The number of deaths is also comparable to that caused by TB and higher than that caused by AIDS. The discoveries (of HBV and HCV), and the development of effective

screening routines, have virtually eliminated the risk of transmission via blood products in much of the world. Also, with the development of effective drugs against HCV, it is possible that the threat of this viral infection will reduce, and hopefully, be eliminated soon. That is what makes this year's Laureates' achievement so tremendous. The Nobel Committee called it "among the most impactful scientific accomplishments of the 20th century". In true lineage of other Nobel Prizes for Medicine, their identification represents "milestone achievements that have revolutionised medicine and substantially improved human health". The triumph of humanity, over the pathogens that debilitate and kill men and women is certainly a singular achievement that is worth celebrating, and showcasing this achievement will send a deeply inspiring message at a time when another virus is holding the world to ransom.