

The Hindu Editorials & Words

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Fuelling GST



Arbitrariness

The quality of being based on random choice or personal whim, rather than any reason or system.

"disparate peoples were forced together by the arbitrariness of a colonial map-maker's pen"

A lack of restraint in the use of authority; autocracy.

"they complained about the arbitrariness of the authorities in closing down their units"

Similar: mischievousness, unpredictability, whimsy, whimsicality, whim, puckishness, flightiness, capriciousness, whimsey, notion, impishness.

Ad valorem

An **ad valorem** tax is a tax based on the assessed value of an item, such as real estate or personal property. The most common **ad valorem** taxes are property taxes levied on real estate. The Latin phrase **ad valorem** means "according to value." So, all **ad valorem** taxes are based on the assessed value of the item being taxed.

Ad hoc

Adjective: made or done suddenly for a particular purpose

किसी विशेष उद्देश्य के लिए बनाया या किया गया; तदर्थ

They set up an ad hoc committee to discuss the matter.

Similar: impromptu, extempore, extemporaneous, expedient, emergency, improvised, rough and ready, makeshift, make-do.

Input Tax Credit

ITC is the **tax** that a business pays on a purchase and that it can use to reduce its **tax** liability when it makes a sale. In other words, businesses can reduce their **tax** liability by claiming **credit** to the extent of GST paid on purchases.

Fuelling GST

This is the right time to start discussions to move petroleum products under the GST net

The recent spike in global crude oil prices has turned the spotlight on the arbitrariness of petroleum products pricing in the country. Both the States and the Centre have been making the most of the freedom available in taxing these products, by increasing taxes during periods of low prices while failing to adjust the taxes lower

when prices move higher. This unfair practice has resulted in taxes on petrol and diesel amounting to 60 per cent of their retail prices currently. Besides the flat excise duty charged by the Centre, the States levy a combination of ad valorem tax, cesses, extra VAT and surcharges on petrol and diesel. The large variation in the rates of taxation between States further results in uneven tax burden on consumers across the country. It's time to address the issues in the pricing of petrol and diesel, and the right way to do that would be to move them under the GST regime.

Tax on petroleum products accounted for almost 21 per cent of the Centre's gross tax revenues in FY20 and is expected to be higher in FY21 due to the excise duty hikes last year. States' revenues from taxes on petroleum products are also quite high; they were ₹2.2 lakh crore in FY20 and ₹1.45 lakh crore in the nine months of FY21. The States currently charging higher rates of taxes will witness a drop in revenue if the products are moved to a uniform GST rate and the Centre is currently not in a position to compensate them for the decline in revenue. While the process may be long drawn, with States divided about the idea, the GST Council should begin discussions in this regard immediately so that the change can be implemented at least a year from now. Apart from fixing the rate itself, there will be other tricky issues to handle such as fixing the base year for calculation of loss of revenue for States if they raise the demand for compensation. But there is little doubt that the time has come for bringing petroleum products under GST. Not only will such a move stop *ad hoc* increase in levies by both the Centre and the States, it will also ensure that consumers across the country are taxed uniformly on their fuel consumption. While the gain for the consumer will be known only once the GST rates on these products are decided, rough estimates show that retail prices can move lower after this transition. Higher consumption due to lower prices and projected economic recovery is likely to compensate the loss of revenue to the government in the short-term.

Another benefit for businesses from shifting petroleum products to GST would be the ability to claim input tax credit on fuel consumed. With these products being outside the GST regime, businesses have not been able to reduce their expenditure by claiming this credit. The objective of GST was to simplify the indirect tax regime and to have a single tax for the entire nation. Shifting petroleum products under the GST will be yet another step towards that end.

Frontier politics: On identity issues in Assam polls

Identity issues have taken centre stage in the Assembly election in Assam

The BJP's rise to power in Assam in 2016 was remarkable, and the party has set an even higher goal this time, to win 100 of the 126 Assembly seats along with its allies, the Asom Gana Parishad, United People's Party Liberal and the Rabha Joutha Mancha. The electoral landscape is significantly different this time, with rearranged alliances and the emergence of new issues such as the **Citizenship (Amendment) Act (CAA)**. Going by 2016 figures, the Mahajot of parties including the Congress, the All India United Democratic Front, and the Bodoland People's Front has **48.81% share of the votes**. The combined vote share of the Congress and AIUDF was higher in 17 seats the BJP had won last time. An alliance of regional parties, the Assam Jatiya Parishad and Akhil Gogoi's Rajior Dal, both formed six months ago following the anti-CAA movement, could make the contest triangular, at least in the eastern parts. The Congress is facing a leadership vacuum and tussle at the same time; and the BJP has to reconcile with the friction arising out of the fact that its most effective and popular leader is Finance Minister **Himanta Biswa Sarma**, a former Congressman. The BJP claims Assam saw fast-paced development and there is no noticeable anti-incumbency. The outcome will be determined by other issues, and particularly identity questions that have become more fraught this time.

Regional variations in political trends are sharp, and the BJP's attempt is to construct a Hindu identity that subsumes ethnic and linguistic ones. Mr. Sarma has been targeting Muslims in his rhetoric. The CAA, along with the **National Register of Citizens**, got the religious fault line intertwined with the ethnic one, denying the BJP any clear advantage. The fear of illegal migrants overrunning indigenous populations has been a perennial issue; but this time, the focus has shifted from migrant "Bangladeshi" Muslims to "Bangladeshi" Hindus, whose side the BJP sought to take through the new citizenship regime. The party is now **trying to underplay the CAA as an electoral issue**, but the other two alliances are trying to keep the focus on it, and put the BJP on the back foot among the indigenous population. The issue is also a red flag for a majority of Muslims, who constitute 34% of Assam's population. The BJP has been trying to mobilise sentiments around the encroachment by 'Bangladeshis' of forests and swathes of land belonging to Vaishnav monasteries. Floods that wash away farmland and dwelling areas, and the distress among plantation workers — a voting block, particularly in 45

seats in eastern and southern Assam — are also campaign issues. Sadly, such material questions are only secondary in a **campaign** overwhelmed by identity issues.

Scope for scandal: On court orders restraining media

Omnibus orders restraining media should not end up as a tool of harassment

It is quite regrettable that politicians are often hit by scandals arising from leaked footage purportedly showing them in intimate proximity with women. The **latest episode involves former Karnataka Minister Ramesh Jarkiholi**, who **resigned in the wake of visuals** allegedly showing him in such a situation. Speculation about the existence of more such compact discs that could surface in the media has resulted in a lawyer and BJP member obtaining **an interim High Court order**, that media organisations should abide strictly by the Programme Code prescribed under the **Cable Television Networks (Regulation) Act**. About 70 media organisations, including television channels, social media platforms, digital media outlets and newspapers have been arrayed as respondents. The order is unexceptionable. The broadcast media are expected to conform to the Code. However, when such an omnibus order is passed, it could become a tool of harassment. Under the Act, district magistrates, sub-divisional magistrates and police commissioners are the ‘authorised officers’ to ensure that the Programme Code is not breached. The Bengaluru Police Commissioner has also issued an order **prohibiting the broadcasting of anything that breaches the Code**. The **Code, which is part of the Cable Television Network Rules**, is widely worded. For instance, anything that offends good taste or decency, or amounts to criticism of friendly countries, are violations. It also considers defamation, half-truths and innuendo as potential violations. In the absence of judicial orders, it may be unsafe to leave such matters to the discretion of the ‘authorised officer’.

A key consideration to decide on the content of any broadcast that may be controversial is whether it touches upon any public interest. In this case, it is not merely the private moment of a serving Minister, but his public conduct that is under scrutiny — for the allegation is that he had promised a job to a woman in exchange for sexual favours. That he and others said to be contemplating preventive legal action against the future release of such footage were defectors who brought about the fall of the JD(S)-Congress government not long ago, would impart the episode with a deeper cause for a thorough investigation. Of course, in the absence of any complaint from the woman, or even any knowledge about her, it is difficult to prove any wrongdoing. And not even public interest can justify a flagrant breach of privacy of anyone, or the depiction of women in a derogatory manner. But sections of the media may have considered that there is enough public interest to draw attention to the footage, even if they had no intention to air it. The onus is on media outlets to show discretion in dealing with such ‘leaks’. Greater discretion may be warranted for political leaders, especially those with a record of political dishonesty, for it is difficult to blame the public if they expect the worst of them.