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## 47th meeting of the Goods and Services Tax (GST) Council



- Recently, in the 47th meeting of the Goods and Services Tax (GST) Council, chaired by the Union Finance Minister, the officials decided to reduce the rates for certain goods and services by largely eliminating the exemption of many consumption items to simplify the rate structure.

### **GST Council:**

- The Goods and Services Tax regime came into force after the Constitutional (122nd Amendment) Bill was passed by both the Houses of Parliament in 2016.
- After this more than 15 Indian states ratified it in their state legislatures, after which the President gave his assent.
- The GST Council is a joint forum of the Center and the States.
- It was established by the President in accordance with Article 279A (1) of the amended Constitution.

## **Member:**

- The members of the Council include Union Finance Minister (Chairman), Union Minister of State (Finance).
- Each State Minister in charge of Finance or Taxation or any other Minister may be nominated as a member.

## **Work:**

- The Council as per Article 279, “to make recommendations to the Center and the States on important issues relating to GST, such as the GST on goods and services subject to or may be exempted from the Model GST laws”.
- It also decides on different rate slabs of GST.
- For example, an interim report of a panel of ministers has suggested a tax of 28% on casinos, online gaming and horse racing.

## **Recent Events:**

- This is the first meeting after the Supreme Court’s decision in May 2022 that the recommendations of the GST Council are not binding.
- The Court observed that Article 246A of the Constitution empowers both Parliament and State Legislatures to “simultaneously” make laws on GST and that the Council’s recommendations are “the result of negotiations involving the Union and the States”.
- This was welcomed by some states like Kerala and Tamil Nadu, who believe that states can be more flexible in accepting recommendations that suit them.

## **Goods and Services Tax (GST):**

- GST was introduced through the 101st Constitutional Amendment Act, 2016.
- It is one of the biggest indirect tax reforms in the country.
- It was introduced with the slogan ‘One Nation One Tax’.
- Indirect taxes like Excise Duty, Value Added Tax (VAT), Service Tax, Luxury Tax etc. have been subsumed in GST.
- GST reduces the cascading effect of tax or the burden of tax which is passed on to the end consumer.

## **Tax Structure under GST:**

- Central GST to cover excise duty, service tax etc.
- State GST to cover VAT, luxury tax etc.
- Integrated GST (IGST) to cover inter-state trade.

- IGST itself is not a tax but a tax system to coordinate state and union taxes.
- It has a 4-tier tax structure of 5%, 12%, 18% and 28% for all goods and services under the slab.

### Reasons for implementing GST:

- To reduce issues like double taxation, cascading effect of taxes, multiplicity of taxes, classification etc. and to create a common national market.
- The GST that a trader pays for the purchase of goods or services (i.e. on inputs) can be set up or set to apply later on the final supply of goods and services.
- Set off tax is called input tax credit.
- Thus GST can reduce the cascading effect of tax as it increases the tax burden on the end consumer.

### Importance of GST:

- **Creation of a common national market:** This will help in creating a unified common national market for India. It will also promote foreign investment and “Make in India” campaign.
- **Streamlining taxation:** There will be harmonization of laws, procedures and tax rates between the Center and the States and Union Territories.
- **Increase in tax compliance:** Better compliance environment will be created as all returns will be filed online, input credits will be verified online, paperless transactions will be encouraged at every level of the supply chain.
- **Discouraging tax evasion:** Uniform SGST and IGST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighboring states and between inter-state sales.
- **Bringing certainty:** Common procedures for registration of taxpayers, refund of taxes, uniform format of tax returns, common tax base, common system of classification of goods and services will provide more certainty to the taxation system.
- **Reduction in Corruption:** More use of IT will reduce the human interaction between the taxpayer and the tax administration, which will go a long way in reducing corruption.
- **Promotion of secondary sector:** It will boost export and manufacturing activity, generate more employment and thus increase GDP with gainful employment leading to real economic growth.

**Swadeep Kumar**

# Horn of Africa: China



- Recently the first “China-Horn of Africa Peace, Governance and Development Conference” was organized.
- This is the first time that China aims to “play its role in the field of security”.
- The conference held in Ethiopia saw the participation of the foreign ministries of the following Horn countries- Kenya, Djibouti, Ethiopia, Sudan, Somalia, South Sudan and Uganda.

## Horn of Africa:



- The Horn of Africa is a peninsula in Northeast Africa.
- Located in the eastern part of the African mainland, it is the fourth largest peninsula in the world.
- It is located along the southern border of the Red Sea and extends for hundreds of kilometers in the Guardafui Channel, the Gulf of Aden and the Indian Ocean.
- The Horn of Africa is equidistant from the equator and the Tropic of Cancer.
- The Horn includes biodiversity areas of the Ethiopian Plateau, the Ogaden Desert, the highlands of Eritrea and the Somalian Coast.

- The Horn of Africa refers to the region comprising the countries of Djibouti, Eritrea, Ethiopia and Somalia.
- The region has experienced imperialism, neo-colonialism, cold war, ethnic conflict, inter-African conflict, poverty, disease, famine, etc.

### **Recent Projects in China:**

- In January 2022, China emphasized its three objectives in Africa, including controlling the epidemic, implementing the results of the China-Africa Cooperation Forum (FOCAC), and maintaining common interests while fighting the politics of hegemony.
- The entire region of Horn participated in the 2021 Forum, which adopted **four resolutions:**

### **Dakar Action Plan:**

- The two sides appreciate the development of relations between China and Africa, recognizing that the Forum has strongly promoted the development of relations between China and Africa in the past 21 years since its establishment, and promotes international cooperation with Africa.

### **China-Africa Cooperation Vision 2035:**

- It was designed to set out the directions and objectives of medium- and long-term cooperation and promote closer ties with China and Africa for a shared future.

### **Sino-African Declaration on Climate Change:**

- It aims to enhance coordination and cooperation in the multilateral process on climate, as well as jointly protect the legitimate rights and interests of China, Africa and other developing countries.

### **Announcement of the Eighth Ministerial Conference of FOCAC:**

- Under the theme “Strengthening China-Africa Partnership and Promoting Sustainable Development to Build a China-Africa Community with a Common Future in the New Era,” as well as the development of FOCAC and the China-Africa Comprehensive Strategic and Cooperative Partnership Commitment to strengthen both unanimously adopted the Dakar Declaration of the Eighth Ministerial Conference of the FOCAC.
- FOCAC promotes China’s role in the infrastructural and social development of the Horn.
- During the COVID-19 pandemic, China donated over 300,000 vaccines to Ethiopia and Uganda and 200,000 to Kenya and Somalia. Sudan and Eritrea have also benefited from China’s vaccine diplomacy.

## **China's primary interests in the region:**

### **Infrastructure:**

- The African Union Headquarters was fully financed by a landmark Chinese project in Addis Ababa with US\$200 million.
- China has also invested in the Mombasa-Nairobi rail link in Kenya, in addition to already working on railway projects in Sudan.
- It also has a viable military hardware market in Ethiopia and has built over 80 infrastructure projects in Somalia, including hospitals, roads, schools and stadiums.
- 14 infrastructure projects in Djibouti are being financed by China.

### **Financial help:**

- Ethiopia is one of the top five African recipients of Chinese investment and has approximately US\$14 billion in debt.
- China accounts for 67 percent of Kenya's bilateral debt.
- In 2022, China promised to provide 15.7 million US dollars in aid to Eritrea.

### **Natural Resources (Oil and Coal):**

- China is also interested in Ethiopia in minerals such as gold, iron-ore, precious stones, chemicals, oil and natural gas.
- Beijing (China) has continued to invest in South Sudan's petroleum industry since its 1995 entry.

### **Maritime interest:**

- China's first and only military base outside its mainland is in Djibouti.
- In 2022, China indicated its desire to develop the Eritrean coast, which would connect landlocked Ethiopia to Chinese investments.
- The US anticipates that China wants to build another military base in Kenya and Tanzania, which will increase its military presence in the region.

## **Significance of Horn of Africa for India:**

### **Growing interest in Africa:**

- India's interest in Africa is growing for political, economic and security reasons, especially the sub-region – the Horn of Africa.

### **Proximity to oil producing area:**

- The Horn of Africa is strategically important because it is close to the oil producing region of the Middle East.

- About 40% of the oil produced in the Middle East passes through the shipping lanes of the Red Sea.

### **Shipping Route:**

- Djibouti is the main point of this shipping route. This is the reason why countries like USA, France and China have military base in Djibouti.
- With India's economic development dependent on new sea lines of communication, Delhi declared that its national interests were no longer confined to the subcontinent, but extended "from Aden to Malacca".

### **India's concern over China's presence:**

#### **Dominance in the Indian Ocean:**

- Djibouti, located on the north-western edge of the Indian Ocean, could become one of China's "string of pearls" and a threat to India's military alliances and assets, including Bangladesh, Myanmar and Sri Lanka.
- China has intensified activities in the Indian Ocean, which India considers to be in its sphere of influence in recent times, citing anti-piracy patrols and freedom of navigation. This has forced the Indian Navy to tighten surveillance of strategic waters.

#### **China's desire to control important shipping routes:**

- Indian Ocean shipping lanes hold 80% of the world's oil and one-third of global bulk cargo. China seeks to secure its energy and trade transport links along an important shipping route.

#### **Affecting Indian Ocean Countries:**

- The Indian Ocean is also emerging as a major destination for countries that play a major role in global affairs. China wants to create goodwill and influence in the countries of the Indian Ocean by investing in projects such as ports, roads and railways.
- China is looking to expand its presence in the Indian Ocean and is building ports and other infrastructure in Sri Lanka, Bangladesh, and Pakistan.

#### **Expansion through OBOR:**

- The Indian Ocean has a prominent place in China's ambitious One Belt, One Road (OBOR) initiative to build a new Silk Road.
- India has distanced itself from OBOR.

# Gradually Weakening the Anti defection law: Alarming threat to Indian democracy

## Context:

- For the last few years, it has been observed that the anti-defection law described in the 10 schedules of the Indian constitution has been continuously losing its significance. Horse trading is not being stopped through this law. Recently in Maharashtra, we see open horse-trading, and earlier, in the case of Madhya Pradesh and Rajasthan, these types of efforts have been done.

## Introduction

- For the democracy, the faith of the public in our representatives should remain intact otherwise the democracy would lose its significance. For this, our judicial system should come forward. The issue of Maharashtra raises questions about how the political class is emasculating the anti-defection law which was described by the Supreme Court of India as “constitutional correctives against a legislatively perceived political evil of unprincipled defections induced by the lure of office and monetary inducements”.
- Nowadays Indian democracy is threatened by the internal flaws of the constitution (party politics). For this country, democracy is the soul. Destruction of the democracy would be the biggest destruction for the country. The Supreme Court drew the attention of citizens to the very danger of subversion of democracy by unprincipled defection.

## Important thrust areas

- When the tenth schedule was introduced in 1985 during the period of Rajeev Gandhi with the intention that the defection should be stopped because defection is a type of the betrayal with the public who voted MP/MLAs and the rights regarding the ineligibility of the MLA/MP were given to the chairman of the house. But it is observed that every time chairman of the house supported his own political party because in India the chairperson of the house is related to a particular political party which is a big flaw, and should also be reviewed.
- The law as it was enacted provided for the disqualification of a legislator belonging to a political party if he voluntarily gave up his membership of his party or if he defied the whip of his party by voting contrary to its directions in the legislative house. If the split in the party is done with more than 1/3rd majority, members would be exempted from the disqualification but those members either should make a new party or should merge in any other party. The disintegration of the party would be examined as per the constitution of the

political party. However if the all member of the Shivsena leave the party, they cannot be Shivsena they must rename the ShivSena .

### **Consciousness of the public is also necessary to protect the soul of the Indian democracy**

- In the case of Madhya Pradesh, those members were disqualified by the house, and most of them were reelected in the assembly election with the new party. If suppose they were defeated horse-trading could be discouraged but in such a situation, horse-trading was encouraged.
- In fact, the awareness of the public is also important to save Indian democracy

### **Conclusion**

- As per the above discussion, it has been observed that, the anti defection law is being degrading and continuously it is losing its significance. It has been failed to prevent from the defection. There is a need to review this law and the public awareness is also necessary in this regard. Those members who change the party should be rejected by the public the in next election. Here public should thing beyond the party politics. Once people start to reject all the betrayer members who change their party after taking money, the horse-trading would be discouraged. therefore, citizens of India must be come forward defection to save Indian democratic values

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