

GST EXPERIMENT IS WORTH TRYING: PARTHASARATHI SHOME



CHIEF MINISTER OOMMEN CHANDY PRESENTING A MEMENTO TO PARTHASARATHI SHOME. FINANCE MINISTER K M MANI, TAXES DEPT. PRINCIPAL SECRETARY DR. W R REDDY IAS AND KINFRA MD DR. G C GOPALA PILLAI ARE ALSO SEEN

Tax Administrative Reforms Commission (TARC) former Chairman Parthasarathi Shome has said that the Goods and Services Tax (GST) regime is facing challenges on three fronts - tax evasion, States' demand for a band of rates and exclusion of big-ticket items such as petroleum. He was speaking at a colloquium on 'Role of Taxation, Tax Administration and GST' organised by KINFRA in association with Taxes Department in Thiruvananthapuram recently.

"Perhaps it is worth trying the experiment for a year or two and then deciding whether the bottom-line question is answered at all. And that bottom-line question is: have business and investment decisions become more seamless than during the regime of VAT, Cenvat and Service Tax? I will not say today without real experience that we will be worse off. I will not say that we will definitely be better off either. And, therefore, perhaps we are at a little bit of risk here," he said.

Shome further said that the GST

implementation part should be simpler because there was no constraint on improving it - be it the forms to be filled or refunds.

"There is going to be an appropriate input tax credit for inter-state trade, which is called IGST. This is a complex system of registering input tax paid in one State and transferring to another. A computerised system being maintained by the Centre is likely to take care of this. The Centre will operate as a clearing house. A band of rates is not a good idea because then businesses will have to deal with many rates. Maybe the States will converge on a few rates. But there is no compulsion on them. We must require them to operate on a few rates. I hope policymakers will be able to reduce and agree on a much reduced number of rates," he said.

Another challenge is that goods like petroleum are likely to be kept out of the tax base, meaning that no input tax credit will be given. "What it means basically is that the exporting State will keep the money to

itself. It will have a cascading effect and we will not move fully into a consumption-based tax system since the revenue is not coming to the importing State," he said.

Earlier, inaugurating the colloquium, Chief Minister Oommen Chandy termed GST as the "biggest tax reform since 1947." "GST would subsume excise duties, additional duties, Central and State sales tax, service tax, luxury tax, State-imposed cess and surcharges. It will benefit a consumer State like ours and lead to an expansion in the country's gross domestic product by unifying a host of Central and State taxes," Chandy said.

State Finance Minister K M Mani said Kerala has taken effective steps in educating the business community about GST reforms and equipping them to meet the challenges and, this colloquium can be considered as one among those initiatives. Taxes Department Principal Secretary Dr. W R Reddy IAS and KINFRA MD Dr. G C Gopala Pillai also spoke on the occasion.



DETERGENT PLANT INSTALLED

Victory Soaps and Cosmetics Pvt. Ltd. situated at KINFRA Industrial Park, Wayanad has installed a new detergent powder manufacturing plant. Set up near its existing unit, the detergent plant has a production capacity of 30 metric tonnes per day. According to M Muhammed Mihraj, Managing Director, the company is also planning to produce liquid soaps and dish wash cleaners. Currently, the company produces laundry soaps and soap noodles by saponification of vegetable oils and fatty acids with totally soap vacuum-spray-drying process. "The manufacturing processes are fully mechanised and designed for high efficiency, low energy and labour utilisation. The plant capacity is over 1000 metric tonnes (MT) of soaps and noodles per month. We also have the storage and handling facility for more than 1000 MT of base stocks like vegetable oils, fatty acids and chemicals," he said.

INT'L YOUTH DAY: MLAs INTERACT WITH YOUNGSTERS

Magic Planet, in association with KINFRA, organised 'Wings of Vision' on the occasion of International Youth Day. KINFRA Managing Director Dr. G C Gopala Pillai inaugurated the event. MLAs V T Balram, T V Rajesh, P Sreeramakrishnan and V S Sunilkumar interacted with youngsters as part of the programme. V S Sunilkumar stressed the need for having good politicians in the country, where a significant majority of the people earned only Rs 20 a day. T V Rajesh said that interactions across political parties have been happening at the grassroots-level as well. In his constituency Kalliassery, leaders of Congress, Muslim League, CPI, CPM and even BJP, which has no representative in the

Kerala Assembly, have been working together, he said. Shafi Parambil said that there would be obstacles whenever someone sets out to do good and one needs to overcome them.

V T Balram spoke about caste-based reservation ensuring a level playing field as a corrective measure to rectify 'thousands of years of injustice', while P Sreeramakrishnan said that reservations should be subjected to creamy layer scrutiny. He said that reservation should be for the downtrodden among the backward classes and there should be 10 per cent reservation for the financially backward upper castes. Renowned magician and Magic Planet Executive Director Gopinath Muthucaud honoured the MLAs.



WORK ON AYURVEDA VILLAGE TO BEGIN SOON

In a significant development, the construction of Global Ayurveda Village (GAV), the ambitious project of Kerala Industrial Infrastructure Development Corporation (KINFRA) at Thonnakkal and Varkala, will begin soon. According to officials, plans are afoot to complete the project within a year.

"The project estimate is around Rs. 152.5 crore, including the cost of land. It will be implemented on public-private participation (PPP) mode," said Dr. G C Gopala Pillai,

Managing Director, KINFRA.

"Construction work for the first phase at Thonnakkal, estimated to cost Rs. 32.5 crore, is expected to begin soon," KINFRA Ayurveda Village special officer Dr. J Muralidharan said.

KINFRA has already procured 7.48 acres of land for the first phase that will have a 100-bed ayurveda integrated super-specialty hospital, international academy, library, convention centre, college and other amenities.

A finishing school meant to offer skill development and advanced training for medical and para-medical degree holders is also a component of the project.

Of the Rs. 32.5 crore for the first phase, Rs. 10 crore will be contributed by the State and Rs. 10 crore by the Centre under the Ayush scheme. The remaining Rs. 12 crore for the first phase is expected to be mobilised from the private sector. KINFRA has identified 63 acres of land for second phase at Varkala.