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FM Open To Review Of GST On Bikes, Sops For Stressed Sectors

New Delhi: The government on Tuesday hinted at a fresh set of measures — including a review of GST on two-wheelers — and possibly a second stimulus, once Covid-19 subsides, amid projections of an extended economic downturn in the wake of the pandemic.

At a meeting with industry captains, finance minister Nirmala Sitharaman acknowledged the need to review the levy on two-wheelers. “She assured that this (a reduction in GST) was indeed a good suggestion as this category is neither a luxury nor a sin good and hence merits a rate revision. Consequently, this will be taken up with the GST Council,” industry body CII said.

Similarly, responding to suggestions for steps related to sectors such as hospitality tourism, aviation, real estate and construction, the FM recognised the stress and need for additional steps and said that she was in dialogue with industry leaders, a source told TOI. She also said the standard operating procedure of hotels and banquetos may be reviewed to ease pain. Retailers are also protesting against market closures in several states over the weekend, when over 40% of the sales are generated.

The statement came as expenditure secretary TV Somanathan indicated that another stimulus package may be considered, although it may not happen immediately. “Right now, the evidence is that the problem is not susceptible to stimulation by fiscal or government measures. It’s not as if people are waiting for something to be done by the government and then they are ready to go out and resume normal economic activity,” he said at another event. Sitharaman recognised the need for moving faster on strategic sale of PSUs cleared by the Union Cabinet. So far this year, the government has failed to generate even a rupee from disinvestment.

Nearly a month ago, PM Narendra Modi had held deliberations on a fresh booster shot, but the steps were held back as Covid-19 is not showing signs of abating. The finance ministry brass believes that steps will go waste if the health situation does not normalise, something that Somanathan also alluded to. A key element of the discussions with Modi had focused on stepping up investment in infrastructure, an issue that was flagged during the FM’s meeting at CII.