

● NO 'INWARD-LOOKING' POLICY

FM: Centre open to inclusion of petro products under GST

Says will cut import duties without hurting domestic industry

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FINANCE MINISTER NIRMALA Sitharaman on Wednesday said petroleum products would be included in the Goods and Services Tax (GST) regime once all states and the Centre reach an agreement on the rates of tax on the fuels in the GST Council.

As per Article 279A (5) of the Constitution, the Goods and Services Tax Council shall recommend the date on which GST shall be levied on all excluded products, ie, petroleum crude, high-speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel. "Once the states agree, we will have the petroleum products also covered under the GST. So, that's not so much of us not wanting it," she said speaking at an event organised by industry body PHDCCI.

"What they have to do is to determine a rate and once they tell me the rate, we (will include these items) into the GST," she added.

Given that petroleum products are a major source of resources both for the Centre and states, it might take longer



Finance minister Nirmala Sitharaman speaks during an interactive session on the theme 'India's role in the Emerging World Order' organised by Assocham in New Delhi on Wednesday.

to bring states on board on the matter as they fear losing further fiscal powers. States have complained of losing a major portion of their fiscal powers after the uniform GST regime was rolled out in the country by merging a plethora of Central and state taxes from July 2017.

Amid contraction in exports for the second month in a row in January, Sitharaman on Wednesday cautioned that slowing economies abroad are going to pose a challenge

to the Indian exporters. While a close tab would be kept on flooding of imported goods, she said the government would continue to lower customs duty on critical components needed to help Indian firms.

"The Indian exporters will have to be far more receptive to what is happening there or even foresee how that will pan out for them and keep constantly engaging with the government," Sitharaman said, addressing an event of industry

body Assocham.

India's exports fell by 6.58% to \$32.91 billion in January due to slow-down in global demand, even as the trade deficit touched a 12-month low of \$17.75 billion during the month due to a contraction in imports. Imports in January contracted by 3.63%, the second consecutive month, to \$50.66 billion. On imports, Sitharaman said, "We cannot be inward-looking and not import due to the government's focus on Atmanirbhar." With MSMEs and also large manufacturers still sourcing critical components from abroad, she said the Budget for this year and last year have reviewed customs duties and reduced rates in 18 to 20 categories.

"We will keep that momentum and we'll follow that process of where it is possible to reduce (import duties) without hurting an Indian industry which needs it. At the same time, we will keep very close watch on flooding or surge in any kind of imported goods. The surge sometimes hurt us, even if the surge was only for three months, it can hurt us for a whole year," Sitharaman said.

Noting that external uncertainties are far more unpredictable and challenging, she said the country has handled issues which are unpredictable, inclusive of the monsoon, unseasonal weather vagaries over the years very well and not just now.