



November 17, 2017

Info Capsule

MINISTER OF COMMERCE AND INDUSTRY IN RUSSIA TO PARTICIPATE IN SHANGHAI COOPERATION ORGANIZATION MEETING AND BILATERAL DISCUSSIONS WITH RUSSIAN LEADERSHIP AND BUSINESS LEADERS¹

The Minister of Commerce and Industry, Shri Suresh Prabhu is on a visit to Russia from November 15-17, to participate in the Shanghai Cooperation Organization Meeting of the Ministers of Member States responsible for Foreign Economic and Foreign Trade. The Minister of Commerce and Industry is also holding bilateral meetings during his visit. This is the first Ministerial Conference on Trade organized by the Shanghai Cooperation Organization after India became a full member of the Organization in June 2017. This is also Shri Prabhu's first visit to Russia as Minister of Commerce and Industry.

During his visit, the Minister of Commerce and Industry met the Member of Board (Minister) for Trade of the Eurasian Economic Commission (EaEC), Ms. Veronika Nikishina on November 15 and discussed early start of negotiations of the Free Trade Agreement between India and the Eurasian Economic Commission, as well as the potential and opportunities for increasing trade cooperation.

On November 16 Shri Prabhu participated in a Round Table interaction with 30 of Russia's leading business leaders. The companies that attended the Round Table were leaders in steel, engineering goods, railways, financial services, nuclear energy, agriculture, Venture Capitalists and trade promotion. The Minister told the gathering about the new initiatives of the Government of India, particularly with regard to ease of doing business, priority areas like financing in the nuclear energy sector, natural gas, railways, organizing Trade Fairs, agro-marketing etc. The business leaders participated enthusiastically in the discussion to strengthen bilateral economic cooperation between India and Russia. The Minister of Commerce and Industry invited the businessmen to take part in the Partnership Summit, in Vizag in India from 24-26 February 2018.

The Minister of Commerce and Industry also met the Minister for Economic Development of the Russian Federation, Mr. Maxim Oreshkin on November 16 and discussed the current level of bilateral trade between India and Russia and ways for its enhancement. They also discussed opportunities that the fast growing economy of India provides for doing business, particularly in the field of manufacturing. Earlier in day, Shri Prabhu also met the President of Skolkovo Foundation and Renova Group, Mr. Viktor Vekselberg and discussed production of solar panels, bottled Baikal water and renewable energy production.

The Minister will separately address a gathering of Russian Small and Medium Enterprises and a select group of Russian investors at Delovaya Russia. He will also meet his other Russian counterpart, the Minister of Industry & Trade of the Russian Federation, Mr. Dennis Manturov. The discussions are likely to include ways to strengthen India- Russia Investment and collaboration in creating Joint Ventures under the Make in India initiative of the Government of India.

¹ Available at: <http://pib.gov.in/newsite/erelease.aspx>

CABINET APPROVES THE ESTABLISHMENT OF THE NATIONAL ANTI-PROFITEERING AUTHORITY UNDER GST²

The Union Cabinet chaired by the Prime Minister Narendra Modi has given its approval for the creation of the posts of Chairman and Technical Members of the National Anti-profiteering Authority (NAA) under GST, following up immediately on yesterday's sharp reduction in the GST rates of a large number of items of mass consumption. This paves the way for the immediate establishment of this apex body, which is mandated to ensure that the benefits of the reduction in GST rates on goods or services are passed on to the ultimate consumers by way of a reduction in prices.

The establishment of the NAA, to be headed by a senior officer of the level of Secretary to the Government of India with four Technical Members from the Centre and/or the States, is one more measure aimed at reassuring consumers that Government is fully committed to take all possible steps to ensure the benefits of implementation of GST in terms of lower prices of the goods and services reach them.

It may be recalled that effective from midnight of November 14, 2017 the GST rate has been slashed from 28% to 18% on goods falling under 178 headings. There are now only 50 items which attract the GST rate of 28%. Likewise, a large number of items have witnessed a reduction in GST rates from 18% to 12% and so on and some goods have been completely exempt from GST.

The "anti-profiteering" measures enshrined in the GST law provide an institutional mechanism to ensure that the full benefits of input tax credits and reduced GST rates on supply of goods or services flow to the consumers. This institutional framework comprises the NAA, a Standing Committee, Screening Committees in every State and the Directorate General of Safeguards in the Central Board of Excise & Customs (CBEC).

Affected consumers who feel the benefit of commensurate reduction in prices is not being passed on when they purchase any goods or services may apply for relief to the Screening Committee in the particular State. However, in case the incident of profiteering relates to an item of mass impact with 'All India' ramification, the application may be directly made to the Standing Committee. After forming a prima facie view that there is an element of profiteering, the Standing Committee shall refer the matter for detailed investigation to the Director General of Safeguards, CBEC, which shall report its findings to the NAA.

In the event the NAA confirms there is a necessity to apply anti-profiteering measures, it has the authority to order the supplier / business concerned to reduce its prices or return the undue benefit availed by it along with interest to the recipient of the goods or services. If the undue benefit cannot be passed on to the recipient, it can be ordered to be deposited in the Consumer Welfare Fund. In extreme cases, the NAA can impose a penalty on the defaulting business entity and even order the cancellation of its registration under GST.

The constitution of the NAA shall bolster confidence of consumers as they reap the benefits of the recent reduction in GST rates, in particular, and of GST, in general.

Team ICSI

Disclaimer : The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.