

Info Capsule

CABINET APPROVES MOU BETWEEN SEBI AND FSC¹

The Union Cabinet chaired by the Prime Minister Narendra Modi has given its approval for signing of a Memorandum of Understanding (MoU) between Securities and Exchange Board of India (SEBI) and Financial Services Commission (FSC), Gibraltar for mutual co-operation and technical assistance.

The MoU is likely to promote further development of economic links and cooperation between the two regulators and aims at creating conditions for an effective development of securities markets in the two countries. It would also contribute towards strengthening the information sharing framework between the two signatories. It is expected to add value to overseas mutual cooperation and regulation activities of SEBI and FSC, Gibraltar.

COMMERCE & INDUSTRY MINISTER SURESH PRABHU SEEKS PERMANENT SOLUTION TO WORLD FOOD SECURITY AT WTO INFORMAL MINISTERIAL GATHERING AT MARRAKESH²

The Commerce and Industry Minister, Shri Suresh Prabhu attended an Informal WTO Ministerial Gathering in Marrakesh, Morocco from October 9 to 10. The meeting was held in preparation for the Eleventh Ministerial Conference (MC11) of the WTO scheduled to be held in Buenos Aires, Argentina from 10 to 13 December 2017. Ministers and delegates of 35 WTO member countries exchanged views on what could be realistically achieved and the possibilities for compromise. The objective of the informal gathering was to provide political impetus to the negotiations and guidance on potential outcomes.

Shri Prabhu, led discussions on behalf of the developing world and reiterated commitment to the Doha Round. He referred to the agreed objectives of the agriculture negotiations in the Doha Round and called for continuation of the reform process and to avoid further widening and perpetuation of the imbalance between developed and developing countries. He pointed out that any meaningful reform in agriculture must first seek to reduce the disproportionately large subsidies of the developed countries.

In his statements at the meeting, the Commerce & Industry Minister spoke about India's priorities and position as regards various issues under discussion in the WTO for outcomes at MC11. He emphasized that a permanent solution on the issue of public stockholding for food security purposes must be a part of the outcomes achieved, as this is an issue of tremendous importance not only to India but also several other developing countries. Shri Prabhu pointed out that a solution on this issue would give a strong signal of determination to end hunger and achieve food security, as mandated in the UN Sustainable Development Goal 2.

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

² Available at: <http://pib.gov.in/newsite/erelease.aspx>

Emphasizing on the importance of special and differential treatment for developing countries, the Commerce & Industry Minister said India would be willing to engage on proposals that recognized this right for all developing countries without exception. He pointed out that in India, the total number of people dependent on agriculture in one way or another is close to 600 million, with nearly 98 per cent of Indian farmers being low income or resource poor and mostly engaged in subsistence farming. Under such circumstances, it was imperative for India to balance trade liberalization with the need to protect the livelihood of its farmers, he said.

Shri Prabhu called upon WTO members to first deal with the issues which were already under negotiation, before moving on to new ones.

On the issue of discipline on fisheries subsidies the Commerce & Industry Minister also stressed on the importance of suitable special and differential treatment provisions and the need to make a clear distinction between large scale commercial fishing and traditional fishing. He pointed out that in India a large number of small, largely resource poor fish workers depended on traditional fishing activity as a source of livelihood. He observed that developing countries like India, possessing very low fishing capacity, would also need to retain policy space to promote and create such capacity.

Shri Prabhu also spoke about the importance of a transparent and inclusive process of negotiations at the WTO and the need to do all preparatory work before MC11, so that only issues, which have matured for conclusion, are taken forward to the Ministerial Conference. India's stance was very well received from all quarters making the visit a big success.

On the sidelines of the meeting, the Commerce & Industry Minister also held marathon bilateral meetings to push India's trade in a comprehensive manner. He met Ministers from the EU, South Africa, Argentina, Brazil, Russia, Rwanda, Morocco, as well as the Director General of the WTO.

GST RATE STRUCTURE FOR PETROLEUM AND OIL SECTOR³

To reduce the cascading of taxes arising on account of non-inclusion of petrol, diesel, ATF, natural gas and crude oil in GST and to incentivise investments in the E&P (exploration and production) sector and downstream sector, the GST Council in its 22nd meeting held on 6th October, 2017 has made the following recommendations for GST rate structure for Specified Goods and Services:

- i. Offshore works contract services and associated services relating to oil and gas exploration and production in the offshore areas beyond 12 nautical miles shall attract GST of 12%;
- ii. Transportation of natural gas through pipeline will attract GST of 5% without input tax credits (ITC) or 12% with full ITC;
- iii. Import of rigs and ancillary goods imported under lease will be exempted from IGST, subject to payment of appropriate IGST on the supply/import of such lease service and fulfilment of other specified conditions.

Further, GST rate on bunker fuel is being reduced to 5%, both for foreign going vessels and coastal vessels.

Notifications to give effect to the above proposals will be issued shortly.

Team ICSI

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