

Gateways- GST and Role of Digitization for congestion reduction

Presentations

Presentation 1: Mr. Hasmukh Adhia (Secretary (Revenue), Department of Revenue, Ministry of Finance), talked about GST and the reasons why it is considered a major reform. He pointed out three main features – availability of seamless input tax credit (except select petroleum products), minimal human interference in verification and creation of a unified national market for all goods and services. He highlighted that logistics and transportation sector will be the biggest beneficiary of GST by enabling seamless interstate movement. He stated that the government welcomes suggestions and comments on the draft rules of GST that have been published.

Presentation 2: Mr. Tan Sri Abdul Rahman bin Mamat (Executive Member, GCEL) presented the concept of e-hub, a B2B digital platform solution to increase global trade by 1.2 trillion USD, save logistics cost by 700 billion USD and create 100 million jobs. He talked about four important pillars for trade – commerce, finance, insurance and logistics – highlighting logistics as the lynchpin of global trade. He mentioned three basic tenets critical to enable digital logistics economy – identify a common denominator across policies, listen to voice of industries, and engage the right organizations to deliver the required solutions.

Presentation 3: Ms. Polina Hristeva (Senior Policy Advisor, Transport Canada) presented Canada's solution to improving logistics across the supply chain. She laid emphasis on three themes required to enable seamless transportation – global supply chains, connectivity and fluidity. She highlighted that Canada started by focusing on improving gateways and over the next two years expanded focus to integrated multimodal logistics. The key driver for policy implementation is public-private participation, with a strong focus on tracking metrics and monitoring performance against global benchmarks such as LPI and logistics cost as a percentage of GDP.

Presentation 4: Mr. Arjun Ram Meghwal (Hon'ble Minister of State, Ministry of Finance) started by highlighting the global adoption of the GST regime. He also highlighted that due to variation in interstate border check post practices the time spend by vehicles at the check-posts varies significantly. He drew parallels with demonetization and highlighted that the Government of India will take a flexible approach while implementing GST. He stressed on the critical need to shift from an evading-tax mindset to a paying-tax mindset.

Addresses & Panel Discussion

Members:

Dr. Hasmukh Adhia, Secretary (Revenue), Department of Revenue, Ministry of Finance
Mr Rohit Kumar Singh, Member (Finance), National Highways Authority of India
Mr. Upender Gupta, Commissioner (GST), CBEC
Mr. Subrata Mitra, Professor, IIM Calcutta
Mr. Rajiv Jalota, Commissioner of Sales Tax, Government of Maharashtra*
Ms. Cordula Rastogi, Global Solution Lead, Connectivity, Trade & Competitiveness Global Practice, World Bank
Mr. Rajesh Yabaji, Co-founder & CEO, BlackBuck
Mr. S K Shahi, Chairman & Managing Director, SKS Shipping

The Panel informed that as far as taxation is concerned, interstate check posts will be removed. In the GST regime, there is no need for monitoring at each interstate border. But that there are other check posts (state excise, forest, etc.) which may remain. Even for those check posts, a task force had been formed to figure out how to optimize the operations. One thought is to use RFID tags to enable faster identification of consignments and vehicles. Efforts are ongoing to remove those check posts as early as possible.

Answering a query raised during the session, the Panel intimated that Service tax rate is yet to be decided. The thinking is that it should go up to 18% from the current 15% (14%+0.5%+0.5%). As far as the transportation sector is concerned, the rate will be different since it will not have input tax credit benefits for fuel.