Daily Economic News Summary: 26 December 2019

1. Finance Ministry notifies setting up of GST Grievance Redressal Committee
Source: The Hindu, Business Line (Link)

Finance Ministry on 25 December announced setting up the Grievance Redressal Committee (GRC) to resolve issues related to the Goods & Services Tax (GST). The Committee intends to resolve grievances in a time-bound manner, and all the activities will be displayed on dedicated portal. This action is follow-up to decision taken by the GST Council on December 18. It was decided that GRC will be constituted at Zonal/State level with both CGST and SGST officers, including representatives of trade and industry and other stakeholders (GST practitioners and GSTN etc.). These Committees will address grievances of specific/general nature of taxpayers at the Zonal/ State level.

2. National Productivity Council to assess performance of power loom sector schemes
Source: Money Control (Link)

The National Productivity Council will undertake an evaluation study to assess the performance of four power loom sector schemes for a period from April 2017 to March 2020, to help the Centre make improvements in future schemes to achieve better outcomes for the sector by identifying existing gaps. "The study would focus on detailed field-level interactions with central agencies involved in implementation of the projects and various stakeholders. Field study would be conducted through structured questionnaire/checklists at the cluster level on a pan-India basis," the Office of the Textile Commissioner has said.

3. Chabahar Port: US gives 'written' assurance to India facilitating banks to fund $85 mn equipment purchase
Source: The Hindu, Business Line (Link)

In a big breakthrough, the United States has given a written assurance to India that will help facilitate global banks to fund the purchase of equipment worth $85 million to be erected at Chabahar port which India is developing in Iran. In November 2018, the United States granted a waiver to the port from the sanctions it has imposed on the Persian Gulf nation. India Ports Global (a 60:40 joint venture between Jawaharlal Port Trust and Deendayal Port Trust) and Aria

Banader Iranian Port signed a deal in May 2016 to equip and operate the container and multi-purpose terminals at Shahid Beheshti – Chabahar Port Phase-I with capital investment of $85.21 million and annual revenue expenditure of $ 22.95 million on a 10-year lease. Cargo revenues collected will be shared by India and Iran as per an agreed formula.

4. Govt launches index to rank states, UTs on good governance parameters
Source: Financial Express ([Link](#))

A good governance index (GGI) was launched on 25 December by the central government to assess the state of governance in the country, according to a statement issued by the Personnel Ministry. The objectives of GGI are to provide quantifiable data to compare the state of governance in all states and Union territories, enable them to formulate and implement suitable strategies for improving governance and shift to result oriented approaches and administration, the statement said. Various principles have been kept in mind while selecting the indicators, i.e. it should be easy to understand and calculate, citizen-centric and result driven, leading to improved results and applicable to all states and UTs, among others, it said.

5. Budget 2020: Income tax cuts, slab rejigs on table
Source: The Economic Times ([Link](#))

A flat tax rate without exemptions, new slabs for those earning higher incomes, cuts in personal income tax in line with those in corporate tax — these proposals are being examined ahead of the budget as the government eyes ways of boosting consumption and reviving growth. The finance ministry will present arguments for and against these suggestions before a decision is taken at the highest level, a government official said. The budget will be presented in February. An alternative to income tax cuts is putting more money in the hands of the people directly through schemes such as PM-KISAN or enhancing the spending on infrastructure. Any possible change in the structure will only benefit the 30 million individuals who pay income tax, said the person, adding that the cost to the exchequer needs to be balanced with benefits by way of a consumption boost.

6. Niti Aayog member bats for 2 GST slabs, says rates should not be revised frequently
Source: The Economic Times ([Link](#))

Government think-tank Niti Aayog member Ramesh Chand on 25 December made a case for only two slabs under the goods and service tax regime as against the multiple slabs currently, and said rates should be revised annually if required. The goods and services tax (GST), which replaced almost all the indirect taxes, came into force from July 1, 2017, and the rates on goods and services have been revised several times since then. Currently, there are four GST rate slabs -- 5 per cent, 12, per cent, 18 per cent and 28 per cent. Several items fall in exempt category or nil duty. Besides, cess is also levied on five goods. Talking to PTI, Chand said that when a large taxation reforms like GST are brought in, there are always "teething problems" but soon they stabilise. He said most of the countries took long time for GST stabilisation.

7. RIL proposes share swap scheme for Reliance Retail shareholders
Source: Livemint (Link)

Reliance Industries has proposed allowing shareholders of the unlisted Reliance Retail to exchange their shares for RIL shares. Under the proposed arrangement, Reliance Retail shareholders will get one share of RIL in exchange for four shares of Reliance Retail, according to RIL website. Reliance Retail is a subsidiary of Reliance Retail Ventures Limited and an indirect subsidiary of Reliance Industries Limited. The swap ratio values the retail business of RIL at about ₹2.5 lakh crore. Reliance Industries shares were flat at ₹1544.65 apiece in early trade, giving the company a market cap of about ₹9.8 lakh crore. Under the scheme proposed by RIL, equity shareholders of Reliance Retail will be given listed equity shares of Reliance Industries and the corresponding equity share capital held by them in the Reliance Retail will be reduced and cancelled.