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Kerala Economy

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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

KERALA ECONOMY

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Address
Gulati Institute of Finance and Taxation,
GIFT Campus, Chavadimukku,
Sreekariyam, Thiruvananthapuram, Kerala - 695017.
Phone : 0471 2596970, 2596980, 2590880, 2593960.

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Editorial
Kerala Economy completes one year

The Editorial team of *Kerala Economy* takes enormous pride in reporting that, we have successfully completed the first year of publication of *Kerala Economy*. As articulated by Prof T M Thomas Isaac, then Chairperson of GIFT, Kerala Economy envisaged occupying an important space that remained in the academic and policy circles. For information or analysis of the state of Kerala economy, one had to wait till the Economic Review, an annual publication of the State Planning Board. Making use of the high frequency data, *Kerala Economy* was expected to provide with more up to date analysis of the key aspects of the economy like output growth, state finances, trend in tax revenue, employment, wages, prices and focused analysis of the select sectors that are key to the economic development of the state. *Kerala Economy* also updated the readers about the recent research on Kerala by scholars from different parts of the world and other academic activities - teaching/training, outreach through seminar/workshop in Gulati Institute of Finance and Taxation. Hence, complementing our regular issues focusing on analysis of key economic trends, *Kerala Economy* also published three guest edited special issues. Following the Kerala Budget 2021-22 that focused on Knowledge Economy, we brought out a special issue, drawing from a webinar on Transforming Kerala to a Knowledge Economy, wherein experts from 24 countries participated. The special issue was guest edited with Dr P V Unnikrishnan, Member Secretary, Kerala Development and Innovation, Strategic Council (K-DISC). Subsequently a special issue of Economic Survey and Union Budget 2021-2022 was published drawing from a seminar organized jointly by Govt. College for Women, University College and GIFT. This issue was edited with Smt Anitha Kumary, Dr N Ramalingam, Dr V Uma Jyothi, and Dr Rony Thomas. The third special issue was drawn from the post budget discussion on the revised Kerala budget 2021-22 presented by Shri K N Balagopal, Hon'ble Finance Minister, Government of Kerala and current Chairperson of GIFT.

A unique characteristics of Kerala Economy is that it is bilingual - Malayalam and English - available both in print and online mode. The publication was started by an in-house team of GIFT (Dr A V Jose, Prof D Narayana, Dr N Ramalingam and Smt Anitha Kumary) with the involvement of Prof K N Harilal and Dr K Ravi Raman, Members, State Planning Board as Editorial Advisory Board Members under the leadership of Prof T M Thomas Isaac. Mr George Joseph, formerly with Hindustan Times and Dr Pyara Lal Raghavan, currently with Economic & Political Weekly are the consulting editors. The team got expanded with the involvement of Prof Thankom Arun, Essex University, Prof Rajeswari Raina, Shiv Nadar University, Prof Thara S Nair, Gujarat Institute of Development Research, Shri C Balagopal, formerly CEO, Terumo Penpol, Dr D Shyjan, University of Calicut (Dr John Matthai Centre), Dr Siddik Rabiyath, Dept of Economics, University of Kerala, Dr Zakaria Siddique, GIFT and Dr Anoop S Kumar, GIFT.

We are extremely happy that Kerala Economy has been well received among academia, government, policy circles and the general public. We were especially overwhelmed by the highly encouraging words from Prof M S Swaminathan and Prof Hanumantha Rao on our initiative. The numerous encouraging feedback from the readers from far and wide sustain our energy and enthusiasm. We place on record our sincere appreciation to all of you. My colleagues at GIFT lead by the Registrar, R Raja Gopal has cheerfully taken this extra burden. Especially noted is the continuous support by way of cover design and layout by Dr U P Anil Kumar, along with his contribution as an author.

We are highly ambitious and confident about the way forward under the leadership our new Chairperson and Hon'ble Finance Minister, Shri K N Balagopal. With a numerous enquiries for making content contribution and collaboration for publishing, we are inclined to diversifying the content by addressing wider set of issues pertaining to *Kerala Economy*. So far you have been receiving complimentary copies of *Kerala Economy*. We are deliberating on graduating *Kerala Economy* to a priced publication in consultation with you.

In anticipation of your continued patronage

K J Joseph

Asset monetisation and its implication on capital investment in India

Anitha Kumary L

Introduction

Union budget 2021-22 highlighted the importance of monetizing operating public infrastructure assets for new infrastructure construction. The budget 2021-22 has suggested to prepare for a "National Monetisation Pipeline (NMP)" for infrastructure creation and has recommended to start "Asset Monetisation Dashboard' for generating additional resources for infrastructure development. Based on the same, the Government of India announced asset monetization of around 6 lakh crores on selected sectors. The capital expenditure which creates employment, especially for the poor and unskilled, has a high multiplier effect, this enhances future productive capacity of the economy and has a potential to lead to higher rate of economic growth. In short, capital investment acts as a vital engine of growth. It is estimated that in advanced economies, $1 million of spending can generate an average of 3 jobs in schools and hospitals and over 6 jobs in the energy sector, assuming intermediate labour mobility and labour intensity levels. On the other hand, in low income developing countries, the estimates are much larger and range and amount to creating atleast 16 jobs in water and sanitation. In other words, each unit of public infrastructure investment creates more direct jobs in electricity in high income countries and more jobs in water and sanitation in low income countries. (Mariano Moszoro, 2021). This paper attempts to look into the asset monetization plan of union government and its implication on capital investment in India.

The main features of asset monetisation announced are (1) assets are only leased out, the ownership of assets will remain with the Government. (2) Enables infrastructure development with creation of assets through PPP model (3) Aims multiplier effect on investment, growth, employment and revival of credit flow.

Asset monetisation and its features

The main features of asset monetisation announced are (1) assets are only leased out, the ownership of assets will remain with the Government. (2) Enables infrastructure development with creation

The major share of asset monetization amount is expected from the two public sector enterprises such as railways and roads.

of assets through PPP model (3) Aims multiplier effect on investment, growth, employment and revival of credit flow. Through asset monetisation, union government decided to monetise the assets of selected sectors which are shown in Table 1.

The major share of asset monetization amount is expected from the two public sector enterprises such as railways and roads. Around 52.33 per cent of total monetization value is generated from these two sectors. The Finance minister stressed that the ownership of land is to be kept within the government.

Approach to asset monetization

Different approaches were suggested to estimate the indicative value of the monetisation pipe line. They are (i) Market approach,(ii)Capex approach, (iii) Book value approach and (iv) Enterprise value approach (EV Appraoch). Under Market value approach indicative value of assets is determined based on comparable market transactions, wherever, for the identified asset values. The Capex approach is considered for asset classes that may be monetised through PPP based models envisaging capex investment by private sector. The Book Value approach

Table 1. Sector wise national asset monetisation amount and sectoral share (in crore)

Sl No	Items	Amount	Share %
1	Roads	160200	26.81
2	Ports	12828	2.15
3	Aviation	20782	3.48
4	Railways	152496	25.52
5	Power Generation	39832	6.67
6	Power transmission	45200	7.56
7	Natural gas pipeline	24462	4.09
8	Product pipeline/others	22504	3.77
9	Stadiums	11450	1.92
10	Warehousing	28900	4.84
11	Telecom	35100	5.87
12	Mining	28747	4.81
13	Urban Housing redevelopment	15000	2.51
Total		**597501**	**100.00**

In the year 2022, only 14.76 per cent of the asset monetisation value with an absolute amount of Rs.88190 crore is expected.

is considered in case of asset classes where information on comparable market transactions or estimated capex investment is not available. The Enterprise value approach is considered for assets where information in existing revenue stream is available or can be reasonably projected based on assumptions and /or available data on prevailing tariff for an asset/asset class. Suggested approach to asset monetisation for different category is depicted in Table 2.

Union government has announced different approaches for asset monetisation of different sectors. The monetisation value approach for Aviation, ports, warehousing, telecom (partly), railways (partly) mining , urban housing development, stadiums will use capex method. Market approach is being adopted for Roads and power transmission. Book value approach will be followed in the case of power generation.

Table 2. Approach to asset monetisation

Sl No	Categories	Approach to monetisation value
1	Roads	Market Approach
2	Ports	Capex Appraoch
3	Airports	Capex Appraoch
4	Railways	Railway stations -capex approach Passenger trains- capex approach Private Frieght terminals- Capex Approach Rialway colonies redevelopment- Capex Approach Track infrastructure under DFCCIL- Book value approach CHE- EV Approach
5	Power Generation	Book Value Approach
6	Power transmission	Market Approach
7	Natural gas pipeline	EV Approach
8	Product pipeline	EV Approach
9	Sports Stadium	Capex Approach
10	Warehousing	Capex Approach
11	Telecom	Capex Approach for Bharatnet fibre assets
		Market approach for tower asstes
12	Mining	Capex Approach
13	Urban Housing redevelopment	Capex Approach

Though there is higher target of disinvestment in recent years , the share of capital expenditure in total expenditure has not been increased substantially, in fact it reduced in 2017-18

It is seen that the asset monetization programme is intended for raising resources to meet the long run capital investment plans. In the year 2022, it is expected to generate only 14.76 per cent of the total monetization value. The balance amount will be generated in the subsequent years from 2023 to 2025(table 3). Since the asset monetisation announced is a long run strategy , the benefits will be reaped in a phased manner. In the year 2022, only 14.76 per cent of the asset monetisation value with an absolute amount of Rs.88190 crore is expected.

Disinvestment status

The efficacy of asset monetization plan of the union government is viewed in the background of disinvestment status. The history of disinvestment of union government shows that the generation of funds from disinvestment is not provided a rubicund picture. The gap between actual realization of funds and budget estimate of disinvestment is hefty. This is understood from table 4.

In 2014-15, in the initial year of the present government's first term, the disinvestment target was Rs 56925 crore, the actual realization was only Rs.32620 crores (57.30 per cent). In 2015-16 to 2018-19, there was around 100 per cent realization of disinvestment in comparison to targets (table 4). While in 2018-19, only 48.91 per cent of target is achieved. In 2020-21 R E , the realized amount of disinvestment is only 15.24 per cent. Though there is higher target of disinvestment in recent years , the share of capital expenditure in total expenditure has not been increased substantially, in fact it reduced in 2017-18 (table 5). The increase in actual amount of capital expenditure is also not expansionary in creating more employment opportunities. At this juncture, for increasing capital investment, the union government resorts to monetization of public sector assets as an alternative.

It is indicative from table 5 that the share of capital expenditure in total expenditure is only around 12 per cent even with disinvestment funds. From 2017-18 onwards, a decline in the share of capital expenditure in total expenditure of union government is observed. In 2017-18, there is a decrease in the growth rate of capital expenditure to the tune of -7.54 per cent with an absolute amount decline of Rs 21470 crore compared to 2016-17.

Implications of asset monetisation

The monetisation of assets of 6 lakh crore

One of the major implications of asset monetization is that the service fee/user fee of these asset monetized sectors will be increased alarmingly

will definitely increase price level of goods and services of those sectors which are to come under monetization. Consequently, the burden of consumers will increase. The monetization of public utility assets will definitely lead to massive inflation. Price regulation given to public sector units itself create alarming price rise in the case of petrol and diesel. Once the assets are monetized and a large sum is collected from the private corporates, then there won't be any control of price fixation. More caution is needed while preparing the guidelines of asset monetization. It is already seen that more than 55 per cent of asset monetization is in roads and railways, those are the major public utilities of common man. The price of these public utilites will definitely increase, it accentuates the burden of common man. Asset monetization for capital investment is intended to increase employment generation, it seems that the employment generation will be on a low pace due to the long run completion of many of the projects.

One of the major implications is that the Service fee/user fee of these asset monetized sectors will be increased alarmingly. User fees will be increased based on the asset monetization value of each sector. A private corporate is giving lumpsum money to Government with the prime motive of profit making. Moreover, he is investing the money by taking loans

Table 3. Year wise monetisation pipeline over 2022 to 2025

Year	in crore	Percentage share
2022	88190	14.76
2023	162422	27.18
2024	179544	30.05
2025	167345	28.01
Total	**597501**	**100.00**

Table 4. Disinvestment in India from 2011-12 to 2021-22 (in crore)

Year	Budget estimate	Actual realisation	Difference	Percentage of realisation
2014-15*	56925	32620	24305	57.30
2015-16	41000	42132	-1132	102.76
2016-17	36000	35469	531	98.53
2017-18**	72500	100045	-27545	137.99
2018-19	80000	94727	-14727	118.41
2019-20	105000	50304	54696	47.91
2020-21	210000	32000	178000	15.24
2021-22	175000			

Source: Revenue Budget, various years, government of Kerala*Disinvestment receipts, Disinvestment of govt stake in non govt companies

**2017-18, revised budget, the disinvestment estimate is Rs.100000

Another major implication of asset monetization is that there are chances of wealth accumulation in the hands of a few corporates. Small businesses might not be able to compete with those big giants and they will be thrown out from infrastructure development scheme.

Table 5. Share and growth of capital expenditure in total expenditure of Union government (in crore)

Year	Capital expenditure	Total expenditure	Share of capital exp in total exp (%)	Growth rate of capital exp(%)	Growth rate of total exp(%)
2013-14	187675	1559447	12.03		
2014-15	196681	1663673	11.82	4.80	6.68
2015-16	253022	1790783	14.13	28.65	7.64
2016-17	284610	1975194	14.41	12.48	10.30
2017-18	263140	2141973	12.28	-7.54	8.44
2018-19	307714	2315113	13.29	16.94	8.08
2019-20	335726	2686330	12.50	9.10	16.03
2020-21(RE)	439163	3450305	12.73	30.81	28.44
2021-22 (BE)	554236	3483236	15.91	26.20	0.95

Source: Union budgets, Budget at a glance, various issues

from banks or other financial institutions with reasonable rate of interest. Consequently NPA of banks will increase and further it will be a severe headache to the government. Inter-generational equity is also under question as all the value repayment on account of monetization should be on the shoulders of our future generation. Strong guidelines with long run modus operandi will be incorporated in the scheme of asset monetization.

Another major implication of asset monetization is that there are chances of wealth accumulation in the hands of a few corporates. In an oligopolic manner, assets will be concentrated in a few big corporates. Small businesses might not be able to compete with those big giants and they will be thrown out from infrastructure development scheme. This will inturn create interstate disparity and large scale inequality. States do not get any direct benefit from asset monetization to meet their fiscal needs on account of the unprecedented COVID 19 catastrophe. It is imperative to suggest that a portion of the asset monetization value will be diverted to meet the livelihood needs of the people as done in the case of 2011-12, when the then Government allocated the disinvestment funds to meet social protection needs through MGNREGA payments. At this juncture, it would be appropriate to channelize atleast 20 per cent of the asset monetization value to meet the MGNREGA payments through which employment generation and livelihood of the people will surge during this pandemic. To conclude , if asset monetization is inevitable for infrastructure development, well thought out guidelines is to be laid done for its implementation and proper and periodic monitoring mechanism is also to be ensured.

■

[Author is Associate Professor, GIFT

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Tax performance of 15 Indian states- 1990-91 to 2018-19: Five questions for further research

R Mohan and Shyjan D

State level tax reforms -General backdrop

States in India had General Sales Tax regime in which there was cascading of input taxes and multiplicity of rates. Under this, States were taxing sale of commodities at their first point. Besides, turn over Tax was also levied in some cases. There was cascading of taxes paid on inputs. As regards inter-State sales, the exporting State collected Central Sales Tax. Eventually, Value Added Tax (VAT) with input credit replaced the General Sales Tax levied by the States on purchase and sale of commodities within their jurisdiction[1] since 2005-06. Rates were harmonised through discussions in the Empowered Committee of State Finance Ministers. Though there were minor deviations in rates made by States, by and large rates were harmonised under the VAT regime. VAT was subsumed in the Goods and Services Tax (GST) regime[2] with effect from July 1, 2017. The taxes subsumed in GST have been about two thirds of the Own Tax Revenue (OTR) of the States. After introduction of GST, harmonised rates are recommended by the GST Council, which is formed as mandated in Article 279A of the Constitution of India. Under GST, the tax on sales taxes on goods and supply of services is collected by the State where the final consumption takes place. Major taxes still remaining outside the purview of GST are petroleum products and alcoholic liquor for human consumption.[3]

2. Data sources and methodology

With these major tax policy shifts in background, we analyse the trend in tax effort of 15 major States in India during the 30 year period from 1990-91 to 2018-19.[4] The tax effort is proxied by the ratio of Own Tax Revenue (OTR) to Gross State Domestic Product (GSDP) at current prices.

For the purpose of the study, States have been classified as High, Middle and Low Income States based in their per capita incomes.Maharashtra, Gujarat, Haryana, Goa and Punjab have been classified as High income States, Andhra Pradesh, Telangana, Karnataka, Kerala[5] , Tamil Nadu, Uttarakhand and West Bengal as Middle income States and Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Rajasthan, Odisha and Uttar Pradesh as Low income States.

The study has utilised the OTR data from

There is significant convergence of tax-GSDP ratio across high, middle and low income States in the 30 year period of analysis

Reserve Bank of India's 'State Finances: A Study of the Budgets' and the GSDP data from National Income Accounts. The GSDP in current prices is of different bases and splicing has not been done.[6]

Question can be raised whether the more appropriate base for consumption taxes like General Sales Tax, VAT and GST is Private Final Consumption Expenditure (PFCE). The limitation in using PFCE from sample surveys of National Sample Survey Organisation (NSSO) is that the data are available from quinquennial surveys [7] and for the intervening years, there needs to be extrapolation, which can lead to unrealistic estimations. Moreover, PFCE is a component of GSDP.

3. State-wise trends

The trend is observed at five year sub-periods. 2017-18 and 2018-19 is treated as a separate sub-period.[8] In the initial five year period, Middle income States performed better than High and Low Income States. This continued till 2009-10. During the last two sub-periods, High income States performed slightly better than the Middle Income States. The Low income States have shown a consistent increase in the third, fourth and fifth sub-periods and a minor fall in the last sub-period (Table 1).

The downward slide is marked in the case of Middle income States, whose tax effort was above the all States average till 2009-10. The downward slide had started since 1995-96 and there was a further fall since 2005-06. The upward movement in the case of Low income States had begun since 1995-96 continued till 2016-17. There is a flattening in the last sub-period, 2017-18 and 2018-19. In the case of High income States, the downward slide started since 1995-96 (Figures 2,3, and 4).

The dispersion of OTR-GSDP ratios between High, Middle and Low Income States has significantly come down during the period under analysis. The standard deviation has declined from 1.54 in the first sub-period to 0.14 in the last sub-period and the decline has been consistent, The convergence is more marked since 2010-11. The convergence has happened because of fall in the OTR-GSDP ratio of High and Middle income States and the rise in that of Low income States (Table 1). An analysis of the State-wise trends can throw more light (Table 3).

Low income states

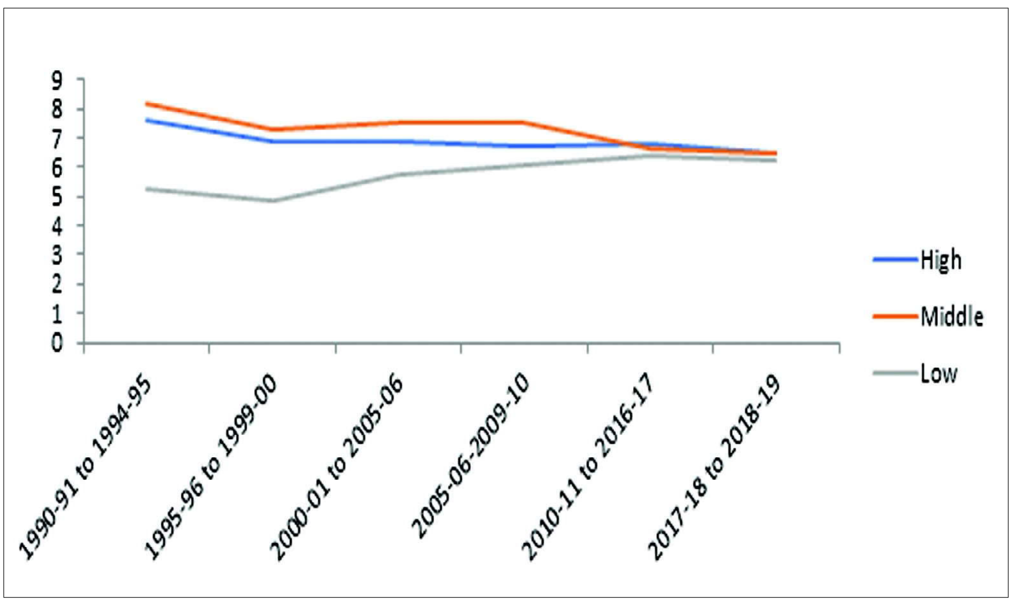
For Bihar, Odisha and Uttar Pradesh, there has been consistent rise in OTR-GSDP ratio except in the second sub-period. For

Tax-GSDP ratio of Low income states have shown a rise and that of Middle and High income states have declined

Table 1. Comparative OTR-GSDP ratios of high, middle and low income states – 1990-91 to 2018-19

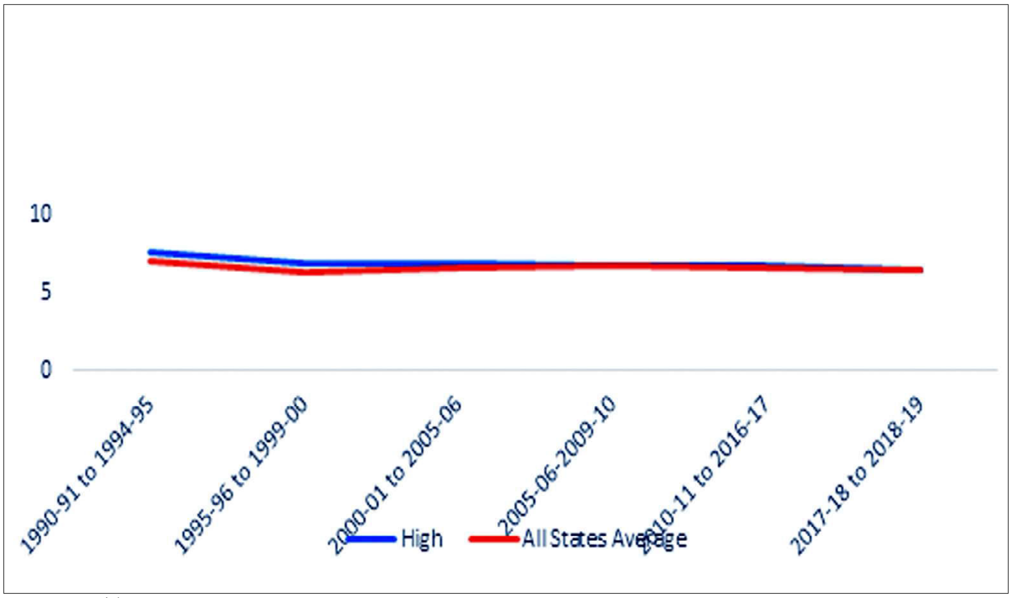
States	1990-91 to 1994-95	1995-96 to 1999-2000	2000-01 to 2005-06	2005-06-2009-10	2010-11 to 2016-17	2017-18 to 2018-19
High	7.63	6.86	6.92	6.74	6.79	6.46
Middle	8.20	7.32	7.53	7.53	6.66	6.45
Low	5.30	4.86	5.73	6.10	6.41	6.21
All States Average	7.04	6.35	6.62	6.71	6.60	6.50

Figure 1. OTR-GSDP ratios of high, middle and low income states



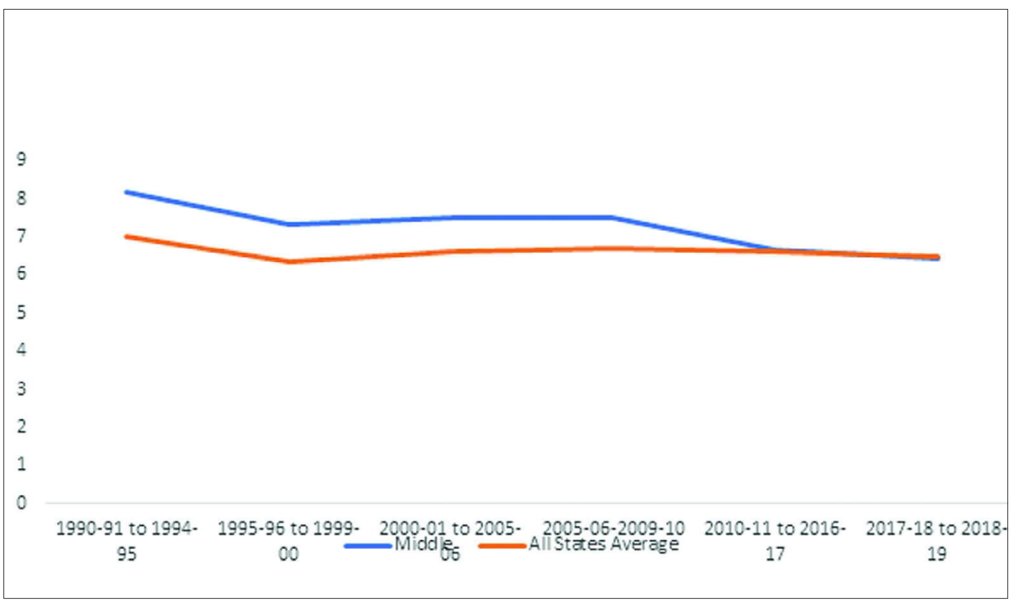
Source:Table 1

Figure 2. Movement of OTR-GSDP ratio of high income states and all states



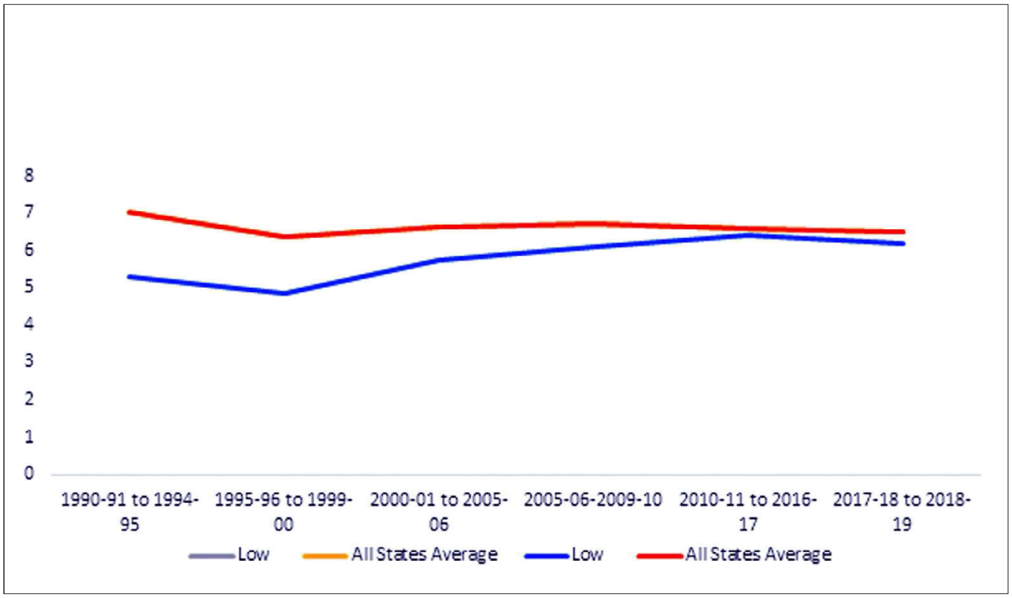
Source:Table 1

Figure 3. Movement of OTR-GSDP ratio of middle income states and all states average



Source:Table 1

Figure 4. Movement of OTR-GSDP ratio of low income states and all states average



Source:Table 1

Table 2. OTR-GSDP trends across high, middle and low income states – 1990-91 to 2018-19

States	1990-91 to 1994-95	1995-96 to 1999-00	2000-01 to 2005-06	2005-06-2009-10	2010-11 to 2016-17	2017-18 to 2018-19
Mean	7.04	6.35	6.72	6.79	6.62	6.37
Standard Deviation	1.54	1.30	0.92	0.72	0.20	0.14
C.V.	0.22	0.21	0.14	0.11	0.03	0.02

Source: Computed from data mentioned in the text

Table 3. OTR-GSDP ratio across states

States	1990-91 to 1994-95	1995-96 to 1999-2000	2000-01 to 2005-06	2005-06-2009-10	2010-11 to 2016-17	2017-18 to 2018-19
Low Income States						
Bihar	4.46	4.14	4.23	4.42	5.81	6.08
Chhattisgarh			6.05	7.22	7.00	7.34
Madhya Pradesh	5.74	5.48	6.63	7.30	7.53	6.64
Odisha	4.95	4.35	5.37	5.61	6.17	6.70
Rajasthan	6.1	5.54	6.55	6.64	6.16	6.44
Uttar Pradesh	5.25	4.81	5.93	6.54	7.26	7.75
Middle Income States						
Andhra Pradesh	7.08	6.38	7.47	7.71	7.08	6.70
Karnataka	9.45	8.51	8.99	9.47	7.58	6.65
Tamil Nadu	9.31	8.55	8.82	8.49	7.33	6.55
West Bengal	5.94	4.66	4.37	4.36	5.31	5.80
High Income States						
Gujarat	8.41	7.27	7.07	6.44	6.42	5.45
Haryana	7.71	6.68	7.62	7.36	6.44	6.27
Maharashtra	7.47	6.85	7.60	6.90	6.80	7.30
Punjab	7.00	6.21	6.71	6.88	6.95	6.37
Kerala*	9.24	8.47	7.99	7.64	7.05	6.66

Source: Computed from data mentioned in the text. Note: * Moved from Middle to High Income

Madhya Pradesh, there has been a rise from the second to fifth sub-periods and fall in the last two years. Chattisgarh, which was formed in the third sub period. Has shown improvement in OTR-GSDP ratio except for a minor fall in the fifth sub-period. There is no clear trend observed for Rajasthan.

Middle income states

The OTR-GSDP ratio of Andhra Pradesh declined in the second sub- period and improved markedly during the third sub-period. It showed a mild improvement in the fourth sub-period and declined during the last two sub periods.

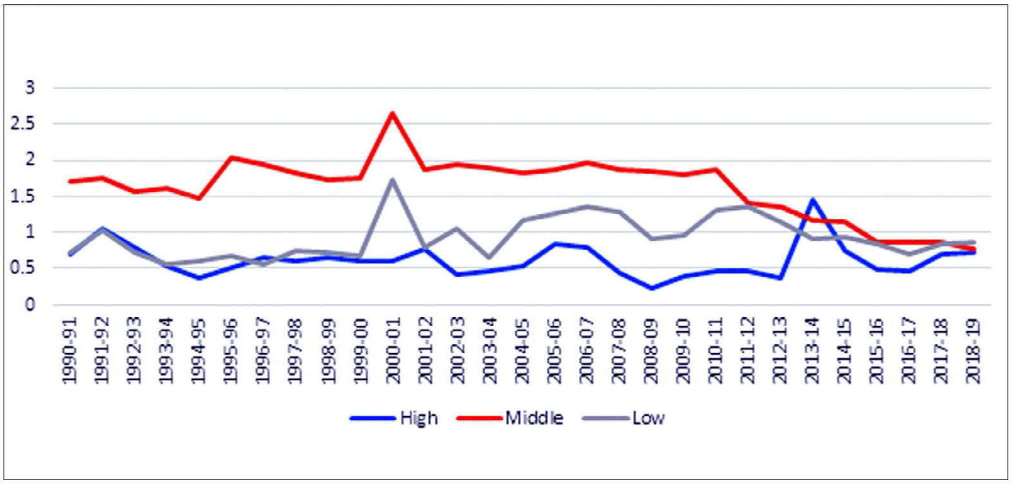
In Karnataka, there is a marked decline in the last two sub-periods. In the prior sub-periods, there was an initial decline and a pick up. There has been a consistent fall except for a marginal rise in the third sub-period in Tamil Nadu. In West Bengal, there has been a consistent fall from the first to the fourth sub-periods and a rise during last two sub periods. Kerala has shown a consistent decline during all the sub-periods.

High income states

There has been a consistent decline of OTR-GSDP ratio during all the sub-periods for Gujarat. In Maharashtra,

Tax-GSDP ratio of higher per capita income States have shown a statistically significant negative relationship with per capita GSDP while lower income States have shown a statistically significant positive relationship.

Figure 5. Trends in dispersion of OTR-GSDP in high, middle and low income states-1990-91 to 2018-19



there is no consistent trend. After a decline in the second sub-period, there has been a rise in the third sub- period and fall in the fourth and fifth sub- periods and a rise in the last sub- period. In Punjab, after a fall in the second sub-period, there has been a rise in the three subsequent sub-periods and a fall in the last two years. Haryana There is consistent decline since the fourth sub-period.

The dispersion within the groups, as measured by the standard deviation have also declined in the recent years. The dispersion has been rather high among Middle Income States, followed by Low Income and High Income States before converging in the last sub-periods (Figure 5).

4. Relationship between per capita income and tax effort

The results of the regression testing the statistical significance of association between per capita income and tax effort proxied by OTR-GSDP ratio, show that the association is positive and statistically significant for Bihar, Odisha and Uttar Pradesh. It is positive but statistically insignificant for Rajasthan and Madhya Pradesh and Andhra Pradesh. It is negative and statistically significant for Gujarat, Karnataka, Kerala, Tamil Nadu and Maharashtra (Table 4).

Table 4. Association between OTR GSDP ratio and per capita income

States	Co-efficient	t-value	DW transformed	Level of Per Capita Income (2019-20)	Statistical Significance
Bihar	1.38	4.43	1.98	44575	Highly. Significant
MP	0.28	0.29	1.84	68757	Not significant
Rajasthan	-0.32	-0.73	2.27	78390	Not Significant
Orissa	1.37	4.21	1.76	78680	Highly significant
Uttar Pradesh	0.92	2.86	2.05	101768	Significant
Punjab	-0.16	-0.27	1.93	118848	Not Significant
Andhra Pr.	0.032	0.07	1.8	132284	Not Significant
Kerala	-1.66	-7.97	1.97	149563	Highly Significant (negative)
Maharashtra	-0.56	-2.12	1.73	152566	Significant (negative)
Tamil Nadu	-1.68	-4.97	1.79	153853	Highly Significant (negative)
Karnataka	-1.97	-3.06	2.04	154861	Significant (negative)
Gujarat	-1.79	-4.32	1.5	165359	Highly Significant (negative)
Haryana	-1.04	-2.06	1.6	176199	Significant (negative)
Goa	-0.96	-1.72	1.73	367226	Weakly Significant (negative)

Source: Computed from data mentioned in the text. Note:Highly Significant 0 % level, Significant 0 to 5 % level Weakly Significant 5 to 10% level.

The statistically significant negative sign is present for certain Middle and high per capita income States. This is counter intuitive.[9] The question is why should richer States put in lesser tax effort.[10] The richer States normally get lower tax shares from the Finance Commission. Going by Wagner's law, higher per capita income States will experience more demand for public spending. All these should lead to higher tax effort when per capita income rises. There can be two reasons for this negative and statistically significant relation. One is the fall in tax rates due to harmonisation of rates. This could have resulted in fall in tax effort of States, which had earlier higher tax incidence. Another reason could be the growth being in services sectors, which was outside the purview of State taxation till 2017-18, when GST was introduced. The impact of central grants, especially, the discretionary ones also need a separate analysis.

Similar results have been obtained in the study by Mukherjee (2017). Nambiar and Rao (1972) state that when per capita income and per capita development expenditure are used as explanatory variables and ratio of tax revenues to incomes is the dependent variable, there was poor fit. The R^2 in both cases is very insignificant.This contradicts a generally held hypothesis that income and developmental expenditure are among the important determinants of tax performance of governments.

Cross country analyses, however, reveal that there is positive relation between tax-GDP ratio and per capita GDP. [OECD (2020), Le, Dodson and Bayraktar (2012)]

7. Questions needing further research

The findings of the study are counter intuitive and raise the following five questions for further research

1. Why did the Middle and High Income States which have high Personal Final Consumption Expenditure witness a decline in OTR-GSDP ratio, when more than two-thirds of OTR is from consumption taxes ? Is harmonisation of rates the reason for convergence of tax effort proxied by OTR-GSDP ratio?
2. Is there a shift towards high value consumption in these States which are more evasion prone and difficult to detect ?
3. Are there rising impediments to enforcement in these States with more interest groups being formed?
4. Why these States not been able to capitalise the advantages of the VAT/ GST regime ?
5. Are there political economic constraints including the impact of central devolution in tapping more tax from rising per capita incomes?

■

(R Mohan IRS is honourary fellow, GIFT and Dr Shyjan D is Associate Professor, University of Calicut)

[1] Burgess, Howes and Stern (1995) State that multiplicity and dispersion of rates. Indirect taxation in India is typified by a maze of different rates, which are the result of numerous ad hoc modifications to tax legislation. There are currently some 350 specific excise duty rates and forty ad valorem rates, the highest of which is 105 percent (Purohit, 1992b; GOI, 1993a). Most states have at least twelve rates of sales tax ranging from 1 percent to 25 percent (Purohit, 1988, p. 272). This rate differentiation has little economic rationale. It is associated with distributional judgments and views on the kinds of goods that should be encouraged in production and is the outcome more of lobbying than of logic.

[2] Under the GST regime, rates have been harmonised based on the constitutional mechanism, that is, the GST Council, which is constituted under Article 279A of the Constitution.

[3] Taxes on petroleum products can be brought into GST, from the date notified by the GST Council.

[4] Das-Gupta (2012) has sound that introduction of VAT had positive impact on Own Tax Revenue of Haryana and Odisha among major States and in 50 per cent of other jurisdictions. The study traces large scale tax evasion ad given weakness in VAT administration identified In a performance audit by the Comptroller and Auditor General in 2009. Sen (2015) states that though sub national VAT is more efficiency inducing than a complex sales tax, the contribution of VAT to efficiency of entire indirect system is insignificant.

[5] Kerala has now moved to be a High Income State. But for most part of the period it was a Middle Income State.

[6] When the ratio is taken, the inflation effect will cancel out.

[7] The results of the thin rounds for the intervening years can not be used along with that of quinquennial rounds as there will be inconsistencies due to variation in sample size.

[8] This is done to maintain uniformity of five years. Else, last period will be seven years. The last two years are after introduction of GST

[9] The intuitive reasoning for a positive relation between per capita income and tax effort is stated in Lotz and Morss (1967). " In addition to aggregate income, the denominator in the tax ratio, other factors affect a country's taxable capacity.8 One of the most important is the level of economic development. Economic development is usually accompanied by a higher rate of literacy, increased monetization, and stricter law enforcement-all of which can be expected to increase taxable capacity. Economic development has many dimensions and cannot be measured precisely either by a single variable or by a simple combination of variables. However, one variable frequently used by economists to give a rough idea of the development stage is per capita income. Hence, one would expect taxable capacity and per capita income to move in the same direction."

There is another reason to expect a positive relationship between per capita income and taxable capacity. For two countries with the same total income but with a per capita income of, say, $50 in the first country and $1,500 in the second, taxable capacity is greater in the second because a smaller proportion of total income is required for subsistence needs and more "surplus" is available for taxation and other purposes. It follows that, if the two countries raise the same total amount of tax revenue and thus have equal tax ratios, the first country is making the greater tax effort.9

Similar results have been obtained in the study by Mukherjee (2017). Nambiar and Rao (1972) state that when per capita income and per capita development expenditure are used as explanatory variables and ratio of tax revenues to incomes is the dependent variable, there was poor fit. The R^2 in both cases is very insignificant.This contradicts a generally held hypothesis that income and developmental expenditure are among the important determinants of tax performance of governments.

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State of state finances

State government expenditure response to pandemic in southern states

Parma Chakravartti

The role of fiscal policy during economic recession is widely accepted for stabilizing the economy and creating stimulus. However, the policy to address the economic recession should be different than the policy addressing pandemic recession as argued by Romer (2021) and requires different policy responses for the following reasons. First, the objective of policy in an ordinary recession is to stimulate the aggregate demand, in general but a policy associated with pandemic is to stimulate the production and employment in a relatively safe manner as possible by not spreading the virus. Second, the impacts of these two different types of recession are different among different types of workers. Employment in the sectors like, hotel and restaurants, constructions, etc., are likely to be affected which could not be operational due to COVID restrictions unlike the sectors which could provide work from home. According to Romer (2021), fiscal policy during a pandemic should be specific to those who are directly affected rather than toward increasing aggregate demand more generally. The policy should aim at providing social insurances and should focus on other targeted aid.

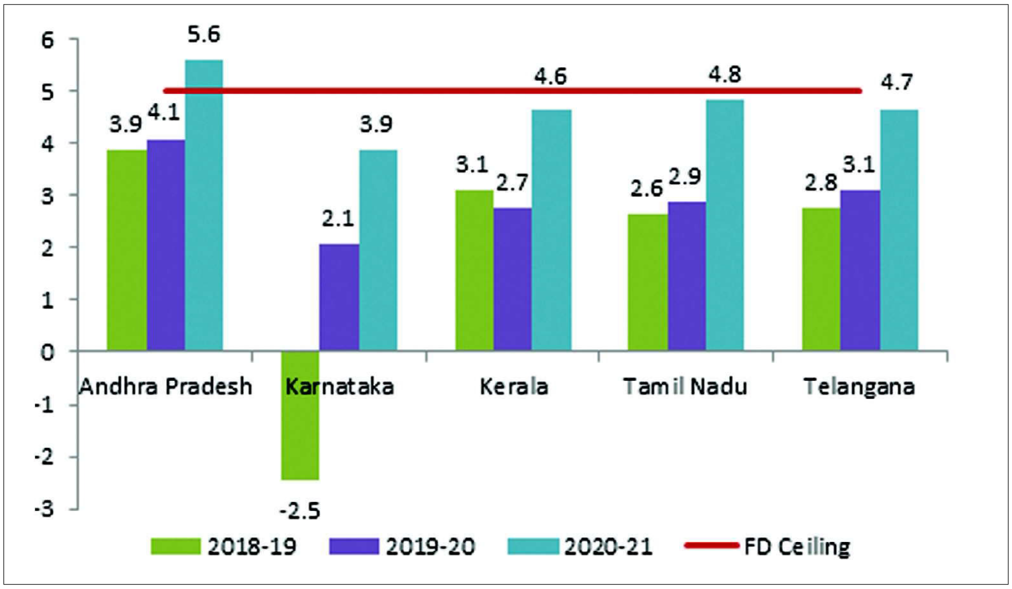
We are in the second year of the pandemic and it is necessary to trace the fiscal policy response of the country. This article attempts to assess the fiscal position of the southern states and also attempts to assess the fiscal response of the states in terms of government expenditure as a result of pandemic. Since the state government does not enjoy the power of taxation, the policy response of the state government is expected on account of government expenditure. The period of study is from 2018-19 (normal year prior to pandemic) to 2020-21.

Deficit position

Revenue deficit (RD) which is the gap between revenue expenditure and receipts have experienced an increase in all the states. RD increased from 2.7 per cent of GSDP in 2019-20 to 3.6 per cent of GSDP in 2020-21 in Andhra Pradesh. In Tamil Nadu it increased from 1.6 percent during 2019-20 to 3.2 per cent of GSDP in 2020-21. In Kerala RD as per cent of GSDP increased from 1.7 per cent in 2019-20 to 2.8 per cent in 2020-21. In Telangana, it increased to 1.9 percent during 2020-21 from 0.4 per cent during 2019-20 and Karnataka also experienced a revenue deficit of 1 per cent of GSDP during 2020-21 from revenue surplus of 06 percent of GSDP during 2019-20.

Fiscal deficit (FD) as per cent of GSDP also increased following the pandemic but it is below the increased upper ceiling of 5 per cent of GSDP for 2020-21 for all the states except Andhra Pradesh. In 2020-21, FD as per cent of GSDP is highest in Andhra Pradesh (5.6 %), followed by Tamil Nadu (4.8 %), Telangana

Figure 1. Fiscal deficit as percentage of GSDP



Source: Computed from State Accounts Report, Comptroller and Auditor General of India and various state budgets

Fiscal Deficit as percentage to GSDP is below the increased upper ceiling of 5 per cent of GSDP in 2020-21 for all the states except Andhra Pradesh

(4.7%), Kerala (4.6 %) and Karnataka (3.9 %).

The rise in fiscal deficit can be attributed to the rise in state government expenditure along with a fall in state's own tax revenue and non-tax revenue.

State own tax and non-tax revenue

State own tax revenue (SOTR) which includes SGST, agricultural income tax, land revenue, stamps and registration, state excise, sales tax, vehicle taxes, electricity taxes and duties indicates a declines as per cent of GSDP from 2019-20 onwards for all the states. Similarly, state own non-tax revenue (SONTR) which includes interest, dividends, profits, lotteries, police, forestry and wildlife, etc is also showing a decline as per cent of GSDP since 2019-20 in all the states.

SOTR as per cent of GSDP is highest in Telangana (6.8%) in 2020-21, followed by Andhra Pradesh (5.8%), Karnataka (5.8%), Kerala (5.5%) and Tamil Nadu (5.0%). Kerala (0.78%) has the highest SONTR as per cent of GSDP as per 2020-21 among other southern states.

Government expenditure and total revenue

The pandemic shock have led to an increase in total expenditure of the state government to combat the disease with highest growth of 25 per cent experienced in Kerala, 12.8 per cent growth in Andhra Pradesh, 11.6 per cent growth in Tamil Nadu, 7.4 per cent growth in

Table 1. State own tax and non-tax revenue as percentage to GSDP (%)

SOTR % GSDP	2018-19	2019-20	2020-21
Andhra Pradesh	6.74	5.93	5.82
Karnataka	6.54	6.24	5.82
Kerala	6.41	5.89	5.51
Tamil Nadu	6.51	5.42	5.01
Telangana	7.65	7.00	6.81
SONTR % GSDP			
Andhra Pradesh	0.50	0.34	0.34
Karnataka	0.45	0.45	0.47
Kerala	1.33	1.37	0.78
Tamil Nadu	0.65	0.66	0.47
Telangana	1.18	0.76	0.52

Source: Computed from State Accounts Report, Comptroller and Auditor General of India and various state budgets

The pandemic shock have led to an increase in the growth of state government expenditure to combat the disease with highest growth of 25 per cent in Kerala, 12.8 per cent in Andhra Pradesh, 11.6 per cent in Tamil Nadu, 7.4 per cent in Telangana and 5.6 per cent in Karnataka during 2020-21

Telangana and 5.6 per cent growth is observed in Karnataka during 2020-21. The increase in total expenditure of the state government is on account of increase in both revenue and capital expenditure of the state. The data on revenue expenditure (RE), capital expenditure (CE), total expenditure (TE), revenue receipts (RR), share in central taxes (SCT), grants and non-debt capital receipts (NDCR) as per cent of GSDP is given below in table 2. The absolute numbers are given in table A (Appendix A).

TE as percentage to GSDP shows an increase in all the states in 2020-21 viz-a-viz 2019-20 as a result of increase in RE as percentage of GSDP for all the states along with an increase in CE as percentage of GSDP in all states except Telangana (Table2).

Within the revenue expenditure, the shares of interest payment expenditure have increased in all the states except in Kerala in 2020-21 compared to 2019-20. The share of expenditure on salaries shows a decline in the states of Kerala, Andhra Pradesh and Telangana. The data is not available for other states on expenditure on salaries/wages. The share of pension expenditure in revenue expenditure also shows a decline in all the states except Karnataka and Telangana. The share of subsidy expenditure in total revenue expenditure shows an increase in Kerala (from 1.3% in 2019-20 to 5.3% in 2020-21) and Telangana (from 6% in 2019-20 to 8.1% in 2020-21).

The sectoral composition of total expenditure

The share of subsidy expenditure in total revenue expenditure shows an increase in Kerala from 1.3% in 2019-20 to 5.3% in 2020-21

Table 2. Government expenditure and revenue as percentage of GSDP of southern states

RE % GSDP	**2018-19**	**2019-20**	**2020-21**
Andhra Pradesh	14.52	14.15	15.47
Karnataka	10.66	10.15	10.39
Kerala	13.59	11.97	14.59
Tamil Nadu	11.73	11.01	12.09
Telangana	11.04	11.06	12.12
CE % GSDP			
Andhra Pradesh	2.35	1.26	1.92
Karnataka	2.42	2.30	2.75
Kerala	0.90	0.94	1.54
Tamil Nadu	1.50	1.36	1.71
Telangana	2.69	1.77	1.65
TE % GSDP			
Andhra Pradesh	16.87	15.42	17.40
Karnataka	13.08	12.45	13.15
Kerala	14.49	12.90	16.13
Tamil Nadu	13.23	12.37	13.80
Telangana	13.73	12.83	13.77
RR % GSDP			
Andhra Pradesh	13.17	11.43	11.87
Karnataka	11.01	10.71	9.41
Kerala	11.56	10.26	11.76
Tamil Nadu	10.44	9.42	8.89
Telangana	11.92	10.62	10.21
SCT %GSDP			
Andhra Pradesh	2.76	2.08	1.75
Karnataka	1.76	1.36	0.93
Kerala	1.77	1.37	1.00
Tamil Nadu	1.88	1.43	1.28
Telangana	1.60	1.19	0.92
Grants %GSDP			
Andhra Pradesh	2.23	2.25	3.23
Karnataka	1.71	2.12	1.81
Kerala	1.42	1.10	3.78
Tamil Nadu	1.43	1.51	1.68
Telangana	0.96	1.20	1.58
NDCR % GSDP			
Andhra Pradesh	0.03	0.45	0.11
Karnataka	0.00	0.01	0.02
Kerala	0.13	0.05	0.04
Tamil Nadu	0.41	0.29	0.27
Telangana	0.08	0.01	0.01

Source: Computed from State Accounts Report, Comptroller and Auditor General of India and various state budgets

The share of interest payment expenditure in total revenue expenditure have increased in all the states except in Kerala in 2020-21 compared to 2019-20

Table 3. Composition of revenue expenditure (in %)

States	Year	Expenditure on Interest payment	Expenditure on Salaries/ Wages	Expenditure on Pension	Expenditure on Subsidy
Andhra Pradesh	2018-19	11.3	27.4	12.1	1.9
	2019-20	12.8	26.3	12.6	4.6
	2020-21	13.1	26.2	11.4	3.2
Karnataka	2018-19	8.4	—	9.5	0.0
	2019-20	9.7	—	9.9	0.0
	2020-21	12.7	—	10.9	0.0
Kerala	2018-19	13.5	30.3	17.7	1.5
	2019-20	15.8	32.2	18.6	1.3
	2020-21	15.0	24.0	15.8	5.3
Tamil Nadu	2018-19	13.5	—	14.3	—
	2019-20	13.8	—	13.6	—
	2020-21	15.5	21.9	11.5	10.7
Telangana	2018-19	12.7	24.5	10.0	6.6
	2019-20	12.8	22.7	9.5	6.0
	2020-21	13.5	20.8	9.7	8.1

Source: Computed from State Accounts Report, Comptroller and Auditor General of India

Note: -- data not available

in table 4 shows that the social sector expenditure as a share of total expenditure increased during the pandemic year in Kerala (from 34.2 % in 2019-20 to 38.3% in 2020-21) and Tamil Nadu (from 37.5% in 2019-20 to 39.8 % in 2020-21). In rest of the southern states, the share of social sector expenditure in total expenditure shows a decline. The share of economic sector expenditure shows an increase in all the states in 2020-21 compared to 2019-20. The share of general sector expenditure only increased in Andhra Pradesh and Karnataka.

The total revenue receipts as percentage of GSDP have also fallen in Karnataka, Tamil Nadu and Telangana as a result of fall in state own tax and non-tax revenue along with fall in share in central taxes in these states percentage to GSDP (Table 2). Grants as percentage to GSDP also decreased in Karnataka during 2020-21 compared to 2019-20. There is a nominal increase in RR as percentage to GSDP in Kerala and Andhra Pradesh due to an increase in grants as percentage of GSDP in these states during 2020-21 compared to 2019-20. However, the SCT as percentage to GSDP shows a decline in these states as well, along with the fall in

The social sector expenditure as a share of total expenditure increased during the pandemic year in Kerala and Tamil Nadu from 34.2 % to 38.3% and from 37.5% to 39.8 %, respectively from 2019-20 to 2020-21.

The share of economic sector expenditure shows an increase in all the states in 2020-21 compared to 2019-20

Table 4. Sectoral composition of total expenditure (in %)

States	Year	General sector	Social sector	Economic sector
Andhra Pradesh	2018-19	37.5	45.7	27.0
	2019-20	48.6	46.9	20.4
	2020-21	47.8	41.5	26.2
Karnataka	2018-19	27.3	41.5	37.0
	2019-20	29.8	39.2	37.8
	2020-21	35.8	34.4	39.3
Kerala	2018-19	82.3	38.0	16.9
	2019-20	100.7	34.2	15.6
	2020-21	61.5	38.3	23.6
Tamil Nadu	2018-19	50.9	38.5	27.8
	2019-20	51.5	37.5	28.5
	2020-21	46.4	39.8	28.5
Telangana	2018-19	37.9	38.9	33.7
	2019-20	38.9	38.5	33.5
	2020-21	38.3	36.2	36.1

Source: Computed from State Accounts Report, Comptroller and Auditor General of India

both state own tax revenue and non-tax revenue (Table 2).

The increase in state government expenditure, given the fall in share in central taxes as percentage of GSDP, fall in state own tax and own non-tax revenue have led to an increase in fiscal deficit in the state. However, the fiscal deficit is below the upper ceiling of 5 per cent of GSDP in all the states except in Andhra Pradesh.

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(Author is Assistant Professor, GIFT)

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	Andhra Pradesh			Karnataka			Kerala			Tamil Nadu			Telangana		
Items	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
Revenue Receipts	114684	111034	117136	164069	174511	156716	91388	87697	96674	170151	173898	172722	101419	102544	99903
a) Tax Revenue	90836	85843	81869	131929	132608	118747	69683	66531	59205	136172	133855	131077	83233	83585	79340
i) Goods and Service Tax	29349	28241	26095	51522	50921	43947	26089	24310	22315	38533	38374	37942	28786	28053	25905
ii) Stamps and regist ration Fees	5428	5318	5603	10789	11308	10576	3693	3614	3490	11065	10856	11675	5344	6671	5243
iii) Land Revenue	57	21	143	144	203	184	203	332	493	178	258	211	0	1	1
iv) Sales Tax	21914	21410	17800	14004	16405	16028	19226	20317	18728	42696	44518	43489	20291	20674	20904
v) State Excise Duties	6220	6915	11575	19944	21584	23332	2521	2255	2329	6863	7206	7822	10638	11992	14370
vi) State's share of Union Taxes	24049	20228	17237	26246	22126	15437	14002	11669	8207	30639	26392	24925	13613	11451	8977
vii) Other Taxes and duties	3818	3710	3415	9280	10061	9243	3949	4034	3642	6197	6250	5014	4561	4743	3940
b) Non-Tax Revenue	4391	3315	3395	6661	7402	7894	10511	11750	6420	10642	12260	9068	10008	7361	5092
c) Grant in aid and Contributions	19457	21876	31872	25480	34502	30076	11194	9416	31049	23337	27783	32577	8178	11598	15471
Capital Receipts	34029	44042	56231	36669	33743	64880	25530	23877	38509	49595	58423	99136	24136	29964	45697
a) Recovery of Loans and Advances	277	4355	1063	17	58	270	961	370	285	6670	5384	5244	666	62	58
b) Other Receipts	0	0	0	-6	28	45	47	27	34			0	0	0	0
c) Borrowings & Other Liabilities	33751	39687	55168	36658	33657	64565	24523	23479	38190	42926	53039	93893	23470	29902	45639
Total Receipts	148713	155076	173367	200739	208254	221596	116918	111574	135182	219746	232321	271859	125555	132509	145600
Revenue Expenditure	126410	137475	152677	158841	165292	173086	107379	102275	119930	191265	203237	234957	93895	106724	118550
Capital Expenditure	20459	12245	18975	36108	37529	45841	7151	8007	12678	24465	25062	33170	22909	17085	16181
Sector wise Expenditure	146855	149717	171652	189525	196396	213247	105631	104219	123116	215730	228298	268127	116799	123801	134724
General Sector	40045	48974	55488	40598	45098	56264	47686	52286	46873	67826	72513	79915	32080	34676	37333
Social Sector	67124	70157	71193	78740	77054	73282	40141	35641	47140	77448	80034	100553	45399	47666	48710
Economic Sector	39645	30570	44950	70187	74244	83701	17804	16292	29103	55848	60766	71863	39315	41460	48681
Total Expenditure	146870	149720	171652	194949	202821	218927	114529	110282	132609	215730	228298	268127	116804	123809	134732
Loans and Advances disbursed	1843	5356	1715	5790	5433	2669	2389	1291	2574	4017	4022	3732	8750	8700	10868
Revenue Surplus/Deficit	-11726	-26441	-35540	5228	9219	-16369	-15991	-14578	-23256	-21114	-29339	-62235	7524	-4179	-18647
Fiscal Surplus/ Deficit	-33751	-39687	-55168	36658	-33657	-64565	-24523	-23479	-38190	-42926	-53039	-93893	-23470	-29902	-45639
Primary Deficit (-)/ Surplus (+)	-19448	-22034	-35150	23368	17622	-42605	9982	-7304	-20178	17185	-25001	-57396	-11578	-16260	-29628

Source: State Accounts Report, Comptroller and Auditor General of India

Stamp duty and registration fee: Is it time Kerala adopts a modern method of fixing fair value of land?

D Narayana

1.Introduction

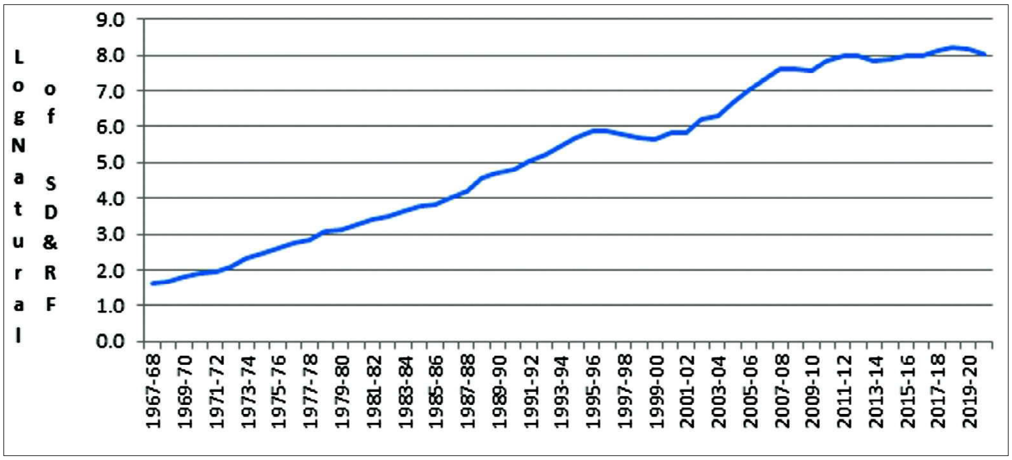
Stamp duty and registration fee (SD&RF) was a major source of revenue in Kerala. During the second half of the 2000s, that is 2005-06 to 2009-10, it was next only to Sales tax and VAT contributing more than 12 per cent of the state's own taxes and duties. Its share has steadily fallen since then and it contributes only 6.76 per cent of the own taxes in 2020-21RE trailing to the third place behind taxes on vehicles. A major portion of the receipts from SD&RF in the state is derived from registration of transfer of property effected by way of instruments such as conveyance, gift, settlement, partition etc. As property value is a key subject in any of these registrations, it is well-known that under-valuation of property and evasion of tax was rampant. Fixation of fair value or guidance value is one of the methods adopted by governments to plug this loophole. Kerala too has followed this method during the last twenty-five years. It is important that we take a look at the method adopted to assess whether there is scope for improvement.

Stamp duty and registration fee, a major source of revenue in Kerala, that was contributing over 12 percent of the state's own tax revenue has shown poor growth during the last ten years. Discounting the annual rise in fair value, the growth turns out to be negative.

2. SD&RF trend

SD&RF receipts over the last 54 years is presented in Figure 1 (in natural log). A careful look at Figure 1 suggests that the period 1967-68 to 2020-21 may be divided into three sub-periods to characterize the changing growth pattern. The three sub-periods are, I: 1967-68 to 1994-95; II: 1995-96 to 2007-08; and III: 2008-09 to 2020-21. Compound Annual Growth Rates (CAGR) of SD&RF for the three sub-periods are 15.91%, 12.39% and 5.18% respectively. It is evident that the growth rates are falling steadily. In the third sub-period the growth has fallen drastically going below the growth rate of Gross

Figure 1. Stamp duty &registration fee receipts, Kerala, 1967-68 to 2020-21RE



Source: Government of Kerala, Budget in Brief, various years, Finance Department.

State Domestic Product (GSDP) of Kerala in current prices and growth rate of tax revenues leading to the fall of both ratio of SDRF to GSDP as well as SD&RF to State's Own Tax Revenue (SOTR).

3. Fair value fixation

It was known for long that considerable undervaluation of land is shown in the documents presented for registration to evade stamp duty. It was felt that a corrective need to be introduced and the insertion of Section 28A by Act 14 of 1988 to amend the Kerala Stamp Act, 1959 was the first step in that direction. This insertion was with regard to the fixation of fair value by the District Collector. The milestones in fair value fixation are well described in Table 7.2 of the C&AG's Report - 8, 2014, Chapter 7 which is reproduced below as Table 1. The description in the Table may be used to arrive at periods when a fair value had to be shown in the document and periods when it need not be. The average annual percentage change in SD&RF receipts during these periods are shown in Table 2.

There was no change in the rates of stamp duty for the major registration instruments during 1991 to 2010. So, we can take the period up to 2010 and examine Table 2 without bothering too much about the influence of rate change on SD&RF. It may be seen that whenever a fair value rule was in operation the receipts showed lower growth and the receipts grew at a much higher rate when the rule was not in operation. Obviously, people were taking advantage of the frequent changes in fair value rule. They were waiting for a relaxation to register the instruments. But from 2010 fair value rule had got firmly established and the poor growth in receipts over the ten

The initial experience with the introduction of fair value was disappointing. It alternated between periods when fair value (FV) was in operation and when not in operation. The periods when FV was in operation reported significantly lower growth rates compared to periods when it was not in operation. Post-2010-11, when FV was firmly in the saddle, the growth rate has fallen drastically.

years since then needs some careful look.

The period 2010-11 to 2020-21 witnessed the stabilization of the fair value system. The message was clear that the fair value system is going to be there and that the value would see periodic rise. It was increased by 50 per cent in 2014-15 and an annual increase of 10 per cent from 2018-19 onwards (Table 3). The SD rate, however, kept on changing. It came down in 2013-14 only to go up again in 2016-17.

The rising fair value brings another dimension to the growth of the receipts. The growth can then be thought of as consisting of two components: a volume component and a price component. The price effect can be taken out by deflating the revenue receipts by the fair value index as worked out in Table 3. Applying the index on the reported receipts to deflate it and the change in the deflated series can then be viewed as a real increase in revenue. It turns out that the period saw an annual average decrease of 4.5 per cent. On an average, a 10 per cent annual increase in the fair value

Table 1. Milestones in fixation

Year	Event	Remarks
1988	Introduction of Section 28A and 45A of KS Act, 1959 relating to minimum value of land	Minimum value of land was fixed for the first time by the District Collectors
1991	Section 28A and 45A of KS Act, 1959 relating to minimum value of land were withdrawn	Withdrawn due to discrepancies in the minimum value fixed and reduction in number of documents presented for registration.
1994	Introduced Section 28A and 45A of KS Act, 1959 relating to fair value	New Section was introduced fixing criteria for determination of fair value of lands.
2004	Fixed the fair value in January 2004 and withdrew the same in February 2004	The fair value was withdrawn on basis of complaints from public regarding the fixation of fair value.
2006	In Budget 2006 the fixation of fair value was introduced again	Land was assigned classification into 15 categories.
2008	The draft fair value was published in May 2008	Seeking suggestions from the public
2010	Published the fair value in March 2010	Implemented with effect from 1 April 2010

Table 2. Average annual percentage change in SD&RF receipts by periods when fair value rule existed

Period	Fair value rule existed	Average annual percentage change
1986-87 to 1988-89	No	27.7
1989-90 to 1990-91	**Yes**	13.2
1991-92 to 1994-95	No	24.8
1995-96 to2003-04	**Yes**	8.2
2004-05 to 2009-10	No	24.7
2010-11 to 2020-21RE	**Yes**	5.3

Table 3. Change in fair value and stamp duty rate, 2010-11 to 2020-21

Year	Fair Value		SD&RF		
	% Change	Index	Panchayat	Municipality	Corporation
2010-11	0	100	7	8	9
2011-12	0	100	7	8	9
2012-13	0	100	7	8	9
2013-14	0	100	5	6	7
2014-15	50	150	6	6	6
2015-16	0	150	6	6	6
2016-17	0	150	8	8	8
2017-18	0	150	8	8	8
2018-19	10	165	8	8	8
2019-20	10	181.5	8	8	8
2020-21(RE)	10	200	8	8	8

during this period (column 3, Table 3) has generated only 5 per cent increase in SD&RF receipts suggesting that the volume increase (after taking out the price effect) is less than 5 per cent. This looks a bit surprising, especially considering that GSDP growth has not been too low during the period and remittance flow has been robust. The Sd rate has also gone up. Hence, the question 'is the fair value system implemented in Kerala inadequate to capture the rising prices of land in the state' becomes relevant.

4. C&AG audit findings: System without a base?

C&AG audit of the fixation of fair value was conducted during May to September 2014 and covered the period April 2009 to March 2014. It was based on a fairly large sample consisting of seven districts, seven Revenue Division Offices, seven Taluks and 21 village offices under the Revenue and Disaster Management Department of the Government of Kerala. The information collected was corroborated with the files and records maintained by the Inspector General of Registration (IGR), Kerala and six Sub Registrar Offices. The soft copy of the database on fair value fixed for land in the State was also analysed.

The objective of fixation of fair value was to prevent the understatement of value of land shown in the documents presented for registration and the consequent evasion of stamp duty. The fair value of land is expected to be close to the market value so that the government does not lose revenue from stamp duty.

The objective was sought to be achieved by classifying the land as those lying in municipal corporations, municipalities and panchayat areas. Within the above further classification is to be done on the basis of a 15-point categorization as under: (i) commercially important plot; (ii) residential plot with NH/PWD road access; (iii) residential plot with Corporation/Municipality/ Panchayath road access; (iv) residential plot with private road access; (vi) residential plot without road access; (vii) garden land with road access; (viii) garden land without road access; (ix) coastal belt; (x) water logged land; (xi) rocky land; (xii) waste land (in proximity to crematorium, dump yard etc); (xii) wet land; (xiii) hill tract with road access; (xiv) hill tract without road access; and (xv) government land. Fixation of land value has to be done by a village level committee with the village officer as convenor and forwarded to the Taluk level committee for onward transmission and finalization.

The most important finding of the C&AG is that no comprehensive guidelines clearly specifying the procedure and methodology for fixing the fair value was issued at any time. Further, it was "observed that in the absence of the clear parameters based upon which the market value of land is determined, the Department was not able to fix the fair value of the land as decided by Government" (Audit Report, p.80). It was also found that village level committees or taluk level committees

The design of the system to fix fair value in the state suffers from the absence of comprehensive guidelines and procedures for fixing it. The whims and fancies of village officers with hardly any supervision or public scrutiny has resulted in the fair value being fixed below the value shown in the previously registered documents leading to leakage in tax revenue.

were not constituted in majority of the villages and hence no public consultation was carried out.

C&AG found out that fair value was not fixed for all the survey numbers. Their scrutiny of the database of the selected seven Taluks and under seven RDOs revealed that fair value was not fixed in case of 1,32,991 survey numbers in 89 villages. Thus, the fair value database was incomplete. The incompleteness of the fixation of fair value persists even now. In the year 2020, a parcel of land owned by the author did not have a fair value. To get a certificate from the SRO was a herculean task with the papers moving from the village officer to the SRO many times, each time it moved only when properly greased. Thus, the incompleteness serves an important purpose and it is well known!

C&AG observed three types of irregularities in the fixation of fair value. The first type was that land is not classified according to the actual state or use at the time of fixation of fair value. Their test checks revealed that in a village in Palakkad - I, 18 cases involving 1.07 hectares of land was classified as residential plot or wetland whereas the actual use was commercial purpose as per Kerala Land Utilisation Orders 1967 by the RDO during 2006-08, that Is prior to the date of fixation of fair value. Also, commercially important land lying in the heart of the town was classified as residential land.

The second type of anomalies were that value of similar, or comparable plots were very different. C&AG scrutiny showed that in 448 cases in 130 villages of Thiruvananthapuram the variation in fair values was 4 to 88 percent. In Perinthalmanna Taluk, for plots in 28 cases lying on the opposite/ adjacent sides of National Highway and State Highway showed variation from nine to 61 per cent. C&AG attributes these anomalies to "The failure to constitute VLC, absence of joint verification of village boundaries and lack of monitoring at the higher level" (p.84).

The third type of irregularity was fixation of low fair value of land. The draft fair value was published in the website on 5 May 2008. It was decided in June 2009 to fix the fair value at least 50 percent of the market value. C&AG in their test check found that in many cases the fair value fixed was far less than the value declared in the previous documents registered. They concluded that "Even on considering the value shown in the previous documents registered as the market value, the fair value fixed was less than 50 percent of

One of the approaches to the subject of fixation of fair value is through the factors determining the market value of land. Market value of land is a function of the use to which it is put. The physical and economic attributes of land can be used to generate land appraisal maps and there exist numerous models tried the world over for the fixation of fair value. Kerala should be adopting modern approaches so that larger resources can be garnered.

the previous transaction value. Audit noticed that the fair value fixed was only 2.51 to 47.84 percent of the value shown in the previous documents" (PP. 84-5). The System of fixation of fair value was intended to get over the understatement of value of land in the documents presented for registration and if such fair value itself was 3 to 48 percent lower than the value shown in the documents one could imagine the farce of fair value fixation in the State.

In sum, the design of the System to fix fair value in the State suffers from severe infirmities. The most important lacuna is the absence of comprehensive guidelines and procedures for fixing the fair value of land. It is left to the whims and fancies of the village officers with hardly any public consultation or supervision and scrutiny at the higher level. Thus, the fair value fixed is often much lower than the value shown in the previously registered documents which it may be presumed is far below the market value to get over which the fair value System was conceived! Understandably, the System has not yielded the desired benefits.

5. Use of remote sensing and GIS in fixing land value

Market value of land is defined as the highest price between an agreeable buyer, who would pay, and an agreeable seller, who would bear, both being fully knowledgeable. This information is known only to the buyer and the seller and the document presented for registration of the sale of the land may not show the market value. The Government loses revenue when the documented value is lower than the market value. The objective of a system of fixation of fair value or guidance value is to get over this problem and increase the SD&RF revenue receipts.

The fixation of fair value is aimed at getting a price close to the market value. One approach to the subject is through the factors determining the market value of land. Value of land is a function of the use to which it is put and land use can vary from agriculture, tourism, residential rural, residential urban, commercial and so on and the factors determining each use may be as shown in Table 4.

Determining the land parcel value is based on a number of physical and economic attributes that have to be carefully considered in the land valuation process. Few of the mentioned attributes are inherent to the property, and others are outer ecological factors.

Through an objective way, we can determine these factors; however, there will always be a definite level of bias that is hard to measure in the evaluation process. Location impacts are considered to be the most important in asset value, although their inclusion in valuation systems is often indirect. It is often not possible to determine the exact value of a parcel of land, but the valuation of the property is feasible (Balaji Lakshmana Rao et al, 2021). These may be called location and qualitative attributes. There could also be other macroeconomic factors like income growth, money supply, interest rate and remittances that influence property prices. A strong relationship between GDP growth and house prices has also been observed in many countries. These relationships could be used to arrive at indicators which update the benchmark values to current periods.

These qualitative dimensions could be used to generate land appraisal maps. Vector based cadastral maps can be superimposed on them to determine parcel based real estate valuations. GIS plays an important role in efficiently extracting spatial variables and lesson labor and time inputs. There exist numerous models tried the world over for the fixation of land value. However, the cost of building the database for such model development can be on the higher side. But once developed it could help the government garner more revenue receipts and hence it is worth the effort.

6. Summary and recommendations

The System of fair value fixation in Kerala suffers from many infirmities. Foremost among them is the lack of a scientific base and comprehensive guidelines for the fixation of land value. There was hardly any public

Table 4. Factors influencing land value

Land Use	Factors Determining Value
Agriculture	Adjacent vegetation, historic condition, hydrology, land use, soil, and vegetation coverInfrastructure, land form, land texture, land use map, road network, and soil
Aquaculture	Elevation, landforms, major roads, soil type, urban areas, and vegetation cover
Urban Residential	Environment, hospital network, road network, school network, sewer network, and slope
Rural Residential	Environment, land carrying capacity, land use type, landform, and Soil
Urban Commercial	Road network, transportation systems, sewer network, and slope, Office complexes, population density

consultation or supervision of what was done at the level of the village offices. The result was a system with fair value often significantly lower than the documented value which in turn was much below the market value.

Unlike in the past, now tools are available to develop appraisal value of land drawing on models that estimate the determinants of land value. Well tested models are now found that are used the world for this purpose. Kerala should move ahead and use modern methods, such as Geographic Information System and satellite imagery to institute a comprehensive fair value system so that SD&RF could regain its lost glory and become an important source of revenue again.

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(Author is the former Director, GIFT)

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Tax monitor

How healthy has been the recovery of GST collection?

Santosh Kumar Dash

1. Introduction

The revenue from Goods and Services Tax (GST) constitutes nearly one-third of own tax revenue of states. Thus, its recovery holds the key to the revival of the state finances and their economies. GST being a destination-based consumption tax is a good indicator of the performance of the state economy. Thus, the recovery of GST also indicates the recovery of the state domestic product of a state.

The GST collection of states disappeared as the COVID-19 pandemic hit the states' economy and the subsequent prolonged shutting down of the economy starting from last week of March 2020. As economic activities came to a grinding halt in the first quarter of the financial year 2020-21, states' revenue collection dried up. Fortunately, economic activity was in full swing in April, May, and June of this fiscal year (2021-22). How did the GST collection of states recover in the first quarter of this current fiscal year 2021-22 (Q1:FY22)? Did it recover the lost revenue in the first quarter of last fiscal year, 2020-21 (Q1:FY21)? Importantly, what holds for the future of GST collection? What implications will it have on the GST compensation? This piece intends to address those questions.

2. Trend in GST collection

The data for GST collection of each state is taken from the GST website (www.gst.gov.in). GST revenue of a state is defined as the sum of SGST (State Goods and services tax) and IGST (Integrated Goods and Services Tax) settlement to the state. GST devolution from the Government of India in accordance with the finance commission is not included as 'State revenue' in this analysis. The trend in GST revenue collection for 18 major States is reported in Table 1.

In particular, Columns 1-4 report GST collection in the first quarter for the years 2018-19, 2019-20, 2020-21, and 2021-22. A glance at the table (Column 3) indicates that the collection plummeted in the first quarter of 2020-21 for all states, almost by half. States that were badly hit in terms of GST collection are Kerala, Uttar Pradesh, and Madhya Pradesh among others. Kerala deserves special mention

Table 1. First quarter (Q1) GST revenue and its growth – Various years

	GST (Rs Crore)					Growth rate (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
State	2018-19	2019-20	2020-21	2021-22	Diff*	2019-20	2020-21	2021-22
Andhra Pradesh	4401	5094	2496	5023	-72	15.8	-51.0	101.2
Bihar	3061	3914	2022	4038	124	27.9	-48.4	99.7
Chhattisgarh	1607	1868	1261	1727	-141	16.2	-32.5	37.0
Goa	514	562	274	541	-21	9.4	-51.2	97.0
Gujarat	8027	8433	4440	9791	1358	5.0	-47.4	120.5
Haryana	4204	4033	2528	5301	1268	-4.1	-37.3	109.7
Jharkhand	1637	1998	1036	1973	-25	22.0	-48.1	90.4
Karnataka	9019	9943	6045	10452	509	10.2	-39.2	72.9
Kerala	4513	5013	2160	4450	-563	11.1	-56.9	106.0
Madhya Pradesh	3969	4709	2225	4464	-245	18.7	-52.8	100.7
Maharashtra	19015	19417	10732	20481	1064	2.1	-44.7	90.8
Odisha	2555	3192	2171	3754	562	25.0	-32.0	73.0
Punjab	2707	3036	1540	3442	406	12.2	-49.3	123.5
Rajasthan	4753	5350	2669	5426	76	12.6	-50.1	103.3
Tamil Nadu	8894	9852	5025	10086	234	10.8	-49.0	100.7
Telangana	5056	5582	3003	6133	551	10.4	-46.2	104.2
Uttar Pradesh	10391	11953	5625	11813	-140	15.0	-52.9	110.0
West Bengal	5925	6465	3162	6999	534	9.1	-51.1	121.4
Average						12.7	-46.7	97.9

Source: Computed using data from GST Portal
Note: * Diff = GST in 2021-21Q1 – GST in 2019-20Q1

as its collection tanked from Rs 5013 crore in Q1:FY20 to Rs 2160 crore in Q1:FY21, approximately by 57%.

Gradual weakening of the novel coronavirus, rollout of the vaccine, and opening up of the economy led to the resumption of the economic activities in full swing. This is reflected in the GST collection in Q1:FY22. Column (4) in Table 1 indicates that for some states, the collection is back to the 2019-20 level, for some states it has exceeded, and for the rest of the states, the collection still lags behind the first quarter collection in 2019-20. This perhaps suggests that the GST collection has bounced back in Q1:FY22 for all states. However, this is only half the story since absolute numbers do not tell the whole story.

A more relevant indicator to assess the state of recovery in GST collection is the growth rate. That is to say, comparing the growth of GST in Q1:FY22 with Q1:FY21 will give an accurate picture of how quickly the states have regained the lost revenue. The relevant columns in Table 1 are Columns 6-8. Figures in Column (6) represent the growth rate of GST collection in Q1:FY20 over Q1:FY19. Although COVID-19 along with

In the first quarter of 2021-22, States recorded higher growth in GST collection, due to the "base effect", anti-evasion measures, and higher growth.

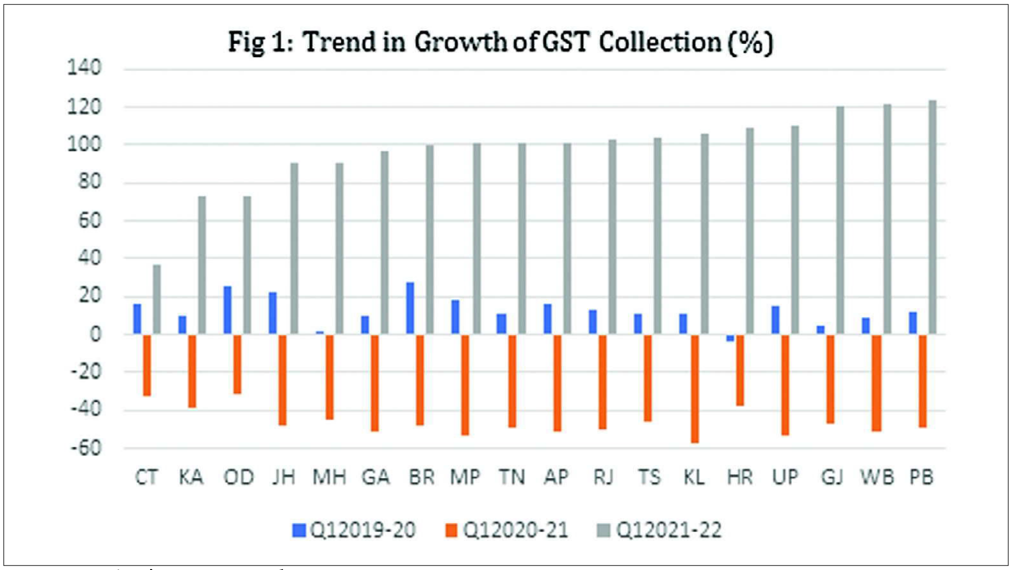
complete lockdown of the economy struck the states in the last week of March 2020, yet it can be said that FY20 (2019-20) more or less represents a normal year. The average growth of states in Q1:FY20 was 12.7%, implying that GST collection of states on average increased 12.7% in the first quarter of FY20 compared to the corresponding period in the last fiscal (2018-19). While it looks impressive, this growth rate, however, was still less than the protected revenue growth of 14%, warranting compensation to the states.

As COVID-19 knocked the state economies back on their heels, revenue from GST plummeted. Column (7) attests to this observation. Fig 1 plots the first-quarter growth rate in the last three years. The orange bars in Fig 1 show the gravity of revenue fall, averaging around 47%. Stated otherwise, GST collection in Q1:FY21 declined 47% compared to Q1:FY21. One implication of this sharp decline was that as revenue shortfall shot up, states demanded higher compensation from the Center.

In the April - June quarter of this current financial year, the GST collection of states grew at an exorbitant pace. The states on average grew by a whopping 98% compared to the corresponding period in the last fiscal year. States that have done remarkably well in Q1:FY22 in terms of GST growth are Gujarat, West Bengal, and Punjab (each more than 110%), while states that have performed poorly are Chhattisgarh, Karnataka, and Odisha (each less than 75%). Kerala's which suffered the maximum loss of revenue (56.9%) in Q1:FY21 has recorded a very impressive growth of 106%. Despite this stupendous growth, Kerala's GST collection in Q1:FY21 has not yet fully back to the Q1:FY20 level (Compare Column 4 with 2).

This observed sky-high growth rate in GST collection might give an impression that states have bounced back in the GST collection and that everything is going well. This conclusion can be misleading since the growth indicator fails to reflect the nature of recovery accurately when the comparison base is low or the comparison period witnessed a precipitous decline. The observed high growth rate in Q1:FY22 is due to the so-called "base effect".

What explains this ridiculous growth number of states? While the "base effect" is at play, yet measures like detecting the incidence of fake input tax credit (ITC)[1] , employing the latest IT tools and digital evidence, collecting information from other government departments to catch the fraudsters, reducing GST evasion involving misclassification, undervaluation and clandestine supplies of goods and services, and finally, nationwide drive to improve compliance has contributed to higher revenue



Source: Author's own compilation

collection.

Despite this stupendous growth, the revenue collection of some states is still below the first quarter of FY20, which is more or less a normal year. Column (5) of Table 1 captures this information which presents the difference in revenue collection in Q1:FY22 vis-à-vis Q1:FY19. In other words, it indicates to what extent the states are lagging/leading in GST collection in Q1:FY22 compared to Q1:FY19. While seven states still lag, eleven states have overshot the collection in Q1:FY19. It implies that one year of lost growth in GST collection for those seven states. Among the lagging states, Kerala is the only major state with a whopping revenue shortfall of Rs 563 crore. States that have comfortably surpassed Q1:FY20 collection by a margin of Rs 500 crore or more in Q1:FY22 are Gujarat, Haryana, Maharashtra, Odisha, Telangana, West Bengal, Karnataka, and Punjab.

The 98% growth (average of all states) may be exaggerated, but it's still a promising figure by all accounts, indicating a stronger recovery. Note that this astronomical growth has come despite the second wave of COVID-19 which was much more severe in India and the resultant partial lockdowns across states in India. This didn't exactly knock the economy back on its heels, but it slowed it down. While the collection dipped roughly around 50% in May 2021 over April 2021, growth in June 2021 roared back for most of the states. Hence,

However, some states have still not recovered the lost revenue in the first quarter of 2021-22 compared to the first quarter of 2019-20.

Kerala's GST collection grew at 106% in the first quarter of 2021-22. However, it is still short of Rs. 563 crore compared to the first quarter of 2019-20.

the first-quarter growth is by no means a small feat.

Although growth in the collection has bounced back for most of the states, yet the fact that one year of negative growth in GST collection has had a severe consequence on GST compensation. The State, as per the Goods and Services (Compensation to States) Act, 2017, will get compensation for the loss on account of the introduction of GST for five years from the date of implementation i.e., July 2017 to July 2022. States before the COVID-19 pandemic used to have revenue shortfall (the gap between the protected revenue and actual GST collection) which aggravated after the pandemic. As a result, compensation requirements increased sharply due to lower GST collection and lower collection of GST compensation cess. It will have repercussions in that states might ask for a continuation of the compensation beyond July 2022 (the terminal year of compensation). On the other hand, The Center has been also falling short of collection, and more importantly, revenue collections from the GST compensation cess are falling drastically short of demand for the compensation amount. This is expected to dominate in the forthcoming GST Council meetings.

The other repercussion of reduced GST collection will be felt on the developmental expenditure of the states. As the state's fiscal resources dry up, the impact is felt instantly in the capital expenditure of the states followed by other developmental expenditures. This in turn will have reverberations in the developmental outcomes such as health and education indicators.

3. Conclusion

While the growth numbers look robust especially in the first quarter of FY22, sustaining it depends upon the pace of double-dose vaccination and the likelihood of the third wave of COVID-19. The Delta variant of the novel coronavirus also poses a downside risk to the revenue collection. While the latest data on GST collection shows growth momentum, and the pick-up of the economic activity as reflected in 21% GDP growth in the first quarter of this financial year, yet the fact that COVID-19's course now seems less certain than ever poses a risk to sustaining this momentum.

Kerala's performance in the GST collection over the years has not been impressive, always falling short of the protected revenue. GST being a destination-based consumption tax, there is reason to believe that Kerala is yet to reach its potential. Kerala with a huge developmental focus depends on GST revenue more compared to others. Thus, the state needs to step up its effort in terms of scrutiny of GST returns, audit, enforcement activities such as vehicle checking, test purchase verification of

Going by the latest data, the near-term outlook on GST collection seems optimistic. However, a third wave of the COVID-19's can throw the GST collection momentum out of gear.

evasion, e-way bill checking, shop inspection and even arresting of major evaders during the next three years. This will help Kerala collect the maximum revenue from GST and not falling short of the protected revenue.

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(Author is Assistant Professor, GIFT.

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Price monitor

Food prices and inflation during the pandemic: Kerala remains an exception?

Kiran Kumar Kakarlapudi and P S Renjith

Introduction

The impact of supply shocks due to COVID 19 has contributed to soaring prices, especially food prices, during the first two quarters of 2020-21 despite the weak aggregate demand (RBI, 2021). The observed rise was driven by an increase in fuel and transportation costs along with an increase in some components of the food basket. While the prices showed an upward trend in most Indian states during the pandemic year, Kerala showed an impressive trend of declining prices during the pandemic compared to the pre-pandemic price trends, particularly in rural areas (Kakarlapudi and Renjith, 2020; Renjith and Kakarlapudi, 2021). When the economies were recovering from the first wave of the pandemic, India faced the worst second wave with a surge in the number of cases, death tolls, and collapsing health systems. The massive second wave again forced the state and local governments to impose curfews and restrictions on movement leading to disruptions in supply chains, albeit less intense. Over and above the domestic supply shocks due to the second wave, inflation in the US and global inflationary pressures could create inflationary pressures in the domestic economy through import of goods (Patnaik and Pande, 2021).

As is well known, Kerala demonstrated exemplary performance in the first wave of the COVID-19 pandemic through active participation of local governments and the people's campaigning. But Kerala turns out to be one of the most affected states in the second wave and continues to register record high numbers till the end of September 2021. In this context, the question that assumes importance is, has Kerala remained successful in arresting the price rise despite the devastating second wave amidst higher inflationary pressures globally? This article builds further on Kakarlapudi and Renjith (2020) and Renjith and Kakarlapudi (2021) and analyses the price trends during 2020-21 and Q1 of 2021-22 (the period that corresponds to COVID second wave) using the monthly Consumer Prices Index (CPI) data published by MOSPI. The price changes are analyzed through estimating 'base effect', which represents price change from the reference months, and 'momentum effect', which represents the changes from the previous months. The rationale is that the difference between the year-on-year (YoY) rate of inflation in two subsequent months is approximately the same as the difference between the month-on-month (MoM) rate in the current month and the month-on-month rate twelve months previously (GoI, 2021). The formula for estimating the base effect and momentum effect is as follows.

$$\pi_t - \pi_{t-1} = [(\ln(p_t) - \ln(p_{t-1})) - (\ln(p_{t-12}) - \ln(p_{t-13}))]*100$$

where π is the rate of inflation and p is the price index. While left-hand side variable $\pi_t - \pi_{t-1}$ describes why inflation in t[th] period moved to t-1[th] period (YoY inflation in period t), the right-hand side variables explain the month-on-month changes in the price index, capturing the recent MoM price changes p_t-p_{t-1} with MoM price changes a year ago, i.e., p_{t-12}-p_{t-13}.

Headline inflation during the pandemic: Kerala's trend reversal

The previous article by Kakarlapudi and Renjith (2020) showed that Kerala was the only state among the south Indian states to reverse the increasing headline inflation during May to September 2020. More importantly, headline inflation in rural Kerala was lower than in Urban Kerala during the pandemic, while the trend was just the opposite in other states. However, their analysis used the data up to September 2020, the period after which COVID cases started to increase gradually. Extending the data further, Table 1 compares the trends in headline inflation during the pandemic with pre-pandemic years. The combined CPI for all India increases to 6.16 percent in 2020-21 from 4.77 percent in 2019-20. This increase could be due to supply disruptions during the lockdowns, non-availability of labour at mandis, increased transportation costs etc. The natural shocks in the form of excess rains during the kharif harvest led to crop damages and pushed up food prices, especially vegetables (RBI, 2021). The prices increased during the pandemic year both in rural and urban India (Table 1).

Contrary to the trends observed at all India level, Kerala shows price deceleration during the pandemic year (2020-21). The overall CPI in Kerala marginally declined from 6.14 percent in 2019-20 to 5.95 percent in 2020-21. As a result, the level of inflation in Kerala during 2020-21 is second-lowest after Karnataka (5.77 percent). The finding that Kerala is the only South Indian state to record lower inflation during the pandemic year compared to the pre-pandemic year reaffirms the initial finding by Kakarlapudi and Renjith (2020). In addition, only Kerala and Tamil Nadu show rural inflation lower than urban inflation during the pandemic.

Constituents of CPI

The drivers of CPI headline inflation during the pandemic year (2020-21)

Kerala is the only state to have reversed the increasing inflation trend during the pandemic year (2020-21) and recorded the lowest headline inflation among the south Indian states.

Table 1. Headline inflation during the COVID-19 pandemic

	Rural			Urban			Combined		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
Andhra Pradesh	0.04	2.20	9.29	3.00	5.93	8.37	1.08	3.54	8.97
Karnataka	2.63	5.03	5.79	3.91	6.03	5.76	3.32	5.57	5.77
Kerala	5.01	6.55	5.71	4.76	5.38	6.47	4.94	6.14	5.95
Tamil Nadu	4.05	5.31	7.02	3.44	5.99	7.89	3.67	5.72	7.52
Telangana	2.56	2.31	9.87	2.60	6.42	7.79	2.59	4.53	8.74
All India	2.99	4.25	5.94	3.92	5.38	6.45	3.41	4.77	6.16

Note: The data for April and May 2020 was imputed. For states, years 2020-21 corresponds to an average of June 2020 to March 2021.
Source: Authors estimates based on NSO

showed different trends across states as well as rural-urban categories. It is important to note that the data for constituents of CPI at the state level is available only from August 2020. The figures in Table 2 indicate the average growth in prices during August 2020 to March 2021. The following inferences could be drawn from Table 2. First, Kerala shows lower prices at the aggregate level and in the rural and urban areas as in most commodity groups except personal care and effects and miscellaneous as compared to all India and South Indian states. The growth of prices in personal care is double (20.82 percent) than that of all India average (10.4 percent). Though Andhra Pradesh, Karnataka and Tamil Nadu show higher prices than the national average, their growth rates are much lower than Kerala. Similarly, Kerala shows higher prices in the miscellaneous category (7.68 percent) compared to the all-India average (6.61). Among the south Indian states, Telangana shows higher prices of miscellaneous items (8.03 percent) than Kerala. In all other commodity categories, Kerala's price rise is lower than the national average and all other south Indian states, especially food and beverages. RBI (2021) showed that with the weight of 45 percent, food and beverages prices contributed to 54 percent of the overall inflation during 2020-21. It was argued that prices food price inflation showed a slight decline May-June 2020 with the gradual relaxation of lockdown conditions and easing supply constraints, but it picked up again from August 2020-January 2021 as excess rains led to crop damage. The primary sources of food inflation were pulses, oils and fats, meat and fist, eggs, and spices, animal protein items, and vegetables (Renjith and Kakarlapudi, 2021). Despite the inflationary pressures in food items, Kerala has successfully managed to control the prices of food and beverages throughout the pandemic year, notwithstanding the surge in COVID cases from October 2020.

Kerala shows remarkable performance as compared to the national average and other south Indian states in curtailing food prices, especially in rural areas.

The effect of COVID second wave on food price inflation

The inflation trends analyzed thus far are based on the twelve-month change in the index to eliminate the effect of seasonal fluctuations. However, the year-on-year changes do not consider the recent changes in prices and price changes a year before (GoI, 2021). Taking into account the recent changes and comparing with a year before assumes importance, especially during the pandemic period as the regulations change from time to time. Hence, base effect and momentum effect are estimated to distinguish whether changes in inflation are caused by price changes in the current quarter or by extreme price changes in the base period. Here, a lower base effect or higher momentum has a positive impact on the change in inflation.

In order to measure the inflationary pressures during the pandemic, the base and momentum effect for food and beverages has been estimated. It may be noted that data for Q1 of 2020-21 is not available and Q2 covers only two months, August and September, as the data at disaggregate level is available only from August 2020. Similarly, due to the data constraint base effect for Q1 of 2021 cannot be estimated. Hence, the analysis focuses on the momentum effect for the same to draw inferences on the impact of the second wave. The momentum effect for all India shows a considerable decline from 8.54 percent in Q1 2020-21 to 3.97 percent in Q4 2020-21. The decline is sharp from Q3 2020-21 to Q4 2020-21. A similar trend could be observed in the base effect.

Further, it may be noted that the momentum effect is lower than the base effect in Q3 and Q4 of 2020-21, indicating the price stabilization after the initial shocks. A series of policy measures such as relaxing import norms and releasing buffer shocks imposing stock limits on wholesalers and retailers to curb market speculation and hoarding contributed to a decline in prices (RBI, 2021). However, the momentum effect increases marginally in Q1 2021-22 to 4.37 per cent from 3.97 per cent from the previous quarter but remained lower than base effect 5.10 percent. This clearly shows that Q1, which corresponds to the peak of India's second wave, did not lead to a rise in food price inflation as much as the first wave. First, this could be due to the less distortions in the supply chain in the second wave as states implemented lockdowns strategically to offset the movement of goods and services. Secondly, consumers have not resorted to panic buying as they did in the lockdowns in the first wave.

In sync with the all-India trends, both momentum and base effect showed a declining trend in Kerala (Table 3). The trends reveal some interesting features

Table 2. Constituents of CPI inflation during the pandemic

State	Food & beverages	Pan, tobacco & intoxicants	Clothing & footwear	Fuel & light	Household goods & services	Personal care & effects	Miscel-laneous
Combined							
Andhra Pradesh	9.32	24.88	3.54	4.90	2.05	12.71	6.22
Karnataka	5.32	8.69	1.25	4.04	1.90	11.78	6.06
Kerala	**4.30**	**3.84**	**0.64**	**3.74**	**0.78**	**20.82**	**7.68**
Tamil Nadu	7.57	11.22	3.00	5.49	4.44	12.57	6.55
Telangana	9.25	17.05	5.73	-4.61	2.60	7.00	8.03
All India	6.39	10.10	3.46	3.01	2.93	10.40	6.61
Rural							
Andhra Pradesh	9.36	25.77	3.96	2.14	0.40	12.45	6.08
Karnataka	5.13	8.94	0.48	1.18	1.07	12.94	5.91
Kerala	**3.67**	**3.08**	**0.00**	**2.87**	**2.66**	**20.25**	**7.55**
Tamil Nadu	6.61	8.01	2.56	3.54	2.27	10.33	5.19
Telangana	9.84	15.47	9.08	-13.05	1.14	6.15	9.84
All India	6.02	9.60	3.21	0.67	1.59	9.79	5.83
Urban							
Andhra Pradesh	9.21	21.41	2.65	11.01	4.89	13.29	6.44
Karnataka	5.59	8.11	2.14	7.61	2.59	10.41	6.17
Kerala	**5.93**	**6.39**	**2.27**	**5.64**	**-2.58**	**22.50**	**7.91**
Tamil Nadu	8.51	16.83	3.45	7.40	6.46	14.48	7.61
Telangana	8.61	20.54	2.54	7.12	4.14	7.96	6.46
All India	7.02	11.47	3.88	7.24	4.49	11.26	7.43

Source: Authors estimates based on NSO

Table 3. Base and momentum effect in food and beverages prices

State	2020-21(Q1)	2020-21(Q2)	2020-21(Q3)	2020-21(Q4)	2021-22(Q1)
Momentum effect					
Andhra Pradesh	NA	3.01	0.83	-0.75	0.85
Karnataka	NA	1.44	0.33	-0.12	1.35
Kerala	NA	1.79	-0.04	0.47	0.69
Tamil Nadu	NA	1.93	0.51	-0.30	0.82
Telangana	NA	1.64	0.46	-0.72	1.15
All India	1.12	1.56	-0.08	-0.90	1.23
Base effect					
Andhra Pradesh	1.21	0.60	1.26	-0.42	NA
Karnataka	1.16	0.38	1.45	-0.99	NA
Kerala	1.13	0.33	1.17	0.06	NA
Tamil Nadu	1.47	0.71	1.45	-0.08	NA
Telangana	1.48	1.10	0.86	0.28	NA
All India	1.09	0.99	1.77	-1.34	1.12
YoY					
Andhra Pradesh	NA	9.40	10.05	8.14	NA
Karnataka	NA	6.18	5.73	3.85	NA
Kerala	NA	5.62	4.08	3.33	NA
Tamil Nadu	NA	9.05	7.50	6.20	NA
Telangana	NA	10.85	10.28	6.11	NA
All India	8.54	8.49	7.31	3.97	4.37

Source: Authors estimates based on NSO

Comparatively, Kerala maintained consistency in the base and the momentum effect on food prices during the pandemic quarters, which helped ease food inflation.

that signify Kerala's remarkable performance. Kerala records the lowest momentum and base effect in all the quarters except in quarter 4 compared to the other South Indian states. In quarter 3, the decline in price momentum despite high base effect helped ease food inflation. In quarter 4, both momentum and base effect clearly indicate Kerala's success in curtailing the food prices during the pandemic. While momentum effect is higher than base effect in two of the three quarters in all other south Indian states, Kerala maintained a consistent lower momentum effect in all three quarters.

Conclusion

This article analyzed the price trends during 2020-21Q1 to 2021-22 Q1. The price changes are analyzed through estimating 'base effect' and 'momentum effect'. The study reaffirms the previous findings, as Kerala is the only South Indian state to record a lower inflation during the pandemic year in comparison to the pre-pandemic year. Also, only Kerala and Tamil Nadu show rural inflation lower than urban inflation during the pandemic. Interestingly, Kerala has successfully managed to the prices of food and beverages throughout the pandemic year notwithstanding the surge in COVID cases. Realizing the base effect, the countercyclical policy interventions in the price momentum in different quarters clearly indicate Kerala's success in curtailing the food prices during the pandemic.

■

(Authors are Assistant Professors, GIFT)

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Sectoral focus

Predicaments of electricity duty as a source of revenue for Kerala, India

Md Zakaria Siddiqui, K J Joseph, Rjumohan A

Introduction

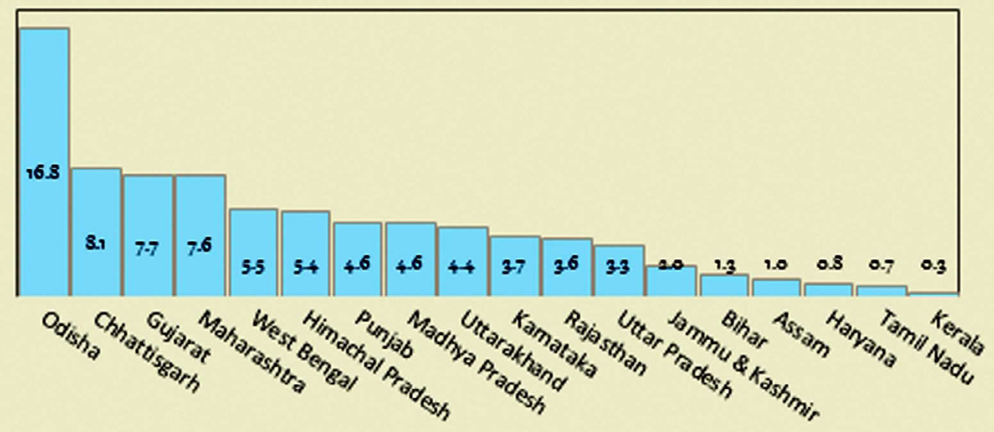
With highly educated youths migrating out, Kerala needs to generate high skill jobs within the state in order to reap the full multiplier effect of its social spending on health and education and for a sustainable revenue base. It is high time that Kerala needs an adequate fiscal space for capital spending to create infrastructure to attract economic actors that can create such jobs.

However, government finances in states of India, including Kerala, are in precarious condition especially after the pandemic. Due to the subdued economic activity owing to pandemic and related policies, revenue receipts of governments have gone south while revenue or cash expenditures in form of subsidy has gone north. For Kerala, the gap between budgeted and realised amount for states own revenue receipts excluding central transfers was of the order of Rs 22000 crore for the FY 2020-21 - a fall of 33% fall from budgeted amount of Rs 67,420. Compared to actuals of 2019-20 the fall in states own revenue was about 10% while growth in expenditure was around 12% (an increase of around 14,000 Crores). Over all the revenue deficit of was of the order of 24,200 (or 2.9% of GSDP) in 2020-21.

Having achieved good progress in human development indicators, Kerala faces a challenge of sustaining those gains which remains one of the key commitments of the state government in Kerala irrespective of their political colour. Committed expenditure of the state on account of salaries, pensions and interest, thus eat up a large chunk of the revenue receipts of the State (72% of the Revenue Receipts in 2020-21). This is likely to increase in this year owing to pay revision of government employees. Such a spending pattern leaves little room for capital spending in the state until state diligently works in a mission mode to pick-up every slack to augment its own revenue. Electricity duty may be one such possibility for the state to pick on. In

Kerala should have potentially collected at least Rs. 1,825 crores in 2018-19 instead it reported an amount of Rs. 62 Crores

Figure 1: Electrcity duty per million units of electrcity sold (Rs Lakh)



Source: RBI's data on State Finances 2020 and CEA (2020)

the following discussion we elaborate on revenue potential of electricity duty in the state.

Background

The electricity duty i.e., tax on electricity consumption as a source of revenue remains small but significant for many states. However, performance of Kerala remains poor in this area. For example, Kerala reported electricity duty of Rs. 29 thousand for every million units of electricity sold in 2018-19. This value appears abysmally low compared to Rs 17 lacks (Odisha), 8 lacks (Chhattisgarh, Gujarat and Maharashtra) and Rs 5 lacks (West Bengal, Himachal Pradesh and Punjab) (Figure 1). Given the consumption level and average rate of duty for different categories of consumers, Kerala should have potentially collected at least Rs. 1,825 crores in 2018-19 instead it reported an amount of Rs 62 Crores (CEA 2020, CEA 2019). Even C & AG's report on Kerala's state finances identified an arrear of Rs 1,486.50 crores as of 31st March 2019 (CAG 2021).

The apparent disappointing performance of Kerala in this area is not because consumers of electricity do not pay their electricity duty but because KSEB which collects electricity duty on behalf of Government of Kerala (GoK) has not been remitting it.

For instance, as per CAG's 2016 report on

The apparent disappointing performance of Kerala in this area is not because consumers of electricity do not pay their electricity duty but because KSEB which collects electricity duty on behalf of Government of Kerala (GoK) has not been remitting it.

Kerala's Revenue Receipts indicated that State's revenue receipts remained understated to the tune of Rs 5,123 crores between April 2002 to October 2013 on account of non-remittance of electricity duty (CAG 2016; Chapter 7). The fourth report of the IV Kerala Public Expenditure Review Committee described this problem in following words

> ".... KSEB stopped remitting the payment of electricity duty almost from the middle of nineties. As large amount was due to Government, demands were raised frequently for its remittance. At that time KSEB pointed out that the under recovery of the cost of power was particularly due to non-revision of electricity tariff. Accordingly, electricity duty payable by KSEB should be set off against the notional due payable by Government towards subsidised power. The factual position is that the payment is due from KSEB.
>
> After the setting up of SERC also the remittance of electricity duty was not made by the KSEB and the netting off of dues from both sides was taken up several times. Ultimately after the restructuring of KSEB into KSEB Limited as per Electricity Act the issue was discussed in detail and Government through G.O. (Ms) No.42/2011/PD. dated, 03-11-2011 allowed KSEB Limited to adjust the electricity duty payable to Govt for the next 10 years towards setting up a corpus of Pension Fund. Since then, amount collected by the company is retained towards the corpus for the creation of pension fund."

The fourth report of the IV Kerala public expenditure review committee

IV Kerala Public Expenditure Review Committee (KPERC) report in 2016 recommended that such a practice should not be continued because it under-reports the revenue as well as expenditure side of the government accounts and inhibits transparency of the government accounts. It also adversely affects the parameters used for assessing performance in Fiscal Responsibility of the state i.e., ratio of Interest Payment (IP) to Revenue Receipt (RR). This view was further reiterated by the Vth KPERC as well. For example, such a practice makes it difficult to assess the performance of Kerala vis-à-vis other states in revenue collection under this head because Kerala simply does not report how much electricity duty was collected because it never enters the Kerala state government accounts. Over and above all these complexities, Kerala State Electricity Regulatory commission (KSERC) has found that KSEB is diverting funds collected as electricity duty in areas other than pension fund as was mandated by the government order.

Having identified the major anomaly in accounting for electricity duty, we move ahead to examine the scope of improving the revenue by looking at Kerala's existing electricity tariff and duty structure and electricity consumption pattern in comparative perspective with other well performing states in India.

Scope for improving revenue

Rationalising Duty rates for different

Table 1. Electricity duty as applied in different states for different consumer categories in 2018-19

Name of state/UTs	Domestic	Commercial	Agricultural	LT-Industry	HT-Industry	Railway Traction
Gujrat	Rural areas-7.5% Urban areas - 15%	25%	0	A10%	15%	
Punjab	13%	13%	13%	13%	13%	13%
Odisha	4%	4%	2%	5%	8%	0%
Maharashtra	16%	21% additional tax - 9.04 P/KWh	0	9.3% additional tax - 9.04 P/KWh	9.3% addl. tax - 9.04P/KWh	0
Karnataka	6%	6%	0	6%	6%	6%
Tamil Nadu	0%	5%	0	5%	5%	0%
Haryana	10 P/KWh	10 P/KWh	0	10 P/KWh	10 P/KWh	0%
Andhra Pradesh	6 P/KWh	6 P/KWh	0	6 P/KWh	6 P/KWh	6 P/KWh
Telangana	6 P/KWh	6 P/KWh	0	6 P/KWh	6 P/KWh	0%
Kerala	10%	10%	10%	10%	10 P/KWh	0%

Source: Electricity Tariff and Duty Average Rates Electricity Supply in India, March 2018, Central Electricity Authority, Government of India

category of consumers:

Table 1 provides rates of electricity duty for different category of consumers by some select list of states. Generally, electricity consumption in India is categorised in six categories based on the purpose of consumption i.e., consumption for 1) households, 2) commercial establishments 3) Industrial units at low voltage(tension) 4) Industrial units at high voltage(tension) 5) Agricultural activities and 6) railway traction which occurs at high voltage. Cost of supply of electricity generally is higher for domestic, agriculture and commercial consumers because low voltage transmission of electricity entails greater technical losses with high possibility of electricity theft in such areas. Further, from revenue side also Domestic and Agriculture consumers pose a challenge. Tariffs for these categories of consumers are usually low due to political considerations. However, when income of population is low, such considerations may be genuinely welfare enhancing. However, Kerala enjoys highest level per capita consumption and human development among Indian states. Domestic consumers of electricity in Kerala can comfortably afford to pay higher prices including the duty vis-à-vis other states.

Kerala applies 10% duty on all categories of consumers except for traction (zero duty), agriculture (zero duty), and High-tension industrial consumers (specific rate of 10 paise per unit i.e., quantity-based taxation). Thus, the duty for high-tension industrial consumption turns out to be very low in effective terms.

Duty on consumption of electricity for railway traction: It is surprising that most states do not apply electricity duty on consumption for railway traction including Kerala (Table 1). Among Indian states only Punjab, Karnataka and Andhra Pradesh, Jammu & Kashmir, Himachal Pradesh, Jharkhand and Bihar charge duty consumption of electricity for railway traction. Given that some states do apply duty on electricity consumption for railway, Kerala can also explore the possibility of applying electricity duty on similar grounds.

Raising electricity duty for other consumer categories

Richer states like Punjab, Maharashtra and Gujarat generally have high duty rates than Kerala for non-domestic consumers (Table 1). Further, in case of Gujarat, there is differential electricity duty rates for different consumers categories. Gujarat applies lowest rates for domestic consumers in rural areas (7.5% as compared to 15% for urban areas). It applies very steep rate of 25% for commercial consumption while for industry consuming at high voltages are charged 15% (Table 1). A slightly lower rate for industrial consumer at low voltage at 10%.

While Punjab applies uniform rate of 13% respectively to all category of consumers including agriculture (Table 1). Kerala applies 10% duty on all categories of consumers except for traction (zero duty), agriculture (zero duty), and High-tension industrial consumers (specific rate of 10 paise per unit i.e., quantity-based taxation). Thus, the duty for high-tension industrial (HT-Industry) consumption turns out to be very low in effective terms. For comparison purposes CAG (2016; Chapter 7) pointed out that the fixed rate duty at 10 paise per unit caused effective rate of electricity duty to drop from 29% in 1988 to 2% in 2015 owing to tariff rate rising from 35 paise to 520 paise during the same period. As a result, duty rate for HT-industry never increased concomitantly with rise in its tariff rates while for other consumer categories duty rates kept rising in proportion to rise in tariff. Therefore, collection of duty remained very low from HT-industry sector. Andhra Pradesh and Telangana also suffer significant revenue shortfalls due to electricity duty being quoted in per unit or quantity terms i.e., 6 paise per unit (Table 1). In 2018-19, electricity duty collection per million units of electricity sold was mere Rs 2,000 and Rs 2,700.

It is imperative that duty rate of high-tension industrial consumers is also quoted in ad-valorem (value-based taxation) form rather than specific form which may require amendment in Kerala Electricity Surcharge (Levy and Collection) Act, 1989. It is worth mentioning that these duty structures for

Given that Kerala is the state with highest per capita consumption expenditure, Kerala can afford to raise the electricity duty rates at par with Punjab (13%). Further, non-domestic consumers such as industrial and commercial should afford higher electricity duty compared to domestic consumers.

electricity consumption at low tension was decided as per Kerala Electricity Duty (Amendment) Act 1969 which has not changed since then. There was special Act for imposing duty on high tension electricity consumers namely Kerala Electricity Surcharge (Levy and Collection) Act, 1989 which mandated unit-based rate rather than value-based rate. Thus, there may be a need to introduce amendments to these acts for rationalisation of duty rates.

Given the inconsistencies in levying electricity within the state and a lower rate of electricity duty in comparison to other states, there is a scope for rationalising electricity duty in the state of Kerala. Given that Kerala is the state with highest per capita consumption expenditure, Kerala can afford to raise the electricity duty rates to at least match what Punjab is charging (13%). Secondly, non-domestic consumers such as industrial and commercial should afford higher electricity duty compared to domestic consumers.

Limits on scope of improving revenue under electricity duty

Kerala's ability to generate revenue through electricity duty in comparison to states like Maharashtra and Gujarat may be limited due to its consumption structure but nevertheless there is significant scope for improving it. Kerala's electricity consumption is heavily tilted towards domestic consumption. Domestic consumers consume about 51% in 2018-19 of the total electricity consumption in the state. Table 2 shows the consumption shares of commercial, Industrial and railway traction in 2018-19 where higher rates of electricity duty is generally seen as politically feasible. Aggregate share of these categories of consumers in total consumption is one of the lowest for Kerala at 34% compared to 64% in Gujarat one of the best performers in revenue from electricity duty. Other better performing states such as Odisha, Punjab and Maharashtra however do not have such high levels of consumption share. For example, Odisha accounts about 54% of total consumption from these categories, while for Punjab and Maharashtra, these categories account for 41.6% and 46% respectively. Thus, there definitely is scope for improving revenue through electricity duty.

Political feasibility for altering electricity duty for different sections of the consumer

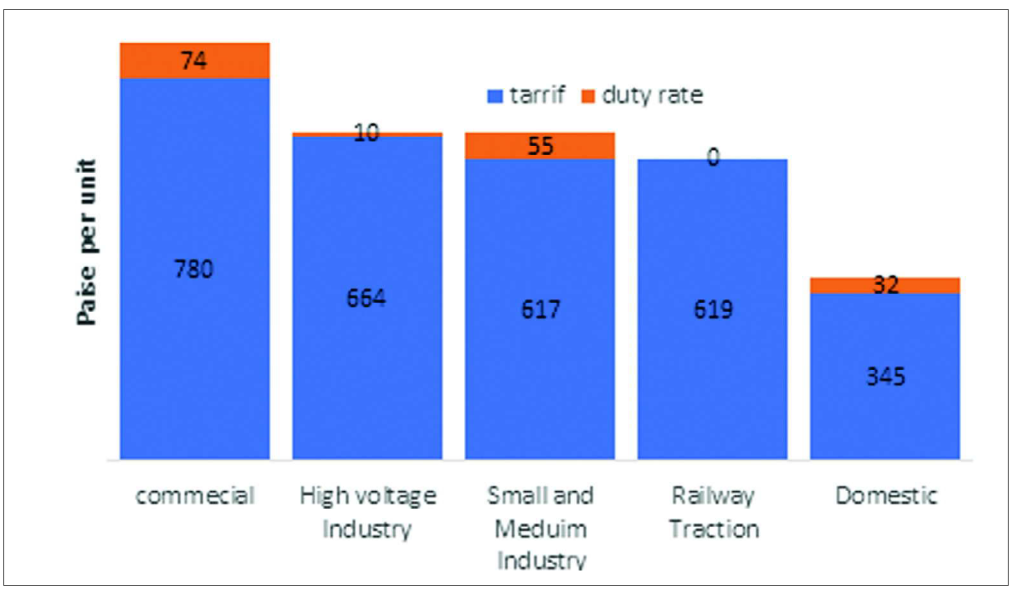
Unit price of electricity (tariff+duty) in Kerala for consumers under different categories is comparatively lower than other states (Table 3) and seems to be progressive in nature. However, average price of electricity for small and medium industry is slightly higher than that of railway traction mainly because there is no duty on railway traction.

Table 2. Share of industrial, commercial and railway traction total electricity consumption, 2018-19

State	Industrial	Commercial	Railway traction	Total
Punjab	33.89	7.33	0.46	41.68
Gujarat	59.35	4.33	0.77	64.45
Maharashtra	32.24	11.52	2.32	46.07
Odisha	38.09	9.46	6.21	53.76
Kerala	21.12	11.47	1.50	34.09
Andhra Pradesh	33.38	8.53	2.77	44.68
Telangana	23.76	9.85	1.24	34.85
Karnataka	22.78	10.50	0.16	33.44
Tamil Nadu	38.28	11.20	0.98	50.46
Total (All India)	33.42	9.47	1.82	44.70

Source: All India Electricity Statistics: General Review 2020, Central Electricity Authority

Figure 2. Average price electricity (tariff +duty) for lowest band of electricity for consumers in Kerala



Source: All India Electricity Statistics: General Review 2020, Central Electricity Authority

Table 3. Average electricity tariff and duty for different categories for lowest band of consumers

	State	Punjab	Gujarat	Maha-rashtra	Odisha	Kerala	Andhra Pradesh	Telan-gana	Karna-taka	Tamil Nadu
Small and Medium	Tariff	618	527	653	570	617	721	720	590	455
	Duty rate	80	53	70	29	55	6	6	35	23
	Total	**698**	**580**	**723**	**599**	**672**	**727**	**726**	**625**	**478**
large HT(industry)	Tariff	728	457	858	644	664	838	843	756	768
	Duty rate	95	6	89	52	10	6	6	44	38
	Total	823	463	947	696	674	844	849	800	806
Commercial	Tariff	730	468	953	613	780	897	905	848	801
	Duty rate	95	117	209	25	74	6	6	51	40
	Total	**825**	**585**	**1162**	**638**	**854**	**903**	**911**	**899**	**841**
Domestic	Tariff	516	303	510	360	345	203	85	463	233
	Duty rate	67	23	82	14	32	6	0	28	6
	Total	**583**	**326**	**592**	**374**	**377**	**209**	**85**	**491**	**239**
Traction	Tariff	871	600	894	666	619	532	632	737	802
	Duty rate	113	0	0	0	0	0	0	44	0
	Total	**984**	**600**	**894**	**666**	**619**	**532**	**632**	**781**	**802**

Kerala has a scope to introduce duty on railway traction because the average tariff for railway traction is Rs 6.19 per unit much lower than Rs 9.84 per unit charged in Punjab (inclusive of Rs 1.13 per unit as duty).

Similarly, in case of high-tension industrial consumers in Maharashtra tariff inclusive of duty is Rs 9.45 per unit while for Kerala it is only Rs 6.74 per unit (Table 3). So, there is a scope for increasing electricity duty for High Tension Industrial consumers. However, revenue buoyancy of raising the duty in this case is limited because share of high-tension industrial consumers in case of Kerala is only 15% compared to 28.09%, 42.44% and 24.78% for Punjab, Gujarat, Maharashtra respectively.

For commercial consumers also there is a scope for increasing the duty as Maharashtra's average price of electricity for commercial consumers is Rs 11.62 per unit which higher than Kerala's Rs 8.54 (Table 3). It is also noteworthy that share of commercial consumption total of electricity consumption of Kerala is at 11% which is generally higher than other states. Given that Kerala has highest per capita consumption expenditure in India it would not be such a difficult task.

Raising electricity for domestic consumers is seen as most unfeasible politically. However, given that Kerala's Average price for electricity for lowest band of domestic consumers is Rs 3.77 per unit which is lower than that of Maharashtra (Rs 5.92/unit), Punjab (Rs 5.83/unit) and Karnataka (Rs 4.91/unit). Furthermore, marginal increment in electricity duty for domestic consumer in case Kerala is going to contribute much larger additional revenue because share of domestic consumption in total consumption of electricity in Kerala is very high (51%) compared to others states - e.g., Punjab (28.26%), Gujarat (16%), Maharashtra (21.6%), Tamil Nadu (29.41%), Karnataka (20.76%) and Andhra Pradesh (25.63%).

Developing estimates for additional revenue generation

Table 3 develops two scenarios for possibility of additional revenue that KSEB or GoK could have generated in 2018-19 provided that Kerala's duty and average tariff rates together were at par with tariff levels of two states which are one of the best performing states in terms of electricity duty. These additional revenue estimates are on top of our estimate the Rs 1,825 crores in 2018-19 based on existing consumption patter and duty structure that may have been collected by KSEB.

The hypothetical estimate of additional revenue generation that may be shared between GoK and KSEB depending on proportion of total increment distributed between additional average tariff and additional duty. However, we have avoided doing this because our purpose is to just indicate how much additional revenue may have been generated if Kerala's tariff were at par with benchmark states. Distribution of this revenue between GoK and KSEB is matter of mutual agreement between the two parties.

The estimate of additional revenue generation in first scenario is developed using best performing states as the benchmark. First scenario provides an

Table 4: Scenarios for additional revenue under electricity duty provided that duty rates were high enough to match the tariff (inclusive of duty) level of Benchmark states in 2018-19

Consumer category	Consumption Level in 2018-19 (Million Units)	Existing Average Tariff (Paise/ unit)	Existing Duty Rate (Paise/ unit)	Benchmark state	Average Tariff (paise/ unit)	Duty (Paise/ unit)	space for incre-ment in Duty or tariff (in Paise/ unit)*	Projected Additional revenue in 2018-19 (Rs Crore)	Bench mark state	Average Tariff (paise/ unit)	Duty (Paise/ unit)	Space for increment in Duty or tariff (Paise/ unit)	Projected Additional revenue in 2018-19 (Rs Crore)
Domestic	10927.01	345	32	Maharashtra	510	82	215	**2349.31**	Karnataka	463	28	114	**1245.68**
Commercial	2455.89	780	74	Maharashtra	953	209	308	**756.41**	Karnataka	848	51	45	**110.52**
LT Industry	1186.05	617	55	Andhra Pradesh	721	6	53	**65.23**	Punjab	618	80	24	**30.84**
HT Industry	3336.89	664	10	Maharashtra	858	89	275	**910.97**	Odisha	644	52	24	**73.41**
Railway	321.07	619	0	Punjab	871	113	365	**117.19**	Telangana	632	0	13	**4.17**
								4199.12					**1464.62**

More than half of Kerala's electricity consumption (51%) comes from domestic consumers. Thus, even small increment in duty rates for this consumers category brings large revenue benefits. The domestic consumers would have contributed additional revenue of Rs 2,349 to 1,246 Crores in 2018-19 provided that Kerala's tariff and duty rates were at par with either Maharashtra or Karnataka.

estimate of maximum possible additional revenue that state of Kerala would have earned (either as tariff or electricity duty) when sum of increment in tariff and duty together brings Kerala at par with best performing state. The second scenario is developed using the benchmark state whose average tariff inclusive of duty is just above Kerala's. Thus, scenario 2 provides an estimate of minimal increment in additional revenue that could have been generated in 2018-19. While developing scenarios we consider 2018-19 consumption levels of different categories as it is. The analysis reveals that Kerala could have raised additional revenue ranging between Rs 1,464 to 4,199 Crores in 2018-19 (Table 4).

Consumer category wise estimate of additional revenue

More than half of Kerala's electricity consumption (51%) comes from domestic consumers. Thus, even small increment in duty rates for this consumers category brings large revenue benefits as is indicated by analysis in Table 3. The domestic consumers would have contributed additional revenue in 2018-19 somewhere between Rs 2,349 to 1,246 Crores provided that Kerala's tariff and duty rates were between rates of two benchmark rates.

Another major consumption category in Kerala is Commercial sector. The scope for additional revenue in 2018-19 for this segment lies between Rs 756 to 111 crores. Industries consuming electricity at low tensions (LT) have minimal potential for additional revenue i.e., Rs 65 to 30 crores.

Potential for additional revenue from High Tension (HT) Industrial consumers lies between Rs 910 to 73 crores. The duty rate applied HT-industry consumers of electricity significantly lower than other consumer categories. The duty rate for HT consumption of electricity is mere 10 paise per unit reason which has already been discussed.

Another important sector of electricity consumption is railway traction which remains untaxed. Our analysis shows that Kerala would have earned an additional revenue between Rs 117 to 4 crores if it had imposed electricity duty on railway traction to bring its tariff rate (inclusive of duty rate) at par with benchmark states. Such low yields in revenue are mainly because share of railway traction total electricity consumption is very low.

Lapses in revenue collection of KSEB

According to the latest reported numbers reported by KSEB, about Rs 1,442 crores remained as arrear at the end of December 2020 i.e., KSEB has failed in collecting Rs 1442 crores. Out this total arrear only a marginal amount Rs 140 Crores is under litigation. Surprisingly out of this total arrear amount Rs 546 Crore (nearly 40% of the total arrear amount) is from by Kerala Water Authority (KWA) alone. The under collection of revenue of its billed amount directly corresponds to under collection of electricity duty as well. Exploring the possibilities in resolving the issue of billing and collection of KSEB is a serious concern for overall fiscal health of the state as well.

Conclusion

The analysis of revenue under the head of electricity duty clearly reveals that Kerala has been performing dismally in comparison to many states. Major reason for this is obviously outstanding arrears of KSEB. To some extent level and structure of electricity duty rates is also an additive factor to this predicament. Kerala's flat rate of electricity duty of 10% operating since 1970[1] for most consumer category is one of the lowest among richer states. Additionally, rate for high tension industrial consumers was decided as specific rate of 10 Paise per unit (i.e., quantity-based taxation) which turn out to be lower than the ad-valorem (value-based taxation) rate of 10% for other categories because tariffs have increased over time.

Since share of domestic of consumers in total electricity consumption of Kerala is much higher (51%) than other states a minor increment in the duty rate of domestic consumers can yield significant increase in revenue under the head of electricity duty. More importantly tariff for domestic consumer is still at lower level compared to other rich states like Punjab, Karnataka, and Gujarat. It should not be politically very challenging given that Kerala enjoys highest level of human development and per capita consumption among Indian states. To a lesser extent, similar is the case for improving duty rate for commercial consumption.

Finally, electricity duty on consumption for railway traction should be introduced as is done by some other states as well.

Thus, the current predicament of low revenue collection under the head of electricity duty demands that

1. The issue of KSEB arrears is resolved as soon as possible
2. Kerala should move away from uniform rate of electricity duty as envisaged in Kerala Electricity Duty Act (amendment) 1969, and
3. A differential rate for electricity duty is adopted based on principles of progressivity to augment the revenue of the state.

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(Dr Md Zakaria Siddiqui is the Associate Professor , Prof KJ Joseph is the Director and Rjumohan A is the research scholar, GIFT)

[1] Electricity duty rates were established using guiding principles laid out in Kerala Electricity Duty Act 1963. The Act was last amended in 1969, after which rates have remained at the same level.

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Kerala Flood Cess: Whether the experiment for raising additional revenue, a success?

Relfi Paul

After long deliberations in the GST Council, the Kerala Flood Cess (KFC) was introduced on August 1, 2019, with a view to raising resources for rebuilding the state following the devastating floods of 2018. In the Budget 2019-20, the Government has estimated additional revenue of Rs 600 crore per year from flood cess. Fortunately, the State was able to collect Rs 2118 crore, which is Rs 918 crore, higher than what was expected. This was considered as a big achievement as the State was going through a difficult time between the two consecutive floods and Covid-19 pandemic.

It is a remarkable achievement that Kerala was able to collect Rs. 2118 crore from the Flood Cess, during the Covid-19 pandemic period. This is Rs. 918 crore higher than the Budget Estimate.

The timeframe of KFC ended on 31st July 2021, which led to a slight price reduction of around 1000 items coming under the tax slabs of 12%, 18%, 28% and 0.25%.TheState's proposal for calamity cess was initially raised before the 30th GST Council held on 28th September 2018.In the opening remark, the State's Finance Minister, Dr. Thomas Isaac, stated "the recent natural calamities have severely affected the State finance not only in the form of lower tax collection but also increased the expenditure like anything. The Fiscal Responsibility and Budget Management (FRBM) Act placed a limit on the expenditure of the State vis-à-vis its revenue receipts, and therefore flexibility was needed in the GST regime for the States to mobilise additional resources". Hence, Kerala was compelled to approach GST Council for permission to levy calamity cess under Article 279, 4 (a)(f) of the Constitution, which permits States to raise additional resources during natural calamity or disaster.

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"The State's autonomy over most of its elastic sources of revenue has been subsumed by GST, hence, it is significant to consider how States can mobilise additional resource in times of natural calamities," Dr. Thomas Isaac

additional resource in times of natural calamities," Dr. Thomas Isaac

The Council conducted deliberative discussions on Kerala's request, and one of the major issues that came up was that whether any additional tax in the form of cess should be imposed on the people of the State, who had already suffered a great deal. There were also concerns regarding whether the implementation of cess might cause the businesses to shift from the State due to an increase in the tax rates. After careful deliberation, the Council constituted a seven-member Group of Ministers (GoM) to examine all aspects, including the constitutionality of imposing cess under the GST regime.

Accordingly, the GoM, under the Chairmanship of Shri Sushil Kumar Modi, submitted its report in favour of Kerala's request. Subsequently, the 32nd GST Council held on 10thJanuary 2019 permitted the State to levy 1% flood cess for two years applicable only on retail transactions within the State. Based on this, the State government decided to levy KFC on all goods and services coming under the tax brackets of 12%, 18% and 28%, and also all goods coming under the fifth schedule of GST Act. The government exempted items drawing 5% to avoid price hike of essential goods.

Although the State was successful in attaining permission from the GST Council, it was compelled to extend the date of implementation twice due to the amendment required in the CGST Rule 2017. Hence, it approached the GST Council again to make necessary amendments in the CGST Rule, and the concerned provisions on the SGST Act were amended through the Finance Bill of 2019-20. The 35th GST Council held on 21stJune 2019 amended the CGST Rule by incorporating a new section, 32A, prescribing that value of intra-state supply of goods or services or both (B2C) in the State of Kerala shall not include the said cess. Finally, it was introduced on 1st August 2019, after six months of its announcement in the State Budget 2019-20.

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(The Author is Research Assistant, GIFT)

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Highlights of 45th GST council meeting

Less scope for compensation to states beyond June 2021

The 45th GST Council was held on 17 September 2021 at Lucknow under the Chairpersonship of Smt. Nirmala Sitharaman, Union Minister for Finance & Corporate Affairs. Previously, it was decided that that meeting will be held exclusively for discussing the issue of GST compensation to the States but the Centre changed the course of the meeting to various other issues. With related to compensation, a brief presentation was made by the Revenue Secretary pointing out that the revenue collections from Compensation cess in the period beyond June 2022 would be exhausted in repayment of borrowings and debt servicing will be made to bridge the revenue gap in 2020-21 and 2021-22. In other words the Council decided to extend the Compensation cess period till March 2026, but the collection will be used exclusively to repay the back-to-back loans taken between 2020-21 and 2021-22, indicating that there is no scope for compensation to States beyond June 2022, even though many States demanded for an extension. Towards paying Compensation to States, the Centre borrowed Rs 1.10 lakh crore in 2020-21 and Rs 75,000 crore out of Rs 1.59 lakh crore so far in 2021-22 to meet the revenue shortfall during these years."The GST law prescribes compensation pay out for five years. Now, the Council has agreed to use the collection from the compensation cess to pay interest and repay the principal. The cess will continue to be levied till March 2026," Finance Minister Nirmala Sitharaman said in the press conference conducted after meeting and on the question of what will happen to compensation payout beyond five years, she made it clear that it will be used only for debt servicing.

Petroleum products kept out of GST

The Council also considered the possibility of inclusion of petroleum products under the ambit of GST mainly due to an order of the Hon'ble High Court of Kerala. Post a brief discussion, the Council decided that "it is not the right time to bring petrol and diesel under GST". The demand for inclusion of petroleum products under GST has been under serious public debate in the recent past as fuel prices crossed Rs 100 per litre in the country. But both the Centre and states are not in agreement with this proposal as they will stand to lose a substantial portion

"Kerala has been receiving GST compensation of over Rs 13,000 crore in the current fiscal ending March 2022. If the GST compensation is not continuing beyond June 2022, the state will face severe financial problems" - Kerala Finance Minister Shri KN Balagopal

of their revenue. Presently they are collecting over Rs 5 lakh crore from petroleum products each year and if this is to be brought under GST, maximum 28 per cent would be levied on them which would result significant revenue shortfall for both the Centre and the States.

"Kerala will vehemently oppose any move to bring petroleum products under the GST as that will further reduce revenue generation for the state. It is estimated that, the state would lose around Rs 8000 crore annually if it brought under GST" Kerala Finance Minister, KN Balagoal

Clause 12(A) of the Article 366 of the Constitution provides "Goods and Services Tax" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Thus, supply of petroleum products is not excluded from the purview of GST. Article 279 A (5) of the Constitution prescribes that the GST Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF), also as per the Section 9(2) of the CGST Act, inclusion of these products in GST will require recommendation of the GST Council.

Reduction on life saving drugs

The Council has decided to give tax exemption and reduction for selected life-saving drugs. There will be no GST on Amphotericin B, Tocilizumab till December 31, 2021. Concessional GST rates on Covid-19 related drugs, which were till September 30, have now been extended till December 31, 2021 only for medicines, but not for medical equipment. The proposal of reducing GST from 12% to 5% on seven more drugs used for cancer treatment till December 31, 2021 was also approved: Itolizumab, Posaconazole, Infliximab, Bamlanivimab and Etesevimab, Casirivimab and Imdevimab, 2-Deoxy-D-Glucose and Favipiravir. In the press conference conducted after GST Council meeting, Hon'ble Union Finance Minister said "There are some life-saving drugs not connected with Covid-19, but are very expensive, for which exemptions are being given. Zolgngelsma and Viltepso used for treatment of Spinal Muscular Atrophy (SMA), costing around Rs 16 crore will now be exempted from GST".

Chief Minister of Kerala has also written to Prime Minister seeking a waiver of Customs duty and GST on these costly life saving drugs. The customs duty of this was waived recently and the decision to exempt GST will be a great relief to the suffering people.

"Kerala will vehemently oppose any move to bring petroleum products under the GST as that will further reduce revenue generation for the state. It is estimated that, the state would lose around Rs 8000 crore annually if it brought under GST" - Kerala Finance Minister, KN Balagoal

Food delivery platforms

The Council decided that e-commerce operators (ECOs) dealing with food delivery such as Swiggy and Zomato need to pay GST. Currently, it is being paid by the restaurant. Revenue Secretary clarified that "this is not a new tax and that there will be no implication on customers as the tax rate will continue to be 5 per cent". The two apps are now registered as tax collectors at source under GST.

Other important recommendations

1. The rate of GST has been increased to help mines and industries to adjust their ITC accumulated due to inverted duty structure, which was otherwise not eligible for refund.

a. Ores and concentrates of metals such as iron, copper, aluminum, zinc and few others increased from 5% to 18%
b. Specified Renewable Energy Devices and parts from 5% to 12%
c. Cartons, boxes, bags, packing containers of paper etc. from 12/18% to 18%
d. Waste and scrap of polyurethanes and other plastics from 5% to 18%
e. All kinds of pens from 12/18% to 18%
f. Railway parts, locomotives & other goods in Chapter 86 from 12% to 18%
g. Miscellaneous goods of paper like cards, catalogue and printed material (Chapter 49 of tariff) from 12% to 18%

2. GST rate reduced to 5% on Retro fitment kits for vehicles used by the disabled, Fortified Rice Kernels for schemes like ICDS etc, Medicine Keytruda for treatment of cancer and Biodiesel supplied to OMCs for blending with Diesel.

3. Supply of Mentha oil from unregistered person has been brought under reverse charge. Further, Council has also recommended that exports of Mentha oil should be allowed only against LUT and consequential refund of ITC. Hence export of menthe oil with payment of IGST and getting refund of the same will not be allowed.

4. BRICK KILNS would be brought under special composition scheme with threshold limit of Rs. 20 lakhs, with effect from 1.4.2022. Bricks would attract GST at the rate of 6% without ITC under the scheme. GST rate of 12% with ITC would otherwise apply to bricks.

5. Various state transport authorities are charging GST on transport vehicles given on hire to transport operators. This GST leads to increase in their cost of service as the output service is exempted. GST Council has now clarified that the renting of vehicle by State Transport Undertakings and Local Authorities is covered by expression 'giving on hire' for the purposes of GST exemption

6. There has been long confusion in GST

Chief Minister of Kerala has also written to Prime Minister seeking a waiver of Customs duty and GST on these costly life saving drugs. The customs duty of this was waived recently and the decision to exempt GST will be a great relief to the suffering people.

rate on Royalty paid on mining rights for the period 01.07.2017 to 31.12.2018. The confusion has been due to various contrary advance rulings. However it is now clarified that the services by way of grant of mineral exploration and mining rights attracted GST rate of 18% e.f. 01.07.2017.

7. Admission to amusement parks having rides etc. attracts GST rate of 18%. The GST rate of 28% applies only to admission to such facilities that have casinos etc.

8. Now Unutilized balance in CGST and IGST cash ledger may be allowed to be transferred between distinct persons (entities having same PAN but registered in different states), without going through the refund procedure.

9. The GST council had already clarified in its earlier meeting that Interest u/s 50 shall be charged only on delayed payment of tax from cash ledger. There has been continuous effort from the department to demand interest at 24% on all kinds of ITC reversals, even if it is ITC availed and not utilized, causing undue hardship on assesses.

However the GST council has now clarified that section 50(3) of the CGST Act to be amended retrospectively, w.e.f. 01.07.2017, to provide that interest is to be paid by a taxpayer on "ineligible ITC availed and utilized" and not on "ineligible ITC availed". It has also been decided that interest in such cases should be charged on ineligible ITC availed and utilized at 18% w.e.f. 01.07.2017.

10. There is no need to carry the physical copy of tax invoice in cases where invoice has been generated from e-invoice portal having IRN;

11. As per the provision of section 54(3) of GST law, no refund of unutilised ITC shall be allowed in cases where the goods exported out of India are subjected to export duty. There has been a dispute from department that goods attracting NIL rate of duty is also a rate of duty as per the judgment of Hon'ble Supreme Court and therefore goods attracting NIL rate shall also be considered as goods subject to export duty, hence refund not allowed.

The issue is now clarified that only those goods which are actually subjected to export duty i.e., on which some export duty has to be paid at the time of export, will be covered under the restriction imposed under section 54(3) of CGST Act, 2017 from availment of refund of accumulated ITC.

12. GST law shall be amended to restrict registered person from filing of FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for the preceding month. Currently the condition is on non-filing of FORM GSTR-3B for the preceding two months.

Two GoM formed to examine the possibilities of rate rationalization and system reforms

The GST Council has discussed the need to undertake GST rate rationalization including correction of inverted duty structure with an objective to simplify the rate structure, to reduce classification related dispute and enhance GST revenue. Accordingly, a seven member GoM has constituted under the convenorship of Shri Basavaraj S. Bommai, Hon'ble Chief Minister of Karnataka to study and report on rate rationalization within two months. Shri K.N Balagopal, Finance Minister of Kerala is also part of the GoM along with Finance Ministers of Bihar, Goa, Rajasthan, Uttar Pradesh and west Bengal. The GoM shall consider the following issues:

1. Review the supply of goods and Services exempt under GST with an objective to expand the tax base and eliminate breaking of ITC chain;
2. Review the instances of inverted duty structure other than where Council has already taken a decision to correct the inverted structure and recommend suitable rates to eliminate inverted duty structure as far as possible so as to minimize instances of refund.
3. Review the current tax slab rates and recommend changes in the same as may be needed to garner required resources; and
4. Review the current rate slab structure of GST, including special rates, and recommend rationalization measures, including merger of tax rate slabs, required for a simpler rate structure in GST.

The Council has acknowledged that IT systems have stabilized and there is a need to introduce IT based cheeks and balances in the GST IT system. The Council has also acknowledged the use of data analysis like BIFA system of GSTN and stressed on expanding use of data analytics in increasing efficacy and efficiency of GST administration. Accordingly, an eight member GoM has constituted under the convenorship of Shri Ajit Pawar, Hon'ble Dy. Chief Minister of Maharashtra to study and report on GST system reforms with the following ToR;

1. Review the IT tools and interface available with tax officers and suggest measures to make the system more effective and efficient including changes in business process;
2. Identify potential sources of evasion and suggest changes in business process and IT systems to plug revenue leakage;
3. Identify possible use of data analysis towards better compliance and revenue augmentation and suggest use of such data analysis;
4. Identify mechanisms for better coordination between Central and State tax administration and tax administrations of different States; and suggest timeline for changes recommended.

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GST revenue collection for August and September 2021: An analysis

Gross GST collection was Rs 1,12,020 crore in August 2021 and Rs.1,17,010 crore in September 2021

The gross GST collections for August and September 2021 have crossed Rs 1 lakh crore, which indicates that the economy is recovering gradually from the second wave of Covid-19. Apart from that, the revenue augmentation and anti-evasion measures, especially action against fake billers have also been contributing to the enhanced GST collections. The gross GST revenue collection in the month of August 2021 was Rs 1,12,020 crore of which CGST is Rs 20,522 crore, SGST is Rs 26,605 crore, IGST is Rs 56,247 crore and Cess is Rs 8,646 crore. The government has settled Rs 23,043 crore to CGST and Rs 19,139 crore to SGST from IGST as regular settlement. In addition, Centre has also settled Rs 24,000 crore as IGST ad-hoc settlement in the ratio of 50:50 between Centre and States/UTs. The total revenue of Centre and the States after regular and ad-hoc settlements in the month of August 2021 is Rs 55,565 crore for CGST and Rs 57,744 crore for the SGST. The revenues for the month of August 2021 are 30% higher than the GST revenues in the same month last year. During the month, the revenues from domestic transaction (including import of services) are 27% higher than the revenues from these sources during the same month last year. Even as compared to the August revenues in 2019-20 of Rs 98,202 crore, this is a growth of 14%.

In the month of September, the Government has collected Rs 1,17,010 crore of which CGST is Rs 20,578 crore, SGST is Rs 26,767 crore, IGST is Rs. 60,911crore (including Rs 29,555 crore collected on import of goods) and Cess is Rs 8,754 crore (including Rs 623 crore collected on import of goods).The government has settled Rs 28,812 crore to CGST and Rs 24,140 crore to SGST from IGST as regular settlement. The total revenue of Centre and the States after regular settlements in the month of September 2021 is Rs 49,390 crore for CGST and Rs 50,907 crore for the SGST. The revenues for the month of September 2021 are 23% higher than the GST revenues in the same month last year. During the month, revenues from import of goods were 30% higher and the revenues from domestic transaction (including import of services) are 20% higher than the revenues from these sources during the same month last year. The revenue for September 2020 was, in

Kerala has collected Rs. 1612 crore in the month of August and Rs.1764 crore in September 2021, it was Rs. 1328 and Rs 1693 in same months last year.

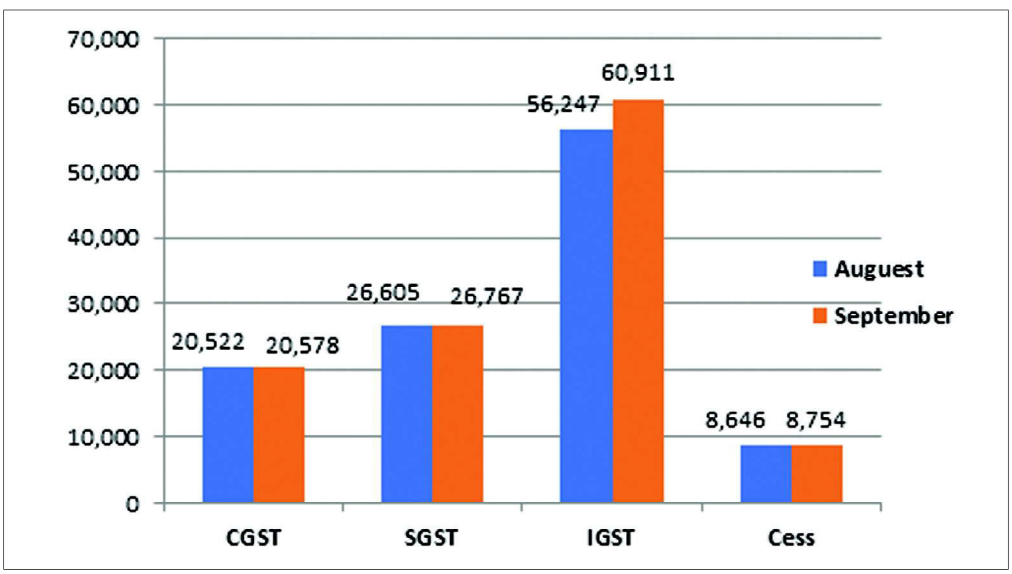
itself at a growth of 4% over the revenue of September 2019 of Rs 91,916 crore.

The average monthly gross GST collection for the second quarter of the current year has been Rs 1.15 lakh crore, which is 5% higher than the average monthly collection of Rs 1.10 lakh crore in the first quarter of the year. This clearly indicates that the economy is recovering at a fast pace. Coupled with economic growth, anti-evasion activities, especially action against fake billers have also been contributing to the enhanced GST collections. It is expected that the positive trend in the revenues will continue and the second half of the year will post higher revenues

State wise GST collection for August and September 2021

When we look at the GST monthly collection of selected States during the month of August and September 2021 as compared to same months in the last year, it indicates that the key manufacturing States has achieved of 25-35 per cent growth in August 2021 compared to August 2020and, Odisha and Jharkhand shows significant growth rate of more than 40 per cent. When we analyze the monthly collection of September 2021 among the States, almost all States has achieved positive growth rate except the State of Bihar which

Figure 1. Comparison of GST collection for August & September 2021



Source: PIB press release dated 1.10.2021 reported a growth rate of -12. The State wise grant collection was Rs.84490 and Rs. 86832 crore in August and September 2021 respectively. This shows the States are slowly recovering from the second wave of Covid-19 pandemic.

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Table 1. State wise GST collected during August and September 2021

States/UTs	Aug.2020	Aug.2021	Change	Sep.2020	Sep.2021	Change
Jammu & Kashmir	326	392	20%	368	377	3%
Himachal Pradesh	597	704	18%	653	680	4%
Punjab	1139	1414	24%	1194	1402	17%
Uttarakhand	1006	1089	8%	1065	1131	6%
Haryana	4373	5618	28%	4712	5577	18%
Delhi	2880	3605	25%	3146	3605	15%
Rajasthan	2580	3049	18%	2647	2959	12%
Uttar Pradesh	5098	5946	17%	5075	5692	12%
Bihar	967	1037	7%	996	876	-12%
Assam	709	959	35%	912	968	6%
West Bengal	3053	3678	20%	3393	3778	11%
Jharkhand	1498	2166	45%	1656	2198	33%
Odisha	2348	3317	41%	2384	3326	40%
Chhattisgarh	1994	2391	20%	1841	2233	21%
Madhya Pradesh	2209	2438	10%	2176	2329	7%
Gujarat	6030	7556	25%	6090	7780	28%
Maharashtra	11602	15175	31%	13546	16584	22%
Karnataka	5502	7429	35%	6050	7783	29%
Goa	213	285	34%	240	319	33%
Kerala	1229	1612	31%	1552	1764	14%
Tamil Nadu	5243	7060	35%	6454	7842	21%
Telangana	2793	3526	26%	2796	3494	25%
Andhra Pradesh	1955	2591	33%	2141	2595	21%
Grand Total (all States &UTs)	**66598**	**84490**	**27%**	**72250**	**86832**	**20%**

Source: Compiled from PIB Press Release dated 01.09.2021& 01.10.2021

GST Compensation released to states

The Union Government on 15th July 2021 has released Rs75,000 crore to the States and UTs with Legislature under the back-to-back loan facility in lieu of GST Compensation. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection. Subsequent to the 43rd GST Council Meeting held on 28th May 2021, it was decided that the Central Government would borrow Rs 1.59 lakh crore and release it to States and UTs on a back-to-back basis to meet the resource gap due to the short release of Compensation on account of inadequate amount in the Compensation Fund. This amount is as per the principles adopted for a similar facility in FY 2020-21, where an amount of Rs1.10 lakh crore was released to States under a similar arrangement. This amount of Rs1.59 lakh crore would be over and above the compensation in excess of Rs1 lakh crore (based on cess collection) that is estimated to be released to States/UTs during this financial year. The sum total of Rs2.59 lakh crore is expected to pay GST compensation to States/UTs for FY 2021-22.

It is estimated that Rs 2.59 lakh crore needs to pay compensation to States/UTs in the FY 2021-22. Out of this only Rs 1 lakh crore will be expected from compensation Cess fund. That means the balance amount of Rs 1.59 lakh needs to mobilise through loan.

Kerala has received a Compensation of Rs 4122.27 crore for the FY 2021-22 through the special window loan. Last year, the State received Rs 9800.83 crore as compensation, out of which Rs4034.83 crore came from Cess fund and Rs5766 crore from the special window loan.

All eligible States and UTs have agreed to the arrangements of funding of the compensation shortfall under the back-to-back loan facility. For effective response and management of Covid-19 pandemic and a step-up in capital expenditure, all States and UTs have a very important role to play. The release of Rs 75,000 crore being made now is funded from borrowings of Centre in 5-year securities, totaling Rs 68,500 crore and 2-year securities for Rs 6,500 crore issued in the current financial year, at a Weighted Average Yield of 5.60 and 4.25 percent per annum respectively.

Kerala has received a Compensation of Rs. 4122.27 crore for the FY 2021-22 through the special window loan. Last year, the State received Rs .9800.83 crore as compensation, out of which Rs. 4034.83 crore came from Cess fund and Rs. 5766 crore from the special window loan.

Table 2. The State/ UTs wise details of amount released in lieu of GST Compensation

Sl. No.	Name of the State/ UTs	GSTCompensation shortfall released		
		5-year tenor	2-year tenor	Total
1.	Andhra Pradesh	1409.67	133.76	1543.43
2.	Assam	764.29	72.52	836.81
3.	Bihar	2936.53	278.65	3215.18
4.	Chhattisgarh	2139.06	202.98	2342.04
5.	Goa	364.91	34.63	399.54
6.	Gujarat	5618.00	533.10	6151.10
7.	Haryana	3185.55	302.28	3487.83
8.	Himachal Pradesh	1161.08	110.18	1271.26
9.	Jharkhand	1070.18	101.55	1171.73
10.	Karnataka	7801.86	740.31	8542.17
11.	**Kerala**	**3765.01**	**357.26**	**4122.27**
12.	Madhya Pradesh	3020.54	286.62	3307.16
13.	Maharashtra	5937.68	563.43	6501.11
14.	Meghalaya	60.75	5.76	66.51
15.	Odisha	2770.23	262.87	3033.10
16.	Punjab	5226.81	495.97	5722.78
17.	Rajasthan	3131.26	297.13	3428.39
18.	Tamil Nadu	3487.56	330.94	3818.50
19.	Telangana	1968.46	186.79	2155.25
20.	Tripura	172.76	16.39	189.15
21.	Uttar Pradesh	3506.94	332.78	3839.72
22.	Uttarakhand	1435.95	136.26	1572.21
23.	West Bengal	2768.07	262.66	3030.73
24.	UT of Delhi	2668.12	253.18	2921.30
25.	UT of Jammu & Kashmir	1656.54	157.19	1813.73
26.	UT of Puducherry	472.19	44.81	517.00
	Total	**68500.00**	**6500.00**	**75000.00**

Source: PIB Press Release dated 15.07.2021 *(in Rs. Crores)*

Statutory updates on GST

The CBIC has issued five central tax notifications, seven central tax (rate) notifications, seven integrated tax (rate) notifications, and five circulars in the month of August and September 2021.

Notifications

(1) The filing of GSTR-3B and GSTR-1/ IFF by companies using electronic verification code (EVC), instead of Digital Signature certificate (DSC) has already been enabled for the period from 27.04.2021 to 31.08.2021. This has been further extended to 31st October, 2021 under Notification No. 32/2021- CT, dated 29.08.202. The above extension of the closing date of late fee amnesty scheme and extension of time limit for filing of application for revocation of cancellation of registration will benefit a large number of taxpayers, specially small taxpayers, who could not file their returns in time due to various reasons, mainly because of difficulties caused by Covid-19 pandemic, and whose registrations were cancelled due to the same.

(2) The Government, vide Notification No. 19/2021- CT, dated 01.06.2021, had provided relief to the taxpayers by reducing / waiving late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021, if the returns for these tax periods are furnished between 01.06.2021 to 31.08.2021. Vide Notification No. 33/2021-CT, dated 29.08.2021, the last date to avail benefit of the late fee amnesty scheme, has now been extended from existing 31.08.2021 to 30.11.2021.

(3) Government has also extended the timelines for filing of application for revocation of cancellation of registration to 30.09.2021, where the due date of filing of application for revocation of cancellation of registration falls between 01.03.2020 to 31.08.2021. The extension vide Notification No. 34/2021- CT, dated 29.08.2021 would be applicable only in those cases where registrations have been cancelled under clause (b) or clause (c) of sub-section (2) of section 29 of the CGST Act.

(4) Few specified persons notified under Notification No. 3/2021-CT, dated 23.02.2021 such as Government Departments, PSUs, person who is not a citizen of India, etc. who are already registered under the GST law, are excluded from the requirement of getting Aadhar Authentication vide Notification No. 35/ 2021 - CT, dated 24.09. 2021.

(5) The Government has amended the CGST Rules, 2017 vide Notification No. 35/

2021 - CT, dated 24.09. 2021. The brief of this amendments are as under:

(a) Aadhaar authentication mandated for persons already registered under the GST law for the purpose of filing revocation of cancellation of registration and for filing refund applications under Rule 89 including refund of IGST paid on export of goods

(b) Bank account furnished on GST portal should be in the name of registered person and is also required to be linked with the PAN. Refund would be granted in such bank account only. For proprietors, linking of Aadhaar with PAN is to be mandated under GST law

(c) Change in the frequency of filing Form GST ITC-04

(d) Restricting filing of GSTR-1 where the GSTR-3B of previous month is not filed

(e) Insertion of specific rules for granting the refund of tax which paid under wrong head

(Source: CBIC, https://www.cbic.gov.in/htdocs-cbec/gst/noticentraltax)

Notifications (Central Tax-Rate)

To give effect to recommendation of 45th GST Council meeting CBIC has issued 7 Central Tax (Rate) Notifications on 30.09.2021. These are amends GST Rate on Services and Goods, Exempts certain services and Goods from GST and notified RCM applicability on supply of mentha oil by unregistered person to registered person, with effect from 1st October, 2021. (Table 1)

Notifications (Integrated Tax-Rate)

To give effect to recommendation of 45th GST Council meeting CBIC has issued 7 Integrated Tax (Rate) Notifications on 30.09.2021. (Table 2)

Table 1. Notifications (Central Tax-Rate)

Notification No.	Date	Title
06-2021-CT (Rate)	30.09.2021	Amend notification No. 11/2017- CT (Rate) so as to notify CGST rates recommended by GST Council in its 45th meeting held on 17.09.2021
07/2021-CT (Rate)	30.09.2021	Amend notification No. 12/2017- CT (Rate) so as to implement recommendations made by GST Council in its 45th meeting
08/2021-CT (Rate)	30.09.2021	Amend notification No. 1/2017- CT (Rate)
09/2021-CT (Rate)	30.09.2021	Amend notification No. 2/2017- CT (Rate)
10/2021-CT (Rate)	30.09.2021	Amend notification No. 4/2017- CT (Rate)
11/2021-CT (Rate)	30.09.2021	Amend notification No. 39/2017- CT (Rate)
12/2021-CT (Rate)	30.09.2021	Exempt CGST on specified medicines used in COVID-19, up to 31st December, 2021

Source: CBIC, https://www.cbic.gov.in/htdocs-cbec/gst/noticentraltaxrate

Table 2. Notifications (Integrated Tax-Rate)

Notification No.	Date	Title
12/2021-IGST (Rate)	30.09.2021	IGST exemption on specified medicines used in COVID-19
11/2021- IGST (Rate)	30.09.2021	Reg. IGST on Food for free distribution to economically weaker sections
10/2021- IGST (Rate)	30.09.2021	IGST payable under RCM on essential oils other than those of citrus fruit w.e.f 01.10.2021
9/2021- IGST (Rate)	30.09.2021	IGST Exemption on Seeds, fruit & spores used for sowing w.e.f 01.10.2021
No. 8/2021- IGST (Rate)	30.09.2021	Changes in IGST Rate on Certain Goods w.e.f 01.10.2022
No. 07/2021- IGST (Rate)	30.09.2021	Changes in IGST exemption on Supply of services w.e.f 01.10.2021
No. 06/2021- IGST (Rate)	30.09.2021	CBIC notifies IGST Rate on various services w.e.f 01.10.2021

Source: CBIC, https://www.cbic.gov.in/htdocs-cbec/gst/noticentraltaxrate

Circular

(1) ***Circular No. 158/14/2021-GST dated 6.09.2021***, clarified the issues relating to the extension of timelines for application for revocation of cancellation of registration in view of Notification No. 34/ 2021-CT, dated 2908.2021. The Government has issued this notification to extend the timelines for filing of application for revocation of cancellation of registration to 30th September, 2021, where the due date of filing of application for revocation of cancellation of registration falls between 1st March, 2020 to 31st August, 2021 and registration was cancelled on account of non-filing of GST returns. Now, this circular has been issued to provide clarification that the benefit of extension shall be available irrespective of the status of such applications. The benefit shall be available whether application for revocation of cancellation of registration has not been filed by the taxpayer or where application has already been filed but pending with the proper officer or where application was rejected irrespective appeal is filed against it or not. This circular also clarifies the cases where the due date of filing applications for revocation of registration can be extended further for the period of 60 days (30 + 30) by the Joint Commissioner/ Additional Commissioner/ Commissioner.

(2) ***Circular 159/15/2021-GST dated 20.09.2021*** focuses on resolving the issue of confusion in the definitions of an intermediary with the help of examples. Definition of intermediary "Intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account."

Primary requirements for intermediate service -

1. Minimum three parties
2. Two distinct supplies: There should be two distinct supplies in case of provision of intermediary services;(a) Main supply, between the two principals, which can be a supply of goods or services or securities.(b)An Ancillary supply, which is the service of facilitating or arranging the main supply between the two principals. This ancillary supply is the supply of intermediary service, and is clearly identifiable, and distinguished from the main supply. A person involved in supply of main supply on principal to principal basis to another person cannot be considered as a supplier of intermediary service.
3. Intermediary service provider to have the character of an agent, broker or any other similar person.
4. Does not include a person who supplies such goods or services or both or securities on his own account.
5 Sub-contracting for a service is not an intermediary service.
6 The specific provision of place of supply of 'intermediary services' under section 13 of the IGST Act shall be invoked only when either the location of supplier of intermediary services or location of the recipient of intermediary services is outside India.

(3) ***Circular 160/16/2021-GST dated 20.09.2021*** clarified that there is no need to carry the physical copy of tax invoice in cases where invoice has been generated by the supplier in the manner prescribed under rule 48(4) of the CGST Rules and production of the QR code having an embedded Invoice Reference Number (IRN) electronically, for verification by the proper officer, would suffice. It is also clarified that only those goods which are actually subjected to export duty i.e., on which some export duty has to be paid at the time of export, will be covered under the restriction imposed under section 54(3) from availment of refund of accumulated ITC. Goods, which are not subject to any export duty and in respect of which either NIL rate is specified in Second Schedule to the Customs Tariff Act, 1975 or which are fully exempted from payment of export duty by virtue of any customs notification or which are not covered under Second Schedule to the Customs Tariff Act, 1975, would not be covered by the restriction imposed under the first proviso to section 54(3) of the CGST Act for the purpose of availment of refund of accumulated ITC.

(4) ***Circular 161/17/2021-GST dated 20.09.2021*** has issued clarification relating to export of services-condition (v) of section 2(6) of the IGST Act 2017-reg. Condition (v) of section 2(6) Export of service not treated when" (v) the supplier of service and the recipient of service are establishments of a distinct person in accordance with Explanation 1 in section 8

Example 1: XYZ foreign company having an office or branch in India- There was a doubt regarding the nature of the transaction in case of export of service by the Indian branch of the foreign company to its head office in another country. The circular has stated that this transaction can also be classified as an export of service.

Example 2: ABC Indian Company having a branch or office outside India- ABC - there was the same doubt prevailing about the transaction type of an Indian company that provided its services to its own branch or office outside India. But the circular states that this transaction also falls under the category of export of services. Hence, the circular sheds light on the points that - supply of services by a subsidiary/ sister concern/ group concern, etc. of a foreign company, which is incorporated in India under the Companies Act, 2013 (and thus qualifies as a 'company' in India as per Companies Act), to the establishments of the said foreign company located outside India (incorporated outside India), would not be barred by the condition (v) of the sub-section (6) of the section 2 of the IGST Act 2017 for being considered as export of services, as it would not be treated as supply between merely establishments of distinct persons under Explanation 1 of section 8 of IGST Act 2017 . Similarly, the supply from a company incorporated in India to its related establishments outside India, which are incorporated under the laws outside India, would not be treated as supply to merely establishments of distinct persons under Explanation 1 of section 8 of IGST Act 2017. Such supplies, therefore, would qualify as 'export of services', subject to fulfilment of other conditions as provided under sub-section (6) of section 2 of IGST Act.

(5) ***Circular 162/18/2021-GST, dated 25.09.2021*** has been issued to clarify in respect of refund of tax specified in section 77(1) of the CGST Act and section 19(1) of the IGST Act. Following is the brief summary:

- The term 'subsequently held' in section 77 of CGST Act, 2017 or under section 19 of IGST Act, 2017 covers both the cases where the inter-State or intra-State supply made by a taxpayer, is either subsequently found by taxpayer himself as intra-State or inter-State respectively or where the inter-State or intra-State supply made by a taxpayer is subsequently found/ held as intra-State or inter-State respectively by the tax officer in any proceeding.
- The relevant date for claiming refund of incorrect tax shall be as explained supra.
- Refund under section 77 of the CGST Act / section 19 of the IGST Act would not be available where the taxpayer has made tax adjustment through issuance of credit note under section 34 of the CGST Act in respect of the said transaction.

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DISCLAIMER: The content does not represent the views of the Gulati Institute of Finance and Taxation (GIFT). For any statutory purpose, please use the original Notifications/Circular and Acts and Rules.

New studies on Kerala

Young Scholars' Forum, GIFT
Led by Athira Karunakaran

Economics

Other Journal Articles

1. Rejitha, P. R., & Vismaya, M. (2021). Impact of Covid-19 on Light and Sound and Hire Goods Owners in Kannur District of Kerala. International Journal of Recent Advances in Multidisciplinary Topics, 2(9), 50-52. https://journals.resaim.com/ijramt/article/view/1332

The lockdown implemented in Kerala following the coronavirus pandemic has resulted in an unprecedented loss of employment in all sectors of the economy. The main purpose of this study is to understand the adverse impact of the pandemic on the income levels of light, sound and hire goods workers with special reference to Kannur district and to identify how they had sustained their lives during lockdown.

2. Sivakumar, A., & Ravi, H. (2021). Perception of Commerce Post Graduates of Kerala State About Amendments in CGST Act 2017 as per Finance Act 2021. Management Accountant, 33-33.https://pesquisa.bvsalud.org/global-literature-on-novel-coronavirus-2019-ncov/resource/pt/covidwho-1363005

The Indian Economy has witnessed a major change since the implementation of a dual GST mechanism in India. CGST Audit and changes in the definition of supply are some of the major amendments in the Finance Act 2021. Perception of the public about CGST, especially the perception of commerce people, is very significant even during this Covid19 pandemic. Therefore, this research paper analyses the perception of commerce post graduates of Kerala state about amendments in CGST Act 2017 as per Finance Act 2021.

Books

1. Abhijith, P. S., & Antony Joseph, K. (2021). Impact of Multiple Income Sources on Financial Self-efficacy: A Study on Women MGNREGA Workers in Kerala. Contemporary Research in Finance, 94-99.

This paper studies the impact of the presence of alternative income sources on the Financial Self-efficacy of individuals, based on data from women NREGA workers in Kerala. Primary data was collected from 176 respondents across six Grama Panchayats in Ernakulam district using multi-stage cluster sampling technique. Financial Self-efficacy was measured using a self-developed scale having ten items and the overall value was found to be below average. The workers who have income from more than one source were observed to have significantly better levels of Financial Self-efficacy compared to the ones who get income solely from NREGA. A suggestion was made to provide opportunities for additional income-generating activities among the beneficiaries to help them achieve Financial Well-being.

2. Anjali, S., & AD, R. K. (2021). Constraints of Investment in Mutual Funds at Malappuram District of Kerala.Contemporary Research in Finance, 27-33.

In this study, the researcher tries to analyse the barriers faced by investors to choose mutual funds as an alternative in Malappuram district of Kerala in light of the dramatic improvement of standard of living in Malappuram. The data was collected from financial investors in the district using a multistage random sampling method with the help of a questionnaire. It was found that the influence of many constraints like less awareness, low income of the investor, reluctance of the investor to use innovative services etc. have higher influence on investing in mutual funds than government policy changes and regional disparities of the investor.

3. Joy, B. (2021). Product Awareness and Customer Satisfaction: A Study on Private Health Insurance Customers in Kerala. Contemporary Research in Finance, 225-231.

The exploratory study was undertaken with the primary objective of examining the role of product awareness of customers of health insurance products on their satisfaction in the state of Kerala. The respondents were taken from three districts of Kerala. Statistical tools such as Exploratory Factor Analysis and Confirmatory Factor analysis were used. Empirical evidence reveals that the category of policy and type of insurance company play a major role in the satisfaction level of health insurance policyholders.

4. Lakshmi, A. J., & Raju, G. (2021). Financial Inclusion by Credit Cooperatives in Kerala: Underpinning Values vis-a-vis Management Structure. Contemporary Research in Finance, 115-121.

This paper is an attempt to verify the relevance of underpinning values of credit cooperatives in the management structure. This is done by relying on secondary data and the paper is doctrinal in nature. Inherent cooperative principles and values is the underpinning of the success story of credit cooperatives in the field of financial inclusion.

5. Priya, R. (2021). Ensuring Sustainability and Continuity in Corporate Rooms of Public Companies in Kerala.Contemporary Research in Finance, 167-174.

The Board of Directors have been able to oversee management's actions due to governance reforms and thus corporate boards have taken big steps forward in the past decades. Public companies are important instruments of economic affluence, and boards have at most responsibility to see that these national assets prosper. Directors must steer themselves and the company's management team towards perceptive strategic and financial thinking and succession planning. The management must develop and implement strategy, but the board must be vigilant with a focus lens when requesting and screening senior leaders' proposals. Hence board and management together can ensure the continuity of the companies.

History and Culture

Other Journal Article

1. Chathukulam, J. (2021). What is Plaguing the Catholic Church in Kerala? Is it 'Jihad'or something else?. Mainstream, 59(40). http://mainstreamweekly.net/article11551.html

While the 'narcotic jihad' and 'love jihad' appears to be creating more furore at the moment, there are various other factors that are plaguing the Church. This article briefly attempts to analyse the major issues and problems that are haunting the Catholic Church in Kerala.

2.Shahna, K., A. (2021). Social Division of Marginalized Communities among Muslims in Kerala. John Foundation Journal of EduSpark, 3(1), 35-43. https://www.johnfoundation.com/wp-content/uploads/2021/09/EIJMRS_V3I1_44.pdf

This study explores the issues related to the silence imposed historically, socio-culturally and politically on the marginalised community among the Muslims. There is an attempt to address questions of Dalit Muslims' exclusion, their identity, their ambiguous relationship with other Dalits and the assertion of their rights and dignity. This paper is an ethnographic account that adds to the evidence base of the calm for scheduled caste status and attempts to gain some grounded understanding of caste-like subdivisions among Muslims.

3. TS, M. S., & Sumathy, M.(2021).User Perception Towards OTT Video Streaming Platforms in Kerala (With Special Reference to Thrissur).Analytical Commerce and Economics, 2(4), 27-32. https://www.triprimegroup.com/ace/v2I4/ACE2021-2-4-104.pdf

The main purpose of this study is to find out the perception and satisfaction of consumers or users of OTT video platforms with special reference to Kerala, Thrissur district. OTT services are advancing at a rapid rate. Consumer content choices have shifted as a result of the COVID-19 pandemic. There are so many factors that are influencing the satisfaction of OTT video platform users.

Books

1. Menon, I. (2021). Tribal Freedom Fighters of Kerala. Kerala Institute for Research Training & Development Studies.

History books have not given due credit to some valiant struggles against the colonials, which were sustained over long periods, at great human cost. The credit for this goes to the tribal communities of the hills of what is today the state of Kerala. This book is an attempt at capturing this lost or forgotten history that has not been recognized or recorded with due importance. Tribal struggles have occurred during different time periods, against different aggressors, with differing objectives. The three theatres of these battles were Wayanad, Idukki and Kasaragod, which have different tribal communities. These are stories of resistance, continued agitations, and community uprisings.

Health

Scopus Indexed Journals

1. Suresh Babu, L., Janarthanan Pillai, D. M., & Janardhanan, D. K. (2021). Prevalence of Perceived Stress, Due to COVID-19 Among Faculties of Government Dental Colleges in Kerala, India. Cogent Psychology, 8(1). https://doi.org/10.1080/23311908.2021.1978635

The purpose of this cross-sectional web-based study was to assess the prevalence of perceived stress among dental faculties of Government Dental Colleges across the state of Kerala, India, during the Corona Virus Disease 2019 (COVID-19) pandemic, which has a huge impact on both physical and psychological well-being of persons all over the world. Since varying amounts of stress are present in different groups, etiology of perceived stress and measures to control it may be investigated in the future so as to avoid stress-related crises in the health sector. Effective stress management measures like mindfulness are highly recommended.

Other Journal Article

1. Veerapathiran, A., Selvam, A., Balaji, T., Raju, K., & Gupta, N. (2021). ZIKV Outbreak in Thiruvananthapuram, Kerala, India, 2021-A Primary Report., Research Square. https://doi.org/10.21203/rs.3.rs-900208/v1

This study conducts a ZIKA Virus (ZIKV) outbreak investigation in Thiruvananthapuram, the capital city of Kerala and the primary findings are described here. A cluster of ZIKV cases from the Kadakampalli / Anamugham administrative wards of the Thiruvananthapuram Municipal Corporation area was reported where Kerala Institute of Medical Sciences (KIMS) is located. Later many ZIKV cases were reported from other wards of the city.This report underscores the importance of continued human and vector surveillance as well as genomic sequencing to understand the virus evolution and implications on public health.

Sociology

Other Journal Article

1. Goswami, B. (2021). Demographic Changes in Kerala and the Emerging Challenges: An Assessment. https://csesindia.org/wp-content/uploads/2021/09/CSES-WORKING-No.31-1.pdf

The present study aims to synthesize the current trajectory of the demographic transition in the state in light of the existing trends experienced worldwide with regard to advanced mortality and fertility transitions. Findings suggest that Kerala is yet to confirm the onset of advanced stages of mortality and fertility transitions in line with the global experiences. Kerala is becoming an ageing society as seen through mortality and fertility changes. There has been a drastic decline in the share of the young workforce, and the trend will continue. This facilitated migration of young labourers from other states. The future pace of transition will be determined by the speed of integration of in-migrants with the current level of human development of the state.

2. Senthilkumar, T. (2021). A Study to Assess the Impact of Online Learning Among School Children in Kerala. MC Medical Sciences, 1(2), 29-34. https://themedicon.com/MCMS-01-014.pdf

This study aimed to find out the impact of this 'online learning' among school children. A quantitative approach which adopted a descriptive survey design was used for this study among 30 school going children of ages 6-18 from selected schools in Kerala. Convenient sampling method was used and data collection was done through a structure checklist. Analysis was done by descriptive and inferential statistics. The findings showed that the majority of the school children (63.33%) were positively impacted from online learning and there was no association found between online learning and demographic variables at 5% confidence level ($p<0.05$).

Politics

Other Journal Article

1. Joy, F. V. K. (2021). Mapping the Concern of Art and Its Political Relevance in Kerala: A Note about Public Art and Its Formula. Journal of Polity and Society, 13(1), 125-140. http://52.205.22.215/index.php/jps/article/view/310

In recent years, the question of challenging perspectives on the position of art and its public acceptance has arisen within the academic works of artists and cultural practitioners. This article is an inquiry about the relevance of the symbolic and tangible representation of the culture in public based on the value of art. The first part of this essay deals with the critical aspects of work of art and its public engagements. An attempt is made to place art within the political philosophy discourse, largely a Marxian framework. The second portion is an appeal regarding Kerala's art position and its validation in the public sphere. Finally, the paper ends with detailing the 'place making' capacity of art and its surroundings.

2. Roshan, V. V. (2021). New Social Movements in the Era of Neoliberal Globalisation: A Case Study of Plachimada Water Struggle in Kerala. Journal of Polity and Society, 13(1), 152-168. http://52.205.22.215/index.php/jps/article/view/311

This article aims to locate the water struggle at Plachimada, in Kerala, in the broad framework of new social movements in the era of neoliberal globalisation. It examines the concepts and the contested relationship between new social movements and neoliberal globalisation. Further, it studies the significance of the water struggle at Plachimada as a new social movement resisting neoliberal globalisation, geographical area and its forwarding capability.

Books

1. Paul, S. (2021). The Leadership of Mr Pinarayi Vijayan as the Chief Minister of Kerala. SPAST Abstracts, 1(01). https://spast.org/techrep/article/view/1068

This book attempts a study of the success and remarkable leadership qualities of Mr Pinarayi Vijayan during his term as a chief Minister. It involves a quantitative study with the population of this study being selected from Kerala and samples chosen were convenient and snowball. The objective of the study is to find out the effectiveness of the leadership of Mr Pinarayi Vijayan as a chief minister and his major leadership qualities. The research could bring out fifteen leadership qualities, expressed by Mr Pinarayi Vijayan during his term as a chief minister. Those are Integrity, Charisma, Communication, Care and Empathy, Selflessness, Compassion, Delegation of power, Service mindedness, Planning and execution, Vision, Commitment, Nurturance, Resilience, Equality and Assertiveness.

Tourism

Scopus Indexed Journals

1. Joseph, L. C., Soundararajan, V., & Parayitam, S. (2021). The relationship between attraction, perception of service, opportunities and tourist satisfaction in backwater tourism in Alappuzha district of Kerala in India. Tourism and Hospitality Research. https://doi.org/10.1177/14673584211044087

The article aims to explore the relationships between destination attractions, tourists' awareness of eco-tourism and facilities, level of perceived service, opportunities and problems, and tourist satisfaction in backwater tourism in Kerala. Data from 586 tourists was gathered using a structured survey instrument. A conceptual model was developed and tested. The measurement model and moderation hypotheses were tested using the Lisrel package and Hayes (2018) process macros respectively. The results confirm that attraction and opportunities are positively related to tourist satisfaction, perception of service positively moderates the relationship between attraction and tourist satisfaction, and also interacts with awareness to influence the relationship between attraction and tourist satisfaction, problems negatively moderate the positive relationship between opportunities and tourist satisfaction.

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What is new(s) from GIFT

A. Webinar

1. Four years of GST: Online Interactive Session with Stakeholders, held on 04.08.2021

As part for the completion of four years of GST, GIFT has organized an online interactive session with stakeholders on 4th August 2021. Shri K N Balagopal, Hon'ble Finance Minister of Kerala, inaugurated the stake holders meet. The meeting, chaired by Dr Thomas Isaac, Former Finance Minister, had the presence of all the senior officials in the Finance and Taxation Department like Shri R K Singh IAS, Additional Chief Secretary Finance, Dr Sharmila Mary Joseph IAS, Secretary, Taxes, Shri Giridhar G Pai IRS, Commissioner, CGST, Dr Rathan U Kelkar IAS, Commissioner, SGST Department and Dr S Karthikeyan IAS, Special Commissioner, SGST Department. During the day long consultation, the stakeholders representing all sectors of the Kerala economy and tax professionals highlighted varied issues relating to GST that affected producers, traders and service providers. Based on the outcome of the consultation, a detailed report has been prepared and submitted to the State Government. It is our hope that the report will be of use for those who are concerned about resolving the issues.

B. Public Lecture series: Kerala Economy in Transition

1. Lecture No.7 -(GIFT and KEA) 'Kerala and Democratic Government'

Prof. Olle Tornquist, Politics and Development, University of Oslo has presented a lecture in the topic of 'Kerala and Democratic Government' on 13th August 2021. He said this is an attempt to contribute a partly perhaps challenging comparative historical perspective on efforts at social democratic development. To that end, he draw on his concluding new book, which is due in October, the title is In Search of New Social Democracy: Insights from the South - Implications for the North. It focuses on experiences from the second anti-colonial and the third liberal waves of democracy. To be inclusive and not set any efforts aside, he defines Social Democracy broadly in terms of development based on social justice (and now also environmental sustainability) by democratic means. Kerala, like most other regions in the Global South, has of course been up against serious problems of social democratic development - given the limited industrialisation and thus fragmentation of the labouring classes, as well as of the at times supportive middle classes.

His first argument, however, is that Kerala has in-spite of this proved the doomsayers wrong. Social Democracy is not impossible in the South. By now, during and after the Corona, Kerala may even stand a unique chance to develop a forceful alternative to the predominant identity- and market driven politics. His second cautioning argument, though, is that the main problem in getting to this alternative is not the much discussed investments and fiscal resources as such, but insufficient democratic governance to facilitate and mobilise and regulate the investments and resources, and thus transform society in a social democratic direction. It is true that the decentralisation and people's planning campaign shock up some of the historical problems by providing arenas for local social growth pacts. But the dynamics of group farming remained dependent on subsidies and were not really part of local and regional planning. The local planning, in turn, was not really comprehensive. Resource mapping and environmental concerns were not prioritised. There was little emphasis on production and there were problems of combining public and private actors, linking local initiatives with the larger markets and considering the interests and potentials of the middle classes. The same applied to many rural poor who neither benefitted from the land reform nor were able to rent land from those who did - but did not invest. This was handled by the kudumbashree labour groups, but only partially. A general impression was that that there was more emphasis on escaping the problems by creating local non-capitalist pockets, which at best might expand, than on generating wider transformative policies. As we know, the new economic dynamics was rather in the context of the neo-liberal developments with increasing inequalities - including the abuse of low paid migrant labourers - and environmental degradation.

Given the historical experiences from the north, moreover, such alliances might be sustained behind follow-up reforms, for example an employment guarantee in the context of a new deal between labour and capital. Hence, it might well be possible to try something similar in Kerala in terms of renewed emphasis on alternative welfare and knowledge-driven development -- given Kerala's impressive history of unity in favour of civil, political and social rights, active civic groups -- with some capacity to influence the parties -- and decentralised government and high educational standards. The 'only' problem was how to get there - to a reform program, an alliance in favour of it, and a format for participatory governance.

Soon thereafter, Kerala openings gained momentum, firstly, with the series of natural disasters, especially the flooding, and finally, in particular, the Covid-19. Secondly, of course, with the capacity of the LDF government to address the disasters with public action regarding health, rescue and welfare -- plus resource allocations through KIFBI, the state budget and decentralised governments in cooperation with civil society. Moreover, welfare and work was made the main point in the 2020 local elections. And based on the electoral success, the combination in the 2021 state elections of welfare and as well as ideas of how to foster more employment by knowledge based development. In addition, such public welfare and viable development polices need not be paternalistic and populistic, as in many other cases, but - given Kerala's history -may be based on active citizens and their rights in participatory democratic governance.

> But would and will it be possible to sustain the momentum and develop forceful transformative policies? For example, welfare reforms that are
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> (i) good also for the middle classes and thus get their support for more extensive programmesfinanced by higher taxes and their own contributions, thus providing more welfare for the poor too than if they would only share minimum targeted welfare -
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> and (ii) designed, together with active citizens and progressive investors, to also foster production and more equal education, and therefore also knowledge based development?

In comparative perspective, Kerala might be better equipped to face several of the difficulties involved in this than the progressives in other contexts, who missed out. However, the fact that local participatory budgeting as in Brazil and the Philippines did not enable the people involved to organise and stand up against mismanagement and corruption in the metropolis, must be considered in Kerala too. Similarly, how does one mobilise not just public but also private resources and coordinate with labour? On local and central levels. New Delhi should be criticised for monopolising fiscal and other public resources. But isn't it equally and even more important, then, to build trustworthy forums for partnership between government, capital and labour to mobilise and coordinate resources? And to decide on what skills and knowledge and welfare that need to be given priority to?

Authoritarian methods are insufficient. The idea of a democratic developmental state may be fine. But the lack of a framework for democratic partnership governance was devastating in all the previous cases, from South Africa to Brazil and Indonesia. Citizens and popular interest organisations were excluded and subject to paternalistic policies. Thus, progressives at the top could not draw on the strength of active citizens and interest organisations. So the leading politicians turned instead to elitist horse-trading and one-sided pro-business deals.

2. Lecture No.8 - (GIFT and KEA) -Embedded Democracy: The Kerala Challenge in Comparative Perspective by Prof. Patric Heller on 27th August 2021

Abstract:Democracies work best when they are embedded in society. Drawing on new theories of the democratic developmental state, Prof Patric Heller argued that Kerala is an embedded democracy and this is its comparative advantage in tackling the challenges of development in the new global economy. What exactly is an embedded democracy and how does this contribute to development? How does Kerala compare to other democracies and what can we learn about democracy and development through comparisons?

3. Panel Discussion- 1: 'Perspectives in Kerala's Development Experience' on 10th September 2021

The GIFT and Kerala Economic Association (KEA) jointly organised a panel discussion on 'Perspectives in Kerala's Development Experience', on 10th September 2021. The panel discussion was organised as part of the public lecture series on 'Kerala Economy in Transition'. Prof. S. Harikumar, vice president, KEA moderated the session. Professor A. Abdul Salim, IUCAE, University of Kerala, Dr. S. Aparna, Sacred Heart College, Thevara, Dr. A.T Abdul Jabbar, Department of Economics, Farook College, Kozhikode, Dr. Rakkee Thomothy, Fellow, CSES, Ernakulam and Dr. K.S Hari, Gokhale Institute of Politics and Economics shared their thoughts on the subject. Prof. K.J. Joseph, Director, GIFT and president, KEA made the welcome address. Smt.L. Anithakumari, Dr. Anoop S. Kumar, Prof. S. Harikumar, Prof. S R Sheeja co-ordinated the programme.

4. Panel Discussion- 2: 'Perspectives in Kerala's Development Experience' on 11th September 2021

The GIFT and the Kerala Economic Association (KEA) concluded a series of lectures on 'Kerala Economy on the Transitional Path'. As part of this, an online discussion was organized on 'Perspective of Kerala's Development Experiences'. Prof. Manju S Nair, University of Kerala was the moderator. Dr. Emmanuel Thomas, St. Thomas College, Thrissur, Dr. Ronnie Thomas, University College, Thiruvananthapuram, Dr. G Mallika, School of Development Studies, Malayalam University, Dr. R. Nisha, Government College, Thripunithura and Siddiqui Rabiat, Department of Economics, University of Kerala spoke at the discussion. Prof. K. J. Joseph, GIFT Director and KEA President delivered the welcome address. Dr. Thomas Isaac, Prof. M. A. Oommen, Prof. K P Kannan, Prof. V K Ramachandran, Prof. Prabhat Patnaik, Prof. KN Harilal, Prof. Olle Tonquist and Prof. Patrick Heller gave lectures on various topics. Smt. L. Anithakumary, Dr. Anoop S Kumar, Prof. S. Harikumar and Prof. S. R. Sheeja were the coordinators of the lecture series.

5. Special Lecture - 'Challenges of Kerala's Leapfrogging into Knowledge Economy: A Theoretical Discussion' by Prof. Rajan Gurukkal PM, on 24th September 2021

The lecture seeks to review the challenges of jumpstarting the economy in Kerala, a state internationally famed for a distinct model reaching the developed world's indices except in higher education.

Leapfrogging demands i) a critical mass of digital technology enabled, efficient, and accessible world class tertiary level higher education institutions of global standards augmenting a well educated and highly skilled population; and ii) a globally competitive research and innovation sector focusing high-impact fields and science-tech hybrid areas. Both are very serious challenges for Kerala due to its higher education sector with its insufficient number of colleges, universities and research institutions; and characterised by self-alienating teaching, mechanical learning, and absence of curiosity driven research. In short, Kerala's higher education is long way off from the global benchmarks.

What is this thing called knowledge economy? It was D. Bell, as early as in 1973, who brought to notice the rise of information led, service oriented economy and society. Manuel Castells in 1989 characterised it as an urban economy of information technology confined to a city, 'information city.' He soon recognised it epochal and elaborated its features in three volumes on Information Age distinct for a new economy, society and culture. M.E. Porter in 1990 discerned the information city developing into a cluster that he called 'innovative cluster.' P. Cooke and K. Morgan in 1994 named it 'intelligent region', and R. Florida identified it 'learning region in 1995, while J. Simmie in 2002 defined it as 'knowledge-based competitive city.'

D. Bell was the first to say as a venture in social forecasting that the information centric economy signals the coming of Post-industrial society. Ever since writers have been naming the transformed state as knowledge society or information society, more or less interchangeably, notwithstanding the ambivalence between knowledge and information. Andrew Feenberg in 1991 clarified knowledge economy as a new version of capitalism. Nevertheless, P.F. Drucker taking capitalism as the point of reference in 1993 named it Post-capitalist society, in a generic sense. He was the one, who popularised the expression 'knowledge economy.' Many sociologists and economists today contemplate in the onset of knowledge society a gradual dissolution of the industrial economy and capitalism, triggering hopes about the spread of knowledge and technology enabling mitigation of poverty and inequalities, and finally turning the society more democratic and equitable.

Literally, knowledge economy is production, consumption and exchange of knowledge. In the academic sense knowledge is its explicit and implicit forms codified at the expense of the tacit. But knowledge is mere information or data in the working of knowledge-driven economy. It is not producing knowledge but generating, storing, processing, communicating, exchanging and consuming information or data by using digital technologies. What it demands the most is the tacit form of knowledge (skill), essential to operate digital technologies. Arguably, knowledge economy has to be seen as the core of the knowledge-driven economy, the macro field of multiple enterprises of auxiliary nature. Knowledge economy distinguishes knowledge from information. It uses knowledge as patentable intellectual property of enormous exchange value as a commodity by itself. As a potential basis for the production of other commodities it is capital too. Hence knowledge economy is capital and technology-intensive industrial production of marketable knowledge, presupposing precedence of innovation over discovery. It makes industry a knowledge intensive establishment combining scientists, engineers and information workers.

Does knowledge economy represent a new mode of production intelligible in terms of means, relations and forces? In 2009 Luis Suarez-Villa following Andrew Feenberg's characterisation of knowledge economy as a new version of capitalism, named it Techno-capitalism, heavily dependent on research and intellectual appropriation for capital accumulation. Techno-capitalist corporations have globally built up many giant experimentalist establishments rigorously engaged in science-tech researches by employing thousands of young creative brains for the production of intangible assets like intellectual property and patents. These intellectual assets command huge exchange value, amounting to as much as four-fifths of the value of most products and services in existence today ! Knowledge production being central to their industry and the potential for innovation everlasting, Techno-capitalists are not disturbed by the law of diminishing returns or the Kondratiev wave theory. They do not face the threat of workers' resistance either, because exploitation rapacious though, is well paid, unnoticed and highly sophisticated. Michael Perelman's analysis published in 2003 unravels how Techno-capitalist corporations confiscate creativity of the science-tech youngsters by using a very complex techno-military system of electronic sophistication. Indeed it negatively impacts science, technology, work culture and working-class ethics.

Analysing all this, the lecture would wrap up with a theoretical discussion of the knowledge economy as a capitalist enterprise and its social implications. It would try and sort the real and the rhetoric about the multiple characterisations of knowledge economy and its implications, often rendered obscure under conceptual guises and feigned theorisations. Such a critical scrutiny might help the Kerala Government committed to equity, access, and social justice, take precautions while leapfrogging the state into knowledge economy. Government would require concurrent strategies for building up a prosperous sector of public intellectual property to ensure equitable and sustainable social development.

C.Book Release

A book named 'Geography of Kerala' written by Dr. Srikumar Chattopadhyay, ICSSR National fellow, has been released in a function organised at GIFT on 2nd august 2021. It is argued that Kerala's geography contributed significantly in shaping the state, what it is today. The devastation of geography, particularly the deterioration of environmental and natural resource base can impinge upon the ongoing development process and can even jeopardise the future scope development. This book consisting of 16 chapters including 65 tables and 90 figures deliberates on various issues related to physical and human geography. It provides a detailed analysis of the state's topography, geomorphology, water resources, land resources, land use and land holdings, agriculture and allied sectors, industrial development, transport and tourism, settlements, population and migration, urbanisation, social sector covering Kerala model, education, health, human development, poverty, decentralised planning, natural hazards and disaster management, changing geography, regions, area development, and management. Spatial variability has been highlighted and explained. This book will be a valuable guide to the geography community, and all those interested to learn the geography of Kerala.

Prof. Jyothiranjan S. Ray, Director, National Center for Earth Science Studies, received the first copy of this book from Dr. Thomas Issac. Prof. H.S. Sharma, former head, Department of Geology, University of Rajasthan, Jaipur, Prof. Rajan Gurukkal, vice chairman, Kerala State Higher Education Council, Dr. Srikumar Chattopadhyay spoke on the occasion. Prof. K.J. Joseph, Director, GIFT delivered the welcome speech and Dr. Anoop S. Kumar, Assistant professor, GIFT proposed vote of thanks.

D. Teaching and Training programmes

1. Post Graduate Diploma in GST (PGDGST)

The training program comprising 120 hours of teaching through online mode has started in the month of July 2021. Forty-five hours of training classes are scheduled. Fourteen classes (42 hours) were conducted for weekend and weekday batches each for the months of August and September, 2021. Dr Ramalingamm Smt Jenny Thekkekara and Smt Anitha Kumary L , Associate Professors, GIFT handled the classes.

Course Co-ordinators: Dr. N Ramalingam and Smt. L Anitha Kumary

For more details: https://www.gift.res.in/index.php/course/detail/14/PGD-GST

2. PhD programme

The activities in PhD programme during August and September 2021

1) Core course for PhD programme (2021 or 3rd batch) started from June 1, 2021. The Following courses are running simultaneously with two lectures of 90 minutes each on every working day.

CC101: Foundations of Public Finance
CC102: Topics in Public Finance
CC103: A course in Indian Economy with Special Reference to Kerala
CC104: Research Methodology.
First batch PhD students are now at chapter writing stage. Second batch PhD students are currently going through the course work and are in the process of preparing their Proposal.

Course Coordinator: Dr. Zakaria Siddiqui

3. RCBP programme

RCBP 2021: Part A on Research Methodology, which commenced in June 2021, completed 15 lectures by July 2021. During the month of August, thirteen lectures have been conducted on various topics, including model adequacy tests, functional forms and elasticity, and dummy variables. Dr.Vijayamohan Pillai handled most of the sessions during the month. In addition, three special lectures have been organized. Prof. Narayana took his second session on "On writing a research proposal. Different data sets for research have been introduced in the two of the special lectures where Dr. Santhosh Dash took a session on World bank data, and Dr. Parma discussed the budget data.

During September, the remaining thirty lectures have been conducted. Dr Vijayamohanan Pillai handled three lectures on topics; Factor Analysis, Cluster analysis, Multi-dimensional scale, and Introduction to Time-series. Four lectures were exclusively allocated for research ethics by Prof. Mala Ramanathan. Dr. K J Joseph and Dr. Kiran Kumar Kakarlapudi took two sessions on the industrial sector in India: Issues for Data, Research, and Methods. While Dr. Zakaria Siddhiqui took a session on "The effectiveness of NSSO Surveys in Capturing Socioeconomic Diversity," Dr. Renjith took a session on RBI data.

Course Coordinator: Dr. Renjith P S

E. Publications

1. Kerala Tax Reporter (KTR)

August issue of KTR published Online and offline.

https://www.gift.res.in/ktr

2.Innovation and Development

A Routledge journal from GIFT, Volume 11, No. 1 published, Editor in Chief, K J Joseph.

For details, please visit https://www.tandfonline.com/toc/riad20/current

3. Weekly update on the Indian Economy

This is an attempt by the Young Scholar' Forum in GIFT, led by Smt. Shency Mathew to update on important developments in the national economy. Latest issue: 18-24, September 2021.

For details, please visit https://www.gift.res.in/index.php/publish/publish_list/14/Weekly-Updates-on-Indian-Economy.

F. Faculty Publications

1. Dash, S. K. & Mohanty, A. R. (2021). The Impact of Income on Public Health and Education Financing: Evidence from the Indian States, Journal of Public Affairs, Accepted.

2. Sahu, J. P. & Dash, S. K. What Explains FDI Inflows to ASEAN Countries? Evidence from Quantile Regression, Journal of Asian Economic Integration, 3(1), 25-37.

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Soft copy of Kerala Economy is iavailable in GIFT website.
For free download, please visit www.gift.res.in

Gulati Institute of Finance and Taxation (GIFT), Thiruvananthapuram, Kerala, formerly Centre for Taxation Studies, has been conceived as a premier national institute to promote theoretically grounded and empirically based research in finance, taxation and related issues within an interdisciplinary perspective to aid policy making at the national and sub-national level. Affiliated to Cochin University of Science and Technology, GIFT is also mandated to facilitate research leading to PhD and undertake training programs for capacity building of different stakeholders, including government officials. It also offers a Post Graduate Diploma in Goods and Service Tax. Recently, GIFT joined hands with Kerala Financial Corporation (KFC) in training the new entrepreneurs being promoted under the Chief Minister's Entrepreneurship Development Programme (CMEDP).

The governance of the Institute is entrusted with a Governing Body and an Executive Committee, consisting of scholars of eminence and senior administrators representing both the Central and the State Governments. K. N. Balagopal, Minister of Finance, Government of Kerala, is the Chairperson of the Institute.

Gulati Institute of Finance and Taxation,
GIFT Campus, Chavadimukku,
Sreekariyam, Thiruvananthapuram, Kerala - 695017.
Phone : 0471 2596970, 2596980, 2590880, 2593960.
Email : keralaeconomy@gift.res.in www.gift.res.in