

# GST meeting on PM pledge to slash rates

## Cement, tyres, ACs, building materials likely to get cheaper

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The GST council meeting on December 22 is likely to reduce tax slabs for a host of items, including cement, tyres, air conditioners, construction and farm equipment, as well as certain electronics devices.

These items are placed in 28 per cent tax segment. After revision, they would figure in 18 per cent bracket, sources said. Thirty-four goods are at present in the highest tax bracket of 28 per cent.

Coming against the backdrop of the BJP's loss in the three Hindi heartland States of Rajasthan, Madhya Pradesh and Chhattisgarh, the move is seen as a part of the Government plan to incentivise consumption and increase demand in key sectors of economy ahead of the Lok Sabha polls.

On Tuesday, Prime Minister Narendra Modi had said 99 per cent goods and services will be brought under 18 per cent or less GST slab and the highest tax slab will be restricted to a few select items, such as luxury and sin goods.

"We are of the opinion of making GST as smooth as



possible for the enterprises. In earlier days, the GST was framed according to the existing VAT or excise tax structures exercised in those respective States. (With) the discussions held from time to time, the tax system is getting improved," Modi said.

Meanwhile, Bengal Finance Minister Amit Mitra questioned Modi's unilateral reduction of GST sidestepping GST Council of State Finance Ministers.

Congress president Rahul Gandhi took a swipe at Modi for finally realising the need to rationalise the GST regime. "The Congress has finally jolted Narendra Ji from his deep slumber on Gabbar Singh Tax. Though still drowsy, he now wants to implement what he had earlier called the Congress party's, 'Grand Stupid Thought'. Better late than never Narendra Ji!" a tweet from him read.

Last year, during Gujarat election campaign, Modi had taken a pot-shot at Rahul, saying, "a recently emerged economist" was propagating a "Grand Stupid Thought" by suggesting the GST rate should be capped at 18 per cent.

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"Under their Grand Stupid Thoughts, they want basic necessities of the poor to be taxed at 18 per cent.

At the same time they want cigarettes and alcohol to be cheaper. What logic is this?" Modi had said.

In the Saturday GST council meeting, the items which are likely to be retained in the 28 per cent slab, include aerated drinks, cigarette, bidi, tobacco products, pan masala, smoking pipes, automobiles, aircrafts, yachts, revolvers and pistols, gambling lottery. The GST has five tax slabs of 0 per cent, 8, 12, 18 and 28 per cent with daily essential items attracting nil tax rates and luxury, sin and some white goods at the highest tax slab.

In anticipation of a GST cut, there has been noticeable buying in shares of cement, tyre, and housing sector companies during

the last two days.

The Government hopes that reducing GST on cement from 28 to 18 per cent will give much-needed fillip to housing and construction sectors. Both these sectors; which are major employment creators, have been languishing and witnessed huge job losses.

A GST rate cut on cement to 18 per cent is likely to cost about Rs 20,000 crore annually to the exchequer. "Cement is an area where huge instances of evasion were taking place. If tax rates come down more people will buy it from the formal channel and would also boost housing sector as well," the official added.

The GST Council is also likely to slash tax rates on automobile tyres to 18 from 28 per cent currently. "A 28 per cent tax on automobile tyre impacts common man because ultimately he has to shell out the tax. The overall focus on December 22 Council meet will be to lessen the GST burden on common man," an official told PTI.