

01.07.2017

# THE HINDU BusinessLine

## **GST Council cuts tax rate on fertiliser to 5%**



Just a couple of hours before the Goods and Services Tax (GST) roll out, the all-powerful GST Council tonight reduced the tax rate on fertiliser to 5 per cent from previously decided 12 per cent.

Finance Minister Arun Jaitley, who heads the GST Council comprising representatives of states, said the decision to reduce the tax rate on fertiliser was taken because of apprehensions that price of the crop nutrient may go up.

The GST Council, in another move to give relief to farmers, also cut tax rate on exclusive parts of tractors from 28 per cent to 18 per cent.

“Some felt it (12 per cent GST rate) may be a burden on consumer. There was a consensus (in the GST Council) to bring rate to 5 per cent,” he told reporters after the 18th meeting of the Council.

The Council meeting was called more as a thanks giving meet with no formal agenda. But it did take up the cause of farmers at the meeting.

Prime Minister Narendra Modi attended a dinner for the GST Council members as a special thanks giving for the decisions the panel took since its formation in September last year.

Since its first meeting on September 23, 2016, the Council has met 18 times and decided on range of issues — from drafts of supporting legislations to GST rules, rates of taxes and fitting over 1,200 goods and services in the four-tire structure of 5 per cent, 12 per cent, 18 per cent and 28 per cent.

Jaitley said the Council meeting also approved additional set of rules. He did not elaborate on the issue.

The GST, which unifies more than a dozen central and state levies like excise duty, service tax and VAT, will be implemented from midnight tonight.

(This article was published on June 30, 2017)

### **Sowing picks up as cotton area more than doubles**

Kharif acreage up nearly 20% as most areas get good rain

An unprecedented increase in cotton sowing has seen the area under kharif cultivation going up by nearly 20 per cent, data released by the Agriculture ministry on Friday showed.

The area under cultivation at the end of the week stood at 222 lakh hectares as compared to 187 lakh ha against the corresponding week last year, it said.

With most parts of the country receiving good rains as the first month of monsoon activity comes to a close, there is an indication that sowing will pick up further momentum in the coming weeks.

Sowing of cotton so far has been particularly impressive with its acreage registering an increase of almost 2.5 times over the same period last year.

A substantial increase in cotton cultivation in Maharashtra (an increase of 6.51 lakh ha) and Telangana (3.16 lakh ha) has ensured that the acreage under cotton increased to 46 lakh ha from 19 lakh ha this week during the previous year.

### **Pulses acreage up**

The area under pulses, too, has risen by over 40 per cent to 18.8 lakh ha as compared to 13.04 lakh ha in the corresponding week last year.

Most of the increase in pulses cultivation was reported from Rajasthan (5.63 lakh ha), Madhya Pradesh (2.1 lakh ha) and Karnataka (1.05 lakh ha), the ministry data showed.

Sowing of paddy and oilseeds has, however, become sluggish. There is a 10 per cent drop in oilseeds cultivation, at 25.9 lakh ha, as compared to 28.35 lakh ha in the corresponding week last year. Rice, too, has lost momentum with sowing hardly keeping up with last year's 39.08 lakh ha.

There has been no increase in the sugarcane area, which remained at last week's level of 47.52 lakh ha, the government figures showed.

(This article was published on June 30, 2017)

## **June delivers 4% surplus rain; monsoon active in the North**

Set to extend to parts of Bihar, Uttar Pradesh and Madhya Pradesh

The South-West monsoon, currently active over Central, West and North-West India, delivered a surplus of 4 per cent at the end of June, the first month of the four-month season. June accounts for 17 per cent of total rainfall in the season.

The June rainfall has been above normal in the last two years — 11 per cent in 2016 and 16 per cent in 2015.

But 2013 had seen a massive deficit of 38 per cent, the first time in 113 years when the shortfall in June exceeded 30 per cent.

### **Big push in North**

Year 2013 had seen exactly the reverse, with June recording an unprecedented 132 per cent precipitation that also saw the monsoon, despite a delayed start, complete its run over the country 15 days ahead of schedule, the fastest since 1941.

As on Friday, the monsoon was on the verge of making a big push over the next two days in North India during which time it should extend its coverage to the remaining parts of Bihar, some more parts of Madhya Pradesh, and East Uttar Pradesh.

Subsequently, it is slated to enter West Uttar Pradesh, the National Capital Region, and some parts of Uttarakhand and Haryana, an update from the India Met Department (IMD) said.

Thus far, of the 36 Met subdivisions in the country, only seven, including South Interior Karnataka — the lone entry from the South Peninsula — were in deficit.

### **Longer wait likely**

The rest were to the East and North-East, namely, East Uttar Pradesh (-53 per cent); Bihar (-50 per cent); Jharkhand (-38 per cent); Gangetic West Bengal (-21 per cent); and Arunachal Pradesh (-25). South Interior Karnataka has a deficit of -23 per cent.

The IMD has already forecast heavy to very rains over Bihar and East Uttar Pradesh during the next two days.

Other deficient regions further to the East may have to wait out a few days more.

The drought-hit parts of the South Peninsula are either in the 'normal' or 'excess' rainfall category, except South Interior Karnataka.

The wait of this Met subdivision for a fuller monsoon could last a little longer.

(This article was published on June 30, 2017)

### **Heritage Foods passes on GST benefits to consumers**

Dairy products company Heritage Foods Limited has announced its decision to pass on tax benefits to its consumers in the GST regime.

As the nation gears up for the most anticipated tax regime since Independence, The One Nation, One Tax move has benefited the dairy industry in a positive way, the company said.

After the exemption of taxes on milk, Heritage Foods has reduced the sale price/MRP of Doodhpedha and milk cake by Rs 30/kg. The price has dropped down from Rs 350/kg to Rs 320/kg.

After the tax reduction from 14.5% to 12%, the price of ghee and butter has been reduced to Rs 18 per litre in the states of Andhra Pradesh, Telangana and Karnataka.

Heritage Foods has also decided to absorb the increase in tax component from 14.5% plus 2% excise duty to 18% on frozen desert or ice cream by not passing on the same to the consumer.

The Heritage Group was founded in 1992 by Nara Chandrababu Naidu, Chief Minister of Andhra Pradesh. Managed by family members of Naidu, it achieved a turnover of Rs 2,643 crore in 2016-17.

### **Sugar under pressure in TN**

The sugar industry in Tamil Nadu will fall off the domestic industry chart in the coming season as production continues its downward spiral.

In the coming 2017-18 sugar season (October-September), the industry estimates sugar production could drop lower than previously estimated.

Output could hit a low of about 6-7 lakh tonnes in the coming season against the current season's 10-10.5 lakh tonnes. As of June 15, production is a little short of 10 lakh tonnes and another 50,000 tonnes could come in over the next couple of months.

In 2015-16, production stood at 10.98 lakh tonnes as of June, which was about one-third the capacity.

Fresh planted cane area available to the private sector mills as of April is about 28,100 acres for the coming season against 64,000 in the current season. The ratoon crop, the offshoot that comes up after harvesting, is 1.05 lakh acres (1.20 lakh). Fresh planting is "unbelievably

low”, indicating sugarcane farmers’ lack of enthusiasm, said a senior executive at a sugar company.

Going by current season numbers, the cooperative sector could contribute to less than 50 per cent of that for the private sector.

N Ramanathan, Managing Director, Ponni Sugars, said the anticipated drop is primarily due to the extended dry spell.

Apart from poor planting, farmers are harvesting immature cane, which should have been available to the mills in the coming season.

Sugarcane yield and sugar recovery have also hit a low. Output is less than 30 tonnes an acre, a 20 per cent drop that hits farmers’ income.

Sugar recovery is low at about 9 per cent while mills pay a statutory sugarcane price linked to 9.5 per cent recovery, which is a burden for the sugar mills.