



Current Affairs of the Day

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If Sept. 17 meeting endorses the move, Centre and States will see revenue impact

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The GST Council might on Friday consider taxing petrol, diesel and other petroleum products under the single national GST regime, a move that may require huge compromises by both Central and State governments on the revenues they collect by taxing these products.

The Council, in its meeting scheduled in Lucknow on Friday, may also consider extending the time for duty relief on COVID-19 essentials, according to sources in the know of the development. GST is being seen as a



Judicial wedge: In June, the Kerala High Court had asked the Council to decide on bringing fuels under GST. •VELDHANU

solution to the problem of near-record high petrol and diesel rates in the country, as it would end the cascading effect of tax on tax (State VAT

being levied not just on the cost of production but also on the excise duty charged by the Centre on such output). In June, the Kerala High

Court, based on a writ petition, had asked the GST Council to decide on bringing petrol and diesel within the goods and services tax (GST) ambit.

The sources said the question of bringing petrol and diesel under GST would be placed before the Council for discussion in light of the court asking the Council to do so.

When a national GST subsumed Central taxes such as excise duty and State levies like VAT, five petroleum goods — petrol, diesel, ATF, natural gas and crude oil — were kept out of its purview.

2. GST is being seen as a solution to the problem of near-record high petrol and diesel rates in the country, as it would end the cascading effect of tax on tax (State VAT being levied not just on the cost of production but also on the excise duty charged by the Centre on such output).
3. When a national GST subsumed Central taxes such as excise duty and State levies like VAT, five petroleum goods — petrol, diesel, ATF, natural gas and crude oil — were kept out of its purview.

Excluded from GST framework:

Petroleum crude & petrol

High speed diesel

Natural gas

Electricity

Alcohol for Human Consumption

Aviation Turbine Fuel



Most farmers did not know of agencies that procured crops under MSP: Report

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Only 23.7% and 24.7% paddy produced was sold under MSP in Kharif and Rabi season respectively of 2018-19.

MSP under implementation challenges:

1. Only about 24 per cent of paddy and 20 per cent of wheat is sold under minimum support price (MSP) in India, according to the findings of the 77th round of the National Sample Survey report.
2. The data from the report, titled *Situation Assessment of Agricultural Households and Land and Holdings of Households in Rural India, 2019*, is from the 2018-2019 agricultural year (July 2018-June 2019).
3. Only 14.5 and 18.5 per cent of farmer families sold their produce to the government procurement agency under MSP in the Kharif and Rabi seasons respectively. This figure was even less for wheat — only 9.7 per cent of farmer families sold their crops to the procurement agency under MSP.
4. A very minuscule number of farmer families sold crops such as maize, jowar, groundnut and rapeseed to procurement agencies.
5. As much as 27.9 and 40.7 per cent sugarcane was sold in Kharif and Rabi season to procurement agencies — the highest among other crops.
6. The report also highlighted the awareness around MSP among farming households. Despite the government declaring MSP on major crops every year, its awareness was as low as 40.7 per cent for paddy, 21 per cent for maize and 39.8 per cent for sugarcane.
7. Awareness was even lower for other crops such as ragi (4.3 per cent), coconut (11 per cent), soybean (28.3 per cent) and groundnut (22 per cent).



Food Systems Summit: How government is robbing billions of dollars from farmers

India's policies block farmers' earnings in order to keep food costs low for consumers, according to the latest UN report. India is a rare country that has been penalising its farmers instead of supporting them as most countries do, a recent report by the United Nations (UN) agencies has flagged. The report comes amid rising farmers' protests in India over unfavourable terms of trade.

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The report:

1. Food and Agriculture Organization (FAO), UN Development Programme (UNDP) and UN Environment Programme (UNEP) released the report. The report, titled *A Multi-billion-dollar Opportunity*, has demanded reforming and repurposing agricultural support systems across the world.
2. The latest report is part of this process and recommends specific steps to reform the food systems. It focuses on the countries' support to farmers that distort prices, encourage emission-intensive agriculture resulting in global warming and make the global agriculture trade an unequal one for the vast smallholder farmers.

Indian exceptionalism:

1. Its analysis showed that middle-income countries, in general, have increased their support for agriculture, even though they have different ways to do so. But, India along with Argentina and Ghana are exceptions in terms of taxing the producers to protect the consumers, or to keep food inflation low and affordable for the general population
2. Earlier, an analysis by the Agricultural Policy Monitoring and Evaluation 2020 of the Organisation for Economic Cooperation and Development (OECD) also highlighted India's massive penalty on farmers to keep food prices low.

Food Systems Summit: 'Supports to farmers keeping the world away from SDGs and the Paris Agreement'

In September three UN agencies — Food and Agriculture Organization (FAO), UN Development Programme (UNDP) and UN Environment Programme (UNEP) — released *A multi-billion-dollar opportunity: Repurposing agricultural support to*

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transform food systems. United Nations calls for repurposing and reforming price-distorting and environmentally harmful supports to farmers

Food systems and Climate change:

1. Agencies of the United Nations (UN) have called for a sweeping review of global support to farmers that are making the planet warmer and also keeping it away from attaining the Sustainable Development Goals (SDGs) by 2030.
2. The report analysed countries' support to farmers and the consequent adverse impacts on food prices, environment, global warming and farmers, specifically smallholders.
3. Support to farmers by countries has been a contentious issue in the regime of the World Trade Organization, putting the developed and developing countries at loggerheads.
4. The contemporary food production system has always been a cause of concern due to its high greenhouse gas (GHG) emissions.

Challenges:

1. The report's analysis of the support to farmers brought out three important conclusions: First, most of the support was targeted at a few commodities thus not benefiting all farmers.
2. Second, the support was for the most emission-intensive sectors like sugar and the beef production chain; and third, the current support systems had invariably helped corporates more than producers.
3. Currently, countries pump in \$540 billion a year as support to farmers. This is expected to triple by 2030 to \$1.759 trillion. "Yet 87 per cent of this support, approximately \$470 billion, is price distorting and environmentally and socially harmful," the report said.
4. These were inefficient, distorted food prices, hurt people's health, degraded the environment and were often inequitable, putting big agri-business ahead of smallholder farmers, a large share of whom were women, the report concluded, marshalling grim figures on the food systems' ecological footprints.

The report had a six-step recommendation to start the repurposing process. For governments, it suggested: measuring the support provided; understanding its positive and negative impacts; identifying repurposing options; forecasting their impacts; refining the proposed strategy and detailing its implementation plan; and, finally, monitoring the implemented strategy.

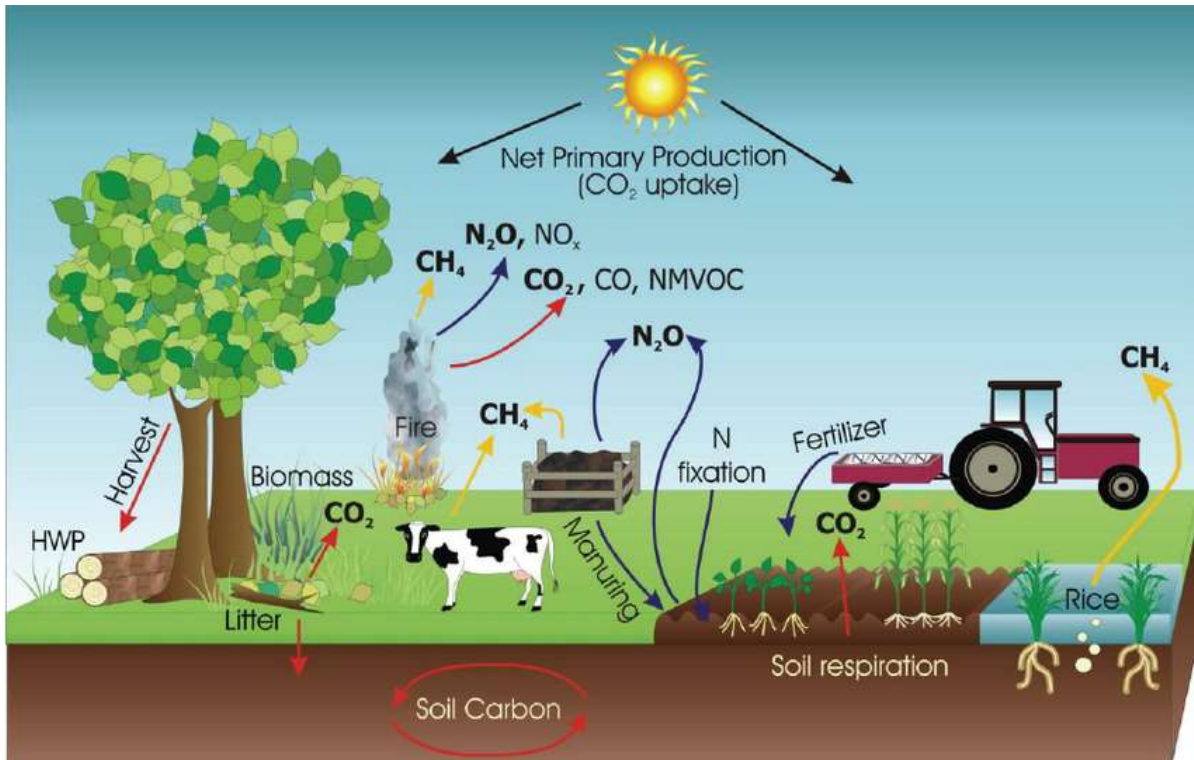


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Emission from Food Systems



Practice MCQs

Q1. The inclusion of all excluded petroleum products, including petrol and diesel in GST will require the recommendation of the

- Parliament
- Lok Sabha Only
- Cabinet Committee on Economic Affairs
- GST Council

Mains DAWP

Q. Account for high levels of agricultural emissions. Discuss ways in which agricultural emissions can be reduced.