Western Roundtable meet focuses on NHP and GST

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Pune: Policymakers focused on National Health Policy (NHP-2017), implications of Goods and Services Tax (GST), Public Private Partnership (PPP), digital health, home care and prevention during the 2nd Western Roundtable meeting hosted by Healthcare Federation of India (NATHEALTH).

Opening the discussion, Dr Deepak Sawant, Minister of Public Health and Family Welfare, Government of Maharashtra said that the government of Maharashtra should join hands with NATHEALTH to make a history in medical science. “Like the Centre, Maharashtra government has also outsourced diagnostic screening and other services. For example, in dealing with swine flu, we collaborated with Lal Path Labs. Such projects can be scaled up,” said Sawant.

He further said that the Health Department is setting up 31 CT scan centres in the State. “But only CT Machines would not serve the purpose, we would need a supplementary support system and that can be done on PPP model,” he said.

NATHEALTH President, Brig Dr Arvind Lal said that for higher spending in the healthcare sector, PPP projects required to be scaled up and implemented across the country.

According to NATHEALTH ‘Aarogyा Bharat Report’, non-communicable diseases will cost India $6.2 trillion by 2030. Hence, India’s unique needs drive priorities for health care technology.
Are GST rates rational enough for rural people?

Much awaited Goods and Services Tax (GST) will be rolled out across the country from July 1, 2017. The GST Council has almost finalised the rates. BK Jha analyses its impact.

The impact of Goods and Services Tax (GST) would be a major game changer for the economy for accelerating the economic growth and generating more and more employment opportunities. The government has certainly taken some precocious measures to keep inflation under check as essential items including food, which presently constitute roughly half of the consumer inflation basket, to be taxed at zero rate.

In a macro dynamic view the GST will have certain direct and indirect effects on India’s rural population; the direct benefits include increase in the income levels, reduction in prices of goods consumed by them, efficiency and increased government spending on rural sector, betterment in rural infrastructure and generation of employment opportunities.

Implementation of the GST will thus enable the farmers to generate a better understanding of tax system and will also remove the middlemen dealing which holds dominant position presently in all dealings done by the rural farmers, enabling them to deal directly and be the direct beneficiaries.

The GST Council: On the toos

The all powerful GST Council recently met in Srinagar to finalise the rates and with a broader consensus it finalised rates of over 1200 products and services. As earlier, health and education remain exempted. The Council has tried to be rational in terms of incidence of duties on products...
which are widely consumed in rural India.

The GST rates for all but six items were finalised. Foodgrains and common-use products like hair oil, soaps and toothpaste as also electricity will cost less from July 1 when the GST is scheduled to be rolled out. While the Council fitted all but six items in 5, 12, 18 or 28 per cent tax bracket. Prices of foodgrains, especially cereals including wheat and rice, will come down as they will be exempt from the GST. Currently, some states levy Value Added Tax (VAT) on them.

Union Finance Minister Arun Jaitley said, “Rates have been finalised. The standard rate items of 12.5 per cent and 15 per cent, plus the cascading effect of local taxes, the tax rate was going up to 30-31 per cent. From that level, we have brought it down to 28 per cent.”

Some are items to be used by common man soap, oil that has been brought down to 18 per cent. So there will be a substantial reduction as far as those items are concerned. We have kept one criteria in mind that the overall impact is not inflation, in fact it brings down the costs,” he added.

Jaitley said the key feature of the rate decision has been that “tax rate under GST will not go up for any of the commodities. There is no increase. On many commodities, there is a reduction particularly because the cascading effect of tax is gone.”

Of several commodities, we have consciously brought down the tax. In the overall basket there would be a reduction, but we are banking on the hope that because of a more efficient system, evasion would be checked and tax buoyancy would go up,” he added.

Indications are clear that the GST will bring benefits to the consumers due to reduced tax rates on various commodities such as packaged cement, medicaments, smart phones, and medical devices. Packaged cement attracts central excise duty, VAT and other levies. At these rates, the present total tax incidence works out to more than 29 per cent. If we include tax incidence on account of CST, octroi, entry tax, etc., the present total tax incidence would work out to more than 31 per cent. As against this, the proposed GST rate for cement is 28 per cent.

Healthcare & GST

There will be lesser tax burden in case of Medicaments, including Ayurvedic, Unani, Siddha, Homeopathic or Bio-chemic system also. Medicaments, in general, attract 6 per cent central excise duty and 5 per cent VAT. Further, CST, octroi, entry tax, etc. are also applicable in general. At these rates, the present total tax incidence works out to more than 13 per cent. As against this, the proposed GST rate on medicines, including ayurvedic medicines, is 12 per cent. Likewise prices of smart phones are also likely to dip slightly with the proposed 12 per cent GST rate.

According to the Apex healthcare industry body NATHOKEX, exempting healthcare services from GST will provide much needed support for progress of the healthcare sector.

“We had recommended exemption for healthcare services from GST and rational rates for items which are widely used in the

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sector. This decision along with the directions set by the government in the recently announced National Health Policy should set a positive roadmap for the health of the nation,” said Anjan Bose, Secretary General, NATHEALTH.

“Exemption on services and rational rates on medical items should also send a positive signal to the investors for infusing much needed funds into healthcare and accelerate innovation for improving access to affordable Healthcare,” he added.

Anjan Bose
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Impact of GST on Rural Economy

“GST will be a messiah for the rural economy in terms of increased demand for durables and better understanding of the taxation. As 70 percent of the population is in the rural segments, GST will become a catalyst for common rural market in India with the removal of state level barriers,” said SP Sharma, Chief Economist, PHDCG.

“The implementation of GST is expected to bring uniformity across states and centre which would make tax support policy of a particular commodity effective. The ease of availing tax credit under GST regime is expected to boost inter-state trade leading to achieving the objectives of National Agricultural Market,” he added.

The implementation of GST is expected to facilitate the implementation of National Agricultural Market on account of subsuming all kinds of taxes/cess on marketing of agricultural produce as well as it would ease interstate movement of agricultural commodities which would improve marketing efficiency, facilitate development of virtual markets through warehouses and reduce overhead marketing cost.

Since agricultural commodities are perishable in nature in varying degrees therefore trade is influenced by the time required for

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transportation. The simple uniform tax regime is expected to improve the transportation time, and curb wastage of precious food. The present system many times, makes it difficult to implement tax support provided by the centre for an agri-commodity due to heterogeneous policies adopted by the different states.

Integrated GST vs Others
Uniform tax system would certainly benefit rural people. Middlemen will be wiped out. Entrepreneurship will be encouraged. However, there is need to incentivise rural entrepreneurs.

“There will be need to effectively synchronise all forms of uniform taxation system. Integrated, Central, State and UT GST. Value added credits need to be timely set off.” The IGST will facilitate easy movement of goods across the country and this will certainly boost rural economy,” said Sanjay Sahran, Financial Analyst and Head of Sanjay Sahran & Company.

“Universal set off tax paid under IGST against CGST and SGST will boost rural economy as goods movement across the country would be easy and smooth. Further the government should develop facilitation centre at every Mandi for generating IGST online bills, then only rural entrepreneurs will be free from the clutches of middlemen and real benefits of the new regime would be visible,” he added.

Furthermore, the government should incentivise to all the billings raised in backward districts and rural areas and create conducive business environment in rural India.