

ECONOMY

Decriminalisation of offences under GST Why was there an emphasis on criminal jurisprudence behind the penal provisions in the GST law?

CONTEXT: Should imposing penal laws be discouraged to attract investors and businesses? What are the recommendations of the 48th GST Council meeting?

- The 48th GST Council meeting was held on December 17. The GST Council chaired by Finance Minister Nirmala Sitharaman recommended to decriminalise certain offences under Section 132 of the Central Goods and Services Tax (CGST) Act, 2017. Some other recommendations, for the facilitation of trade, include an increased threshold of the amount of tax for prosecution, reducing the compounding amount in GST etc.

What was previously criminalised under GST?

- Since the implementation of GST, there has been a significant increase in tax evasion, with numerous cases of taxpayers using multiple strategies to avoid indirect tax coming to light.
- Tax authorities are actively using technology and data from e-way bills and GST returns to check evasion. The GST law establishes stringent penalties and guidelines that taxpayers must abide by in order to ensure smooth intrastate or interstate trade of goods and to combat corruption and maintain an effective tax collection system.
- The GST Law provides for two different types of penalties. They may be both concurrent and simultaneous. The department authorities have the authority to impose monetary fines and the seizure of goods as penalties for violating statutory provisions.
- Criminal penalties include imprisonment and fines, which are also provided by GST Law but which can only be awarded in a criminal court following a prosecution. Sections 122 to 131 of the CGST Act of 2017 contain provisions relating to penalties, while Sections 132 to 138 contains provisions relating to prosecution and compounding. The amount of tax evaded, the amount of Input Tax Credit (ITC) improperly claimed or used, or the amount of refund improperly claimed determines the length of the prison sentence.
- The aforementioned section further divides offences into those that are cognisable and bailable and those that are not cognisable and bailable. Additionally, it is observed that many non-compliances fall under both categories of penalties, prosecution, and compounding.

Which are the offences under GST law which attract IPC and CrPC provisions?

- Under the CGST Act, if a group of two persons or more agree to commit an illegal act like tax evasion, fraud etc. they are held liable under the act of criminal conspiracy. While Section 120A of the Indian Penal Code (IPC), defines criminal conspiracy, Section 120B deals with punishment for the same and Section 46 of the Code of Criminal Procedure (CrPC) deals with how the arrest is made.
- Section 69 of the CGST Act provides the power to arrest a person by an order of a commissioner when he believes that a person has committed any offence under Section 132. Section 67 of CrPC states that if a summons is issued outside the local authority, a duplicate copy of that summons should be sent to the Magistrate of that outside authority to serve the summons.
- Section 165 of CrPC deals with the search by the police officer while Section 67 of the CGST Act defines that only an officer not below the rank of joint commissioner can authorize in writing an inspection or search.

Why did Parliament include penal provisions in the GST law?

- While replying to the queries of the members of the Rajya Sabha on April 6, 2017, then Union Finance Minister Mr. Arun Jaitley laid emphasis on criminal jurisprudence behind the penal provisions in the GST law. He said that “this (arrest provisions) was thoroughly debated by all the Finance Ministers (Union and States), and there were clearly two views at the very outset.
- The first view was, ‘why arrest’? The second view was, supposing a man defrauds ₹100 crore, is the State government powerless? And he has no assets to recover it from; what do you do? What is the kind of deterrent? And then, the wisdom of the Council itself was that they chose a middle path....So, up to a fraud of two crore rupees [now five crore rupees, after CGST (Amendment) Act, 2018], no arrest....only in the very big fraud cases where a man forges a complete transaction, it is only then that the arrest is made.
- And this was the actual division — should you have no arrest or should you have arrest only in rare cases and with very stringent conditions”. He also explained how compounding of offences and arrest co-exist, “Arrest is for the offence and compounding is when the prosecution is fled, which is the next stage. So, after arrest, you are on bail or not on bail; when the prosecution is fled, there is a separate chapter which gives you the option of asking for a compounding on such payment as the rules may themselves prescribe”.

What has been recommended to decriminalize the GST offences?

- The 48th GST Council meeting has recommended various measures to decriminalize the GST offences such as raising the minimum threshold of tax amount for launching prosecution under GST from one crore to two crore, except for the offence of issuance of invoices without supply of goods or services or both, reducing the compounding amount from the present range of 50 to 150% of the tax amount to the range of 25 to 100%, and decriminalising certain offences specified under Section 132 of the CGST Act, 2017, such as obstructing or preventing any officer from doing his duties, deliberate tempering of material evidence and failure to supply information.

What will be the impact of decriminalisation?

- The GST is a novel taxation system that includes a number of globally unprecedented features. The law is still developing and is in its infancy which makes the same difficult and uncertain to enforce. There are instances of conflict between court decisions and rulings.
- The government is still working to streamline the laws. In comparison to the pre-GST era, the GST compliance process with granular reporting is noticeably more onerous.
- Therefore, it is important to recognise that imposing penal provisions in an ambiguous ecosystem significantly alters how businesses perceive risk and uncertainty, directly impacting their ability to conduct business.
- The law already contains sufficient penalties that serve as a deterrent against tax evasion. Investors may be discouraged by the fear of criminal sanctions in small, trivial, and petty matters, even before their engagement in any business activity or investment.

What are the other recommended measures to facilitate trade?

- Two major recommendations include refunding unregistered persons and facilitating e-commerce for micro enterprises.
- There was no procedure for claim of refund of tax borne by unregistered buyers in cases where the contract/agreement for supply of services, like construction of flat/ house and long-term insurance policy, is cancelled and the time period of issuance of credit note by the concerned supplier is over.
- The Council recommended amendment in CGST Rules, 2017, along with issuance of a circular, to prescribe the procedure for filing application of refund by the unregistered buyers in such cases.
- The GST Council in its 47th meeting had also granted in-principle approval for allowing unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs), subject to certain conditions.
- The Council approved the amendments in the GST Act and GST Rules, along with issuance of relevant notifications, to enable the same. Further, considering the time required for development of the requisite functionality on the portal as well as for providing sufficient time for preparedness by the ECOs, the Council has recommended that the scheme may be implemented from October 2023.

What next?

- If the above decriminalisation of GST offences are implemented with adequate checks, then prosecution, arrest and imprisonment in GST cases would only be in the rarest of rare cases of hard, habitual, deliberate defaulters and blatant specific fraudulent practices. Other minor grievances may be dealt with in other resolution mechanisms such as Alternate Dispute Resolution (ADR) mechanism, private ruling and mediation, faceless adjudication and appeals, etc. There were speculations that this GST council meeting will also deliberate on issues like the establishment of a GST Appellate Tribunal, Group of Ministers Reports on Pan Masala, Gutka and Group of Ministers Reports on online gaming, casinos and horse racing. However, none of these were discussed.

PRELIMS

1. Reforms in Telecom Sector

The Union government had approved various structural and procedural reforms in the telecom sector.

Key Points

The reforms include:

- Rationalisation of Adjusted Gross Revenue (AGR);
- Rationalisation of Bank Guarantees (BGs);
- Rationalisation of interest rates and removal of penalties;
- Dispensing with the requirement of BGs (for auctions held henceforth) to secure instalment payments;
- Increasing spectrum tenure from 20 years to 30 years (in future auctions);
- Permission for surrender of spectrum after 10 years (in future auctions);
- Dispensing with the requirement of Spectrum Usage Charge (SUC) for spectrum acquired in future spectrum auctions;
- Removal of additional SUC of 0.5% for spectrum sharing;
- Permission for 100% Foreign Direct Investment (FDI) in telecom sector under automatic route subject to safeguards;
- Fixed time for spectrum auctions (normally in the last quarter of every financial year);
- Requirement of licenses under 1953 Customs Notification for wireless equipment replaced with self-declaration;
- Permission for Self-KYC;
- e-KYC rate revised to only one Rupee; Dispensing with the requirement of fresh KYC for shifting from Prepaid to Post-paid and vice-versa;
- Replacement of paper Customer Acquisition Forms with digital storage of data;
- Easing SACFA clearance for telecom towers; and Addressing liquidity requirements of the Telecom Service Providers by way of moratorium/deferment.

4G:

- 4G mobile coverage has been provided to 98% of the population of India.
- This massive 4G roll-out has boosted economic activities across the country, which has resulted in growth and creation of job opportunities.

5G:

- As far as 5G is concerned, permissions have been accorded to Indian TSPs for conducting trials for use and applications of 5G technology.

Structural Reforms

- ❖ Rationalisation of Adjusted Gross Revenue: Non-telecom revenue will be excluded on prospective basis from the definition of AGR.
- ❖ Bank Guarantees (BGs) rationalized: Huge reduction in BG requirements (80%) against License Fee (LF) and other similar Levies. No requirements for multiple BGs in different Licenced Service Areas (LSAs) regions in the country. Instead, One BG will be enough.
- ❖ Interest rates rationalized / Penalties removed: From 1st October, 2021, Delayed payments of License Fee (LF)/Spectrum Usage Charge (SUC) will attract interest rate of SBI's MCLR plus 2% instead of MCLR plus 4%; interest compounded annually instead of monthly; penalty and interest on penalty removed. For Auctions held henceforth, no BGs will be required to secure instalment payments. Industry has matured and the past practice of BG is no longer required.
- ❖ Spectrum Tenure: In future Auctions, tenure of the spectrum increased from 20 to 30 years. Surrender of spectrum will be permitted after 10 years for spectrum acquired in the future auctions. No Spectrum Usage Charge (SUC) for spectrum acquired in future spectrum auctions.
- ❖ Spectrum sharing encouraged: Additional SUC of 0.5% for spectrum sharing removed.
- ❖ FDI Reforms: To encourage investment, 100% Foreign Direct Investment (FDI) under automatic route permitted in Telecom Sector. All safeguards will apply.

Procedural Reforms

- ❖ Auction calendar fixed: Spectrum auctions to be normally held in the last quarter of every financial year.
- ❖ Ease of doing business promoted: The cumbersome requirement of licenses under 1953 Customs Notification for wireless equipment removed and replaced with self-declaration.
- ❖ Know Your Customers (KYC) reforms: Self-KYC (App based) permitted. E-KYC rate revised to only One Rupee. Shifting from Prepaid to Post-paid and vice-versa will not require fresh KYC.

Significance of Reforms

- ❖ Investment & Employment: This will pave the way for large-scale investments in the telecom sector. Investment means employment - more the investment, more the employment.
- ❖ Healthy Competition: It is a welcome step towards strengthening the industry and ensuring survival of players to maintain healthy competition for the benefit of the customers.
- ❖ Cash Flow & Relief: These measures are expected to ease the cash flow issues being faced by some players in the industry and provide relief to companies such as Vodafone Idea that have to pay thousands of crores of rupees in unprovisioned past statutory dues.
- ❖ Reducing NPAs: The telecom package comes as a relief to the banks as it mitigates the imminent possibility of default by vulnerable operators. This would help in stabilising and reducing the non-performing assets in the sector.
- ❖ Increased Repayments: The steps announced by the government will help the companies conserve cash and it will significantly improve the probability of repayment at least for the next 3-4 years.

2. Panini's 'Ashtadhyayi'

An Indian student claims to have solved Sanskrit's biggest puzzle—a grammar problem found in the 'Ashtadhyayi'.

About

Confusion in Interpretation of Ashtadhyayi:

- ❖ Ashtadhyayi delves deep into the language's phonetics, syntax and grammar.
- ❖ It also offers a 'language machine', where you can feed in the root and suffix of any Sanskrit word, and get grammatically correct words and sentences in return.
- ❖ To ensure this 'machine' was accurate, Panini wrote a set of 4,000 rules dictating its logic.
- ❖ But as scholars studied it, they found that two or more of the rules could apply at the same time, causing confusion. To resolve this, Panini had provided a 'meta-rule' (a rule governing rules), which had historically been interpreted as: 'In the event of a conflict between two rules of equal strength, the rule that comes later in the serial order of the 'Ashtadhyayi' wins'.
- ❖ However, following this interpretation did not solve the machine's problem. It kept producing exceptions, for which scholars had to keep writing additional rules.

Solution to This Problem:

- ❖ In his thesis titled 'In Panini We Trust', Dr Rishi Rajpopat took a simpler approach, arguing that the meta-rule has been wrongly interpreted throughout history; what Panini actually meant, was that for rules applying to the left and right sides of a word, readers should use the right-hand side rule.
- ❖ Using this logic, he found that the 'Ashtadhyayi' could finally become an accurate 'language machine', producing grammatically sound words and sentences almost every time.
- ❖ The discovery now makes it possible to construct millions of Sanskrit words using Panini's system—and since his grammar rules were exact and formulaic, they can act as a Sanskrit language algorithm that can be taught to computers.

Panini, the 'father of linguistics'

Period:

- ❖ Panini probably lived in the 4th century BC, the age of the conquests of Alexander and the founding of the Mauryan Empire. He has also been dated to the 6th century BC, the age of The Buddha and Mahavira.

Location:

- ❖ He likely lived in Salatura (Gandhara), which today would lie in north-west Pakistan. Panini was probably associated with the great university at Taksasila, which also produced Kautilya and Charaka, the ancient Indian masters of statecraft and medicine respectively.

About Ashtadhyayi

- ❖ 'Ashtadhyayi', or 'Eight Chapters' - Panini's great grammar. It is a linguistics text that set the standard for how Sanskrit was meant to be written and spoken.
- ❖ The Ashtadhyayi laid down more than 4,000 grammatical rules, couched in a sort of shorthand, which employs single letters or syllables for the names of the cases, moods, persons, tenses, etc. in which linguistic phenomena are classified.

Significance:

- ❖ By the time it was composed, Sanskrit had virtually reached its classical form — and developed little thereafter, except in its vocabulary.
- ❖ Panini's grammar, which built on the work of many earlier grammarians, effectively stabilized the Sanskrit language.
- ❖ Panini's grammar is one of the greatest intellectual achievements of any ancient civilization, and the most detailed and scientific grammar composed before the 19th century in any part of the world.
- ❖ The earlier works had recognised the root as the basic element of a word, and had classified some 2,000 monosyllabic roots which, with the addition of prefixes, suffixes and inflexions, were thought to provide all the words of the language.

3. GI Tag to Gamosa and Five Agricultural Products

In News : Recently 'Gamocha' and Five agricultural products of Kerala have been granted Geographical Indication (GI) status.

About Gamosa

- ❖ A 'gamocha' literally means a towel and is a handwoven rectangular cotton piece of cloth with red borders and different designs and motifs.
- ❖ It is traditionally offered to elders and guests as a mark of respect and honour by Assamese people.
- ❖ It is an integral part of all socio-religious ceremonies in the state and is considered as an Assamese identity and pride.
- ❖ It is a symbol of the culture and identity of Assam.

Features:

- ❖ For specific purposes, it is also made of expensive materials like traditional Assamese 'Pat' silk and in different colours as well.
- ❖ A 'gamocha' meant for exchange during 'Bihu' festival is known as 'Bihuwan'.
- ❖ This unique scarf, which is found only in Assam, is also used as a signifier of reverence while decorating altars or covering religious books.

About Five agricultural products

Attappady Attukombu Avara (beans):

- ❖ It is cultivated in the Attappady region of Palakkad, and is curved like a goat's horn as its name indicates.
- ❖ Its higher anthocyanin content compared to other dolichos beans imparts violet colour in the stem and fruits.
- ❖ Anthocyanin is helpful against cardiovascular diseases along with its anti diabetic properties.
- ❖ Calcium, protein, and fibre content are also high and the higher phenolic content in it imparts resistance against pests and diseases, making the crop suitable for organic cultivation.

Attappady Thuvara (red gram):

- ❖ It is having seeds with a white coat. Compared to other red grams, its seeds are bigger and have higher seed weight.
- ❖ This delicious red gram, which is used as vegetable and dal, is rich in protein, carbohydrate, fibre, calcium and magnesium.

Kanthalloor-Vattavada Veluthulli (garlic):

- ❖ It contains higher amount of sulphides, flavonoids, and proteins.
- ❖ It is rich in allicin, which is effective against microbial infections, blood sugar, cancer, cholesterol, heart diseases, and damages to blood vessels.

Onattukara Ellu (sesame):

- ❖ Onattukara Ellu and its oil are famous for its unique health benefits. Relatively higher antioxidant content in Onattukara Ellu helps in fighting the free radicals, which destroy the body cells. Also, the high content of unsaturated fat makes it beneficial for heart patients.

Kodungalloor Pottuvellari (snap melon):

- ❖ It is consumed as juice and in other forms.

- ❖ This snap melon, which is harvested in summer, is an excellent for quenching thirst.
- ❖ It contains high amount of Vitamin C and nutrients such as calcium, magnesium, fiber, and fat content are also high.

About Geographical Indication (GI) Tag

- ✚ GI or Geographical Indication Tag is used for products which have specific geographical origin or have qualities that can be attributed specifically to the region.
- ✚ A GI is primarily an agricultural, natural or a manufactured product (handicrafts and industrial goods) originating from a definite geographical territory.
- ✚ Paris Convention: It is a part of the intellectual property rights that comes under the Paris Convention for the Protection of Industrial Property.
- ✚ Act in India: In India, Geographical Indications registration is administered by the Geographical Indications of Goods (Registration and Protection) Act of 1999.
- ✚ Protection: Once a product gets this tag, any person or company cannot sell a similar item under that name.
- ✚ Validity: This tag is valid for a period of 10 years following which it can be renewed.
- Benefits of GI Tag: It confers legal protection to Geographical Indications in India Prevents unauthorized use of a Registered Geographical Indication by others. It provides legal protection to Indian Geographical Indications which in turn boost exports. It promotes the economic prosperity of producers of goods produced in a geographical territory.

ANSWER WRITTING

Q. What is Cyber Dome Project? Explain how it can be useful in controlling internet crimes in India.

Cyber Dome project is a technological research and development centre of Kerala Police Department, conceived as a cyber centre of excellence in cyber security, as well as technology augmentation for effective policing.

It envisages as a high tech public-private partnership centre of collaboration for different stakeholders in the domain of cyber security and handling of cyber crimes in a proactive manner. India has witnessed a 457% rise in cybercrime incidents under the Information Technology (IT) Act, 2000 from the year 2011 to 2016.

Cyber Dome project can be useful in controlling these internet crimes in India

- The project can help in preventing cyber crimes through development of a cyber threat resilient ecosystem in the country to defend against the growing threat of cyber attacks. To effectively tackle cybercrime, the Government has collaborated with private sector and academia to conform rapidly changing technology world.
- The Cyber dome will act as an online police patrol. Through its Anti-Cyber Terror Cell and a cyber security training unit, its officers will generate intelligence on various cyber threats in near real time and track fugitives online by monitoring their online activities, including social networking sites.
- It will create a digital repository of stolen and lost vehicles and travel documents, track online payments to prevent money laundering and channelling of funds to dubious organisations and issue cyber security advisories.
- Cyber dome would have centre for social media awareness, protection of children on the Internet, Internet monitoring and ICT (Information and Communication Technology) in service delivery.
- Cyberdome in collaboration with the RBI, Banks, payment gateways and other wallet groups can tackle financial fraud.
- Through its ransomware school, Cyber Dome can understand, analyse and mitigate ransomware infections, create standard operating procedures to deal with ransomware, creating awareness among the public as well as government departments about ransomware and its precautionary steps.
- The Cyber dome is expected to enable sleuths to obtain vital leads in cases of cyber-related offences using advancements in the field of information technology.
- Of late, Cyber dome has used social engineering as the lynchpin of its policing strategy to snoop on radical groups that use the net for extremist activities.
- Cyber dome has made successful propaganda war against online games such as Blue Whale.
- Of late, Cyber dome has launched a covert cyber-surveillance and infiltration programme to crack down on child pornography. Thus, Cyber dome project has great potential to control internet crimes and must be replicated at the national level.

MCQs

1. How DNA can be as a useful tool in the forensic applications?
 - a) **Showing the same degree of polymorphism with hair follicles**
 - b) Showing different degrees of polymorphism with saliva
 - c) By not possessing any hereditary information
 - d) By the presence of lysozymes in it
2. Which of the following is the benefit of getting GI Tag?
 - I. It helps consumers to get quality products of desired traits.
 - II. Legal protection to the products
 - III. Promotes the economic prosperity of the producers of GI tagged goods

Which of the statements given above is/are correct?

 - a) Only I,II
 - b) Only II,III
 - c) Only II
 - d) All of the Above**

3. Consider the following Statements.
1. Recently, the SpaceX Falcon 9 rocket launched with the Surface Water and Ocean Topography (SWOT) spacecraft.
 2. SWOT will cover the entire Earth's surface between 78 degrees south and 78 degrees north latitude at least once every 21 days, sending back about one terabyte of unprocessed data per day.
 3. The satellite will measure the height of water in freshwater bodies and the ocean on more than 90% of Earth's surface.
- Which of the statements given above is/are correct?
- a) 1 only b) 2 only c) 1 and 3 only **d) All of the Above**
4. Consider the following Statements
1. Nataraja (Lord of the Dance), the Hindu God Shiva in his form as the cosmic dancer, is represented in metal or stone in many Shaivite temples, particularly in South India.
 2. It is an important piece of Chola sculpture.
- Which of the statements given above is/are correct?
- a) 1 only b) 2 only **c) Both 1 and 2** d) None of the Above
5. Consider the following Statements
1. The mascot for the FIFA World Cup 2022 was 'La'eeb'.
 2. 'La'eeb' in Arabic translates to 'super-skilled player', in anticipation of the hundreds of footballers about to land in the country.
- Which of the statements given above is/are correct?
- a) 1 only b) 2 only **c) Both 1 and 2** d) None of the Above
6. In light of the GST Act, which of the following statements are true?
1. GST is to be levied on supply of goods or services.
 2. All transactions and processes would be only through electronic mode.
 3. Cross utilization of goods and services will be allowed.
- Choose the correct option.
- a) 2 only
b) 1 and 3
c) 1, 2 and 3
d) 3 only
7. Consider the following Statements about 'Goa Liberation Day'.
1. It is celebrated on 19th December every year to mark the success of 'Operation Vijay' (a 36-hour military operation) undertaken by the Indian Armed Forces that liberated Goa from Portuguese rule.
 2. It is celebrated to recognise the achievements of Goa in the tourism sector.
- Which of the statements given above is/are correct?
- a) 1 only
b) 2 only
c) Both 1 and 2
d) None of the Above
8. Consider the following Statements.
1. INS Mormugao is the second ship of the Visakhapatnam-class stealth guided missile destroyers of the Indian Navy.
 2. The ship is armed with several indigenous weapons like medium-range surface-to-air missiles, BrahMos surface-to-surface missiles having range between 290 km to 450 km.
- Which of the statements given above is/are correct?
- a) 1 only
b) 2 only
c) Both 1 and 2
d) None of the Above
9. Recently Which Indian lady declared as winner of Mrs World 2022?
- a) Sargam Koushal**
b) Khushi Patel
c) Aarya Walvekar
d) Irene Skliva
10. Which district of Odisha is India's highest recipient of funds under the District Mineral Foundation (DMF) scheme.
- a) Keonjhar**
b) Puri
c) Cuttack
d) Koraput