

With highest population, UP to benefit most from GST 2.0: Yogi

Says tax cuts to boost farming, local industries, and create more jobs

MAULSHREE SETH
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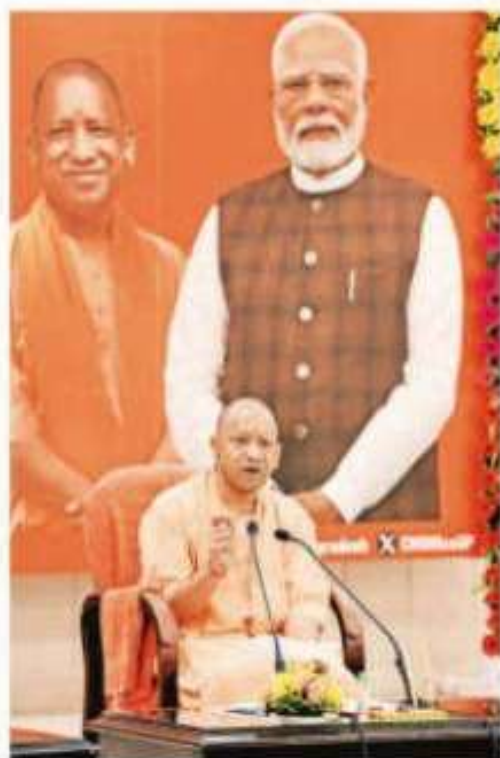
CITING THE state's large consumer base, Chief Minister Yogi Adityanath on Thursday claimed that Uttar Pradesh would "benefit the most" from the latest GST reforms, also pegged as GST 2.0.

Addressing a press conference at his Lucknow residence, the chief minister said the tax changes would give an immense boost to farmers and local industries, and thanked Prime Minister Narendra Modi and Union Finance Minister Nirmala Sitharam for a "Diwali gift" to the people.

"Uttar Pradesh, with the largest population in the country, would obviously stand to gain most out of it (the new GST rates). GST is a consumer tax, and the country's biggest consumer market is in Uttar Pradesh," said the chief minister, who addressed the press meet along with state Finance Minister Suresh Khanna.

Earlier this month, the Goods and Services Tax (GST) Council, in its 56th meeting, cleared the next-generation reforms under the eight-year-old indirect tax regime. It paved the way for a broad two-slab structure of 5 per cent and 18 per cent, with a demerit rate of 40 per cent rate only for super luxury, sin, and demerit goods. The new tax regime will come into effect from September 22.

The aim, the government claimed, was to lower the tax burden



Chief Minister Yogi Adityanath addresses a press conference in Lucknow on Thursday. *Express*

on people.

Before the advent of GST in 2017, the chief minister said, UP had a combined sales tax, VAT, and cess collection of about Rs 49,000 crore. "However, last year alone, UP collected Rs 1.15 lakh crore as state GST (excluding the state's central share). Even the Excise Tax collection, which was earlier Rs 12,000 crore, has now risen to Rs 55,000 crore. This has helped the economy," the chief minister said.

Stating that tax reduction in agricultural equipment and other farm inputs would benefit the three crore

farmer families of Uttar Pradesh, Adityanath said, "This will allow farmers to procure more at lower prices."

He also said that the reduction of GST on organic menthol would help the farmers of the state who were "facing competition from synthetic peppermint".

"There was a challenge for those growing menthol or peppermint in UP, as synthetic peppermint had come into the market. Now, under the new slabs, the tax on organic menthol would be 5 per cent, while that of synthetic would be 18 per cent. This will increase demand for organic products and also assist in their export," said the CM.

He also said that the new GST slabs would benefit the state's footwear and garment industry, with GST on footwear up to Rs 2,500 now fixed at 5 per cent and a reduction in GST on ready-made garments.

"Agra and Kanpur are major hubs of footwear manufacturing. This will not just help the industry but also boost employment," he said, adding that a tax cut would help UP achieve the target of becoming a hub for readymade garments.

Adityanath said the One District One Product (ODOP) initiative would also get a fillip with the GST cuts, further spurring local manufacturing and job creation.

"These reforms are expected to give a growth push of Rs two lakh crore to the economy," the CM said, adding that items of daily household use will now have zero per cent GST.