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This revenue impact, the report said, is 3 per cent of the gross tax revenue of the centre in 2019-20, up from 2.3 per cent in the previous year.

Accordingly, in the previous year as well, these trade agreements had impacted the revenue collection to the tune of Rs 48,793 crore, as shown by the "Statement of Revenue Impact of Tax Incentives", which is part of Union Budget's documents.

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Out of the Rs 65,734 crore revenue impact, the largest contributor is the free trade agreement with ASEAN countries, which led to Rs 34,779 crore or 53 per cent of the overall revenue hit, the report showed.

India signed a Comprehensive Economic Cooperation Agreement (CECA) with the 10-member ASEAN region in 2009, the goods part of which came into force partially in 2010 and fully by August 2011.

The services part of the agreement came into force in July 2015.

Interestingly, the revenue foregone as a result of India-ASEAN trade agreement has increased 53 per cent in the current financial year even as India's overall imports from ASEAN countries declined 5 per cent so far April-December 2019-20.

"Similarly, the revenue impact from India's trade agreement with Malaysia, which came into force in 2011, grew a whopping 160 per cent to Rs 3,683 crore in the current financial year. This is despite the fact that India's imports from Malaysia declined 4.7 per cent so far in 2019-20," the report said.

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Furthermore, the report showed that revenue foregone from FTAs stood at Rs 1,4028 crore in 2016-17 and subsequently grew to Rs 21,780 crore in 2017-18 and to Rs 48,793 crore in the following year.

In 2017-18, India's overall imports rose 21 per cent, while it grew 10 per cent in the following year. However, so far in the current financial year, India's overall imports declined around 8 per cent.

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February 21, 2020

Author: Canindia New Wire Service



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TIWN



PHOTO: TIWN

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BUSINESS

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Source: IANS

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Friday - February 21, 2020 1:04 pm , Category: BUSINESS

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Cargo containers are seen stacked outside the container terminal of Jawaharlal Nehru Port Trust (JNPT) in Mumbai, India, July 15, 2015. REUTERS/Shailesh Andrade/Files

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Author : IANS | February 21, 2020 01:04 PM



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This revenue impact, the report said, is 3 per cent of the gross tax revenue of the centre in 2019-20, up from 2.3 per cent in the previous year.

Accordingly, in the previous year as well, these trade agreements had impacted the revenue collection to the tune of Rs 48,793 crore, as shown by the "Statement of Revenue Impact of Tax Incentives", which is part of Union Budget's documents.

While in terms of GDP, the revenue foregone constitute 0.32 per cent of the overall nominal GDP in 2019-20, which is higher than 0.26 per cent of GDP in the previous year.

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The services part of the agreement came into force in July 2015.

Interestingly, the revenue foregone as a result of India-ASEAN trade agreement has increased 53 per cent in the current financial year even as India's overall imports from ASEAN countries declined 5 per cent so far April-December 2019-20.

"Similarly, the revenue impact from India's trade agreement with Malaysia, which came into force in 2011, grew a whopping 160 per cent to Rs 3,683 crore in the current financial year. This is despite the fact that India's imports from Malaysia declined 4.7 per cent so far in 2019-20," the report said.

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Commenting on the revenue impact of trade agreements, Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai said: "Trade agreements are generally beneficial as they facilitate a country's integration in regional and global value chains. Therefore, revenue foregone because of preferential import duty under these agreements is a worthy sacrifice."

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Furthermore, the report showed that revenue foregone from FTAs stood at Rs 1,402 crore in 2016-17 and subsequently grew to Rs 21,780 crore in 2017-18 and to Rs 48,793 crore in the following year.

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Revenue impact from trade agreements Report

Business, Economy February 21, 2020, 4:16 pm Daily World

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Delhi, Business/Economy

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