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Title: Regarding 0.5% cess imposed on Services to fund Swachh Bharat initiative.

SHRIMATI PRATIMA MONDAL (JAYANAGAR) : Last month, the Government announced that a Swachh Bharat cess of 0.5% would be imposed on all services where service tax is charged. This cess, meant to fund Swachh Bharat initiatives was implemented on 15th November, 2015.

Inevitably, the burden of this indirect taxation will fall most heavily on the poor. The cost of the cess will not be borne by corporations or businesses, but by citizens availing of any services. The cess amount is fixed, independent of income. The burden of the additional 0.5 % tax will be much heavier for the poor to bear. Services that the Government is actively championing for the rural poor, like mobile and financial services, just became more expensive.

Further, the funds collected through the cess will be held entirely by the Central Government, though much of the work required under Swachh Bharat is the responsibility of State Governments. At the same time, the Government has changed the funding pattern of Swachh Bharat, cutting its responsibility from at least 75% of the cost to 60%.

If the Government is serious about improving the condition of sanitation and health in India, it must support successful State efforts, such as the successes of West Bengal in reducing open defecation, instead of cutting funding.