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Current Affairs Questions for CLAT Exam

Current Affairs Quiz 34

Directions: Study the following information carefully and answer the questions given beside.

The Centre and state governments seem to be on a collision course amid a sharp economic downturn that has eroded their financial positions. Fifteenth Finance Commission (FFC) chairman N.K. Singh on Friday sought a leverage with the Goods and Services Tax (GST) Council, arguing that tax rate cuts and grant of exemptions decided solely by the council affects the FFC's goal of optimizing revenue targets of the Centre and states.

Finance commissions look at projections of revenue and spending, but GST rates, exemptions, changes and implementation are the domain of the GST Council. "This leads to unsettled questions on the ways to monitor, scrutinize and optimize revenue outcomes," said Singh, while delivering the L.K. Jha Memorial Lecture in Mumbai.

He said the demand from states for extending the GST compensation given to them for revenue shortfall beyond the currently agreed 2022 will also have a bearing on the formula the FFC is set to recommend shortly on how the Centre should share its tax revenue with states.

Singh's comments assume significance as they indicate that the FFC's suggestions for revenue sharing could be more tight-fisted than states expect, which could trigger more friction between the Union and state governments.

The Narendra Modi government is facing the challenge of finding the money for higher welfare spending on schemes such as farmers' income support, as well as the burden of compensating states, when its own revenue growth is sluggish.

The FFC recommends a formula for sharing the Centre's direct and indirect revenues, barring cess.

The funds needed for compensating states for their GST shortfall are raised through a GST cess on items like tobacco. The central government needs to give GST compensation till 2022, the **[1]** year of the indirect tax reform.



1. When was the first finance commission set up which was chaired by K.C. Neogy ?

- A. 1956 B. 1951 C. 1947 D. 1964

2. Who heads the GST Council of India ?

- A. Narendra Modi B. Anurag Thakur C. Nirmala Sitharaman D. Amit Shah

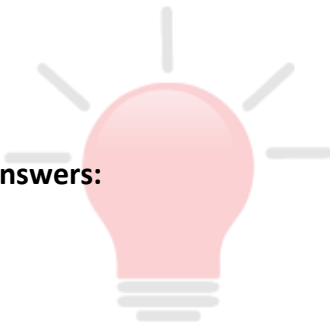
3. What percentage of tax has been decided to be charged on the tobacco items ?

- A. 0% B. 5% C. 12% D. 28%

4. How many years will GST have completed by year 2022?

- A. 5 B. 6 C. 3 D. 4

Correct Answers:



1	2	3	4
B	C	C	A

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Explanations :

1. The Finance Commissions are commissions periodically constituted by the President of India under Article 280 of the Indian Constitution to define the financial relations between the central government of India and the individual state governments. The First Commission was established in 1951 under The Finance Commission (Miscellaneous Provisions) Act, 1951.

Hence, option B is correct.

2. The council is headed by the union finance minister Nirmala Sitharaman assisted with the finance minister of all the states of India. The GST council is responsible for any revision or enactment of rule or any rate changes of the goods and services in India.

Hence, option C is correct.

3. Under GST, there will be an additional cess charged on the tobacco-related products, over and above the GST charged at the rate of 28%.

Hence, option C is correct.

4. The GST was launched at midnight on 1 July 2017 by the President of India, and the Government of India. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. It will complete 5 years by 2020.

Hence, option A is correct.

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