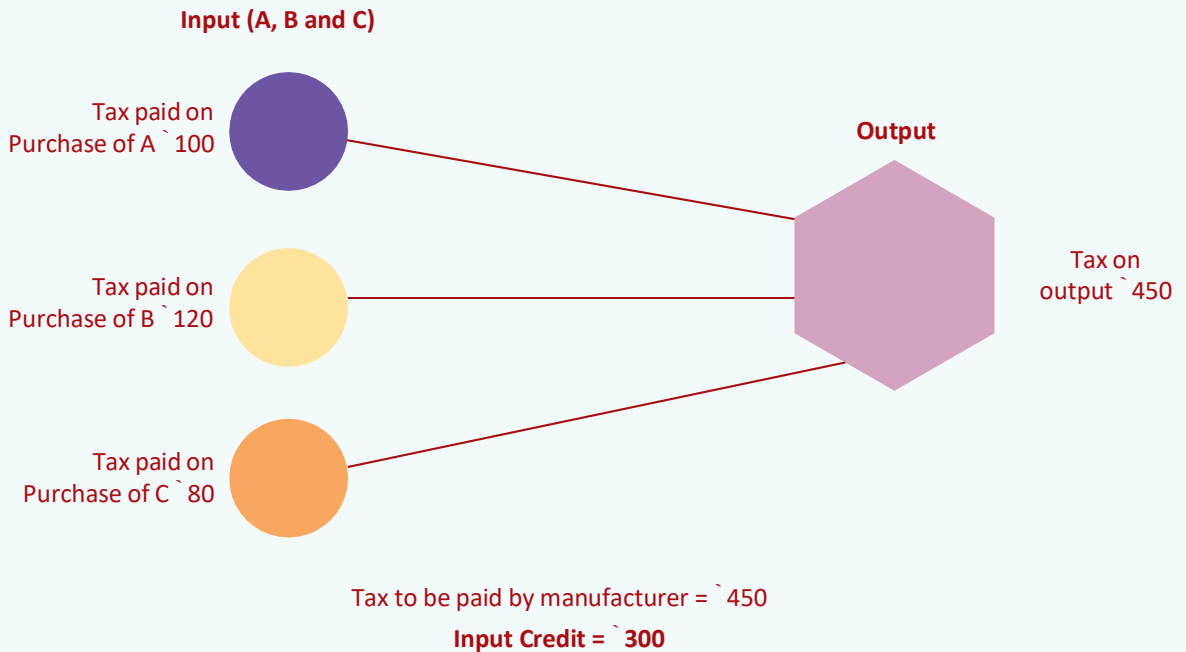


Input Tax Credit

- ❑ Input tax credit means at the time of paying tax on output, the manufacturer can reduce the tax he has already paid on inputs.
- ❑ It is one of the key features of the GST.



- ❑ Here, Tax payable on Output (Final Product) is ₹ 450 and tax paid on input (purchases) is ₹ 300. So, the manufacturer can claim an input tax credit (ITC) of ₹ 300 and ₹ 150 is only needed to pay as tax.
- ❑ Manufacturer, supplier, agent, e-commerce operator, aggregator or any of the persons who are registered under GST, can claim for ITC.

GST Council

- ❑ It is a constitutional body under Article 279A for making recommendations to the Union and State Government on the issues related to GST.
- ❑ **Members of Council**
 - Union Finance Minister as Chairperson
 - The Union Minister of State, in-charge of Revenue or Finance as Member
 - The Minister in-charge of Finance or Taxation or any other Minister nominated by each State Government as Members.
- ❑ The Council make recommendations to the Union and the States on important issues related to GST, like the goods and services that may be subjected to or exempted from GST, model GST Laws, principles that govern place of supply, threshold

limits, GST rates, including the floor rates with bands, special rates for raising additional resources during natural calamities/ disasters, special provisions for certain States, etc.

National Bench of GST Appellate Tribunal (GSTAT)

- ❑ The Tribunal would serve as the forum of second appeals regarding the applicability of GST, and will also be the first common forum of dispute resolution between the Centre and the States.
- ❑ **Composition**
 - The National Bench of the Appellate Tribunal, to be situated in New Delhi and will be presided over by its President.
 - It will consist of a technical member from the Centre and a representative of the States.

Concept of Money

Money is anything that has general acceptance as a means of payment for goods and services or settlement of debts.

Major Functions of Money

- It is used as a medium of exchange.
- It gives a common measure of value.
- It is used as a standard of deferred payments.
- It can also be used as a store of value.

Properties of Money

- **Fungibility:** Anything which is capable of interchanging unit by unit within itself or its individual units must be capable of mutual substitution (i.e., interchangeability). For example one can interchange a ₹100 note with ₹10×10 notes.
- **Durability:** Able to withstand the repeated use.
- **Portability:** Easily carried and transported.
- **Cognizability:** Its value must be easily identified.
- **Stability of Value:** Its value should not fluctuate.

Types of Money

Commodity Money

- The commodity money derives its value from the commodity out of which it is made.
- The commodity itself represents money, for instance, commodities that have been used as a medium of exchange include gold, silver, copper, salt, precious stones, etc.

Representative Money

- It includes token coins or any other physical tokens like certificates, that can be reliably exchanged for a fixed amount/quantity of a commodity like gold and silver.
- It is used against the backing of equivalent values of gold and silver.

Fiat Money

- It is also known as the fiat currency and its value is not derived from any intrinsic value or guarantee that it can be converted into a valuable commodity like gold.
- It derives its value, which is only based on Government order.
- Fiat money is also one that is declared legal tender. This includes any form of currency in circulation such as paper money or coins.
- Legal tender means something which cannot be refused as an option for payment, for example Indian Rupee, US Dollar etc.



Cryptocurrency

- Cryptocurrencies are peer-based money, such as bitcoin.
- This type of money is electronically based on electronic accounting entries that can be used as a medium of exchange.
- It works on block chain technology, which is a decentralized database that maintains a continuously growing list of records.
- In India Crypto-currencies are not legal tenders.

Measures of Money Supply

- Money supply is the total stock of all types of money, such as currency and demand deposits held with public and banks.
- The stock of money kept with the government and RBI, etc. is not taken into account in money supply as these are not in actual circulation in the economy.

Main Sources of Money Supply

- **The Government**
 - ❖ It produces coins of all denominations and the One Rupee notes.