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POLITICIZATION OF GOODS AND SERVICES TAX (GST)

Prof. Dr. Balsaheb Bawake

HoD, Department of English

C. D. Jain College of Commerce Shrirampur

bbbwake@gmail.com

Introduction:

Goods and Services Tax (GST) has been accepted and implemented in more than one hundred fifty countries. Goods and services tax, at the very initial stage, introduced by France and implemented it in their country in 1954. China, brought into use in 1994 after a detailed study of its benefits and its applicability. In China major source of tax is on agriculture and land. The Chinese government also imposed tax by giving right to states. In Australia Goods and Services Tax was implemented in the year 2000 in place of Federal Wholesale Tax.

The Indian taxation system was much different and was needed much reformations according to the change in the new economic system at global level. In India there were number of taxes imposed on the people of India. The government was collecting tax in direct or indirect form.

Through the GST, government brought into use indirect taxes under the single taxation regime. Taxes like excise duty, service tax, countervailing duty as well as state value added tax luxury tax, octroi and entry tax are brought under this new Goods and Service Tax regime. This new system will expand the tax base and could upgrade the economy at large. This new tax is expected to minimize the economical misrepresentation by inter-state variations in taxes. When included in one umbrella.

The major issues discussed by the officials are that of the division of taxation powers between state and central governments. Some imminent personalities like prof. Kavita Rao criticized the stance taken by government saying that individual states will lose their right to tax the commodities they want of their interest. A well known figure in economics shri. Prabhat patnaik express his opinion saying that states the states would have no autonomy of taxing like sales tax which amounts 8% of their revenue.

Keywords: Goods and Service Tax, Economic Growth, GST bill, Tax credit system, Lok sabha (Lower House), Rajya Sabha(Upper house), Political Parties.

In 2000, Indian government at centre suggested this new tax policy to be adopted in the country. The then prime minister of India Shri. Atal Bihari Vajpayee designed an Empowered Committee under the chairmanship of the then Finance Minister to frame the structure of GST by taking into account their experience of designing value added tax frame work.

In 2006-07 the then Finance Minister Mr.P.Chidambaram in his speech mentioned GST. He said "there is a large consensus that the country must move towards a national level GST and that must be shared between state and centre". He had proposed April 1, 2010 a day and date to introduce GST in parliament. Mr. P. Chidambaram after consultation with the Central Government. Had framed a Joint Working group to recommend the GST as a system for tax collection.

As Mr.Modi came into power and ruled for a year, on 22nd May 2015 union finance minister Arun Jaitley in a very optimistic way addressed in the press conference, " we are in the process of creating a history of the most important indirect tax reform- the GST"

During the winter session there was a lot of chaos in the parliament due to "Vyapam" and "Lalit-Gate" scams which affected and adjourned parliament work which caused postponed the tax reforms process.

In the second effort again government decided 1st April 2016 as the time limit to mount the GST regime, still government failed to get the bill passed out during the budget session of 2016 due to the deficiency of majority in Rajyasabha i.e. Upper House. Again the opposition party wanted to make some amendments in the Bill which was to be introduced in the parliament house. The monsoon session ended with chaotic situation on 13th August and government failed to get the GST Bill approved in the house. The house was adjourned sine die and could not get this Bill approved in the parliament. The Parliament Affairs Committee again decided to convene a special session of Rajya Sabha to get the GST Bill passed.

The GST Bill was presented in the Loksabha (parliament) on Dec 19th 2014 by Finance Minister Arun Jaitley as an amendment form. Before that the GST bill was presented in the house in 2011 by the then Congress lead United Progressive Alliance government. On 3rd August 2016 Rajya Sabha(Upper House) Approved the GST bill along with all the 9 amendments. The same bill was passed by Loksabha on 8th August 2016.

These events focus on the GST it's politicization by political parties. Though the bill was once passed in the Loksabha, on 6th May 2015, it was again sent to a selection committee of Rajyasabha on 14th May 2015 which caused the waste of time of both the houses.

The political parties like Congress Anna Dravid Munnetra Kazhagam and left parties expressed their disapproval and put a dissent note about the bill in Rajyasabha in 15th July 2015. Any bill, if the government has to pass is to be placed in both the houses with majority that is 2/3rd votes. If failed, the party in power can not call a joint sitting or a joint session of both the houses in a matter of disagreement over any Bill. So there is no provision to pass the bill without getting it passed in both the houses of parliaments. To get the Bill passed government in power requires support of 163 members.

NDA could win some more seat in the recent Rajyasabha election. Which helped the government easier to get the GST Bill passes in Rajyasabha.

This whole process shows how difficult it is to get any bill Passed out in both the parliament houses. This event motivated negotiations and political insinuation.

Both the parties kept blaming and criticizing for delaying Bill, obstructions in the reforms of the Bill, the congress members attack BJP that it had deliberately delayed this Bill all these years, otherwise Congress government could have introduced this Bill in the year 2011-12.

Congress accused BJP for delaying the GST because when prime Minister Narendra Modi the then Chief Minister of Gujrat and during his tenure as a chief minister he had opposed the GST bill. Communist party of India (Marxist) blamed the congress because during the Congress regime AIADMK was in opposition of the GST Bill and Congress party in need of support from AIADMK to be in power. Congress government would have been toppled down by the AIADMK if Congress had passed the Bill in Parliament.

Some major concern of the Congress party over the Bill was A) applying 1% tax on goods moving from state to state. B) Government should have an independent grievances redressal system. Congress party clarify its stance on the issues of GST referring to select a committee for review.

The Modi government neglected all the demands made by Congress. Now, on 19th December 2017, Finance Minister declare the GST Bill rolled out improvement in world banks ease of doing business ranking and sovereign rating upgrade.

Finance Minister said, "Enhancing the quality of life remained primary goal of the government. The Goods and service tax rollout from 1st July as a "transformational" reform which over valued the indirect tax system by replacing multiple central and state level. A new direct tax code has also been initiated to rewrite the income tax act".

The Finance Minister in the growth of economic front spoke about the GDP growth form July-September of 2017-18 was recorded at 6.3% a substantial increase from 5.7% in the first quarter.

Some of the burdens has no doubt been reduced by the decisions taken by the GST councils headed by union Finance minister arun Jetley. Eg.- the business with an annual turnover of less than Rs-1.5cr have now been permitted to file quarterly returns instead of every month. The composition skill allows small manufacturers Goods traders and eateries to pay Tax at a flat 1-5% rate without going through normal tedious GST procedures-has been raised from Rs.75lakh to Rs.1cr.

The Ex-Finance Minister and one of the leaders of the Congress party P. Chidambaram criticized the government move of making frequent amendments in GST. He said 27 reductions of rates, 7 prescriptions of rates, 22 exemptions, one waiver, and 15 extensions have been made by the government since it has introduced the Bill. These changes were to correct obvious errors in the framing and structure of GST, mostly for small and medium enterprises. P.Chidambaram mentioned that government haughtily rejected the criticism made in parliament when the law was being debated. The government deliberately kept and brushed aside the well intentioned advice of business associations and tax practitioners. It entrusted the drafting and implementation of the laws to civil servants. The results according to him were the innumerable flaws and the enormous hardship heaped on the business community.

Thus the politically motivated leaders could have applied GST earlier too but during Manmohan regime BJP and opposition parties created obstacles and during BJP regime Congress and others have been creating chaotic situation in the parliament which resulted the parliament remained adjourned for long time. As a result the so many working hours have been lost. It was the loss of money people have paid in the form of tax. The common man has been sandwiched between the political wars of two responsible parties. Both parties wanted to implement GST but it was the credit of implementing GST they were fighting for.

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