

## Hopes of early passage of GST revive

Five days before the second half of budget session, Cong officially gives support to draft law, but with caveats

Prospects of the constitutional amendment bill being passed in the upper House of parliament to allow the introduction of a goods and services tax (GST) were revived on Wednesday after the Congress officially gave the draft law its support.

However, the party caveated its support by reiterating its three demands. The ruling National Democratic Alliance (NDA) has signalled its willingness to go along, except for one of the three conditions—writing in an 18% cap into the law.

Expectations are that the two sides may find common ground on the potentially deal-breaking demand for the cap to be included in the law, especially since the Congress offer comes just five days ahead of the resumption of the budget session of Parliament on 25 April.

“The Congress party says by all means have a GST because we are its ardent supporters but put a cap of 18%. Do not permit a state government or centre or a GST council to raise a tax so high that it becomes cumbersome for the common man to pay that tax... 1% state specific tax even the CEA (chief economic adviser Arvind Subramanian) agrees should not be there and third, we are saying don't be a judge in your own cause—let a third neutral party judge a dispute and not a GST council be a judge,” Randeep Surjewala, chief spokesperson of the Congress, told reporters.

If indeed the Congress and the Bharatiya Janata Party (BJP)-led NDA strike a compromise, it would be yet another instance of the two bitter rivals agreeing to not let their political differences hold economic policy hostage. In the first half of the session the two had combined to pass the new real estate law. The apparent softening of the Congress's stand on GST comes at a time when it and the BJP have been engaged in a series of bitter exchanges over the encounter killing of Ishrat Jahan.

While senior BJP leaders and Union ministers accused the Congress leadership, including its president Sonia Gandhi, of compromising national security, the Congress leadership in turn charged the BJP with ignoring the judicial findings in the case.

In addition, the Congress has been under pressure from Indian businesses for its unwillingness to cooperate with the NDA in the passage of the GST legislation. Political analysts said that by voicing its early support, the Congress may be seeking to put the onus on the government.

“Being out of power, this is the only way in which the Congress party can be seen in the reckoning in the policy space—by saying that they are willing to come on board to pass a bill as critical as the GST. After facing flak for non-passage of bills, the message that the Congress party is trying to put forth is that they are also a pro-reform party,” said Manisha Priyam, a New Delhibased political analyst.

The NDA and the Congress have been at loggerheads over the bill, which needs the backing of the latter to be approved by the Rajya Sabha. If passed, the bill will bring about a uniform indirect tax regime in the country, allowing free movement of goods. In the upper House, the NDA has only 64 members, while it needs the support of 161 out of the 245 MPs.

NDA leaders have already started talking to regional parties for support on GST. Senior ministers in the government met Odisha chief minister Naveen Patnaik last week to seek his support. The Samajwadi Party has decided to support early implementation of the GST.

In an interview with Mint earlier this month, finance minister Arun Jaitley, in reply to a question on reaching out to the Congress on GST, said that the government wants a consensus route. “My preference will be to do GST through consensus, because everyone including the Congress (state) governments have to implement it. And everybody must be prepared. You see the only sticking point now is (a revenue-neutral GST rate of ) 18%. I have no difficulty in accepting the figure of 18%. It’s just that it should not be in the Constitution,” he said.

Ahead of the winter session last year, Prime Minister Narendra Modi held a meeting with Gandhi and former prime minister Manmohan Singh but it did not yield the desired results. Surjewala on Wednesday said that the government had not reached out to the Congress afresh.

Priyam added: “The war of words between the two parties is too severe. In such a situation, it is very difficult to imagine them coming together to pass a bill of this magnitude. I will not be surprised if the bill does not get passed in the second half of the budget session. The Congress wants to attach its name and cooperation to the Bill but I am not sure how keen the BJP would be to do something like that.”

“If we say that we are ready to pass the bill but along with the three non-negotiables, it is partly because we want to put the pressure up on BJP. Or let us just say we are paying back the BJP in their own coin. Their leaders have meetings with our Congress leaders and give misleading statements. It is part of our strategy to put forth the message that it is not we who are blocking the passage of the bill,” said a senior Congress leader and MP.

A senior NDA leader countered: “It seems there is a serious rethink in the Congress leadership and the party is also under pressure from the stakeholders, people of the country and also from investors abroad. The Congress must have realised that they can no longer be seen as an obstructionists and not allow government, crucial legislation to be passed. BJP and NDA will raise the issue of Ishrat Jahan but if Congress is serious in its approach, then nothing should stop GST from getting passed. The seriousness of the Congress to pass GST will be discussed when NDA meets before the start of the second half of budget session.”

*(HT Mint)*