

PM rules out a single GST rate

The PM said the GST had been designed to "eliminate inspector raj with the help of information technology", and suggested that the GST rollout was consistent with his vision of "minimum governance".

The PM in his last radio broadcast had said the tax reform was an example of cooperative federalism with decisions in all 27 GST Council meetings having been reached by consensus.

Modi said the number of enterprises registered since Independence until June 30, 2017, was 6.6 million. He said in just one year after the introduction of the GST, the number of new enterprises registered was 4.8 million. He said around 3.5 billion invoices were processed, 110 million returns were filed, and 100 million e-way bills generated. "Would we be looking at such numbers, if GST were indeed very complex?" Modi asked.

The PM said checkpoints across the country had been abolished and there were no more queues at state borders. "Not only are truck drivers saving precious time but also the logistics sector is getting a boost and thereby increasing the productivity of our country. Would this be happening if GST was complex?" he asked.

"GST was a massive change, requiring a complete reset of one of the world's largest economic systems. The reform merged 17 taxes, 23 cesses into one single tax. When it was finally introduced, it was our endeavour to make it simple and ensure

sensitivity of the system. There are often teething troubles seen when a reform of this magnitude is carried out, but these issues were not only identified but also addressed in real time," the PM said.

Modi said it was a work in progress, an evolving system that his government was calibrating, based on feedback from state governments, people, media, and other stakeholders. "A lot of feedback from the people, traders, etc, has been incorporated," he said.

While the Congress pointed out that United Progressive Alliance 2 could not implement the GST because of opposition from Modi and the BJP, the PM said: "We consolidated the states and developed proactively a consensus, where earlier governments had failed."

On whether rates will come down further, the PM said: "Talking about rates, earlier many taxes were hidden. Now, what you see is what you pay. The government has reduced taxes on nearly 400 groups of items... If you look at the rates, for most of the day-to-day commodities the rate has actually come down...."

The Congress has termed the Modi government's GST "flawed". Congress leader P Chidambaram on Sunday said the multiple GST rates must be reduced immediately to five, and then to three in a short time frame, and finally to a single rate with exemption from tax for the truly merit goods and services. Chidambaram said the single rate must not exceed 18 per cent.

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