ডঃ অমিত মিত্র
ভারপ্রাপ্ত মন্ত্রী
অর্থ বিভাগ,
পরিকল্পনা ও পরিসংখ্যান বিভাগ
এবং
কর্মসূচী নিরীক্ষণ বিভাগ
পশ্চিমবঙ্গ সরকার

Dr. Amit Mitra
Minister-in-charge
Finance Department,
Planning & Statistics Department
and
Programme Monitoring Department
Government of West Bengal

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Dear Smt. Nirmala Sitharaman ji,

I write this letter with great anguish. Many of us have observed a steady breakdown of the spirit of cooperative federalism and the erosion of the commitment to work out a consensus in the GST Council Meetings.

We are passing through dangerous times for the GST regime itself, when States' own revenues are in dire distress with a growth of (-) 3% during FY 2020-21. The gap between protected revenue and revenue collected has ballooned to Rs.2,75,606 crores. The actual compensation due to the States for 2020-21 has reached Rs. 74,398 crores. Fraudulent transactions hit a peak of Rs. 70,000 crores according to Nandan Nilekani's presentation to the GST Council.

What pains me the most is the fact that GST Council meetings have become acrimonious, vexing and almost toxic with erosion of mutual trust that had held fast between States and the Centre since the inception of the GST Council.

I recall many instances when GoI (The Chair) yielded to suggestions even from a lone voice from a State and in turn, States yielded to GoI proposals despite reservations. The Council vehemently debated over thousands of pages to formulate the GST Law, IGST Law and GST Compensation Law without any bitterness or antagonism. I recall that the possibility of a consensus almost broke down over how tax payers would be divided between Centre and States (vertical or horizontal formula) ending with a consensus on a 1.5 crore threshold, as proposed by States. But now I am afraid, that arriving at such consensus, even for much simpler matters, has become elusive.

Frankly speaking, Hon'ble Minister, an undercurrent has emerged in recent times that while the Chair hears the submissions of all States very patiently, indeed, there is a predetermined conclusion with which GoI, aided by its top bureaucrats, comes to the GST Council meetings.

At times, we have found that after hours of submission by Ministers, no conclusion or consensus is declared at the end of the meeting, as in the case of the 42nd meeting of the Council. In fact, we heard the conclusion from the Press Conference given by the Chair. However, even this conclusion was changed due to the advice of RBI – a decision taken outside the GST Council Meeting. Ironically, the final conclusion, springing from the RBI advice, was identical to the one that many of us proposed at the Council, that the Centre should borrow from its special window of the RBI, instead of the 31 States and Union Territories simultaneously hitting the market for loans.

Many of us as Ministers are also concerned that the GST Implementation Committee (GIC) consisting of officers, from a few States and mainly from the GoI, have started amending rules and presenting them only for the information of the GST Council – not for discussion and ratification. When the GIC was meant only for procedural issues, it has amended Rule 8 and 9 on Registration, Rule 21, Rule 21A, Rule 59, Rule 86B and Rules 138 and 138A on the vital issue of e-Way Bills. You would agree that such amendments and their implementation by GIC are undermining the powers of the GST Council.

Hon'ble Minister, given the impending crisis that the GST regime is facing today, now would be the time for us to pull together and rebuild trust and faith, not just hear but to listen to each other's logic with an open mind as we have done, for many years in the past, when we cut across party lines and regional diversities.

I recall, how we, the coastal States came together, differing with the GoI on taxing in territorial waters. The States which expressed a common view on this matter at the GST Council included Odisha (BJD), Andhra (TDP), Tamil Nadu (AIADMK), Karnataka (Congress), Gujarat (BJP) and West Bengal (TMC). After long discussions and presentations by officers, the Chair yielded to the demands of the coastal States overruling objections from officials to reach a consensus. Unfortunately, today we find the prevalence of a narrow view of political majoritarianism prevailing in the GST Council in contrast to the example cited above.

May I add that the seeds of the consensual process were sown through a rare consensus on 14th June, 2016 at the fateful meeting of the Empowered Committee of Finance Ministers of all States, cutting across all political parties, in Kolkata – a consensus which the Union FM finally accepted on the matter of compensation to States.