

23th September, 2010

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23.9.2010

Shri Pranab Mukherjee
Finance Minister,
Ministry of Finance,
Govt. of India,
New Delhi

Sub:- Advance interlocking of GST to prevent failure.

Sir,

Time is not far off when Nation will usher in era of GST. Business and Consumers look forward for a clean, honest and complication free system. At the advent of VAT too similar hopes and expectations were entertained. In certain States by virtue of special zone, Zero area, backward area and other schemes rates were brought down below the floor level Rates of Tax unmindful of the commitment that floor rates as per white paper are to be in parity. Concession forms were introduced. Additional, special additional, Entry Tax and the like Taxes were imposed even in the regime of VAT over and above the VAT which went against the essential doctrine of VAT and commitments recorded in white paper.

We humbly put forth the request that the distortions applied to VAT system may be avoided in GST.

We therefore recommend that, a mandamus legally binding should flow from centre and be made to be agreed by states to the effect that –

- i. Floor Rates will be strictly uniform and flouting them would be illegal.
- ii. Goods picked for zero (0%) percent Tax will strictly be same in all states.
- iii. No any other Tax levy or liability by any name and on grounds of expediency, urgency, financial urgency will be imposed when all taxes have been subsumed in GST and it should be made illegal.
- iv. No holiday schemes, no concessions forms, will be resorted to by any state without assent of the union Government.

- v. The power to accord assent to a post levy change will vest with centre which may consult all the states and look at the consensus and commitment & must have a pre-determined list of “Don’t’s” & may not deviate from the fundamentals.
- vi. Capital Goods should be defined alike in all states & their Rates should be made mandatorily uniform & any change could be affected with the decision of cabinet of the state and finally and compulsorily assented to by president of India.
- vii. C.S.T. should forth with be abolished as rates of concession against ‘C’ form @ 2% retard the growth of states, abets Inter State purchase, makes the industry uncompetitive. This may also be seen in the background of facts the before VAT states issued concessional forms like, 3-B, 3-D, 3-C etc. which compensated the likely losses due to concession of form ‘C’.

If these matters are not positively managed & monitored the system which is conceived the last target will become unpopular and the growth and development conceived will be severely retarded and the growing economy will not yield and rendered uncompetitive in the Global market.

Thanking you,

Yours faithfully,



Anil Gupta

President

- Copy to – 1. Forwarded to Principal Secretary, Industrial Development, Govt. of U.P. with the request to fight this cause of Industries with empowered committee & Finance Ministry in support of Industries.
2. Principal Secretary, SSI to please advocate & persue our cause with center.

Anil Gupta