

Reservations from States on GST

3382. SHRI M.P. ACHUTHAN:

SHRI K.E. ISMAIL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some States have reservation about the implementation of proposed Goods and Services Tax (GST) in the country from next year;

(b) if so, the reasons therefor;

(c) the States which have reservations; and

(d) what steps are being taken to bring about a consensus among the States on its implementation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Government of Tamil Nadu have communicated to the Central Government certain concerns related to the implementation of the proposed Goods and Services Tax (GST) in the country from next year. Their main concerns are for having a GST design that is not regressive, is aligned to federal principles of our Constitution, protects revenue interests of the States and Centre, and does not impose additional compliance burden on small and medium enterprises. They have also advised adoption of an implementation schedule for GST that permits requisite capacity building.

(d) The Empowered Committee of State Finance Ministers meets regularly to evolve consensus among States on the various issues involved.

CPI method of calculating inflation

3383. SHRI GIREESH KUMAR SANGHI: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to change method of calculation with regard to inflation rate which is based on Wholesale Price Index (WPI) which is not realistic;

(b) whether it is a fact that most developed countries use Consumer Price Index (CPI) to calculate inflation rate; and

(c) the reasons for India not switching over to CPI method of calculation of inflation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) There is no proposal to change the method of calculation of inflation based on the Wholesale Price Index (WPI), which is being published on weekly basis regularly since 1947.

(b) According to available information, 157 countries use the Consumer Price Index (CPI) to track inflation, while the WPI is used by 24 countries including India.

(c) The reason why India does not switch over to CPI method of calculating inflation is because we do not have an aggregate CPI, but only four sectional CPIs compiled at the National