

SHRI GHULAM NABI AZAD: The foundation stone was laid and inauguration was done during my time. So, let it be clear that that were not their work.

I would also talk about the question raised by our colleague -- he is here -- about another AIIMS coming up. Again during my period, Hooda sahib gave 300 acres of land free of cost in Jhajjar near the International Airport. And within three months' record time, we made a 90-room OPD.

MR. CHAIRMAN: Question, please.

SHRI GHULAM NABI AZAD: And the second AIIMS was to come up there with almost ₹ 2,000-3,000 crore. What is the progress of that? In the same premises, we had sanctioned another one and Dr. Manmohan Singh laid the foundation stone of that. Its cost was about ₹ 3,000 crore. It is the National Cancer Institute. Tomorrow, of course, they will say, because they will cut the feetah, that they have made it. What is the progress of that?

SHRI JAGAT PRAKASH NADDA: Sir, the Governments work in continuity. I have never said that the UPA did not do anything. I only said that the decision of making new AIIMS came during the NDA.

SHRI GHULAM NABI AZAD: You take the record. ...*(Interruptions)*... Take the record right now. ...*(Interruptions)*... Take the record right now. ...*(Interruptions)*...

SHRI JAGAT PRAKASH NADDA: Sir, I said. ...*(Interruptions)*... It was during Atal Bihari Vajpayee's time that the NDA Government decided to open ...*(Interruptions)*...

SHRI GHULAM NABI AZAD: I wrote here the word 'made'.

MR. CHAIRMAN: Please, Ghulam Nabiji.

SHRI JAGAT PRAKASH NADDA: Sir, the Governments work in continuity. They had also been working in continuity. As far as Jhajjar is concerned, fast progress is going on and it will be coming up very soon.

Constraints in reducing GST slabs

*33. SHRI DEVENDER GOUD T: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware of the statement made by the Chief Minister of Telangana that the Central Government has taken unilateral decision on GST;

- (b) if so, Government's comments thereon;
- (c) whether it is a fact that Government of Telangana has gone to Supreme Court on GST; and
- (d) the constraints that the Government has to reduce GST slab to 5 per cent on ongoing projects?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) to (d) A Statement is laid on the Table of the House.

Statement

- (a) We are not aware of any such statement made by Chief Minister of Telangana.
- (b) Decision on GST are taken on the basis of recommendations of the GST Council in which the Central Government and the State Governments are represented. All decisions taken in the GST Council's meetings so far are taken unanimously. The Central Government has not taken any unilateral decision on GST.
- (c) Government is not aware of any such case filed by State Government of Telangana.
- (d) In the pre-GST period Works Contract Service (WCS) was leviable to both Service Tax and VAT. Though specified works contract services provided to Government were exempt from Service tax, there were embedded taxes on input goods due to non-availability of input tax credits (ITC) of duties paid on them. The total incidence of indirect taxes (Central and States) on WCS in general was close to 18% and on works contract services on specified Government projects was close to 12%. Some of input goods such as, cement and paints and varnishes attract GST @ 28%, while other input goods attract GST @ 18%. Thus, input tax credit in respect of goods alone comes to about 12%. Reducing the rate to 5% on ongoing projects would not be justified in view of the pre- GST incidence of taxes and free flow of ITC. That's why GST Council did not find it advisable, because it would result in inverted tax structure and resultantly, refund of input tax credits.

SHRI DEVENDER GOUD T.: Sir, GST is a big financial reform in independent India. I would like to know from the Finance Minister what the revenue collection is after the introduction of GST and whether it has increased or decreased. I request you to provide the details since July, if possible.

SHRI ARUN JAITLEY: Sir, the main question does not really relate to the revenue aspect. It relates to a letter written by the Telangana Chief Minister with regard to the works contract. Nonetheless, I will answer it. I think we have been making steadied progress as far as the revenues are concerned. And as far as the revenues of the States are concerned, in the Constitution Amendment itself and the laws which have been enacted, it is provided that the year 2015-16 will be taken as the base year for all the States and a 14 per cent increment would be given to them on an annual basis which would be ensured by the GST Administration itself for the first five years. Therefore, the first increment would factor in an increase for the year 2016-17 when there was no GST and the second one would be for the year 2017-18. That is the basis on which it has been calculated. Till date, every State is taking 2015-16 revenue as the base and adding two 14 per cent increments, the bimonthly revenue split, two months at a time, and the States are being paid accordingly on the basis of the revenue which is being collected.

SHRI DEVENDER GOUD T.: Sir, what are the reasons for keeping the petroleum products and other products out of GST? And when are you going to bring them under the GST?

SHRI ARUN JAITLEY: Sir, the Constitution Amendment Bill which has been passed by the Parliament and ratified by the State Assemblies actually has not kept petroleum products out. Petroleum products are a part of the GST but a decision to levy the GST on petroleum products can be taken only after the GST Council takes a decision, and the Council takes a decision by a 75 per cent or three-fourth majority itself. Therefore, we don't need to amend any law if petroleum products are to be brought into the GST framework. The constitutional amendment provides for it but I think when the Council takes up the decision with regard to its inclusion, only then will it come within the GST framework.

श्री अजय संचेती: सर, यह जीएसटी की दर क्या रहेगी और different slabs में उसके rates क्या रहेंगे, यह निर्णय जीएसटी काउंसिल करती है। जीएसटी काउंसिल का निर्णय होने के बाद अलग-अलग स्टेट्स में अलग-अलग मिनिस्टर्स, चीफ मिनिस्टर्स स्टेटमेंट्स देते हैं कि यह ठीक नहीं है, यह होना चाहिए, वह होना चाहिए, जबकि जीएसटी काउंसिल में प्रतिनिधित्व सभी स्टेट्स का होता है। तो जिस निर्णय के वे सहभागी हैं, उसके होने के बावजूद वे बाहर जो कहते हैं, क्या उसका कोई constitutional impact इस जीएसटी बिल पर आता है?

श्री सभापति: मंत्री जी, बोलिए।

श्री अरुण जेटली: सभापति जी, जीएसटी काउंसिल में हर राज्य के वित्त मंत्री रहते हैं। इसमें 29 राज्यों के वित्त मंत्री, यूनियन टेरिटरीज के प्रतिनिधि और उसके अलावा केन्द्रीय वित्त मंत्री तथा

केन्द्रीय वित्त राज्य मंत्री रहते हैं। यह उसका कोरम रहता है। अभी तक हम लोगों की परंपरा रही है कि हम लोग हर महीने एक बार मिलते हैं, शायद दिसम्बर के महीने में हम लोग न मिलें, लेकिन जनवरी के महीने में इस बार फिर दोबारा मिलेंगे। इसमें टैरिफ्स के संबंध में जितने भी निर्णय होते हैं, उसके लिए काउंसिल की एक फिटमेंट कमेटी है, वह पहले अपनी रिप्रेजेंटेशन को कंसिडर करके अपनी सिफारिश देती है। वे सिफारिशें फिर काउंसिल के सामने आती हैं और काउंसिल के अंदर उनके ऊपर विस्तृत रूप से चर्चा होती है और रेट्स तय होते हैं। मुझे यह बतलाते हुए खुशी इस बात की है कि अभी तक जितने भी निर्णय हुए हैं, वे सभी सर्वसम्मति से हुए हैं, कोई ऐसा निर्णय नहीं हुआ है, जो वोट के माध्यम से हुआ हो। चूंकि हम लोकतंत्र हैं, इसलिए लोकतंत्र में बहस होती है। अब बाहर लोग क्या कहते रहें, बाहर की राजनीति क्या है, लेकिन काउंसिल के भीतर कम से कम अभी तक मैंने इस प्रकार की राजनीति नहीं देखी है।

SHRI P. CHIDAMBARAM: Sir, I am not satisfied with the answer given by the Finance Minister to the second supplementary of Mr. Goud and I think the hon. Finance Minister avoided a direct answer. Of course, the law allows petroleum products to be brought under GST. And then, the Finance Minister gave a technically correct answer that the GST Council will decide. The question really is: When will the GST Council decide? When will the GST Council take up this subject and what is the position of the Central Government, which has virtually a veto on the decision of the GST Council? Let me explain, Sir. Just one minute. If you go by crude oil prices of May, 2014 and say in October, 2017 — since then there has been a rise in crude oil prices — prices fell by 49 per cent, allowing for exchange rate variation, price of petrol and price of diesel should have come down by at least 20 per cent at the retail level. But, at the end of October, 2017, the price of petrol was the same as it was in May, 2014 and the price of diesel was Re.1 more than in May, 2014. Question is: Now that BJP is in power in 19 States, as they rightfully claim, and they are in power in the Centre, what prevents the Government from moving the GST Council to decide that petroleum products should be immediately brought under GST?

श्री सभापति: कौन-सी पार्टी कहां पावर में है, वह तो हमारा इश्यू है नहीं।

SHRI ARUN JAITLEY: Sir, the hon. Member, when he asked me this question, is certainly familiar with the whole issue and, in fact, more than familiar. He will recollect that when UPA was in power, they knew the limitations as far as petroleum was concerned. So, in the 115th Constitutional Amendment, which was proposed, petroleum was kept completely out of GST. The UPA Constitutional Amendment draft proposals presented before the Parliament did not include petroleum products ever to be a part of GST itself because UPA well knew that it will be a deal breaker between the Centre and the States

if you bring petroleum in. And, therefore, you did not make even an effort. Now that you are in Opposition, you have a far greater flexibility in reversing your position. That is a different matter. After a great deal of consultation, we had managed to persuade all the States to agree to bring in petroleum within GST itself. But the States reluctantly agreed to do so. In the initial draft, they were not agreeing. In meeting after meeting of the Empowered Committee, we persuaded them and finally, the deal with the States was that petroleum will be brought in the GST as far as the Constitutional Amendment was concerned. It will be only when the States decide and agree upon it that the Council will have the power to then decide to bring the petroleum into the GST. As far as the Central Government is concerned, we are in favour of bringing it - Let me categorically state this - but we would await the consensus of the States. I do hope that at some stage sooner than later the States agree to the consensus.

As far as the October 2017 prices, that you have mentioned, are concerned, yes, we are equally concerned as far as the petroleum prices are concerned. There was a rise as far as the crude prices were concerned. Therefore, we did bring down some Central duties. We also wrote to all the States to bring down the State duties. Please do not forget that a large part of the taxation on petroleum is also the State taxes on petroleum itself. I am glad a number of States governed by the BJP brought the prices down. The UPA States singularly refused to bring down the prices down as far as the petroleum was concerned in October.

SHRI K.T.S. TULSI: Sir, part (c) of the Question is whether it is a fact that Government of Telangana has gone to Supreme Court on GST. The answer to that Question is: 'We have no information.' But according to the media reports, the Chandrashekhar Rao's Government has decided to go to the Supreme Court for imposing GST on works contracts. Also, the State is raising the issue that Mission Bhagiratha, Mission Kakatiya, irrigation projects, road building etc. should not be taxed. ...*(Interruptions)*...

MR. CHAIRMAN: Short question please.

SHRI K.T.S. TULSI: They were taxed in the VAT regime at 5 per cent. Now, the taxation under GST has brought it down from 18 per cent to 12 per cent but still 5 per cent to 12 per cent, there is a huge gap, which is hitting their economy and development projects. What would the hon. Minister like to say?

SHRI ARUN JAITLEY: Sir, on the service sector contracts, as a category and a class, the GST Council have decided that there would be a 18 per cent GST. This was

firmly decided for the entire country itself. Thereafter the Chief Minister of Telangana raised this issue in regard to the works contract as far as the State Government works contract and the Governmental works contracts were concerned. The matter was then put up before the GST Council again. The GST Council, after a detailed consideration and the recommendations of the fitment committee and after discussing it with all the State Governments, reviewed that decision. The reviewed decision was that as far as the works contracts are concerned, which are executed by the Governments, the rate would be brought down to 12 per cent but if the material component of that contract itself, like in many irrigation projects, is below 25 per cent then the GST rate would be 5 per cent. So, you now have a dual rate - 5 per cent if the material component is below 25 per cent and in other cases 12 per cent. Also, please remember when you speak in terms of 12 per cent or 5 per cent, the input taxations are quite heavy. For instance, in the works contract as the regime stands today, there are inputs in a construction industry which are taxed at either 28 per cent or 18 per cent. So, a bulk of what you say is 12 per cent would actually get subsumed and absorbed once the input tax credit of that 28 per cent or 12 per cent is taken into consideration. Therefore, the Council has taken a decision. To the best of my knowledge, we have no information of anybody having gone to Court.

*34. *[The questioner was absent]*

Health Risks of Electronics Smoking

*34. SHRIMATI SAROJINI HEMBRAM: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

- (a) whether Government has issued an advisory to all State Governments on the health risks of electronic smoking;
- (b) if so, the details thereof;
- (c) whether the products such as e-cigarettes, nicotine and flavoured hookah are also mentioned in the advisory as extremely harmful to health; and
- (d) if so, the details thereof?

THE MINISTER OF HEALTH AND FAMILY WELFARE (SHRI JAGAT PRAKASH NADDA): (a) to (d) A Statement is laid on the Table of the House.

Statement

- (a) No such advisory on the health risks of electronic smoking has been issued by this Ministry to State Governments.