

Arun Jaitley seeks support of states for GST roll-out

Expressing government's commitment to push growth, **Finance Minister Arun Jaitley** on Monday said the Centre and states need to work together to roll out Goods and Services Tax (GST), address supply side bottlenecks and take strict steps to check hoarding and black marketing to tame inflation.

Addressing the pre-budget consultative meeting of state Finance Ministers, he also underlined the need to break the vicious cycle of high inflation and high interest rates.

"Mandate of 2014 clearly spells out that economic growth cannot be compromised at any cost and is sine qua non to reap the benefits of the demographic dividend," he said, adding that there is a need to "round off corners" towards GST implementation.

Finance Minister of several states demanded that the Centre address issues pertaining to compensation on account of revenue loss following roll-out of GST, which is being touted as the **most significant indirect tax reform**.

Talking to reporters after the meeting, Gujarat Finance Minister Saurabh Patel said: "Most of the states have said that employment and infrastructure should be given priority and how to increase revenue of the states."

Jaitley during his address to state FMs said: "States must complement each other in managing the economy and fiscal policy, which is the essence of cooperative federalism. In doing so (we) must act like a team."

He said that while aiming for high growth, fiscal discipline should not be compromised, he added.

He also emphasised the need for states to address supply side bottlenecks to manage inflation.

Retail inflation has touched a three-year high of 8.59 per cent in April, and the WPI inflation was 5.7 per cent.

Jaitley in his speech in the three-hour long meeting said: "Long inflationary trends have adversely impacted the food and nutritional security of the common man. We are committed to breaking this vicious cycle of high inflation and high interest rates."

He further said that slowdown in economic growth, coupled with high inflationary pressure, poses a challenge to the country's economy, which has crawled at sub-5 per cent in the recent years.

"...there have been states registering much robust growth. This is clearly a case of sum being less than its parts and needs to be addressed through our concerted efforts."

He also sought states' support in tackling fluctuation in prices.

"We also would like to evolve a mechanism, which addresses the structural issues that create supply bottlenecks. We need to look at the Essential Commodities Act and put in place strict measures and special courts to stop hoarding and black marketing," he said.

He said the need for a single agriculture market and real time information dissemination on prices to farmers and consumers are areas which need to be addressed.

As part of the economic integration, he further said, Goods and Services Tax (GST) is one pending issue, on which now consensus needs to be built and "implementation done at an early date".

"Implementation of GST has the potential to significantly improve the growth story...there are some vexatious issues which only need resolution. I wish and hope that these will be sorted out sooner than later," he said.

Earlier in the day, President Pranab Mukherjee said curbing food inflation was topmost priority of the Narendra Modi-led government at the Centre.

The slowdown in economic growth coupled with high inflationary pressure, he said poses a challenge to the macroeconomic environment.

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