

Dear Professional Colleagues,

No Special Session on GST as the Parliament prorogue Monsoon Session

The Cabinet has decided not to call for a Special Session to pass the much-hyped and much-delayed Constitution(122ndAmendment) Bill,2014 on Goods and Services Tax ("**GST Bill**" or "**122nd CAB**")in the wake of opposition from Congress. On Wednesday, September 9, 2015, the Cabinet Committee on Parliamentary Affairs (CCPA) decided to recommend to the President to prorogue the Monsoon Session. The GST Bill will now be considered in the Parliament's Winter Session.

Earlier, the Government had kept the Monsoon Session alive by deciding not to recommend immediate prorogation of the Houses after they adjourned sine die, in the hope of building a consensus on GST, but the Congress has refused to cooperate unless its demands for action against BJP Ministers for alleged corruption were met.

The Hon'ble Finance Minister, Mr. Arun Jaitley regretted that the Congress was playing politics on the GST Bill initiated by itself as all other parties were with the Government. "***Our priority is growth and so we will keep trying for passage of the Bill,***"Mr. Jaitley said.

Our Comments:

GST has missed several deadlines, all thanks to political wrangling of our Country. Now, all the eyes are on the Winter Session likely to start from November 24 and conclude on December 23. But whether the inexorable Congress will allow the Parliament to work even in the Winter Session is again a million dollar question at this crucial point of time when Special Session could not be convened now. Also with the Opposition showing no sign of relent, and demanding the resignations of Foreign Minister SushmaSwaraj and the Chief Ministers of Madhya Pradesh and Rajasthan, they may again create obstacle in blocking the Parliamentary proceedings in the upcoming Winter Session due to the same polity mindset.

Even if the GST Bill is passed by the Rajya Sabha in Winter Session, the Government will be left with a narrow time window to implement GST by April 1, 2016 as this GST Bill needs to be ratified by at least 50% of total States assemblies. Further, after enactment of the GST Bill, GST Council will be formed within 60 days from the date of commencement of 122nd CAB, with the Union Finance Minister as the Chairman and Minister of State, Finance & the State's Finance Ministers as members, which will decide the GST – Mode, Models, Exemption, Rates, etc.

*"The date today doesn't seem to be under my control because of obstructionism of Congress, but hopefully sooner or later it will be passed and we will have a much easier indirect tax regime,"*Mr. Jaitley said earlier at an event, blaming the Party for the delay.

The best prognosis for GST may be the possibility of advancing the Winter Session soon after winding up the Bihar polls. Parliamentary Affairs Minister M Venkaiah Naidu said that there is still scope for meeting the deadline for the GST Bill and expressed readiness to call an early Winter Session, which usually begins in the third week of November.

GST is expected to replace an array of State and Central levies and transform India into a more uniform market and economists estimate that the new reform could add up to incremental 2% to our overall GDP. The shift of GST Bill to the Winter Session is surely a setback for GST as the delay will lead to increased uncertainty within the Industry and might not send positive signals to investors about the coalition's commitment to accelerating economic reforms. To be able to pass the GST Bill, there is need for quite a bit of patient negotiations and enormous tact to work out compromises in pushing through legislation, if the BJP and Congress are able to reach an understanding after the Bihar polls.

India Inc will be pinning hopes on the upcoming Winter Session that could finally see the passage of the GST Bill.

Source: Compilation from The Times of India, The Economic Times and other News Columns

Hope the information will assist you in your Professional endeavours. In case of any query/ information, please do not hesitate to write back to us.

Thanks & Best Regards,

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