



President's Secretariat

President of India addresses special function in Parliament organized to launch GST

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The President of India, Shri Pranab Mukherjee graced a special function organized to launch the Goods and Services Tax (GST) in the midnight of June 30-July1, 2017 in the Central Hall of Parliament House, New Delhi.

Speaking on the occasion, the President said that the introduction of GST is a momentous event for the nation. It was also a moment of some satisfaction for him because, as the Finance Minister, he had introduced the Constitution Amendment Bill on 22nd March 2011. He was closely involved in the design and implementation and had the occasion to meet the Empowered Committee of state finance ministers, formally and informally, as many as 16 times. He had also met the Chief Ministers of Gujarat, Bihar, Andhra Pradesh and Maharashtra a number of times. He had a vivid recollection of those meetings and the various matters that were raised. Given the magnitude of the task, which spans constitutional, legal, economic and administrative spheres, it was not a surprise that there were many contentious issues. Yet, he found both in those meetings and in his many interactions with Chief Ministers, Finance Ministers and officers of States, that most of them had a constructive approach and an underlying commitment to the introduction of GST. He, therefore, remained confident that GST was a matter of time and it would eventually be implemented. His confidence stood justified when, on 8th September 2016, after the Bill was passed by both Houses of Parliament and more than 50 percent of State Legislatures, he had the privilege of giving assent to the Constitution (One Hundred and First Amendment) Act.

The President said that he was informed that GST would be administered through a modern world-class information technology (IT) system. He recalled that in July 2010, he had set up an Empowered Group for development of IT systems required for the GST regime under the chairmanship of Shri Nandan Nilekani. Subsequently in April 2012, a Special Purpose Vehicle, the GSTN (GST Network), was approved for creation by the government for GST implementation. This was to ensure that we lose no time, and as and when the legislative framework is in position, the technical infrastructure should be ready to take forward GST. A key feature of the system is that buyers will get credit for tax paid on inputs only when the seller has actually paid taxes to the government. This creates a strong incentive for buyers to deal with honest and compliant sellers who pay their dues promptly.

The President said that GST is a disruptive change. It is similar to the introduction of VAT when there was initial resistance. When a change of this magnitude is undertaken, however positive it may be, there are bound to be some teething troubles and difficulties in the initial stages. We will have to solve these with understanding and speed to ensure that it does not impact the growth momentum of the economy. Success of such major changes always depends on their effective implementation. In the months to come, based on the experience of actual implementation, the GST Council and the Central and State Governments should continuously review the design and make improvements, in the same constructive spirit as has been displayed till now.

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