

GST day celebrations

1<sup>st</sup> July 2018

**Address by FISME President**

Hon'ble Finance Minister

Chairman and Members of the GST council

Senior officials of Govt of India and the states

Distinguished guests and ladies and gentleman

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Good morning to all of you.

Governments and businesses come together on such platforms on many occasions. They also shower praise and be critical of each other at other times.

But there are not many occasions when governments- both of the center and the states, businesses – large or small, and other stakeholders wholeheartedly and genuinely feel proud of a shared achievement.

Today is such rare occasion.

If 1<sup>st</sup> July 2017, the date of birth of GST, was just an idea, today it is a reality.

Yes, all of us went through the labour pains. But today is not the day for pointing fingers and being unnecessary critical to allude how imperfect was the start.

We all should be proud of what has been achieved. The sheer scale and complexity of its implementation both at political, technical and commercial level was so daunting that for thirty years all talked about it but no one dared to implement.

My heartiest congratulations to the political leaders, officials, businesses and consumers for the unprecedented cooperation and success.

The GST council, Revenue Secretary and his team are well aware of what remains to be done. We also have discussed issues of refunds, tax slabs etc and will continue to discuss those issues separately.

But I would be failing in my duty not to mention two issues.

In the pre-GST era, a large section of MSMEs opted for the option of exemption scheme. That is upto the turnover of 1.5 crore they were not required to collect and deposit excise/VAT. (The tax on input was also not reimbursed to them).

Now, with threshold having come down to Rs. 20 lac, most MSMEs have to deposit GST after supplying the goods and raise the invoice. Their payments however continue to be routinely delayed by as many as 3 to 6 months or even more by PSUs and corporates. Locking up of much larger GST amounts due to higher rates of 18% to 28% compared to 2% and 12% is adding to the misery of further shrinking of vital bloodline of working capital in case of MSMEs particularly the micro and small ones. Over and above, the strict timelines of paying up taxes coupled with threat of excessive penalties are scary fall outs.

What I gather from the ground is the situation is likely to lead to more business failures alongwith sudden rise in NPAs in MSME sector. We need to be empathic to their pain and find a way to alleviate it.

Secondly, now that the doomsayers have been proved wrong and growth of GST is more or less stabilized, it's time GST council became a little magnanimous and at least allowed the GST refund on genuine business expenses. Manufacturing is facing tremendous pressure from imports and is actually shrinking. Continuance of Tax cascading would only help imports and kill jobs.

Finally, on behalf of millions of MSMEs, I thank GST council and all concerned once again for making GST a reality.

Have a good day.