

'Vote value in GST Council should be proportionate to state's tax contribution'

The Goods and Services Tax (GST) structure has "fundamental flaws" and now is the time to reform it, Tamil Nadu Finance Minister **PTR Palanivel Thiaga Rajan** tells *DH's* ET **B Sivapriyan**. The former banker spoke on Tamil Nadu's fiscal health, federalism, and the need to do away with the 'One State, One Vote' formula in the GST council.

The DMK had accused the previous AIADMK government of financial mismanagement. It has been over a month since you took over as Finance Minister. What is the state of Tamil Nadu's fiscal health?

After taking over the department, I realised that much of the financial mismanagement was the result of sleepwalking, not because they consciously took bad decisions. As things began to slide, nobody bothered to check what was happening and correct the mistakes. I feel it is a problem of negligence. Which brings us to the question, why? It was because of a lack of priorities, lack of competence, and willful corruption. It is hard to explain this negligence. It will become clearer when we publish a white paper on the state's finances.

Ever since the DMK government assumed office on May 7, there has been a renewed interest in federalism. There is a change in official terminology from 'Madhiya Arasu' (central government) to 'Ondriya Arasu' (Union government). What are you trying to signify?

This terminology change is an overhyped subject. The licences issued by the state of Gujarat read 'Union of India', and the court cases have 'Union of India' as the counterparty. The GST Council meeting lists the chairperson as Union Finance Minister. I do not understand why we need to have this discussion. But as far as federalism goes, it is not a recent or temporary principle for us. It is the lifeblood of the Dravidian movement, because the natural extension to self-respect is self-reliance and self-determination. In Tamil, we call it *suya nirnayam*, which means that I must have a say in deciding my outcome, and that is the basis for local self-governance. Federalism is in our blood. And one should realise that we are in politics only to put into action the principles that we take pride in.

In your speech at the GST Council meeting, too, you harped on

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Tamil Nadu Finance Minister



federalism, emphasising that India is a 'Union of States'. Are you in a confrontation mode with the Modi government?

One should see the speech in context. Since this is the first time that the DMK is in government after GST was introduced in 2017, we wanted to make our stand clear in the maiden speech. I did not say I was there to espouse federalism, and I did not say that I was there to lecture (the Centre) on states' rights. I merely asked everyone to evaluate the gains and losses since the inception of GST, relative to

expectations. I pointed out that gains were not realised, and the losses were many more than expected. So, now is the time to fix fundamental problems in the structure. I asked, if not now, when? I feel the likelihood of a change or restructuring is much higher now than during a non-crisis time. If I was being confrontational, why did the Union Finance Minister circulate my remarks to all states and add them into the minutes of the meeting as I requested?

What are the reforms the DMK wants in GST?

We want profound reform as we feel the system has fundamental flaws. The way taxes are collected and the way they are distributed are both problematic. We are not comfortable that the GST Council is simply informed after some bureaucrats set the rates. We ask how they were authorised to do so. If they (Union) delegate such powers to bureaucrats, they must come back to the Council of Elected Ministers for approval, at the very least. It is the Council that must approve the proposal. We cannot just be informed of rates that unelected individuals have determined. The fundamental question is, what is the role of unelected bureaucrats relative to elected representatives?

You opposed the 'One State, One Vote' formula in the GST Council as "fundamentally flawed." How do you want the voting value to be decided?

I think it is only fair that it should be proportionate to the GST generated or contributed by each state. It is we (the states) who sacrificed our right to levy state-level taxes on sales when we joined the GST regime. The current 'One State, One Vote' system in the GST Council should go, and it should be replaced with proportional representation on

the lines I stated. The current method perpetrates injustice on states like Tamil Nadu, Karnataka, Maharashtra and Gujarat in multiple ways.

You criticised the 'Free TN temples' campaign and accused spiritual leader Jaggi Vasudev of violating rules on various counts. But a few days later, you issued a statement saying you will not comment further on the issue. Do you regret criticising him?

I have not changed my views at all. He (Jaggi Vasudev) is a man who uses god and religion to earn money. I am not taking my words back. There may be violations involving 10 or more laws and department rules. Incidentally, Isha Foundation itself has accepted that it has violated regulations when seeking regularisation of some structures. When they have accepted it and it is documented by none other than the Comptroller and Auditor-General (CAG), what is there to debate or argue about? My clarification was necessitated because a crescendo was building up that some immediate action was on the anvil. I merely said it was not my role to prosecute (Jaggi Vasudev) because none of the violations relate to the departments I look after.