

# Anti Profiteering- Lessons To India From The Experience Of Australia

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## Synopsis

Anti-Profiteering Clause .....	19
Australian Experience .....	21
Initiatives of ACCC:.....	22
Definition of price exploitation: .....	22
Information dissemination:.....	22
Commitments from corporates:.....	23
Retail price surveys:.....	23
Ban on misleading pricing claims: .....	24
Dual ticketing norms:.....	25
Price and profit margin rules: .....	25
Display of price changes: .....	26
Penalty .....	26
Lessons For India .....	27

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## **Abstract**

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India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. India has enacted Goods and Service Tax Acts in Central and State laws. The GST laws would guide the implementation of GST has incorporated an Anti-Profiteering clause which aims at ensuring that the businesses pass on to the consumers the cost savings resulting from the adoption of GST. The paper aims at analyzing the experience of Australia's GST with price monitoring during the transition period to GST and draw suitable lessons for India on the feasibility of implementing anti-profiteering measures in the Indian context. The paper finds that, following Australian model, it is possible to institute a comprehensive and effective price monitoring mechanism in India to ensure that consumers receive the full benefits from GST introduction in the form of lower prices expected due to tax reductions, input tax credits received by the businesses and reduction in compliance cost.

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## Introduction

India gears up for the implementation of a critical and long awaited indirect tax reform, the Central Goods and Service Tax Act, 2017. The CGST Act, has an 'anti-profiteering' clause which aims at ensuring pass on benefits of tax rate cuts and cost savings resulting from the adoption of GST to the consumers. In this context, in order to draw a lesson for India, the experience of Australis with price monitoring and control during the transition period of GST should be taken into consideration. In India, benefits can be availed to the consumers under the GST regime, with a comprehensive and effective price monitoring and control mechanism. Nevertheless, the introduced anti-profiteering rules have some loop-holes and may not produce the desired results of containing profits and thereby, resulting in price rise.

The implementation of the Goods and Service Tax has attracted much attention because of the impact of tax on prices of goods and services. In fact, concerns about the inflationary impact of value added tax (VAT), a variant of GST, was a characteristic feature of switch over to VAT in almost all the countries<sup>3</sup>. As a result, both in the advance and in the aftermath of the introduction of VAT, most countries have adopted extraordinary interventionist policies to limit price revision and also to prevent any unjustified increase in prices by the businesses.

Across the world, various countries have adopted some of the important price intervention measures. For instance, countries like Belgium, Netherlands and Korea has adopted price freeze or control, countries like Germany and Ireland has adopted price monitoring. Freeze on profit margins was taken by both Netherlands and Ireland. United Kingdom has adopted dual policies which includes publicity campaign and the enactment of counter inflation laws. Similarly, Denmark has also adopted the reduction of other taxes and subsidy payments to essentials commodities.<sup>4</sup>

On contrary to the experience faced by major countries, upon the implementation of VAT in India since April 1, 2005, there was a lack of credible anti-profiteering

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<sup>3</sup> Tait, Alan A (1988): Value Added Tax: International Practice and Problems; International Monetary Fund.

<sup>4</sup> *Ibid* at 1.

measures on the part of the central and state governments to protect the interest of consumers. In order to facilitate the indirect tax reforms in co-ordination with the state governments in India, the Empowered Committee of State Finance Ministers, herein after referred as 'ECSFM' was set by the Government of India. The ECSFM has not only provided a wrong publicity that VAT would have no adverse impact of prices but the fact is that it would have an irreversible increase in the price level provided that the country failed to install a system of price monitoring and control. As a result, there was an unexplained increase in the prices of several commodities in many states after the introduction of VAT.<sup>5</sup> There was an increase in those commodities, which had less VAT rates were lower compared to the sales tax levied earlier.

In a study conducted by the Comptroller and Auditor General (CAG) of India regarding a basket of goods supplied by a group of manufacturers within the first quarter of introduction of VAT, revealed that none of them reduced the maximum retail price despite sharp decline in the tax rates with respect to their products.<sup>6</sup> This resulted in the illegal retaining of benefit worth Rs.40 crore by these manufactures and the dealers across the VAT chain, which otherwise, would have benefited the consumers by way of lower prices. In accordance with the reports made by the CAG, due to the absence of an apt system to monitor the impact of VAT on prices and also to ensure that the benefits of reduction in tax rates and tax cascading were passed to the consumers has given arise to such a situation.<sup>7</sup> Also, the National Council for Applied Economics Research (NCAER) in its study on the VAT has not resulted in the expected decline in commodity prices.<sup>8</sup>

On an analysis made post introduction of VAT in India, it was found that (i) the prices of a majority of the commodities that were subject to significant reduction in tax rates under the VAT regime had not come down; (ii) in the case of commodities

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<sup>5</sup> Viren, M. 2009. Does the value-added tax shift to consumption prices? *Auco* 3/02, p. 123-142

<sup>6</sup> Comptroller and Auditor General of India (CAG) (2010): Implementation of Value added tax in India – Lessons for transition to Goods and Services Tax – A Study Report, Jun.

<sup>7</sup>*Ibid* at 4.

<sup>8</sup> Business Standard 2005.

that were taxed at a higher rate under the VAT system, the prices of a majority of them had increased in the immediate post-VAT period; and (iii) the prices of commodities whose tax rates were similar under the previous sales tax regime and the new VAT regime had witnessed an unwarranted price hike after the introduction of VAT.<sup>9</sup>

### **Anti-Profiteering Clause**

In this context, much significance can be attributed to the inclusion of the 'Anti-Profiteering' Clause in the Central Goods and Service Tax Act, 2017. The clause is included under Section 171 of the CGST Act, states<sup>10</sup>:

*"The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him."*

And, the authority *"shall exercise such powers and discharge such functions as may be prescribed."* The aim of the anti-profiteering clause is to ensure that the businesses pass on to the consumers any tax rate cuts and cost savings resulting from the adoption of GST.

The GST council has formulated the anti-profiteering rules (APR) in order to operationalize the anti-profiteering clause. These prescribe a three-stage anti-profiteering administrative structure and a three-stage mechanism to deal with consumer complaints about profiteering practices by the businesses in the wake of GST implementation.<sup>11</sup> The administrative structure consist of a nine-member standing committee of the GST council, Director General of Safeguards (DGS), and a five-member National Anti-Profiteering Authority (NAPA). The standing committee will consist of Centre and State tax officials and state-level screening committees and it shall have one central government official nominated by the chief commissioner

<sup>9</sup>Economic Effects of Value Added Tax-The ICAI Journal of Public Finance, Vol. 4 (4), 4361. 2009

<sup>10</sup> Government of India, 2017:98.

<sup>11</sup> Times of India, 2017: The details of various aspects of the anti-profiteering rules were obtained from Seth, Dhasmana and Raghavan.

and one state government official nominated by the commissioner. The NAPA will be chaired by a retired high court judge or a member of the Indian legal service who has served at least three years at the additional secretary level or above in the central government. The other four members of the NAPA will be joint secretary-level commissioners in central excise and service tax either in the Centre or the States. The NAPA will function for two years from the date of its inception.

The redressal mechanism shall comprise of three stages and it works as follows: Firstly, the written complaints of the profiteering practices are received by the standing committee and verifies the accuracy and adequacy of the evidence provided in the complaints. After reviewing the prima facie evidence to support the complaints, the committee forwards them to the DGS for a detailed investigation. It is to be noted that before the standing committee takes up complaints for consideration, the state-level screening committees would examine them and give their recommendations to the standing committee. The second stage involves investigation of the complaints forwarded to the DGS, which can take up to three months. In doing so, the DGS could examine the balance sheets of companies to see if the price benefits of GST are passed on to consumers. In the final stage, the DGS submits the investigation report to the NAPA, which will have three months to give its verdict.

The complete procedure, from investigation to verdict, could take up to nine months. If a company is found to have not passed on the benefits of lower taxes and input tax credit to consumers, (or) increased the prices not in line with tax incidence, then the NAPA could initiate any of the following actions: (i) cancel the registration of the company; (ii) impose a penalty on the company; (iii) order a reduction in prices; or (iv) order the company to refund the customer an amount equal to what it has earned by not passing on the price benefits from the time the GST took effect. Apart from the complaints received from the consumers, the NAPA can also take suo motu action. In case a customer fails to claim his/her refunded amount or cannot be traced, the amount would be credited to the consumer welfare fund (CWF), which is managed by the Department of Consumer Affairs functioning under the Ministry of Consumer Affairs, Food and Public Distribution, Government

of India. The CWF is generally utilized for consumer awareness, strengthening of consumer movement, and protection of consumer welfare.

The industrialists and commentators responded to the inclusion of the anti-profiteering clause in the GST law have ranged from caution to disapproval.<sup>12</sup> While some doubted if the provision can be implemented on the grounds of lack of conceptual clarity and counter-productive interference in pricing decisions of companies, others felt that it would take India back to the era of socialist controls and harassment – in this case, by the tax authorities – that will make it difficult to do business.<sup>13</sup>

### Australian Experience

Once India is all set to face the impact of GST, the question would emerge is regarding the international experience of any country with a similar provision, i.e., anti-profiteering which could throw some light on the feasibility of implementing anti-profiteering and related measures with reference to Indian scenario, with the primary goal of promoting protection to the consumers against improper price increases?

Australia has also implemented anti-profiteering provision in the taxation regime during the transition. On July 01, 2000, Australia introduced GST to replace a number of existing indirect taxes, including the wholesale sales tax.<sup>14</sup> The GST implementation in Australia took almost three years transition period from 1 July 1999 to 30 June 2002, during which the national competition regulator and consumer law champion – namely, the Australian Competition and Consumer Commission (ACCC) – was legally entrusted with the responsibility for overseeing the pricing responses to the GST and taking action against businesses that adjust prices inconsistent with tax rate changes consequent to the GST implementation.<sup>15</sup>

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<sup>12</sup> (Mukhopadhyay 2017; Hindu 2016; Business Standard 2017a, 2017b).

<sup>13</sup> Ibid at 10.

<sup>14</sup> Australian Competition and Consumer Commission (ACCC) (2000a): Price Exploitation and the New Tax System, Mar 2000.

<sup>15</sup> Australian Competition and Consumer Commission (ACCC) (2001a): The GST: the ACCC's role and the impact on prices, Mar.

Towards the end of the transition period, the government has conferred many statutory responsibilities on the ACCC. Important statutory responsibilities includes: (i) formulation of guidelines about what constitutes price exploitation; (ii) seek information from businesses to effectively monitor the price movements; (iii) issue of notice to the businesses in case they indulge in price exploitation; (iv) seek penalties before the federal court for breach of price exploitation provision by businesses and individuals; (v) accept undertakings from the businesses which are enforceable in a court; (vi) investigate complaints and issues of public concern; and (vii) provide information to both businesses and public on price exploitation provisions.<sup>16</sup>

**Initiatives of ACCC:** The ACCC is clothed with various statutory has undertook several measures in order to ensure that due to the GST reforms, consumers (i) would fully benefit from the reduction in tax rates and tax cascading; (ii) do not experience greater than necessary increases in the prices; and (iii) are not subject to price exploitation by the businesses.<sup>17</sup> The major initiatives taken by the ACCC are as follows.

**Definition of price exploitation:** To aid its task of overseeing the pricing responses to the GST, the ACCC defines a business as considered to be engaged in price exploitation in the process of GST implementation if (i) it regulates the supply; (ii) it increases net profit margin by not reducing its prices adequately or by increasing prices by more than the quantum of rise in taxes; and (iii) it charges unreasonably high prices even after taking into account supplier costs, supply and demand conditions, and exceptional circumstances like long-term non-reviewable price contracts entered into by businesses and the price regulation prevalent in an industry.<sup>18</sup>

**Information dissemination:** The ACCC established a national telephone GST price hotline to deal with consumer complaints and to facilitate business and consumer inquiries. Information and guidance were provided to the businesses and

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<sup>16</sup> Australian Competition and Consumer Commission (ACCC) (2003): GST final report.

<sup>17</sup> *Ibid* at 13.

<sup>18</sup> Australian Competition and Consumer Commission (ACCC) (2000d): Price Exploitation and the New Tax System – A Compliance Guide for Small Business, May.

consumers through a website.<sup>19</sup> In addition to this, the ACCC has issued information bulletins to enable businesses to comply with its guidelines. For instance, a detailed compliance guide titled “Small Business Pricing Kit” was issued to assist the small businesses in identifying and passing on the cost savings resulting from GST to the consumers.<sup>20</sup>

The ACCC has widely distributed a publication titled “*Everyday Shopping Guide with the GST*” to inform the consumers and businesses about the price changes due to GST. The guide contained information on expected price movements for 185 common consumer goods and services over the six months from the date of introduction of GST. This move was aimed at making consumers heedful about any price exploitation practices and report the same to the ACCC. The guide also provided assistance to set prices that were less likely to attract the attention of the ACCC for the business.

**Commitments from corporates:** On voluntary basis, large corporate with turnovers exceeding \$100 million were invited to offer a Public Compliance Commitment (PCC) to check price exploitation. The PCC required the chief executive officer of a company to submit a signed commitment/statement indicating to the public that the company is committed to complying with the ACCC’s price exploitation guidelines. In doing so, the company is required to provide appropriate information to the ACCC in support of its commitment.<sup>21</sup>

The primary objective of the PCC is to provide an assurance to the consumers that businesses would not engage in price exploitation by taking undue advantage of the GST changes. However, it is to be noted that the offering of a PCC does not prevent a company from enforcement action by the ACCC in case the company provides misleading information to the ACCC.<sup>22</sup>

**Retail price surveys:** Prior to the introduction of GST and post- GST regime, the ACCC collected prices from retail outlets and supermarkets for a range of goods and

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<sup>19</sup> *Ibid* at 13.

<sup>20</sup> *Ibid* at 13.

<sup>21</sup> *Ibid* at 13.

<sup>22</sup> Australian Competition and Consumer Commission (ACCC) (2000b): Public Compliance Commitments, Jan.

services, by way of specially commissioned monthly and quarterly surveys of retail prices.<sup>23</sup> This mainly aimed at collecting information on price changes and thereby identify areas of potential price exploitation, including the possible increase in prices of goods and services in anticipation of the introduction of GST.

Across Australia, in eight capital cities and 100 towns, the price details were collected. In the monthly surveys called *Monthly Supermarket Survey*, prices of a “basket” of 100 branded items sold in over 300 supermarkets in the country were collected. Similarly, the quarterly survey called *General Survey*, collected prices for about 700 goods and services commonly consumed by households<sup>24</sup> and these surveys were conducted eight times during the GST transition period.

In order to study the price changes and pricing behavior, apart from retail price surveys, ACCC gathered information from other sources. These included wholesale and consumer price catalogs, independent price databanks, corporates who have signed the PCC, and complaints registered by consumers on the national telephone hotline.

**Ban on misleading pricing claims:** The Trade Practices Act of 1974 has provisions to protect the consumers against unethical business practices, businesses were prohibited from influencing consumer demand by making deceptive pricing claims.<sup>25</sup> For instance, there were provisions in the act to take corrective action if a firm attempts to encourage consumers to make buying decisions before the implementation of GST by way of misleading advertisements claiming that the price would increase as a result of GST, though in reality it might come down. Another example of misrepresentation would include the claim by the businesses that the increase in the prices was due to an “anticipation” of the effect of tax rate changes due to GST introduction.<sup>26</sup>

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<sup>23</sup> *Ibid* at 13.

<sup>24</sup> Australian Competition and Consumer Commission (ACCC) (2001b): Report on ACCC Price Surveys: Feb.

<sup>25</sup> Trade Practice Act, 1974.

<sup>26</sup> Australian Competition and Consumer Commission (ACCC) (2000d): Price Exploitation and the New Tax System – A Compliance Guide for Small Business, May.

**Dual ticketing norms:** The practice of dual ticketing was followed during the course of transition to GST. Dual ticketing refers to a practice of exhibiting two prices: the price applicable prior to the implementation of GST in Australia, i.e., June 30, 2017 and the other applicable from the date of introduction of GST, that is, 1 July 2000. Upon following the broad conditions listed below, the retailers were allowed to adopt dual ticketing:<sup>27</sup>

- i. The consumers should not be misled by false price without any reasonable basis. For instance, the retailer should not list a higher post-GST price for a product when there is no reasonable basis for the same.
- ii. Dual ticketing shall be adopted only before a month prior to the introduction of GST.
- iii. The pre-GST price has to be removed within a period of one month after the introduction of GST.
- iv. While dual ticketing, retailers should display the price of all the goods whose prices would change due to the introduction of GST.

**Price and profit margin rules:** The price rule was devised by ACCC, according to which the prices charged by the businesses in response to the tax changes should not rise by more than 10% in any event due to two reasons. First, the net cost of inputs/raw materials used by the businesses was expected not to increase beyond 10%. Second, businesses were entitled to claim an input tax credit for the GST paid.

To recover the compliance costs associated with GST, the businesses were allowed to adjust their prices, it includes purchase of new accounting software, staff training, and seeking advice specific to GST compliance. Capital expenditures including installation of a new accounting system incurred by the businesses to comply with GST, were also permitted to be passed on to prices over several years in line with accounting depreciation rules. In accordance with the profit margin rule, the businesses were barred from making undue profits by altering their profit margin, called the net dollar margin<sup>28</sup>, in the process of implementation of GST.

<sup>27</sup> Australian Competition and Consumer Commission (ACCC) (2000e): Report on ACCC Price Surveys: Pre-GST Price Changes, Oct 2000.

<sup>28</sup> Net dollar margin = sales price - cost of goods sold - (operating and selling costs).

Businesses were expected to justify any change in prices due to the introduction of GST before the ACCC. The business were also expected to retain the official records on the basis of which pricing decisions were made by them during the GST transition period. The records include accounting documents, invoices, minutes of directors' meetings and diary notes.

**Display of price changes:** Businesses were directed to adjust their prices as soon as tax changes including reductions took effect (ACCC 2000a, 2000d). The display of shelf prices in the retail prices should be updated within 10 days from the date of implementation of GST. If there were any practical difficulties in meeting this requirement, the retailers were required to display notices in their stores informing the customers that the displayed shelf prices have not yet been adjusted to reflect the tax changes due to GST, and the GST-inclusive actual prices to be paid would be calculated at the time of billing.<sup>29</sup>

**Penalty:** In case of any breach of the price exploitation provision by businesses and individuals, the ACCC was clothed with the power to seek penalties before the federal court. The court has powers to impose penalties of up to \$10 million and \$5,00,000 per offence for companies and individuals, respectively. Interestingly, even the advisers to businesses such as lawyers and accountants were also subject to imposition of penalties on the grounds of aiding and abetting price exploitation.

### **Outcome of these Initiatives**

During the transition period, the outcome of the ACCC's prices oversight regime, the ACCC (i) took into consideration over 51,000 GST-related complaints and investigated around 7,000 of them; (ii) obtained refunds of around \$21 million for the benefit of around 2 million consumers, mostly on account of overcharged GST; (iii) accepted 55 court-enforceable undertakings; and (iv) initiated court proceedings in respect of 11 GST-related issues. Thirty five companies responded to the ACCC's invitation and adopted acceptable PCCs.<sup>30</sup> The ACCC reported its enforcement activities on a quarterly basis to the minister as well as in the ACCC Journal

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<sup>29</sup> Australian Competition and Consumer Commission (ACCC) (2001a): The GST: the ACCC's role and the impact on prices, Mar.

<sup>30</sup> 2001a.

throughout the transition period.<sup>31</sup> Also, several businesses had initiated corrective action when GST-related rule violations were brought to their attention by the ACCC.

### **Lessons For India**

Australia's experience reveals that in the process of GST implementation it is eminently possible to institute a comprehensive and an effective price monitoring mechanism to ensure that consumers are benefiting from the reduction in tax rates, tax cascading, and tax compliance costs in the form of lower prices, and businesses are not deriving undue benefits from the new tax system. From a broader political economy point of view, price monitoring is required to protect consumer welfare and ensure public acceptance of India's biggest tax reform since independence. Terming it a draconian or retrograde measure is against the welfare of the common tax payers. The fact that introduction of VAT has not resulted in the expected decrease in prices further reiterates the need for price monitoring and control measures under the GST regime.

In the light of the Australian experience, the critical question to examine in the Indian context is whether the APR finalized by the GST council is robust enough to ensure that consumers benefit from lower GST rates and input tax credit by way of reduced prices of goods and services. The answer is probably no, unless the following areas of concern with the APR are addressed.

First and foremost, the formulation of an anti-profiteering administrative structure and a three-stage mechanism to deal with consumer complaints just 10 days before the roll out of GST make little sense. In contrast, in Australia the GST transition period started from 1 July 1999, precisely a year before the introduction of GST. During this period, the ACCC had undertaken several important measures that were necessary to prepare and guide the key stakeholders—namely businesses, consumers, and the ACCC—to face the price monitoring mechanism.

For instance, price exploitation guidelines meant for the businesses were released in July 1999, the compliance guide to small businesses was released a month before the

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<sup>31</sup> Australian Competition and Consumer Commission (ACCC) (2003): GST final report.

introduction of GST, the information on the expected price movements for common goods and services was provided to the consumers more than a month before the introduction of GST, and the first retail price survey was conducted five months before the introduction of GST.

None of these critical initiatives have received the attention of the centre and GST council in India. Even the NAPA is expected to be set up only around two months after the GST roll out (Seth 2017). The Australian experience clearly suggests that for the APR to produce the desired results there has to be sufficient lead-in time to equip the relevant stakeholders to comply with and make use of the various provisions under the APR.

A close reading of the proceedings of the GST council reveals that a reasonable amount of time was available for the centre and council to educate the businesses and consumers. The anti-profiteering clause first found mention in the draft Model GST Law released in November 2016.<sup>32</sup> Subsequently, some states, most notably Kerala, have placed two important proposals before the GST council to ensure that consumers benefit from lower GST rates and input tax credit.<sup>33</sup>

It was suggested that a list of commodities with details of existing and new GST rates be published along with their maximum retail prices under the GST regime. The centre was asked to hold discussions with apex industry associations to ensure that businesses transfer the benefits of tax rate reduction under the GST regime to consumers. Still, it took almost seven months for the council to come up with detailed guidelines about how the anti-profiteering provision would be made operational. Precious time could have been saved had the centre and council entrusted the responsibility to the already existing Competition Commission of India, whose duty, among other things, is to ensure fair competition, protect consumer interest, and create public awareness.

Second, global experiences show that the price impact of GST is mostly felt in the initial period of GST implementation. With the passage of time, non-tax factors start

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<sup>32</sup> Government of India (GoI) (2016): Concept Note on GST (cited at <http://dor.gov.in/Gstintro>).

<sup>33</sup> Mukhopadhyay, Sukumar (2017): Anti-profiteering provision in GST law is retrograde, Business Standard, Feb 6.

influencing price changes. Hence, it is important that in the medium-term consumer complaints about incorrect pricing by the businesses are addressed. This is possible only if, like in the Australian case, (i) consumers are made aware of expected prices of goods and services after the introduction of GST;<sup>34</sup> (ii) the proposed administrative framework, including the NAPA, to deal with consumer complaints is put in place without delay; and (iii) a GST price telephone hotline or a suitable digital platform is established to enable the consumers to reach out to the standing committee with their complaints. In the proposed three-stage mechanism, complaints have to be filed in written form, which may be cumbersome for many consumers.

Third, in the absence of detailed guidelines about what constitutes “anti-profiteering,” the fear expressed by the industry that the APR would take us back to an era of socialism, controls and harassment may become a reality.<sup>35</sup> To resolve this issue, the price and profit margin rules followed in Australia might be adopted. Also, a detailed compliance guide has to be provided to assist the businesses in adhering to the APR.

Fourth, as per the APR, the NAPA can impose a penalty on companies that fail to pass on the benefits of lower taxes and input tax credit to consumers. However, the anti-profiteering clause as specified in the CGST Act has no provision for imposition of penalties in such cases. Here, it is important to note that the anti-profiteering clause in the draft model GST law had a provision “for imposition of penalty” in cases where the proposed authority “finds that the price being charged has not been reduced”.<sup>36</sup>

However, in the final GST law, namely the CGST Act, the provision to take penal action against the erring businesses was dropped. According to analysts, this could

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<sup>34</sup> Rao, R. Kavita (2016): New Assumptions, New Estimates: Scrutinising a New Report on Revenue Neutral Rate, *Economic and Political Weekly*, Jan 23.

<sup>35</sup> Rao, R. Kavita (2016): New Assumptions, New Estimates: Scrutinizing a New Report on Revenue Neutral Rate, *Economic and Political Weekly*, and Jan 23.

<sup>36</sup> Mukhopadhyay, Sukumar (2017): Anti-profiteering provision in GST law is retrograde, *Business Standard*, Feb 6.

be due to the realisation that penal action cannot be taken without passing legislation at the central and state levels specifying such a power. Hence, it is not clear how the penalty clause would work in practice.

Fifth, instead of relying only on the consumer complaints of wrong pricing by the businesses, the NAPA should study price changes and pricing behavior, both before and after the implementation of GST, by way of conducting retail price surveys and using price information available from other sources. The finding of the study would not only help in making consumers vigilant about any price exploitation practices, but also in identifying areas of potential profiteering and take necessary action on *suo motu* basis. Unfortunately, the APR has no provision for such an exercise.

Finally, the government is yet to take the industry into confidence on the APR. Instead, the government has been issuing warnings to various industries (for example, pharmaceutical, real estate) to refrain from hoodwinking the consumers.<sup>37</sup> Holding discussions with apex industry associations might also help in transferring the benefits of tax rate reduction and input tax credit to the consumers. Here, it is good to recall the success of the PCCs signed by a large number of big companies in Australia. The interaction with the industry could also be used to seek information from them to effectively monitor the price movements.

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<sup>37</sup> Palil, M.R. & Ibrahim, M.A. (2011). The impact of Goods and Service Tax (GST) on Middle Income Earners in Malaysia, *World Review of Business Research*, 1(3), [http://www.wbiconpro.com/213\\_Rizal.pdf](http://www.wbiconpro.com/213_Rizal.pdf) (20 Jul 2012).