

Skill India to Leverage Make In India New Horizons And Challenges Modi's Multi Dimensional Strategy

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Abstract

On assuming power, Prime Minister Narendra Modi promised many economic reforms including ease of doing business, inflation control, fiscal deficit, trade deficit, job creation, manufacturing revival etc. The Prime Minister has seemingly tried to address two major issues - falling job creation and slow down in manufacturing industry by introducing Make India, Skill India, and Start up India. Demonetisation of high denomination currency notes and introduction of GST are termed as the revolutionary economic reforms in the history of independent India.

This paper throws light on the multi dimensional of these economic achievements in these three years.

Keyword : *Economic Reform, Skill India, Make India, Demonetisation, GST*

Introduction

During the past three years of Bharathiya Janata Party(BJP) regime, at the centre, our prime minister Mr. Narendra Modi, has announced a series of programmes as a part of the Government policy. These programmes include Skill India, Make in India, Cashless Economy, Demonetisation, Swachaa Bharath and Goods and Service Tax (GST). These measures have been introduced with an expectation that they would revive the Indian economy placing a great thrust to the countries economic development.

It is quite unexpected that, the BJP, right of the centre, political party

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has at last emerged as a major political force in India. It is a sort of turning point in Indian politics after the independence in 1947.

Prime Minister Modi has emerged as the dominant leader in BJP, is also a fact to reckon with. As part of the government policy, P.M. Modi has announced a series of campaigns and programmes during the past 3 years of BJP rule at Delhi. They are:

1. Skill India
2. Make in India
3. Demonetisation
4. No Cash (cashless) Economy
(Through digital and card transactions)
5. Swatch Bharath
6. GST

1. Skill India

Among above mentioned development programmes, 'Skill India' is a major measure with far reaching consequences. India has the biggest bracket of youth population in the whole world. It has teeming millions and millions of unskilled and unemployed youths.

As a nation, India has a largest network of educated institutions : schools, colleges and universities.

Unfortunately, except for few packets of excellence in our schools, colleges and universities, quality in Indian education is dismal. According to one survey more than 90 percent of our graduates are unskilled and unemployable.(for want of practical skills)

It is in this context and background, the skill India programme becomes highly relevant and pressing contemporary need.

P. M. Modi must be congratulated for his vision of 'Skill India' as it is the only way for our future economic development.

However, starting point for the programme must be cleansing the Indian mind and tradition. For centuries, India was the only country in which the work, the jobs were divided into clean and unclean jobs/works.

Most of the occupations, and works were treated unclean by our tradition: weavers, cobblers, carpenters, smiths, barbers, washers and what not, including the kisan work and daily coolie work. 90 percent of the workers and the people involved in these works were treated as dirty. Remaining hardly 10 percent of the white collar workers like medicos, engineers, teachers, etc.. are supposed to be in the clean jobs(for they do not need to soil their hands).

This was religious sanction and mental conception for the works as clean jobs and unclean jobs in Indian tradition.

As a result, when we hear 'Skill India' programme, skill doctors, skill engineers and skilled scientists come to our mind. Alas! Along with these professionals, we need millions and millions of skilled ITI, polytechnic level skilled plumbers, electricians, drivers, barbers, smiths, mechanics, cobblers and washing laundry men.

For 'Skill India' programme, really to take up on large scale, our skill revolution must start first at ITI and polytechnic level and then shall proceed to medical, engineering, law, teaching etc..Professional colleges.

'Skill India' is not only meant for mass scale production but production by masses in their own homes and cottages, Production of quality goods and services by workers in their families in hinterland India. Then only this programme will have an expected impact on national economic development. For this mental revolution should happen in our youth for stopping treating certain jobs as unclean and dirty.

2. Make in India

'Make in India' is very laudable and ambitious programme. Right now, India has the largest number of unemployed youth in the world. If only we could harness these youth and give them skills and involve them/put them in 'Make in India' programme, miracles in economic development could happen!

Before the advent of British, India had significant segment of self employed population, artisan sector along with the pre dominant kisan majority in our villages.

This self employed artisan sector comprising of the handloom weavers, carpenters, black smiths, cobblers and dying workers constituted more than 30 percent in the Indian economy. They were self employed and functioned in their own houses and cottages.

Unfortunately due to various economic, political and historical reasons, this sector was disturbed/destroyed during the British rule.

Now, 'Make in India' strategy must help revive and renew this Artisan sector by providing the latest technology and inputs to them.

This is the only major way to approach for solving our unemployment problem.

Our first – step should be to empower our youth with real and quality skills, before we put them in the artisan jobs.

Our motto must be not only 'Make in India' but also "high quality products at reasonable cost/low cost". Then only we can compete in the global market. For this every house and every cottage, in village India must be transformed as a centre of production of some goods // products / services.

If China could make cell phones in cottages, toys in houses and distribute worldwide , if Swiss could make watches in their houses and music sets in their cottages, if Japan and Korea could assemble transmitters and music sets in houses, why cannot India, particularly village India, cannot be involved for making household products and goods?

“Good quality but low cost must be our selling tag line”. For this, really “skilled Indians” is a first requirement. Then 'Make in India' follows automatically with the supply of required inputs and policy interventions.

3. Demonetisation

This is another major measure or policy announced by P. M. Modi. Demonetising Rs 1000 and Rs 500 notes was stated to have 3 major objectives:

1. To curb corruption
2. To control and bring black money under the tax net.
3. To attack & starve terrorists out of funds

How far this measure will help for India's economic development, time only will tell.

For this, powers that be at Delhi must go a long way to motivate the whole nation and involve them, and to safeguard the programme from pitfalls in implementations.

4. No Cash (cashless) Economy: through digital and card transactions in bank and trade This measure is a corollary to demonetisation programme. It may take a long time for transforming illiterate India to digital India at full scale. However better late than never. A starting was made.

5. Swatch Bharath

This programme is first announced in this series of programs and campaigns. The objective of this national campaign is to clean our houses and surroundings.

Our streets and mohallas are polluted; our rivers and lakes are poisoned. 'Lavatory for every house' is the part of this programme.

A clean mind keeps its surroundings clean. A dirty mind, a greedy mind and a violent mind makes clean surroundings dirty. So the starting point for Swatch Bharath must be to focus on and create clean minds and minds without corruption, greed and violence.

India had a great tradition of loving and worshiping the nature. We believe that if we protect the nature, the nature will protect us (*vrikshoo vrikshatti rakshithaha.*) If we protect trees, trees will protect us. Such a great tradition and reverence to nature was destroyed by our greed and commercial approach to nature. So to have the real impact of Swatch Bharath campaign . Indians, particularly Indian youth and children, must be trained for a clean mind set.

6. Good and Service Tax (GST) - A Silent Revolution

Introduction of the Goods and Services Tax (GST) is perhaps the great silent revolution that had happened in independent India. It is nothing but a unified single tax for the whole country (by merging more than ten earlier indirect taxes) applicable to the whole of India. Earlier existing many central and states' indirect taxes like excise

duties, customs duties, surcharges, commercial taxes, Sales taxes, Octroi, VATs and Tolls etc are all merged into one unified tax called GST. GST is consumption based tax. The GST, on the goods and services is paid in which state they are consumed, not in the state in which they are produced.

Now some cardinal questions:

- What are the great objectives behind the GST scheme?
- What was the basis for the categorization of hundreds of goods and services into few clusters?
- What is the rationale for the 5 step ladder of the tax slabs: from 0 percent to 5 percent to 12percent to 18 percent to 28 percent.
- Is the GSTN (Goods and Services Network Portal) mechanism conceived is foolproof and easy enough to operationalise the whole GST scheme in such a vast and diverse country like India?
- What are the challenges in the execution of the scheme, particularly in the initial period of an year or two?

GST in brief

GST is consumption based tax. The GST, on the goods and services is paid in which state they are consumed, not in the state in which they are produced. Hundreds and thousands of goods and services were categorized for tax purpose and brought under five tax slabs:

1. Zero tax(for certain goods and services)
2. 5% tax
3. 12% tax
4. 18% tax slab
5. 28% highest slab

The whole GST is to be operationalised through digital network called goods and services tax network (GSTN)

GSTN is a comprehensive portal on which all GST' stake holders: Traders, consumers, government and all other dealers connected with GST are expected to be brought on the single platform.

But for the country of India's size and population and diversity, even

technology fails and fails in a miserable way particularly during the initial months and years.

GST based on the collection authority was classified into 3 main categories:

CGST: Central GST to be collected by the central government.

SGST: State GST to be collected by the state governments in their jurisdiction

IGST: Integrated GST to be collected by the central government out of which a portion of the tax, it passes on to the state government (Ex: imported goods etc)

Limitations and Confrontations

Goods and Services Tax (GST) was conceived in urgency and implemented in haste. As a result with all its virtues and noble objectives, it has led to the tremendous controversies and confrontations in political and market circles.

Of course, India has moved far in her tax journey for past 30 years from the time V.P.Singh, then FM, introducing MODVAT,(Modified Value Added Tax) to Dr. Manmohan Singh, then FM in P.V.N government proposing a simple presumptive tax of rupees 1400 per annum, but rejected by the trading class and state governments and to the state of PM Vajapayee setting the committee to design GST under Dr. Asim Das Gupta during 1999. Afterwards much water has flowed under the GST tax bridge!

F.M Chidambaram in 2006 continued the work on the GST and proposed GST roll out by 1st April 2010, but in vain due to political developments.

At last it was under the NDA government headed by Narendra Modi and under the FM Arun Jaitley, in August 2016 Lok Sabha passed the constitution amendment bill for making GST a reality. Later all major states of India, including Kashmir (later) have ratified the GST bill.

1st July 2017 (midnight of 30th June) was a land mark day in India in which midnight parliamentary session to pass the GST bill was called and GST launched.

As per the vision, the whole GST scheme and program was supposed to function under the GST council's vision and direction.

Bewildering Realities and Staggering Challenges

As has been said earlier, the GST implementation was in such haste that it led to many avoidable confrontations and disruptions:

Now some of the glaring problems are:

- Categorisation of goods and services for tax slabs ranging from 5 percent to 28 percent is a highly controversial issue. After seeing the issues in initial implementation, the central government has to announce reduction of tax slabs from 18 percent to 12 and 12 percent to 5 percent for as many as 178 goods and later in another step tax slab were reduced to as many as 200 items or goods. This was done under the tremendous pressure from traders, consumers and state governments on the central government. One wishes this would have been avoided if cool headed time frame is followed in the implementation.
- Conception of goods and services network GSTN, a comprehensive portal was too ambitious and unrealistic for a country of India's size and population.
- Uploading of the data by lakhs of traders and small and medium entrepreneurs has become an agonising task for, the system/network could not match the time pressure of the uploading.
- As the result of vicious circle of delay in uploading the data, leading to the delay in inputs credit reimbursement, led to the sorrow of millions of traders specially at the lower level, whose turnover is hardly around 1.5 to 2 crores or revenue limit of 20 lakhs for registrations(In HSN Code)
- HSN code (Harmonized system of Nomen Clature) is a 8 digit code for identifying the applicable rate of GST on different products/services. Any trader or company having more than 1.5 crore turnover has to register under HSN code and mention the code for business transactions.
- Under the HSN code the reverse charge was introduced in which a

trader has to pay not only his GST but also for unregistered dealer, if he buys from him. This in a way affected free flow of buying raw materials and blocked/ delayed business transactions and product cycle.

- The reverse charge concept (particularly on procurement of raw materials from the unregistered sellers) has become a burden on small and medium entrepreneurs, there by leading to the capital blockage.
- Of course for organized players GST is a great boon, for it may increase their credit score.
- Petrol like important product is left out of GST per view. It is likely to effect the whole purpose of GST. Sooner or later, the government has to bring it under per view of GST.
- In the same way, keeping sale and purchases of securities out of the per view of GST has no rationale.

If Pan India needs a unified national tax structure, there is no reason why petrol products and securities are to be outside the per view of GST. The governments have to grapple with the problem and bring them under the orbit of GST.

The whole concept and vision of GST was to stream line tax structure and ensure the transparency in tax payments. If it is so GSTN technology has to be so foolproof and so time bound and unfailing, it has to not only facilitate but also make the compliance of the tax system a joy.

Of course the corrupt minds in rulers/beurocrats could corrupt the network, corrupt the computers and corrupt the system as a whole. After all corrupt minds feed the computers corruptly. What we need is an ethical mind which is the only antidote for corrupt system.

One good news is that the Government of India has recently appointed a committee to look into the existing Income Tax Act(so old!) and suggests the measures for bringing out a new bill on the direct tax reforms

We hope a new Act may be passed in near future, by the Central Government to bring out the reforms in direct taxes.

As GST is a comprehensive Tax reform, of all indirect taxes, future launching of reforms in direct taxes(particularly in income tax) will complete the tax reforms and bring up India on par with any developed country(in Tax law) in the world.

Thus the transferency is the keyword in whole accounting and taxation management..

Conclusion

For reviving Indian economy is six fold. It is for giving a new thrust for Indian economic development. It may work wonders, provided the powers at Delhi involve the whole nation in building re-sergeant India. Before this our political parties and politicians have to clean their minds and check their corrupt practices for building 21st century new and strong India.

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