

Like a bee gathers honey

GST will reset the basic rules of taxation. It is an illustration of PM Modi's transformative reforms



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BEHIND EVERY SUCCESSFUL man there is a woman, thus goes a saying. Prime Minister Narendra Modi has made a Modified version of it by almost saying that "behind every corrupt person there is a financial advisor".

"These thieves, robbers and companies went to some economic doctor for sure. Shouldn't they have identified such (tax evaders) people? Shouldn't such people within your community, who helped evaders, be identified and moved to the sidelines?" the prime minister was reported to have confronted the community of chartered accountants during his address to the Institute of Chartered Accountants of India a few days ago.

Post demonetisation, there were murmurs that some unscrupulous elements in the accountant fraternity were making a quick buck by helping get the illegal wealth of many legalised. Nobody had the guts to talk about it openly. But the prime minister minced no words.

He called upon the chartered accountants to shoulder the responsibility for bringing in economic transparency and discipline. In fact, his entire address demonstrated his courage and determination to take on the economic offenders, however big and mighty they may be. His address has stirred the conscience of every right thinking Indian. One chief minister sent me a message after listening to the PM's address that summed up the sentiments appropriately: "I really liked our PM's speech delivered at chartered accountants day. Proud to be a citizen under his leadership".

If there is one significant difference that needs to be highlighted about the three years of this government, it is this courage and boldness. Therein lies the difference between reform and transformation. Reform is a halfhearted attempt at tinkering with the existing system by timid leaders to alleviate the intensity and magnitude of the malice. But bold leaders do not talk about alleviation, about trying "to make the problem less severe". Their vision, and mission, is to annihilate, to completely root out the problem. That is called transformation.

For the first time, we have heard a prime minister talking about not just "poverty alleviation" but the complete eradication of poverty. India is already called a "middle income" economy. Modi's agenda is to ensure that nobody in the country shall be poor. Similarly, he called for eradication of homelessness by the year 2022. These are very courageous and ambitious targets. But that is Modi's way.

The prime minister has introduced us to a transformative era in our politics. A transformative agenda is not easy, and many a time, it is not popular. Take the case of demonetisation. To take on the warlords of the parallel economy through one late evening action involved huge political, if not personal, risks. Similarly, to go after the hoarders of black money, many of whom will probably be proxies for politicians, and taking the battle right up to Switzerland, required massive courage and determination.

But then, it has become the hallmark of the Modi regime in the last three years. Modi is on a transformative agenda, the fruits of which will be borne by this nation in a few years' time. He is setting India's basics right

with a futuristic vision. As he himself indicated at the launch of the GST at midnight on June 30, the country might need to take its time to adjust to the new reality. His reference to spectacles with new numbers is advice to countrymen to try and adjust to the new agenda rather than curse it.

The Goods and Services Tax falls in this category of bold and transformative reforms. Countrymen are used to governments' economic agendas that yield them something or the other. But certain transformative agendas need not necessarily "give" them something. They are meant to set new basics in place. The GST is one such agenda whose objective is to transform the basics of our tax regime.

The PM has quoted Chanakya in his speech of June 30. What Chanakya said, and what Bhishma was supposed to have told Yudhishtira in Shanti Parva, explaining Raj Dharma, was that a government should collect taxes in the manner a honeybee collects honey from the flowers. In fact, Chanakya declared that a kingdom whose kings are greedy is not worth living in. But that has been our experience in all these decades. Multiple and complex tax regimes have plagued our system.

The prime minister has rightly quoted Albert Einstein who said "The hardest thing in the world to understand is income tax". Not just he, many have talked about the ills of tax regimes. American humorist and

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columnist Will Rogers had once famously commented that: "The difference between death and taxes is, death doesn't get worse every time Congress meets".

The GST is one reform that is expected to put an end to this tax terror. As the PM himself described it, it is a simple tax regime. The finance ministry has captured it aptly in the slogan "One Nation One Tax". It is designed in a manner that it would be a win-win regime for all stakeholders, including investors, businessmen and consumers.

It called for a celebration for more than one reason. Firstly, to have one tax structure for the entire country calls for celebration. Also to be celebrated is the fact that our purchase orders entail only one fixed tax now, instead of the multiple taxes we used to end up paying. It is unfortunate that some parties in the Opposition have chosen to not participate in the event marking its launch.

But it is not just about celebration. It is about entering into a new system. We are more used to tinkering than a comprehensive systemic transformation. The Goods and Services Tax regime should be seen as another bold midnight decision of PM Modi's government aimed at grassroots transformation.

No transformation is painless. But the fruit of these agendas shall be sweet.

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