

# Economic Downturn? Entrepreneurs are the key to Industrial Revival

The past few weeks have provided hope for Indian industry with the positive and proactive steps being taken by the Government to address the fallen economy, and the host of measures being announced to revive various sectors of the industry.

In a path breaking announcement last week, tax rates have been slashed and other tax payer friendly measures have been announced by the Finance Minister entailing a cost of Rs 1.5 lakh Crores to the budgeted revenue which would no doubt go a long way in supporting industrial development in the country and have been appreciated and welcomed by all of us. These along with various other tax reforms introduced in last few months are a clear signal by the Government of its desire to put in place a culture of honouring the tax payers and prevent undue harassment in the tax administration. But the system needs to have an inbuilt mechanism for a smooth transition from the highly corrupt past tax terrorism to a humane taxpayer friendly regime.

**Because, the fact remains that the manner in which the entrepreneurial spirit has been crushed at the ground level by corrupt enforcement officials and continues to be done despite all the good intentions at government level, actual industrial revival might remain elusive and positive job creation a distant dream.**

Antiquated and complicated non-compliable laws have fueled unbridled corruption leading to a mindset where corrupt conduct and practices are perceived as a birth right. This perception needs to change for things to improve. Excessive criminalization of all civil laws has led to the entire population under duress to submit to all sort of illegitimate demands whether guilty or not.

**Fortunately, the current Government has very correctly identified the twin problems. It has endeavoured to repeal a very large number of old and antiquated laws in the past few years and made it very clear that it remains committed to do so on an ongoing basis. At the same time, a serious effort is being made to decriminalize the Companies Act, 2013 as far as possible. We hope that various other commercial laws would also be suitably addressed.**

Despite such crackdown on old draconian laws, they continue to haunt the common Indian citizens who remain vulnerable to unlimited grave digging by all and sundry even if we have not done any wrong.

The enforcement officials have for so long been used to the old British Raj mandated oppressive ways of dealing with Indian citizens that they don't realise that the country has since been independent for 72 years now and Indians cannot and should not be treated as second class citizens in our own country. Today with change of guard at the TOP resulting in lack of immunity and much higher risk of being caught, their rates for extortion have increased alarmingly. Following their own internal rules of engagement based on "GUILTY

UNLESS PROVEN INNOCENT" they find themselves free to initiate an investigation against anybody without much reasoning, and even on flimsy grounds and/or instigated by corrupt means and refuse to close any file even if they don't find anything wrong until they force a coercive confession. Otherwise, there is no end to their fishing expedition which ultimately destroys the person refusing to do so.

Despite the clampdown on corruption by the current Government, with the aid of corrupt officials, the corrupt have become much bolder and their dirty arms have reached the high pedestal of judiciary as well thereby ensuring complete immunity to them from any action by the Government.

It is high time and very urgent for our government to build accountability of each and every government official for their own actions and at the same time very urgently provide a transition period through a limitation of 3 years. This means that no enforcement agency or any other official should be allowed to enquire or investigate any act done or actions taken more than 3 years back. This would address the fear factor in every citizen's mind for anything forcibly done whether knowingly or unknowingly in the past system. ULTIMATELY, its time now to allow all Indians to say very loudly, "MICCHAMI DUKKADAM"

Allowing this transition period would also instill the confidence in the industry to gainfully utilize our resources in the growth and development of the nation instead of remaining entangled in meaningless past queries which fail to serve any purpose other than harassment and oppression. The real need is to promote more socially uplifting and exciting enterprises for EASE of DOING BUSINESS and not to allow extortion which would result in CEASE of DOING BUSINESS.

Both direct tax laws and indirect tax laws contain numerous irritants introduced with an eye on curbing tax evasion and stricter compliance which have a very negligible revenue impact but act as the fountainhead of corruption. While those indulging in such wrongs do find other loopholes to get away with cheating the system, the vast majority of tax payers are actual victims of such retrograde legislation who have to face the corrupt officials misusing such provisions for personal gains. Addressing these would certainly increase compliance across the board and reduce rampant corruption to a large extent.

To allow Indian Industry successfully compete with the Chinese, there is an urgent need to reduce our transaction costs and the cost of compliance with innumerable laws and regulations which is weighing



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us down and throwing away our market to Chinese dominance.

The recently enacted Code on Wages, 2019 has created so many pitfalls particularly for MSMEs who seldom have a dedicated HR manager to fully understand and comply may find themselves in deep trouble. There are so many ambiguities, complexities and impractical provisions that most MSMEs may simply cease to do business. For bigger Companies, it would entail a much higher cost of compliance making them incompetent globally. Major concern areas include definition of workman/employee, bonus to contract labour, excessive penal provisions, prosecution of MD by all and sundry, to name a few.

Besides addressing various issues and minor irritants in tax laws, the Government needs to encourage commercial decisions being taken by Bankers without fear of harassment. Some measures have been announced recently in this direction while much more is required to be done to instill a higher level of confidence in the bankers to promote honest decision making. This would go a long way in addressing the liquidity crisis in the economy and prevent many future untimely business failures, despite the businesses themselves being highly solvent and important growth pillars for our democracy.

There is a desperate need to bridge the current high level of TRUST DEFICIT and promote entrepreneurship for reigniting the much-needed industrial development in the country.



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