Economic reforms and Issues

What is the issue?

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Recent economic reforms introduced by the goverment has lot of issues.

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What are the important economic reforms of India?

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- **Bankruptcy law reform –** It is expected to get rid of non-performing assets of banks and stimulate risk taking, entrepreneurship and, in turn, economic growth.
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- **Demonetization -** The plan of devaluating 500 and 1000 rupee notes is reasoned to curb black money and corruption.
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- **GST -** Goods and service tax, this has a motto of “One tax One nation”
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- **Election finance reforms -** This reform is introduced in order to empower transparency by digitizing the campaigning process.
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What are the issues with the economic reforms?

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- **GST -** It has taken a very complex form, with seven different rates.
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- For instance a much lower tax rate on gold (3 per cent) than on notebooks (12 per cent).
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- Similarly, the tax rate on shaving cream (28 per cent) is much higher than on ghee (12 per cent), as if the consumption of the latter is more essential than the use of the former for one’s well-being.

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- It is not clear whether the objective of the GST schedule is raising revenues or addressing inequality or both.
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- It is believed to affect many small business.
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- **Demonetisation -** It hassled many working class and lower level wages.
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- It created lot of controversies around the nation.
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- It was aimed to achieve multiple objectives simultaneously, violating the famous basic economic principles.
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- **Election finance reforms -** This bill was introduced as money bill
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- Anonymity of political contributions cap done by corporates was fully permitted.
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- Tax inspectors have been empowered to conduct raids and searches, without providing any reason.
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Source: Indian Express

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