India Post to GST: How Modi’s ‘Reform-Perform-Transform’ mantra worked

The success stories of ‘Transforming India’ are catching the attention of the world community. India’s journey from the image of a risky economy to the 'bright spot', from a culture of ‘red tape’ to ‘red carpet’, from the status of fragile fives to a destination of multi-trillion dollar investment in a span of just five years is encouraging for other aspiring nations too. In his 2018, Independence Day Speech, Prime Minister Narendra Modi had said there was a time when for the world India meant - ‘policy paralysis’ and ‘delayed reforms’. However, today India is being discussed for – ‘Reform, Perform and Transform’.

‘Reform, Perform and Transform’ these three words define a systematic process which India has followed and which has made India, a model of good governance, a country which was once criticized for having the world's worst bureaucratic culture. A careful observation of the last five years reveals that in almost all sector of the economy the cycle of ‘Reform, Perform and Transform’ was introduced whether it's manufacturing, infrastructure, railways, digital infra, aviation, automobiles, oil and gas, renewable energy etc. and some of the sectors have seen a complete turnaround in terms of performance.

Ease of Doing Business

In the World Bank’s Doing Business Report 2019, India has recorded a leap of 23 ranks to be placed at 77 among 190 countries assessed. India now ranks first in Ease of Doing Business Report among South Asian countries compared to 6th in 2014. On 6 out of 10 indicators India has moved closer to international best
practices. Most significant improvement has been registered on parameters related to construction permits and trading across the borders. In the grant of construction permits, India's rank improved from 181 in 2017 to 52 in 2018, an improvement of 129 ranks in a single year. In trading across borders, India's rank improved by 66 positions, moving from 146 in 2017 to 80 in 2018. Now there is a healthy competition among Indian states on EODB rankings and different States and UTs have implemented reforms to ease regulations related to labor, environmental clearances, construction permits, contract enforcement, registering property and inspections. In the month of October 2018, Prime Minister Modi has launched a Grand Challenge on resolving seven identified Ease of Doing Business problems with the use of cutting edge technologies and he invited all young minds, startups, and other private enterprises to provide solutions through technology.

**Public Procurement**

In the year 2016, to transform the public procurement system a revolutionary initiative called Government E-Marketplace (GeM) was launched. The GeM aims to transform the way in which procurement of goods and services is done by government ministries and departments, PSUs, autonomous bodies, etc. Last year, the numbers of users (buyer & sellers) on GeM have grown to 186%, transactions have increased 772% in volume terms and 599% in value terms. More than 26% of vendors in GeM are MSMEs accounting for 56% of transactions by value, making it a truly open and inclusive platform. As on date some 34,626 buyer organizations, 214,668 sellers and service providers, 891,451 products and 7,056 services are integrated into GeM.

**Taxation reforms**

Before GST, the Indian tax structure was a matter of concern among foreign investors and the business community. It was characterized as the most complicated, multi-layered and unpredictable tax system. Due to the complexity involved in the tax structure, the flow of goods and services was not smooth in the country. Everyone doing business was eagerly waiting for this disruptive move to happen! Through technology, GST has eliminated all the intermediary processes and people which formed Inspector Raj culture in the country. The government should be credited for this smooth transition for one of the country’s largest tax
reforms. Earlier filing tax returns was a cumbersome process, tax rates were high and tax interface was complex which made a majority of the people to remain out of tax net and made India a non-tax compliant society. To change this situation the Modi government has applied the ‘No Interface, No Corruption’ principle. The income tax and GST returns filing made easy and online, tax policy has been simplified, tax rates were reduced, all of these moves resulted in higher tax collections and the number of assesses filing returns have been doubled. From 1st April 2018, the E-way bill system for inter-state movement of goods has been rolled out in the country. E-way bill has improved the system and reduced the time and cost elements of transport & logistics substantially. From 2019, the real impact of these taxations reforms and GST on India’s EODB ranking, GDP growth, the manufacturing sector, and trade expansion are becoming more visible.

Payment Ecosystem

The speed and scale at which India has transformed its payment ecosystem are remarkable. Post Demonetization analyses have missed pointing out an important development, the growth of a ‘fintech ecosystem’ in India, in which the banks, government, financial organizations, and fintech startups, all have the equally viable opportunities for growth. The systems that were not even imagined before demonetization are now a part of the routine life of a majority of people living in urban and rural India. The National Payments Corporation of India (NPCI) is working on a fast track mode to make India a ‘less-cash’ society and it has launched a series of revolutionary payment systems like UPI, USSD, BHIM App, Bharat Bill Pay, BharatQR, RuPay Card and several other AEPS (Aadhaar Enabled Payment System). In the month of August 2018, the NPCI has launched UPI 2.0 (the first version of UPI was launched in August 2016) to provide enhanced services to the merchants and features specific to their needs like overdraft facility, one-time mandate, invoice in the inbox and signed intent and QR. With the formula of ‘Reform, Perform and Transform’ the Indian public sector entities which are otherwise known for their bureaucratic culture and risk-averse portfolio are deriving a Fintech revolution in a country of 1.3 billion people.
Agriculture Sector

In the "vision of a New India- USD 5 Trillion Economy" an action-oriented plan of Ministry of Commerce and Industry there is a focus on boosting the agriculture sector’s contribution to the economy on a massive level of USD 1 trillion. Last year, the Commerce Ministry has formulated India’s first ever Agricultural Export Policy with a focused plan to boost India’s agricultural exports to USD 60 billion by 2022 by integrating Indian farmers and the high-quality agricultural products with the global value chains. In all policy measures, PM Modi has given emphasis on doubling farmers’ income and on transforming agriculture into a profitable enterprise.

Transformation of India Post - A Case Study

Five years back, India Post, a 164 years old institution was almost about to die and with the growing use of the internet, smartphones, messaging and social networking apps even in the rural parts of the country, there was no hope of its revival. But then PM Modi took the decision of revamping the India Post and transforming it into a multi-service centre.

In his 2016 Independence Day Speech, PM Modi has shared the status of this transformation from the red fort and he said: “Post Office is an example of our identity. We have revived and rejuvenated our post offices. We have taken a step to convert our post offices into payment banks.” It was a big decision and great hope for close to 4, 48,840 postmen/staff working in the 1.55 lakh Post Offices in the country.

Within two days of this announcement in Independence Day speech, on 17th August 2016, India Post Payments Bank (IPPB) has been incorporated as a Public Limited Company by the Department of Posts. IPPB started its operations on 30th January 2017 by opening two pilot branches, one at Raipur and the other at Ranchi. In September 2018, PM Modi has officially launched India Post Payments bank and rolled out some 650 of its branches across all districts of the country. Department of Posts has a Rural Network of 1.39 lakh Post Offices in rural India. The Rural Business Division of the Department of Posts (DoP) is working to provide accessible and affordable financial services through this network. In 2013, during the UPA government’s time, a proposal to open India Post Payments bank
got rejected on the grounds that the Department did not have the expertise to provide banking services. But in Modi government through a systematic cycle of ‘Reform, Perform and Transform’ India Post has been transformed into a multi-service agency which offers money transfer, transfer of government benefits, bill payments, investment and insurance kind of services and participating in e-commerce supply chain with private sector e-commerce giants like Amazon, Flipkart, Snapdeal, Yepme, Mantra etc. which has given a big boost its revenue too.

On the occasion of India Post Payment Bank launch, PM Modi had said that the government’s approach is to reform existing frameworks and structures, and hence, transform them into the changing times. Today, for promoting the “taking banking to your doorstep” mission of the government, India Post is playing a crucial role.

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