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GST boost for Modi







Challenge on home turf... (Above) Congress president Sonia Gandhi at a political rally in Varanasi on Aug 2. It is the constituency of Mr Modi. The Congress party hopes to do well in the UP Assembly elections due early next year. (right) An Indian consumer goods trader showing the letters GST. PHOTOS: AFP

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WITH Independence Day approaching, the Indian government has received a huge shot in the arm.

The Rajya Sabha (upper house of parliament) on Aug 3 passed a constitutional amendment on introducing a goods and services tax (GST), or a single indirect tax regime, across the country.

The Lok Sabha (lower house) had already passed the amendment.

Though the GST won't roll out before April 1, 2017, the passage of the amendment meant that one of the major economic reforms of the BJP government had been achieved.

Some experts believe that the GST can boost economic output by 1-2 per cent.

Indeed, finance minister Arun Jaitley pointed out in parliament that this was "one of the most significant tax reforms in the history of India."

The government was able to push the amendment through with the help of the opposition Congress party, despite differences on the shape that the GST should take. Congress support was key to the passage of the GST Bill as the party has 60 seats in the Rajya Sabha compared with the BJP's 53.

Until now, the BJP had not been able to push through some important legislation partly because of its lack of a majority in the Rajya Sabha and partly because of its inability to reach out to the opposition.

On the GST, the government made concessions to win over both the Congress and other regional parties, something that could augur well for the future.

On the political front it has been a mixed picture for the government.

Following the BJP's convincing win in the 2014 Indian national elections, many had predicted a period of political dominance for the BJP and Prime Minister Narendra Modi.

But a little over two years after Mr Modi was elected prime minister, this has not come to pass in electoral politics.

In the first state elections following the 2014 national election, the BJP carried its momentum forward and won handily in the states of Maharashtra, Haryana and Jharkhand.

It also formed a government for the first time in Jammu and Kashmir last year as part of an alliance.

But a stunning defeat at the hands of the Aam Aadmi Party (AAP) in the 2015 Delhi Assembly elections halted the winning run of the BJP.

The sweep by AAP punctured the aura of invincibility around Mr Modi and his close aide, BJP president Amit Shah.

Their aura was further dented by the BJP's loss in Bihar, where the party had invested plenty of political capital.

The party followed a strategy, used in states like Haryana, where Mr Modi was made the face of the party campaign.

This strategy of banking on Mr Modi and not projecting a chief ministerial candidate, which had worked in Maharashtra, Haryana and Jharkhand, backfired in Bihar.

Disproving the findings of most opinion and exit polls, a grand alliance led by two rivals turned allies, Bihar Chief Minister Nitish Kumar and Mr Lalu Prasad Yadav, won what was the most eagerly watched election in India last year.

The recent Assembly elections in Tamil Nadu, West Bengal, Kerala and Assam were more encouraging for the BJP. The BJP won, as part of a coalition with regional parties, a resounding victory in Assam.

This was the first time that the BJP, which has historically been seen as a north Indian party, formed a government in eastern India. The BJP's strategy of choosing a chief ministerial candidate in former Union minister Sarbananda Sonowal paid off.

The results in Tamil Nadu and West Bengal, where incumbent chief ministers Jayalalithaa and Mamata Banerjee returned to power, were proof of the continued resilience of regional parties.

In Tamil Nadu and West Bengal the BJP performed much worse, in terms of vote share, than in 2014.

The Kerala verdict, however, was a bright spot for the BJP. It won a seat in the Kerala Assembly for the first time ever. Unlike in West Bengal and Tamil Nadu, in Kerala the BJP also marginally increased its vote share.

A crucial state poll is coming up in Uttar Pradesh — the biggest state in India which sends 80 MPs to Parliament — in mid-2017. It could be an early pointer to the 2019 national elections since over a third of the BJP's MPs in the current Lok Sabha were elected from this state.

The polls will also be a referendum on Mr Modi's popularity, the extent to which his government has delivered on its electoral promises such as generating employment, and its flagship programmes such as Make in India and Swacch Bharat (Clean India).

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