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GOODS AND SERVICES TAX : CHALLENGES AND OPPORTUNITIES

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India has witnessed a number of reforms in indirect taxes over the last two decades with the replacement of State Sales Taxes by Value Added Tax (VAT) in 2005 marking a watershed in this regard. A Modified Value Added Tax (MODVAT) was introduced for selected commodities at the Central level in 1986 and subsequently extended to all commodities through Central Value Added Tax (CENVAT). Value Added Tax (VAT) at the State level was introduced in a phased manner during 2003 to 2008. Prior to the implementation of VAT, the indirect tax structure in the country was considered somewhat problematic due to the "cascading effect of taxes" whereby an item is taxed more than once from the production stage to the final retail sales stage. Exporters were also becoming less competitive in the international market due to the relatively higher input costs involved through the earlier sales tax mode (tax burden of a commodity increases when it is taxed repeatedly) - reflected in higher prices of products as compared to global competitors.

To address this problem, VAT was introduced so that taxes are paid on the "value added portion" by each producer and the hurdles of the cascading effect are done away with. But shortcomings have been noticed in the VAT structure as well and efforts have been made to further rationalise the system. For instance, a number of Central taxes like customs duty, surcharge etc. were not included in Central Value Added Tax (CENVAT) while indirect taxes at the State level such as entertainment and luxury taxes were left out of the purview of VAT. While the "White Paper on State-Level Value Added Tax" by the Empowered Committee of State Finance Ministers

(ECSFMs), Ministry of Finance, Golhad emphasized that, in general, all the goods would be covered under VAT and would get the input tax credit benefit, still many goods like liquor, lottery tickets, petrol, diesel, aviation turbine fuel, motor spirit etc. were kept outside VAT since their prices are not fully market determined.

The taxation of services was initiated in India on July 1, 1994; it is said to have taken 'giant leaps' over the years both in terms of coverage and increased tax rate. However, over the years, the newer additions to the existing list of services raised issues of overlaps, confusing whether some activities were being taxed for the first time or were already covered under an earlier taxable head. It has been pointed out that there is lack of clarity in existing definitions pertaining to service tax, exposing the tax collection process to avoidable leakages and litigation. Moreover, the hitherto Constitutional provision does not allow both the Central and State Governments to tax both goods and services in an inclusive manner. The government has therefore recognised the need for harmonisation of goods and services tax so that both can be levied in a comprehensive and rational manner in a new taxation regime - namely, Goods and Services Tax (GST).

While presenting the Union Budget for 2007-08, the then Finance Minister P. Chidambaram had announced that GST would be introduced from April 1, 2012, in order to have a tax structure where goods and services tax can be unified in a comprehensive manner. However, since then it has been realized that introducing GST is not an easy task as reflected in the repeated postponement of deadlines of GST implementation.

Issues like addressing States' concerns, GST rate structure, taxing specific sectors (like food, petroleum, electricity, land and real estate), and the Constitutional amendment needed have been among the major hurdles.

Country case studies regarding GST reflect that socio-economic conditions of countries differ; hence, a GST framework successful in any particular country may not necessarily be successful in other countries. Though GST has a number of administrative, compliance and other benefits, to what extent such a tax regime would be suitable in the socio-economic context of the Indian economy, is a matter of debate. From country experiences, it can be observed that GST is particularly suitable for countries with homogeneous commercial and demographic features. The socio-economic conditions of the States in India are much different than the countries of the European Union. Hence, it is argued that before implementing GST there should be a clear consensus whether there would be a net benefit for the Indian economy and/or whether Indian economy is ready to absorb the benefits of the GST regime. For instance, it is argued that a single GST rate is best for administrative efficiency. However, considering both the aspects of fiscal federalism as well as State revenue implications, a single rate is not feasible in India. Given the vertical inequality of State Governments relative to the Central Government and horizontal inequality among State Governments in India (i.e. the inequality in revenue mobilisation capacity), a single rate of GST is difficult to implement in the absence of compensation for States (for revenue loss, if any). However, if the amount of

compensation is huge and have to be paid for a long time, it might put fiscal strain on the Centre. Such possibilities should be reviewed carefully. The Vijay Kelkar Task Force suggested to levy GST at two levels- Centre and State, comprising two rate components, viz. Central GST (CGST) and State GST (SGST) respectively. A dual GST module for the country has also been proposed by the Empowered Committee of State Finance Ministers (ECSFM) in their first Discussion Paper on GST. Under this model, GST would have two components viz. the Central GST to be levied and collected by the Centre and the State GST to be levied and collected by the respective States. Central excise duty, additional excise duty, service tax, and additional duty of customs (equivalent to excise), State VAT, entertainment tax, taxes on lotteries, betting and gambling and entry tax (not levied by local bodies) would be subsumed within GST.

New Zealand is an example of a country where GST operates very successfully, but that success was not achieved in a short time; it was a consultative process that took long time to settle considerable issues. In New Zealand, the GST model comprises a low uniform rate and zero exemptions. It took time to convince economic agents about the necessity of zero exemptions. In the context of the political economy of India, more time should be provided to sort out such issues. Hence, consultative processes pertaining to GST are important even if such processes take time.

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JOB HIGHLIGHTS

UPSC

- Union Public Service Commission Notifies National Defence Academy & Naval Academy Examination (I), 2014.

Last Date : 20.01.2014

RAILWAY

- North Western Railway requires 917 Trackman, Gateman, Helper/Khalasi etc.

Last Date : 13.01.2014

BANK

- Gramin Bank of Aryavart, Lucknow requires 463 Officer Scale III, Officer Scale-II, Officer Scale-I and Officer Asst. (Multipurpose)

Last Date : 06.01.2014

AIIMS

- All India Institute of Medical Sciences, Bhubaneswar requires 710 Staff Nurse Gr. II, Lab. Attendant, Hospital Attendant Gr. III etc.

Last Date : 30.12.2013

WEB EXCLUSIVES

Following item is available in the **Web Exclusives** section on www.employmentnews.gov.in :

1. National Identification Authority of India Bill, 2013

CAREER IN EVENT MANAGEMENT

Are you the one remembered when a ceremony has to be organised at home? Was the cultural programme you organised for your college a hit? Do you think you have a flair for organising events? Yes? Then, event management might be the right career option for you. Event management leads to a glamorous and fascinating career. Of late, it has become a popular career option among youth. But, what exactly is event management? Event management is all about organising events. An event can be anything - a wedding, birthday party, business conference, fashion show, musical shows, exhibitions, trade fairs, press conferences or political campaign. When the event is not a private affair like marriage, managing the event can be seen as a form of marketing and advertising.

Unlike a few years back, today, events are big. With more disposable income

on hand, individuals are willing to spend lavishly to make their occasions memorable. On the other hand, the corporate world marked by intense competition, is in no mood to compromise on the scale and standard of their events. Apparently, well-trained professionals are needed to manage them. So, there is a huge demand for experienced event managers.

The job of an event manager is to organise events successfully. On job, the responsibilities range from visualising and planning to budgeting and organising the event. Managing an event is an intensive undertaking. It requires expertise from multiple domains like advertising, logistics, sales, security, operations and public relations. So, to organise an event, you need the support of professionals from various fields. Similarly, you have to maintain good relations with technicians and different vendors to ensure

timely flow of quality supplies. For instance, to organise a wedding, you have to coordinate with florists, sound technicians, venue planners, musicians, caterers and so on.

The job

Event management introduces you to various kinds of activities and provides enormous scope for learning. As part of your job, you will get to meet people from different professions, work with them and understand their approach to work. Your job commands you to organise a variety of events; on your way to meet the expectations of your clients, you will pick up a variety of practical skills. Interestingly, you will also get a chance to observe various cultures.

The job of an event manager brings out the best of creativity in you. Sometimes, you would be required to organise an event in a location that is

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not familiar to you. You should be quick and skilful enough to connect with vendors in that place and organise the event. At times, you may have to coordinate with celebrities and discuss their payments. To organise some events, you may have to connect with government officials concerned and seek their permission. Sometimes, you are even expected to arrange media promoters. So, in simple terms, this career will expand your network of contacts exponentially and hone your aptitude in multiple dimensions.

Skills required

To succeed as an event planner, you need to acquire a number of skills. At the top in the list are communication skills and people management skills, because you have to deal with several people every day. As an event manager, you have to think on your feet, and visualise an event that not only meets the expectations and purpose of the client but also stands out. More importantly, you should be able to communicate your ideas and vision to the client and your team. A comprehensive understanding of project management is the next important requisite. Organising skills, flexibility, problem-solving skills, calm temperament, attention to details, ability to work under pressure and aesthetic sense are some more factors that contribute to an event manager's success. Also, to stay ahead in the competition, you should keep yourself updated about the latest technological developments and incorporate them into your work. The event management industry is facing a dearth of event management professionals with strong technical skills. To deal with this situation, the industry is acquiring professionals from a vast array of other fields. However, they can deal with specialised areas of events. However, professionals with comprehensive understanding of the event management industry and its operations too are required. The industry needs creative and result oriented event managers. A career in event management provides immense job satisfaction. After all it is a great feeling to see your vision manifest in front of you! Though the work is often tiring and erratic, you will feel it is worth it when your clients appreciate you at the end of the day. To begin your career in the event management industry, you can pursue a course in event management. However, graduates from allied fields like public relations and marketing, can also find challenging opportunities in the field. The success mantra of top event managers is willingness to learn. Throughout your stint in the industry, you should be willing to experiment and learn. Gaining cross-functional skills is inevitable to grow in the event management industry.

Colleges and Courses				
Institute	Course	Eligibility	Admission	Website
Rachnoutsav Events Academy, Hyderabad	Professional Foundation Course in Event Management Management Advanced Masters Course in Event Management	10+2 with 60 per cent marks in English Graduation	-	www.rachnoutsaveventsacademy.com
Apeejay Institute of Mass Communication, Dwaraka	PG Diploma in Public Relations and Event Management	Graduation	Performance at entrance test and interview	www.apeejay.edu
EMDI Institute of Media and Communication, Hyderabad	Diploma in Event Management PG Diploma in Event Management	10+2 Graduation	-	www.emdiworld.com
National Institute of Event Management, Mumbai	Post-Graduate Diploma in Event Management	Graduation	-	www.niemindia.com
Indian Institute of Mass Communication, New Delhi	Postgraduate Diploma in Advertising and Public Relations	Graduation	Performance at entrance test and interview	www.iimc.nic.in
Xaviers Institute of Communication, Mumbai	Diploma in Public Relations and Corporate Communication	Graduation in Arts, Science, Commerce, BE, Bachelor of Management Studies or Bachelor of Mass Media	Performance at entrance test and interview	www.xaviercomm.org

(The write up is contributed by TMIE2E Academy Career Centre based in Secunderabad. Email-faqs@tmie2e.com)

NEWS DIGEST

- The Union Cabinet has approved the reserve price for auction of spectrum in 1800 MHz band for all service areas and for 900 MHz band in Metro service areas of Delhi, Mumbai and Kolkata on the recommendations of the Empowered Group of Ministers. The reserve price for 1800 MHz band has been approved at Rs. 1765 crore per MHz Pan India. The reserve price for 900 MHz band would be Rs. 360 crore, Rs. 328 crore and Rs. 125 crore per MHz in Metro service areas of Delhi, Mumbai and Kolkata respectively. The decision is expected to result in further efficient utilization of the scarce natural resource of spectrum facilitating expansion of telecom services in the country.
- The Cabinet Committee on Economic Affairs has approved a Mission for Integrated Development of Horticulture (MIDH) for implementation during the 12th Plan with an outlay of Rs. 16,840 crore, a centrally sponsored scheme. Out of this, State governments will be contributing a sum of Rs. 866 crore in the States where the National Horticulture Mission (NHM) sub-scheme is implemented. Implementation of MIDH is expected to achieve a growth rate of 7.2 percent in the horticulture sector during the 12th Plan, besides generating skilled and unskilled employment opportunities in rural and urban areas.
- In the recently concluded Assembly elections in five states, Congress party won 30 of the 39 seats for Mizoram. This is Congress fourth electoral victory after Mizoram attained statehood in 1987. Bharatiya Janata Party (BJP) has won the State Assembly elections in Madhya Pradesh, Rajasthan and Chhattisgarh. In Delhi Assembly elections, BJP emerged as the single largest party and Aam Aadmi Party (AAP) in its debut, emerged as the second largest party.
- The WTO's Bali Ministerial Conference concluded with agreement on a package of issues designed to streamline trade, allow developing countries more options for providing food security, boost least developed countries' trade and help development. The Bali Package is a selection of issues from the broader Doha Round negotiations. This package is being described as the first major agreement among WTO members since it was formed in 1995 under agreements from the 1986-94 Uruguay Round negotiations. India fought hard for a deal that will allow an unhindered roll-out of the food security programme that legally entitles subsidised food-grains to nearly two-thirds of the population without violating rules defined by the WTO.
- After five decades of its relentless performance, an iconic delta-wing fighter aircraft that heralded the 'supersonic era' in Indian Air Force, Mig-21 FL has been phased out. Mig-21 played crucial role in 1971 war giving IAF the air superiority over vital points and areas in western sector.
- The High Level Committee to Review the SEBI (Prohibition of Insider Trading) Regulations, 1992 has made recommendations to the legal framework for prohibition of insider trading in India. It has focused on making this area of regulation more predictable, precise and clear by suggesting a combination of principles-based regulations and rules under Chairmanship of Justice (Shri.) N.K. Sodhi, former chief justice of Karnataka and Kerala High Courts and former presiding officer of the Securities Appellate Tribunal.
- The Unique Identification Authority of India (UIDAI) has completed issuance of 51 crore Aadhaar numbers by November end. With generation of about 11 lakh Aadhaar numbers every day, the programme appears all set to complete its mandate of covering 60 crore population in the next few months. (details see web exclusive)
- India was chosen as the host country for Under-17 FIFA World Cup in 2017 by the FIFA executive committee in its meeting at Salvador de Bahia in Brazil on 5 December 2013. By virtue of being the host country, India will take part in the 24-nation tournament for the first time in its history. This will be the biggest ever football tournament in the country as this is the first FIFA event in the country's history.

IMPORTANT NOTICE : NEW RATE

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