

# Treat Local Phone as Deemed Export

### When import duty is zero, refund the GST

The Prime Minister's Office is reportedly considering raising the import duty on mobile phones to shield local phone makers in the goods and services tax (GST) regime. This would violate India's commitment to waive import duty on IT products. The best way to encourage genuine Indian manufacture of high-value electronics is to refund a multiple, a tad higher than one, of the GST paid by the local phone maker, not raise tariff walls.

Imported phones now attract a 12.5% countervailing duty, supposedly to offset the excise duty, but the actual excise duty levied is just 1% if the vendor claims no credit on the central value-added tax. This effectively offers a local entrepreneur who imports the phone components protection of 11.5%. The tax arbitrage will vanish with GST, as countervailing duties will be subsumed in the new tax system. The department of telecom has apparently proposed levying a basic customs duty — a levy that will not be subsumed under GST — on imported phones to protect domestic phone makers. This is a suboptimal solution. Duties on components will also have to be raised to drive local value. But that would mean a violation of the Information Technology Agreement of 1997. This could also adversely affect exports from India to other countries as the latter could raise duties in retaliation. This is wholly avoidable.

When the import duty on a product is zero, its local sale by a domestic manufacturer is effectively sale outside the domestic tariff area. It should be considered a deemed export. Countries do not export local taxes charged on their products. Which means that the GST paid by a local phone maker should be reimbursed to him, for his product to compete on an even keel with imports, which bear no element of manufacturing tax in their home country. It will encourage them to add value in India. The GST chain will also remain unbroken, making production efficient and rendering exports from India competitive. Surely, the government can refund the local producer of a zero-tariff good 1.05 times the GST paid on manufacturing value-added.

# For a Trumpian Rethink on Global Terror

Looking back on his maiden overseas trip, US President Donald Trump may consider the Saudi Arabia-Israel leg to have been the most successful. But if Trump is serious about making his country secure from terror, he does himself serious disservice by identifying Iran as the fountainhead and sponsor of terror. Instead of threatening to damage the Iran nuclear deal, the US needs to engage Iran and lift the sanctions that remain on banking ties, even after the UN sanctions have been lifted. Trump would do well to recognise that the Islamic State that he has sworn to defeat depends, ultimately, on not so much material means and territory as a pernicious ideology that claims to be based on Wahhabi Islam, whose centre is Saudi Arabia. President Trump would do well to confront his Saudi allies on its continued funding of Wahhabi Islam around the world, including in Europe.

PM Narendra Modi would, naturally, broach the subject of terror during his interaction with German Chancellor Angela Merkel and French President Emmanuel Macron this week. He would do well to coordinate opinion on the need to stem the spread of jihadi ideology and, to this end, for the world community to impress on Saudi Arabia its expectation of cooperation on this count. The forthcoming G20 summit would be another occasion for world leaders to rework their anti-terror strategy from merely focusing on physical containment to combating the underlying ideology and the regional instability that makes it conducive to find ready recruits.

The television and radio channels in the region that fan sectarian hatred in the name of religion are a cause for grave concern. Their funding should be treated as terror funding, and cracked down on. Iran, Saudi Arabia and Israel must cooperate on this as well.

'See it before it's gone' is now a tourism motivator given our uncertain times

# Finally, Last-Chance Tourism Takes Off

With certain key world leaders seemingly set to upend many conventions in the very near future, it is not surprising that the top travel trend for 2017 is "last chance tourism". The "better see it while it is still there" principle does demand a second look by people other than millennials, whom a recent survey pinpointed as its leading proponents. It isn't quite disaster tourism but some might classify it as a destination-heading-for-disaster tourism. Unfortunately, any warning that rushing to follow this trend may precipitate the very fate that put the destination in the "last chance" list is unlikely to deter many from flocking to the see polar bears or disappearing glaciers though their presence may melt Arctic ice faster. "Fear of Missing Out" (FOMO) is evidently a bigger concern than carbon footprints and emission spikes caused by the cumulative efforts by too many people trying to reach remote places. Of course, many determined "ego tourists" salve their conscience on that count by booking themselves into hotels and resorts that support ecological activities.

More than just natural beauty is now endangered in our increasingly uncertain world, from historic and architectural landmarks to relatively under-explored countries. So, last-chance tourism has a wider ambit than ever before in this summer holiday season.

**CURSOR** A real Opposition latches on to popular grouses and mobilises the masses

# Busy Politicking, Not Politics



T K Arun

Opposition meets are fine. But they fall far short of real opposition. Real opposition stands shoulder to shoulder with Dalits and Muslims as they are attacked. With tribal families who see their young girls raped even as they struggle to take possession of the land to which they have been given title. With farmers who cannot obtain the minimum support price promised by the government for their crops but have to service onerous loans. Grand alliances and coordination among political parties over electing the next president scratch the surface of politics but do not go to its core. It is precisely their obsession with the superficialities of the political process that has cost the Opposition parties support among the people and a decent presence in legislatures.

### Clogged Gears

The people face problems of many kinds — and not all of them the making of governments or social divisions or hierarchies.

When, after two years of monsoon failure, not even weeds grow in the cracks in the parched field of what would have been fields of grain, peasants and farm workers suffer. No one is to blame, except at one remove, at the level of failure to harvest water

or build irrigation systems. But people need succour and they have the right to expect it.

People live not as isolated individuals but as nodes of an elaborate division of labour that spans the globe, in these times of globalisation, and their interaction with one another is governed and mediated by rules and laws made by custom and the state. They are not just farmers and workers but also citizens who pay taxes — even the homeless pay indirect taxes, the bulk of India's tax collections — and vote in elections.

Their lives are shaped by state policies on imports and exports, on taxation and spending, preference as to where to spend more and where less, besides on crop prices, marketing of their produce, land acquisition and law enforcement.

They have every right to expect the State to help them cope when in distress. The response to even the travails of nature is, thus, political. The response to distress caused by other people is political, in a fashion that is relatively more straightforward, whether such troublemakers are criminals waylaying carloads of people on highways, killing the men and raping the women, or organised around identities of caste, religion, language, ethnicity and region, and mobilised into violent mobs to avenge perceived affronts to custom, faith, social standing, historical memory or any other aspect of collective identity.

The physical and economic security of citizens is the State's prime responsibility. Failure to provide that is politics. Holding the government to account on this score is politics. Passing resolutions of condemnation and then issuing press releases is one kind of politics.

Instead of rallying the people in defence of their own interests, Congress leaders fight among themselves for being nominated the party's chief ministerial face

### MAKE IN INDIA

# Weaponising Defence Buying



Subimal Bhattacharjee

The Cabinet Committee on Security of GoI recently cleared the Strategic Partnership (SP) model for defence acquisitions. This essentially allows for joint ventures between Indian and foreign firms for defence manufacturing in India. This has been pending for more than a year after the revised Defence Procurement Procedure (DPP) was announced in March 2016.

Much of the changes to the DPP were based on the 27 recommendations of the Dhirendra Singh Committee Report submitted in July 2015. The committee had also recommended the SP model for certain areas of strategic importance. Later, the task force under former Defence Research and Development Organisation (DRDO) chief V K Aatre laid down the criteria for selecting SPs among Indian private sector companies that was made public in April 2016.

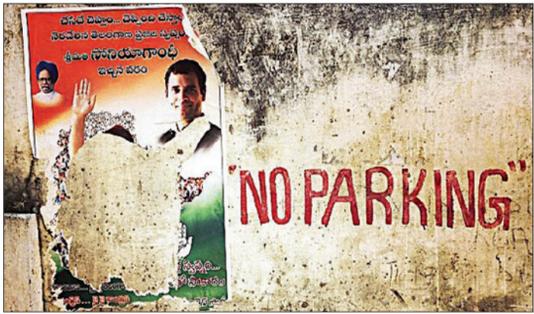
Over the years, all defence procurements were based on general staff

quality requirements that allowed widely spread technical criteria, and then selection by the lowest price (L1) after necessary technical evaluation. The adherence to procurement guidelines strictly based on fair play and probity — and set under the guidelines of the Central Vigilance Commission (CVC) — often led to system acquisition. This was not necessarily the best deal, in terms of state-of-the-art and modern technical aspects in the long procurement cycle.

Also, indigenous capacity-building in most areas was never brought into focus. This resulted in continuing foreign acquisitions due to operational necessities. So, almost 30 years were frittered away, despite policy and intent to reduce defence imports.

So far, only four segments have been chosen to set the SP model rolling: single-engine fighter aircraft, helicopters, armoured fighting vehicles and submarines. In all these four segments, some level of collaboration exists, with Indian entities — mostly public sector undertakings (PSUs), ordnance factories and shipyards — partnering an original equipment manufacturer (OEM) as a serial manufacturer or providing its premises for such manufacturing.

However, the intent of the Narendra Modi government is very clear as



Unable to commit nuisance

This was the kind of politics that the Congress practised, for the most part, during the initial phase of the Freedom Movement, till Mohandas Gandhi arrived on the scene. Thereafter, Gandhi shifted the Congress to the politics of mass mobilisation. And India won freedom. But the Congress forgot mass mobilisation. It became the ruling party and saw mobilisation as a threat to its hold on power. That conditioning seems to have permeated its reflexes, as in Pavlov's dogs. It has ceased to be the ruling party and is now an emaciated Opposition party. It is time for it to shed old reflexes and acquire new ones.

### Chaff Minister

In Gujarat, Madhya Pradesh and Chhattisgarh, the incumbent BJP governments face three terms of anti-incumbent resentment — potentially. Only mass mobilisation can turn the potential into the actual. Instead of going to the people and rallying them in defence of their own interests, Congress leaders fight among themselves for the glory of being nominated the party's chief ministerial face.

Instead of fighting to become loser-in-chief, Congressmen should be fighting with the people, for them, and fighting to win.

In Gujarat, the Patels, traditional BJP supporters, are up in arms. The Dalits are angry, after the Una thrashing and persistent attacks on them. Farmers, many of them Patels, are deeply unhappy that their crops are not being procured at the promised minimum support price.

Gujarat's tribal groups were among the first to claim land rights under the Forest Rights Act. After having granted them title, the State is yet to make sure they have possession of the lands they now own on paper. The ground, in other words, is ripe for mass mobilisation. Instead, the Congress' aged and effete leaders are squabbling over who gets to lead the team into a match they know they will lose. This is politicking, not politics.

In contrast, the BJP and its Sangh Parivar affiliates are active on the ground. They mobilise the people, in Opposition, as in Kerala and Bengal. More to the point, the BJP mobilises the people as the ruling party, towards avowed goals of development and prosperity.

When the contest is between those who mobilise the people and those who munch their lunches at leaders' conclaves, guess who wins.

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### CLIMATE CHANGE

# US Frozen, Chindia Warms Up



Nidhi Sharma

So he hasn't made up his mind. Not yet. US President Donald Trump has left the world guessing whether he would really back out of the commitments made by Barack Obama in the 2015 Paris Agreement to reduce carbon emissions and to tackle global warming.

Could it be a complete withdrawal from Paris that would mean the US not participating in the annual meetings the treaty requires? Or could it be withdrawal from the overarching UN Framework Convention on Climate Change (UNFCCC), adopted by President George H W Bush in 1992? Or could the US simply ignore the nationally determined contributions (NDCs) spelt out in Paris?

As the "will he-won't he?" pendulum swings, Trump's continued ambivalence has shifted the focus towards China and India. So far, the two countries have been painted as the biggest culprits unwilling to change their errant coal-friendly ways to help the world achieve emission targets. But the latest data emerging out of China and India — No. 1 and No. 3 producers

of greenhouse gases — show that both countries will easily exceed the targets set in Paris agreement.

India is expected to obtain 40% of its electricity from non-fossil fuel sources by 2022 — eight years ahead of schedule. China has reduced coal use for three years in a row and recently scrapped plans to build more than 100 coal power plants. Electric vehicle sales went up by 70% in China last year. The enthusiasm of the Asian giants has helped in globally driving down the prices of renewables.

Climate-change experts and world leaders are finding succour in a recently unveiled study by Climate Action Tracker (goo.gl/pnvdkm), which shows that China and India could fill the vacuum created by a proposed rollback of US climate policies. The study says that adverse rollbacks by Washington would flatten US emissions

instead of continuing on a downward trend. However, how far zealotry on the part of India and China can fill the vacuum created by Trump's policies is really a number game that climate scientists are unwilling to call.

This wouldn't be the first time the US would back out of an international pact on climate change. In 2001, the newly elected George W Bush administration announced that it would not abide by the Kyoto Protocol.

The Kyoto Protocol, a shorter and less detailed agreement than Paris covering developed countries, was meant to tackle global warming by implementing a cap-and-trade deal. Bush had refused to sign the agreement as it did not include India and China. However, for Trump, the situation is different as both the countries are signatories and look far more committed than US in the present scheme of things.

Internationally, this could mean the US losing the high moral ground on climate change. Any guesses who could win this? If the tone and tenor of the recently concluded Petersberg Climate Dialogue in Berlin is anything to go by, it would be China. German Chancellor Angela Merkel started an annual informal ministerial forum after the failure to secure a global climate agreement in Copenhagen in 2009. This saw China taking centre stage.

China's special envoy Xie Zhenhua

A case in point is the competence of Indian engineers in IT-based systems. With most platforms today performing under a Command, Control, Communications, Computers and Intelligence (C4I)-based tactical approach, focus on C4I systems integration can be very pertinent. Future warfare will be more around electronic approaches and focusing to complete the Tactical Command, Control, Communication and Intelligence (Tacc3i) with superior competency.

Picking cyber security as a first-phase strategic area would have been more optimal today. As an increasing number of countries build cyber arsenals and treat this as a future battlefield, India's competence and advantage in the sector can be put to advantageous use.

Most of the OEMs in the fray in the SP projects have already focused and built their competency in technology aspects under various guises of C4I. It would be wise to involve them to orient our interests on these technologies, and at the same time, incorporate India's indigenous encryption. This way, it can be ensured that mandatory national security checks are always adhered to.

The writer is a defence and cyber security analyst



# Always Take God's Name

DEVAKOTTAI SRINIVASAN

In the fifth Skanda of the Bhagavat Purana, Hiranyakashipu asks his son Prahalad, "What is the best thing you have learnt?" Prahalad replies, "Sraavanam Kirtanam vishnum smaranam pada sevanam archanam vandanam dasyam, sakyam atma samarpanam iti Navalakshana." — Prahalad describes nine ways to attain salvation: 1. Listening to God's name and stories about Him. 2. Singing God's praise and reciting His name. 3. Always thinking about God. 4. Archana, or offering flowers to God. 5. To do service at God's feet. 6. To do Namaskars, or paying obeisance to God. 7. To do service to God. 8. To be friendly with God. 9. To surrender everything at God's feet, including one's Self.

It is not impossible to do what Prahalad spells out, people like Parikshit, Sukha Brahm Maharishi, Prahalad, Goddess Mahalakshmi, Hanuman, Arjun and Mahabali had followed the norms. Rukmini, while sending a message to Krishna inviting him to accept her, follows the path shown by Prahalad and starts her message with sraavanam and ends with atma samarpanam.

Other means to salvation as described in the Narada Bhaktiyoga, Karma Yoga and other epics and puranas are difficult to follow, more so in today's fast-paced life. The easiest among these is the Nama Sangirthanam, or singing God's praise, to recite God's name as and when possible to attain salvation.

We should name our children after God so that when we call out to them, we recite some of the Sahasranama of the Lord, which washes away our sins and leads us to salvation.

### Chat Room

## Some General Statements

Propos 'Officer in the Barracks' by Pranab Dhal Samanta (May 30), NDA is now not necessarily upper crust — and all differences disappear into the date of commissioning. What you become later depends on what you do, except that the NDA cadet has a huge age advantage: at Major Gogoi's age, an NDA officer would be a battalion commander — two ranks above. The award for Gogoi is the highest that can be given without government approval. It remains to be seen whether the Centre translates the approval of the incident into a medal — on the Independence Day

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## It's a Textbook Case of Neglect

This refers to 'Play It by the Textbook' by Ankit Gupta (May 30). Most of the schools either have no library facility or book donation arrangement for the needy students. The other issues are cost differential, profiteering by publishers, forced usage of new books by school managements, failure to comply on syllabus updates, lack of additional study material for competitive exams and protection of the interest of select distributors by school managements. Providing free soft copies of books to all learners will bring more educational inclusion.



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Hisar

## Youth Must Say No to Tobacco

It is the youth that is the most vulnerable lot as their curiosity, adventurousness and risk-taking disposition make them experiment with smoking. A ban on the sale of loose cigarettes, larger warning on cigarette packets and increasing the legal age for the sale of tobacco products to 25 years are welcome. Today, on the World No Tobacco Day, we must finally decide to tackle tobacco growing, despite the all-powerful tobacco lobby repeatedly asserting the business' contribution to the national economy.

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