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# REFLECTIONS

chanakya



## HOW POST-GST DATA DELUGE WILL HELP US

The Goods and Service Tax (GST) won't cure the common cold, but it will heal many ills bedeviling the economy. India will see the creation of genuine national supply chains, replacing the factory plus 250 kilometers radius area that defines so much of the country's industrial production. Transport costs will fall, so should prices as cascading taxes dry up. But there will be hiccups.

But one GST plus point that hasn't received much publicity is the knowledge it will create. Once GST has taken off, all B2B transactions will be recorded online. The enormous data thus generated will allow Indians, for the first time, to know what is going on in their economy. And this will be a revolution. Debates about the economy—from the size of its GDP to its growth rate, from jobs creation rates to the price of rice in Chhattisgarh—are a part of the national discourse. For the most part these are erudite and complex reruns of the five blind men of Hindoostan; the blind arguing with the blind. Here's why.

Every quarter, economists, businessmen and wonks pore over GDP data. Yet these quarterly figures only capture the formal sector, which is about half the economy going

by the Central Statistical Organisation's estimates of the black economy. Even many bits and pieces of the formal sector don't come up with figures until the end of the year. So these quarterly figures only capture the goings-on in about 25% of the economy—and even these are then debated. The informal or unorganised sector is surveyed every three or five years. But these surveys are based on questionnaires sent to businesses, which want to be invisible to avoid paying taxes and can only be described as suspect.

India's ignorance of its economy is not a great surprise given how much of the economy remains in the 19th century. Other economies making the shift from agriculture to industry had similar problems. An American historian once wrote: "It was commonplace in the 1930s that the United States had better statistics on its pigs than on its unemployed labour." What is about to cut into this darkness is the shining light of the GST. Interestingly this tax will, first, shake the structure of the economy and, second, do so in a manner that will produce a windfall of economic information. Any contractor or supplier who is part of a supply chain who does not load his invoices on to the tax software backbone, the GST Network, will put



Illustration: MOHIT SUNEJA

everyone else on the chain in the doghouse. At present, Indian business activity goes back and forth between the black and white economies: GST will be a parting of the waters. Either you and your partners are in the black or you are not. The gray economy, if you wish, will cease. If an artist tried to portray the post-GST economy, he would do a work in chiaroscuro. Over the coming years, India should see its economy become much more formalised. Demonetisation helped, but GST and concurrent reforms in the real estate sector could collectively halve the informal sector's size. The GST would make a huge chunk of the economy visible. And then it would provide an electron microscope with

which to see all of this in unprecedented detail.

The chairman of GSTN, Navin Kumar, has spoken of this rich vein of data and the government's plans to mine this as the "third phase" of GST. Part of the software contract for GSTN requires technology companies to provide metadata tools for the tax department, finance ministry, central bank and other government agencies to dig through all this and find out what is going in the economy. The Central Board of Excise and Customs is setting up a directorate of analytics to crunch the data when it becomes available.

Tax inspectors would find their tasks far less arduous. Here is an example. If a

manufacturer charged a customer more than the stipulated government tax on a product or service, in the past he would have pocketed the difference with impunity. A Comptroller and Auditor General of India study found 30% to 40% of the tax paid by manufacturers collected from customers was under-invoiced. Because of the cumbersome process of matching different paper documents, only three to five of such transactions are ever verified by tax authorities.

The biggest gainers from this data deluge will be macroeconomic policy bodies like the Reserve Bank of India. The RBI is supposed to set interest rates, determine money supply and a dozen other things on the basis of the same thin gruel of economic data. If the bank reads the data wrongly it could trigger a balance of payments crisis a few years down the road. Or it could drive hundreds of companies out of business and thousands of workers out of jobs with unnecessarily high interest rate hikes.

After GST, the amount and nature of economic activity taking place can be determined almost in real-time and with accuracy. Economic policy, however, will be far better informed. Interest rates can be set based on genuine measures of demand, investment and fiscal returns rather than guesstimates. The gains to long-term economic growth will be calculable because the sources of growth will no longer be incalculable. What gets measured, gets managed. All of that is true. But think of this: In a few years, New Delhi will be able to declare numbers about its economy with greater confidence than any other major country in the world.

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KARAN THAPAR

## WHAT MODI MEANT WHEN HE WISHED RAHUL

To be honest my suspicions are easily aroused. I rarely take things at face value. In fact, I would add this is a trait common to most journalists. Whilst commenting on a statement we always ask 'I wonder why he made it?'

So on Monday when the prime minister tweeted his birthday greetings to Rahul Gandhi adding "I pray for his long and healthy life" I instinctively sensed there was more to this than immediately meets the eye. The longer Rahul Gandhi lives the longer he will be the head of the Congress and, therefore, the longer Mr Modi will easily defeat the Opposition. In the circumstances, I'm surprised the PM didn't wish him immortality!

Now, am I being mischievous? Of course I am. But the joy of tongue-in-cheek comments is not unknown to politicians and the best of them are

usually masters of it. Mr Modi indubitably fits into that category.

This is clearly not the first time a politician's good wishes have had hidden double meanings. Former Australian Prime Minister Julia Gillard's comments about Tony Abbott, then Leader of the Opposition, made in an interview to me in 2012, is a memorable example.

At the time her blistering parliamentary attack on Abbott for his alleged sexism and misogyny had gone viral. She literally savaged him and all he could do was helplessly sit and smile. I told her I couldn't take my eyes off the stunned and squirming Mr Abbott. "Do you like the man?" I asked.

Gillard's response was immediate: "That's a very hard question. Day to day I don't spend much time thinking about the Leader of the Opposition. But I bear him no personal ill-will and



Prime Minister Modi tweeted his birthday greeting to Rahul Gandhi

I hope he is Leader of the Opposition for the rest of his life!"

If ever there was a fork-tongued double entendre this was it. On the surface she wished him a long spell as leader of the Opposition but hidden within that was the sting in the tail that he should never be PM! The Australian media loved it.

However, wishing your opponent a long life can sometimes boomerang as Theresa May has just discovered. In the days before the June snap elections it was commonplace for

Tories to wish Jeremy Corbyn a long stint as Leader of the Opposition because, they believed, the longer he led the Labour Party the longer the Conservatives would stay in office. It's even said some Tories actually joined the Labour party to vote for Corbyn and ensure his survival!

The June result turned that logic on its head, leaving Corbyn with the last laugh. His performance ensured he will continue as Leader of the Opposition whilst firmly uniting his party behind him. Now he's become the single biggest threat facing the Conservatives.

If earlier Corbyn's alleged ineptness gave the Tories confidence, today his supposed popular appeal is the only reason the Conservatives have allowed May to continue. He's become her lifeline!

So far there's no danger of Modi's birthday greetings boomeranging in the way Conservative taunts of Corbyn have returned to haunt May. For that to happen, the country would have to take a shine to Rahul Gandhi. Frankly, I can't see that happening anytime soon. Nor can most Congressmen!

But then the joy of politics is you never know when things will go topsy-turvy and when they do it usually happens in a jiffy. Alas, that's the best hope for Mr Gandhi!

The views expressed are personal

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LALITA PANICKER

## SADHVIS AS VEHICLES FOR ANTI-WOMEN VIEWS

Goans must remember they live in India, not Portugal—these are the words of Sadhvi Saraswati, the latest in a long line of such women sadhvis employed in drive for the greater glory of Hindutva. The burden of this telegraphic Sadhvi's song is that Goans must give up beef, indeed all non-vegetarian fare, to prove their nationalist credentials. According to the Sadhvi, all beef eaters must be hanged forthwith. And she is in good company. Not so long ago, we had Sadhvi Niranjani Jyoti using such unparliamentary language to describe the minorities.

Remember the famous words of Union minister for water resources, river development and Ganga rejuvenation, Uma Bharti: "Ek dhaka aur do, Babri masjid tod do". And of course, we cannot forget Sadhvi Ritambhara whose speeches against the minorities were accompanied by vulgar gestures much to the delight of lumpen crowds. The sadhvis and san-yasins have been a potent and effective weapon in the greater drive for Hindutva. To a woman, they are more charismatic and better orators than their male counterparts such as Pravin Togadia and assorted mahants and sants. They are used with great and good effect during elections and in many ways they seem unhindered by any need for restraint and moderation in public discourse.

The rise of militant Hinduism among women is a phenomenon, which does not get the attention it should. The Durga Vahini, for example, is focused on martial arts training for women—enough to break the bones of enemies—but the underlying theme is that they should be the pivot of the family.

Career seekers are frowned upon, indeed subject to vituperation as unworthy of being good mothers and wives. But those who are capable of 'breaking bones' are expected to be

docile to their husbands and cater to their whims and fancies. The unfortunate part of this whole feminist Hindutva, if it can be called that, is that women's rights are the last thing that it pushes. In fact, there is a regressive mindset, which is propagated effectively and actively by these women, which is that 'modern' women are straying from our glorious culture and ethos. This is a smart and I dare say cunning way of ensuring that women stay in the background, do not ask for their rights, confine themselves to the home and raising children and do not question any patriarchal notions.

What a deeply patriarchal Hindu hierarchy seems to do is make use of the dazzling oratorical skills of its sadhvis and sanyasins to propagate an anti-women agenda, something they acquiesce to wittingly or unwittingly. When it comes to larger decision-making, they are left out of the loop.

How different it would have been and how uplifting for Hindu society if these women would preach real women's rights instead of advocating that Hindu women produce more babies to right the demographic balance. I have never heard any sadhvi talk about inheritance rights, the plight of widows, the increasing sexual violence against women or providing women education and skills. All their discourse revolves around sacred rivers, sacred cows and reviled minorities.

They could have been agents for social change, instead they serve effectively to bolster patriarchy and oppression of women. What they don't seem to realise is that once their utility value as rabble rousers is over, they are generally discarded. What better vehicle to get the patriarchal message across than through sadhvis and sanyasins as long as they know when to fold up their tents and vanish into the shadows when their time is up.

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deepcut



RAJESH MAHAPATRA

## ODISHA: BJP'S HARD WORK BEGINS TO PAY OFF

As I write this column, I am in Bhubaneswar for a function in the family. Thanks to my mother, any function in our family has to be an elaborate affair, with an extended list of relatives who would be invited and made to stay over for days. In the past, she and I would often fight over it, but this time I am enjoying the crowd of relatives. Conversations with them are yielding very helpful insights into what might happen as Odisha heads for simultaneous parliamentary and assembly elections in 2019.

Our relatives are spread all over the state; most of them are first-generation urban immigrants with strong roots in villages; they are educated, politically aware and usually have their ear to the ground. So far, their electoral choices have swung between the Congress party and Naveen Patnaik's Biju Janata Dal (or its earlier avatars—the Janata Dal and the Janata Party) in what has been a bipolar polity for decades. But in

2019, they will have a third option to consider—Prime Minister Narendra Modi's Bharatiya Janata Party. In fact, calling it a third option isn't being fair to the BJP, which has seen a meteoric rise over the past two years to emerge as a credible challenger to the ruling BJD.

To be sure, my conversations with the visiting relatives have not been limited to choices they might make in the next elections. Here is what I am hearing from them, about the changes they are seeing in their areas and how these could redefine the political landscape of Odisha.

Elections in 2019 will be a close contest between Naveen's BJD and Modi's BJP. That's seen as a big change in people's perception in a very short span of time. When I came here two months ago for the BJP's national executive meeting, not many were willing to take it seriously, because its influence was still seen as limited to western Odisha.

In the coastal districts, which elect more than half of Odisha's 147 MLAs and where politics is highly competitive, the BJP was a non-entity.

That has changed now. Relatives from my ancestral village, which falls under the Kendrapara constituency, report "a lot of BJP hawa" in their area. The "hawa" could be seen in other coastal constituencies, where the party has been aggressively pushing a booth-level campaign to induct volunteers. Not a week passes these days with Union petroleum minister Dharmendra Pradhan—the BJP's likely chief-ministerial face for the state—showcasing his success in winning over local leaders from rival parties.

At this point, however, Naveen is still seen returning to power for a record fifth term. All that anti-incumbency talk, one hears, holds true mostly for urban voters, insists a relative from Kandhamal—an impoverished, tribal-dominated district in central Odisha. People in that part are happy with the BJD government's one-rupee-a-kilo rice scheme, free bicycles to girls, mobile phones and laptops to meritorious students.

The vote-winning welfare schemes apart, there is one more thing that Naveen does well—in choosing when and how to hit his rival. Like Modi, he loves to surprise. Earlier this week, he hit out at the Centre, in an unusually aggressive style, over the inadequate hike in minimum support price for

paddy. At his behest, his party quickly held a farmers' rally outside the Governor's house. Naveen's outburst and the rally, both of which got generous coverage in the local media, ensured that if the paddy crop didn't get them enough money the farmers would likely blame the BJP.

There are a few other things that are not working out in the BJP's favour. Its attempt to polarise the state's politics on communal lines hasn't gone down well with people. Odisha has a small share of Muslim population, less than 3%, but its politics has rarely been influenced by religious or caste divides, argued a relative who lives near Bhadrak, a coastal town that recently witnessed Hindu-Muslim clashes, allegedly engineered by groups associated with the BJP. Success also brings new challenges. While the party is winning new friends and allies, internal squabbles have been on the rise. Two of its national executive members are sulking. One of them, an MLA, is rumoured to be rejoining the BJD.

Between now and 2019, Odisha politics will remain action-packed. How the script unfolds from now on, we'll have to wait and see.

One thing is clear though. It will be a fight between the Biju Janata Dal and the Bharatiya Janata Party, and a good one at that.

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## thisweekthatera

### PICTURE OF THE WEEK

JUNE 28: Children enjoy themselves as animals seek shelter under a tree near India Gate during Tuesday's (June 27) downpour

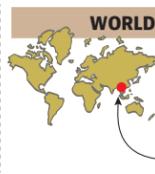


JUNE 25-July 1, 1967 >>FROM THE ARCHIVES OF THE HINDUSTAN TIMES

### NEWS OF THE WEEK



**INDIA**  
**U.S. SIGNS FOOD PACT FOR 1.5M TONNES**  
JUNE 25: India and the US today (June 24) signed an agreement providing for the supply of 1.5 million tonnes of food grains and 50,000 tonnes of oil to India. The food grains will comprise 1,25,000 tonnes of wheat and wheat flour and 375,000 tonnes of grams.



**WORLD**  
**CHINESE EMBASSY IN RANGOON STORMED**  
JUNE 28: A mob of 2,000 Burmese rioted outside the Chinese Embassy here late last night and tore the sculptured Chinese emblem from the embassy gate. The riot spread into other sections and the mob burned cars.

### Social unrest could affect FDI

This refers to 'Stop this new low form of corruption' (Chanakya, June 11). It is disturbing that some unscrupulous elements in the law enforcing agencies are giving a bad name to the Modi government. The anti-Romeo squads and vigilante groups are lowering the prestige of our country in the eyes of the international community. It will definitely affect foreign direct investment and Make in India projects.  
SUBHASH VAID, VIA EMAIL

### Demonetisation is a positive step

This is in response to Rajesh Mahapatra's Indian Economy. The worst is not over yet (Deep Cut, June 4). I disagree with the author. Many policy makers and economists such as Kristalina Ivanova Georgieva-Kinova, chief executive officer of the World Bank, has called demonetisation a positive step taken by the Centre.  
CHIRAG, VIA EMAIL

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