Cultural infusion in brands

After rational, emotional and social factors, experts have now decoded yet another magic ingredient that has been helping brands stay ahead

AMBI M G PARAMESWARAN

There was a time when branding was a relatively simple affair. You had to ensure that your brand had a strong rational reason for consumers to buy it and you need to ensure that you stuff it with enough emotional reasons as well. As Jonathan Harries, then worldwide creative director at Foote Cone Belding, put it, "You need brands to be both emotional and rationally anchored. Because if the consumer bought it for purely rational reasons they will never be happy. And if they bought it for purely emotional reasons, they will never be satisfied."

So rational reasons help the consumer stay satisfied with the purchase. But real happiness with the purchase comes from the emotional infusion into the brand. So a soap is not just a cleaning agent, but is also the beauty secret (of film stars). A toothpaste not only cleans your teeth, but gives you a unique "ring of confidence", a life free of bad breath problems. A detergent not only washes away stains, but helps your child feel confident in school and win the merit badge.

Life was humming along and a few years ago companies started mouthing the need for brands for espousing social causes as well. So we now have a three-legged stool. Rational. Emotional. Social.

Companies started identifying social causes that specific brands will embrace. I am not speaking of inane five-minute videos on YouTube that celebrate the fashion of the month social cause. I am referring to key social causes that brands embrace at their core and over a period of time. So a detergent brand not only removed dirt, thereby giving the mother the confidence to let her kids play in the dirt (because dirt is good), but also used a lot less water. A food brand speaks of using organically sourced raw materials. A notebook brand speaks of being green-conscious through its plantations (we will plant a tree for every book you buy). And so on.

As if these three raison d'être is not enough, now experts have decoded yet another magic ingredient that has been helping some brands stay ahead of the curve. They have looked beyond the usual rational and emotional reasons for their success and have unearthed yet another dimension.

In his book *Cultural Strategy*, Douglas Holt speaks of brands that managed to get ahead of the competition by latching on to an emerging important cultural truth. Nike did not succeed, according to Prof Holt, because of empty superstar celebrity endorsements or their commitment to "Authentic Athletic Performance". Nike succeeded because it managed to hit on a new emerging cultural phenomenon in the US, of people running to stay fit. Anyone and everyone could do it. Nike's heroes were not sports celebrities (though they were featured in the ads), but the everyday Joe who had taken up running. Or take the brand Patagonia. This very successful brand of outdoor wear hit on the cultural truth of love for the environment. So the brand promises to recycle, commit resources for environmental development. Or take Body Shop, which is now being sold off by L'Oreal, that pleaded to a "no animal testing" commitment. They hit on the cultural truth of a caring woman who did not want to hurt animals in the process of getting a better eyeliner.

If you look closer home, Royal Enfield has managed to mine the cultural truth behind an older bike lover, who is no longer a speed fiend. He likes it a little slower and hence culturally a little different from a typical mobile user, and we may say a little more rooted. Or take Manyawar which mined into the cultural truth behind big weddings and the concept of "YaarkiShaadi". No amount of rational, emotional, social mining would have unearthed that cultural truth. Or take Paper Boat which mined into the cultural truth of "childhood tastes". It did not pass the muster of sugar/health or organic/natural, but it hit on the cultural truth of authentic, almost forgotten old taste. In a sense even Fab India has infused its brand with a strong cultural truth; authentic, natural, home-grown fabrics and also great social values of paying a fair price to their vendors.

This is just an indicative list. I am sure there are many more brands in the Indian market that are able to score a win over deep pocketed competition, by hitting on a cultural truth and infusing itself with that truth.

Is there a way to unearth such cultural truths? Or is it just a hit and miss?

For a start you could start brushing up on some basic readings on cultural branding and anthropology research. Then spend more time in the market, with consumers. Invest in trying to understand how socio-cultural trends are being captured in mainstream popular culture and fringe popular culture. Finally you need to take that leap of faith. Classical consumer research may not be able to green-light a cultural infusion idea. You may need to explore new methodologies to get your reconfirmation. But I assure you it will be a fun ride.

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CHINESE WHISPERS

Who coined good & simple tax?

In his address at the Central Hall of Parliament on Friday to mark the launch of the goods and services tax (GST), Prime Minister Narendra Modi delivered a catchy phrase to describe the indirect taxes reform initiative. He described GST as the good and simple tax. A few minutes later the audio-visual presentation made at the roll-out function also described GST as the good and simple tax. Who coined this catchy phrase for GST? It turns out that well-known tax expert Satya Poddar used this phrase to reiterate what GST must stand for. And he did so in one of his articles published in *Business Standard*. The headline of Poddar's article published on May 18, 2015, said : "GST should be a good and simple tax."

Some relief after GST

ILLUSTRATION: BINAY SINHA

Mumbaikars are heaving a sigh of relief after octroi at the entry points to the city was abolished under the goods and services tax (GST) regime and the five check *nakas* are being dismantled. According to estimates, for every rupee earned by the Mumbai municipal corporation, another rupee was paid as bribe. Mumbaikars are hoping the state government would remove even the toll collection points at the entry to the city that delay free movement of goods — for hours at times — thus increasing the cost burden on traders. Traders suggest the government levy the same tax at fuel pumps.

A party gathering

The Rashtriya Janata Dal (RJD) is planning to celebrate its foundation day on July 5 with great fanfare. Its MLAs and MLCs will gather at the party office in the morning and then move to founder Lalu Prasad's residence in the afternoon. The afternoon meeting has been called to discuss Prasad's August 27 rally — the "BJP *Bhagao Desh Bachao*" rally for which all leaders of the Opposition parties have been invited — and the political scenario in the state over support to the two presidential candidates and the just-introduced GST. Prasad has personally invited Congress President Sonia Gandhi and West Bengal Chief Minister Mamata Banerjee. Chief Minister and Janata Dal (United) founder Nitish Kumar has said he will attend the rally if he gets an invite.

The fast-growing analytics opportunity

Analytics will remain the differentiator for winning firms in an increasingly competitive hiring and customer environment

GANESH NATARAJAN

We are justifiably proud of our IT and business process services industry, which has grown from humble beginnings to a 150 billion-dollar global powerhouse in a few decades. Today, there may be signs of the growth slowing down to single digits but there are some segments that will continue to present enormous opportunities — the evolving world of analytics is clearly one of the most exciting.

The big data and analytics market globally, including software, services and hardware, is expected to be at the same level as our total industry, over USD 150 billion by the end of 2017 and will record substantial growth, to touch USD 210 billion by 2020. More than 50 per cent of all big data and business analytics revenues will come from the US market followed predictably by Western Europe. The two regions with the fastest growth in the next five years are expected to be Latin America and Asia Pacific excluding Japan, both growing at over 14 per cent.

Corporations everywhere are looking at analytics as the next big opportunity to differentiate themselves, undertake deep descriptive analysis of customer journeys and buying behaviour and move towards predictive and prescriptive models that will enable them to garner higher market and opportunity share. Banking, financial services and manufacturing are likely to lead the adoption and with increasing focus on digital transformation in every sector, changes in the way organisations interact with all stakeholders and everything — data, applications and infrastructure — moving to the cloud, the imperative and opportunities for gathering quantitative and qualitative data from multiple sources will only multiply every year.

Indian firms, too, like their counterparts in the West, have taken to the analytics imperative in recent months and it's good to see analytics centres of excellence springing up in key corporates around the country. Not surprisingly, the primary focus of many new centres is on customer behaviour with the design of marketing analytics solutions that target marketing spends optimisation, promotion campaign effectiveness and dynamic campaign management. Apart from improving the return on investment on marketing spend, analytics centres are also helping marketers manage the entire customer life cycle — acquisition to retention and predicting customer response to new campaigns by response modelling and ongoing customer satisfaction and churn analysis. Risk analytics products are also helping firms to profile customers based on credit risk analysis, model the collection and recovery risks and enable fraud detection and monitoring. Companies engaged in extensive analytics usage are already showing better bad debt management through the continuous generation of collection and recovery scorecards and prediction of default patterns.

On the supply chain side, analytics is helping to optimise inventories and demand and supply chain management across countrywide and multi-country networks, do route optimisation, shipment scheduling and overall logistics management and publish transportation analytics. HR analytics is also catching on in a big way and substantially improving offer to joining ratios as well as retention and engagement of employees in large corporations with widely spread out workforce. Analytics helps in providing touch points at every stage in the employee attraction, hiring and retention journey, design compensation plans that are in line with current market realities and provide the spur for new solutions for performance measurement, just-in-time skilling and employee engagement to maximise productivity and performance.

Most of the global in-house centres of large corporations in India have built deep analytics capabilities to support global teams

With analytics moving from simple correlations to multi-variable modelling and analysis, and artificial intelligence and machine learning enabling predictions and prescriptions to become sharper and deeper, the early adopters are exulting in the increasing maturity that they are able to get in their analytics centres. Analytics is and will continue to be the true differentiator for winning firms in an increasingly competitive hiring and customer environment. With social listening, text mining and sentiment analysis capabilities providing deeper insights into customer and employee behaviour, web and social media analytics is truly providing a cutting edge to customer relationship management and human capital management solutions.

How does one find the right solution partner in the exciting analytics space? The global environment is dominated by four key solution vendors — SAP, SAS, IBM and Oracle — with others like Microsoft, Qlik, Tableau, Teradata, MicroStrategy and Informatica also becoming partners of choice to many corporations with their solution stacks. The service provider space predictably has most of the large incumbents — IBM, Accenture, the Indian top six IT firms and business process specialists like Genpact, WNS and EXL. Some very interesting niche vendors like LA-based Systech Inc. and Bengaluru-based Bridge i2i Ltd. are holding their own, largely because of the deep insights they have developed in key customer domains globally and the collaborative approach they bring to customers. The service provider landscape extends from pure play vendors to small start-ups, KPO players and IT vendors, and most of the global in-house centres of large corporations in India have built deep analytics capabilities to support global teams.

All these developments also open up enormous manpower opportunities in the analytics space and for industry watchers who are in panic at the decline of traditional high employment areas like applications and infrastructure management and package implementation services, it will be heartening to note that the inexorable drive towards digital transformation everywhere and the growing interest in analytics will create a swathe of new opportunities for career seekers and those who would like to reskill themselves to take on the new opportunities in this field. There has never been so good a time to be a learner in this country than now.

The writers is chairman of 5F World and Nasscom Foundation

BUSINESS LIFE

Darling disruptors also need sound biz models

Like Blue Apron, too few of Silicon Valley 'reimaginers' see clear path to profit

LEONID BERSHIDSKY

Blue Apron is a company that claims to have "reimagined the traditional grocery business model". Thursday's disappointing initial public offering makes you wonder if investors are losing faith in such "reimaginings". Perhaps not, but it's time to ask ourselves whether even some of Silicon Valley's most vaunted attempts to rethink traditional business processes are sound, and what kind of future awaits them.

Marc Andreessen, the outspoken and successful venture capitalist, says there are "no bad ideas, only early ones". The example he gives is Pets.com — the start-up that dared to sell pet supplies online and flopped famously in the dot-com era. But earlier this year, as Andreessen points out, PetSmart paid $3.35 billion for Chewy.com, which does exactly what Pets.com did; it's now a major competitor to Amazon in pet food and litter sales.

From an investor's perspective, Andreessen is right: Money can be made on many of these disruptive ideas, especially if there's a good narrative to sell. But consumers don't care how much money an idea can make for those who invest in it, so much as whether the service can be relied on over time. Many "disruptive" ideas can't be. Chewy.com, which commissions oil portraits of its customers' pets to retain their business, was unprofitable by the time it was acquired.

Blue Apron, which placed its shares at $10 each rather than the expected range of $15 to $17, sends people ingredients and recipes so they can cook at home without worrying about grocery lists or figuring out what to make. But the IPO prospectus also says this: "We may not be able to achieve or maintain profitability, and we may incur significant losses for the foreseeable future." That was a softer version of this line in Snapchat's parent IPO filing: "We have incurred operating losses in the past, expect to incur operating losses in the future, and may never achieve or maintain profitability." Snapchat, of course, bills itself as a company that's reimagining how we use the camera (as a communication tool).

REUTERS

The logo of Blue Apron is shown on a large sign in front of the New York Stock Exchange before its recent disappointing IPO

After years of relentless hype, the disruptors and reimaginers of transportation, such as Uber and Lyft, are still highly unprofitable, and it's not quite clear how that can change. Aswath Damodaran, a finance professor at New York University's Stern business school who specialises in business valuation, wrote in a recent blog post about Uber's latest culture and management troubles:

Prior to these news stories, Uber was a rule-breaking company with a business model that delivered revenue growth but offered a very narrow path to profitability. After these news stories, the story remains the same but Uber has just made its narrow path even narrower and much rests on who will head the company on this path.

Spotify, Deezer and their peers — audio streaming companies, which have disrupted the music business — lose money. LendingClub, the banking innovator, reports steady losses after a brief period in the black. Tesla eats through cash faster than Elon Musk talks. Disruptive media companies like BuzzFeed and Vice may be highly valued, but their revenues depend on a shaky advertising market that's being eaten by Google and Facebook.

But aren't Google and Facebook themselves huge, disruptive success stories? Isn't Airbnb, which turned a profit for the first time in the second half of 2016?

I wouldn't rush on those, either. Facebook is beginning to commit crimes against user experience with sound-on, self-launching videos because it's running out of non-intrusive ways to increase its revenues. Google has just run into dangerous obstacles in Europe, where the $2.7 billion antitrust fine it has received is only the beginning of a series of challenges to its use of dominance in "free" products such as search and mobile operating systems to push various ad formats. Google and Facebook have been successful with their promise of personalised advertising, but regulators and fickle advertisers themselves will inevitably dig deeper into how the companies deliver on this promise.

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LETTERS

Industry leaders

With respect to Vikram Johri's "Slippery slope" in BS Weekend (July 1), the headline drew my attention to the fine article. The author has done a wonderful job of introducing the fallacies of two of the biggest contemporary industry leaders and charmers. It does so in such a fashion that we do not lose our respect for their creativity and contribution and at the same time understand (as Indians) why it is vital to strike an emotional balance if one wishes to contribute to the lives of employees by not behaving like a demigod. The last paragraph is an amazing piece of writing that thrashes the expectations of lofty morality from leaders. It teaches us to look at their achievements and learn from the one-role wonders. When I look at our leaders of industry, we are proud of their all-round personalities. Nevertheless, we want industry leaders to change people's lives and impact the society in larger ways like some of their counterparts in the US.

Nayan Sheth Pune

Restructuring Air India

With reference to "IndiGo wants Air India's overseas business" (June 30), the national carrier is reported to be up for sale following its huge accumulated losses and mounting debts. Air India is believed to be carrying a whopping debt burden of close to ₹50,000 crore, which is unsustainable. The carrier is also believed to be spending ₹4,000 crore every year on servicing debts. The real problem began with the merger of Indian Airlines with Air India a few years ago. The best option is to restructure by inducting some strategic private partners. The government is reported to have rightly approached the Tatas who were pioneers in the aviation business.

The Tatas in India are well known for their business ethics, grace in dealings and philanthropic approach, and it is perhaps the one amongst very few business enterprises that has the characteristics of both the public and private sectors. That could

well fit into the government scheme of things and possibly the Tatas might respond to its offer by submitting an appropriate proposal. Yet, it is doubtful if the carrier would be able to effect a turnaround. Thus, even with this arrangement the government will perhaps continue to nurse for sometime longer until the restructured entity is able to stand on its legs. Alternatively, besides Tata as the main player the government can also think of inducting a few more such strategic partners including existing private airlines such as IndiGo that have proven experience. In that case, the debt burden will not fall on one partner, which would be difficult to manage. India has adopted a mixed pattern of economy where both the public and private sectors have an equal and important role to play in the socio-economic development of the country.

Srinivasan Umashankar Nagpur

Farm loan waiver

Former Reserve Bank of India (RBI) Governor Y V Reddy was a tough man who tried to wield institutional autonomy in the larger interest of India's economy. He did not mince words in expressing his views and often had to face the displeasure of the government. He was, like any other RBI governors, not for farm loan waivers. But some reviews of his new book, *Advice & Dissent*, suggest a mellowed personality.

He says although farm loan waiver isn't a good thing it is not a disaster. He can't be wrong. The total outstanding in agriculture loan was around ₹12.40 lakh crore, 12.1 per cent of the outstanding bank credit, as on September 30, 2016. While 70 per cent of the total stressed debts of ₹600,000 crore, as of March 2016, are of corporates, one per cent accounts for the farm sector. As many as 1.36 crore farmers in Maharashtra have an outstanding loan of ₹1.14 crore. The farmers, by and large, have been driven to commit suicide (no corporate borrower is constrained to commit suicide) as they were or are not in a position to repay debts mainly because of loss of crop on account of the vagaries of nature, coupled with non-remunerative prices on their produce received from middlemen and/or from successive governments.

Ramanath Nakhate Mumbai

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HAMBONE

BY MIKE FLANAGAN

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Good and simple

But improving GST's design should be a priority

At long last, India has been able to enter the goods and services tax (GST) regime. It was opportune that the glittering ceremony to usher in the biggest tax reform since Independence was held at the Central Hall of Parliament, even though several opposition parties, most notably the Congress, decided to boycott the event. But none of that can take away from the fact that the GST will be celebrated as a watershed moment in the history of India's economic reforms. Nor can anyone deny that it is, as both Prime Minister Narendra Modi and Finance Minister Arun Jaitley said in their speeches, a "high point" of Indian politics and a shining example of the success of its federal structure. The GST was first mooted by a task force headed by Vijay Kelkar in 2003 and the Atal Bihari Vajpayee-led government welcomed the recommendation. Later, the Congress-led government of the United Progressive Alliance took the first concrete legislative steps in 2011. Over time, the GST's framework received critical inputs across party lines: From the BJP's Yashwant Sinha, who led the Parliamentary Committee and gave the format of the GST Council, to several leaders from Opposition parties who served as the head of the empowered group of state finance ministers such as Asim Dasgupta of the CPI(M) in West Bengal, K M Mani of the Kerala Congress (M) in Kerala, and A R Rather of the National Conference in Jammu & Kashmir. It is indeed creditworthy that notwithstanding the 14-year-long wait, all decisions by the GST Council were taken by consensus.

In terms of economics, the GST replaces 17 indirect taxes (each requiring a separate return) and 23 cesses and will thus unify the country (Jammu & Kashmir will hopefully join the new system by next week) into a single market, at least in terms of all the goods and services that are covered in it. Since it is a tax based on the value addition at each stage of production, allowing producers to claim input tax credit, it removes the cascading effect of indirect taxation that existed till now. It also is more equitable and socially reformative since it strengthens the hands of the honest taxpayer while making it more arduous for the corrupt to evade taxes. In the process, it expands the tax base, allowing lower tax rates to possibly throw up higher revenues for the central and state governments, and those, in turn, could be spent on increased welfare spending. Apart from simplifying processes for the domestic producers and reducing the discretionary powers with tax officials, the GST also makes it easy for the global investors looking to plough their money into India. Clearly, the GST does provide India with a truly modern "way of doing business".

However, it is also true that many commodities such as petrol, diesel, and potable alcohol as well as over 80 services have been kept out of the GST net. This will not only restrict expanding the tax net as well as the potential revenues but also impede the prime minister's express objective of curbing black economy. Moreover, as several reports suggest, many a small business appears ill-equipped as of now to transition to the GST framework, thanks to the breakneck speed with which the government has chosen to run the last lap of the GST's introduction. It is important to note that such wrinkles need to be ironed out at the earliest to strengthen the people's faith in the tax system. It is in this regard that it is yet again the shared responsibility of the governments — both at the Centre and the states — to heed the president's advice and continuously review and improve the implementation of the GST.

The mute Opposition

Why is it so silent on lynchings?

The President of India has spoken out. So has Prime Minister Narendra Modi. Union Minister Ravi Shankar Prasad has condemned it. But what about the leaders of the Opposition? Only Brinda Karat, the Rajya Sabha MP from the Communist Party of India (Marxist), took the trouble to visit the family of Junaid Khan, a recent victim of such attacks against Muslims and Dalits, and robustly denounced the incident. Apart from her, leaders from Rahul Gandhi to Nitish Kumar to Mayawati and Mamata Banerjee — all vocal defenders of Indian secularism when it suits them — are yet to be heard. Instead, it has been the people who chose to respond to a Facebook post and gather to protest the growing culture of lynchings. Those headline-grabbing protests may have encouraged Mr Modi to issue his statement from Sabarmati Ashram, where, invoking Mahatma Gandhi and his creed of non-violence, he declared that violence was unacceptable and killing in the name of cow vigilantism was wrong. In choosing to speak out, Mr Modi has displayed mettle. Which is more than can be said of the Opposition, which has registered its protest only against the inadequacy of Mr Modi's statement.

Why is the Opposition so reluctant to champion a cause that concerns a foundational value of the Indian republic? Part of the problem lies in the hugely polarised climate. The "whataboutery" that passes for public discourse has reduced the issue to a childish trading of charges as to which political party has been responsible for banning beef, presiding over past lynchings, and so on and so forth. It is possible that the Opposition's hesitation has to do with narrow electoral concerns: The over 280 seats that the Bharatiya Janata Party commands in the Lok Sabha and 312 seats it won in the Uttar Pradesh Assembly have been possible without giving due representation to Muslims among the candidates it fielded in these polls. From these numbers, it is easy to conclude that Hindutva as an ideology is widely popular, and a "soft Hindutva" stance ahead of 2019 may pay dividends for Opposition parties.

Apart from the practical fact that "soft Hindutva" will never be able to compete with the Parivar's proven ability to generate a competing and escalating hard line, such a cynical calculation ignores the weaknesses of the first-past-the-post electoral system and a fractured polity that often delivers results that do not reflect majority opinion. In neither the 2014 Lok Sabha elections nor in UP in 2017 did the BJP win a majority of the total vote share. At 31 per cent, the lowest vote share for a single majority party in the Lok Sabha since 1967, and 40 per cent in UP, respectively, it is clear that a large number of Indian people do not subscribe to Hindutva. Ergo the Opposition leaders can safely jettison their indecisiveness and come forward to robustly defend India's secular values. At the very least, it will make them more relevant than they are at present.

ILLUSTRATION BY AJAY MOHANTY

Perfecting the GST

The current GST is imperfect. To fix it, the government must keep an open mind about complaints

POLICY RULES

MIHIR S SHARMA

The goods and services tax (GST) is now a reality. The GST might be imperfect, but it remains the best hope of knitting India together into a single market. We need to welcome it — but also to agitate for its improvement, and to stand ready to remedy its deficiencies and ill-effects.

As it stands, the GST dearly and desperately needs improvement. To see why, let's try and compare it with the "ideal" GST — in other words, the one we were promised when the idea was first floated.

That GST was simple — enticingly simple — and correspondingly powerful. It suggested a single tax rate, or at most a narrow band of rates; a reduction in paperwork; and a reduction in the overall tax rate paid for by the expected increase in total tax revenue.

None of these conditions has been met. Definitely not in full, and only some in part. Consider first the idea that there should be a single tax rate. Instead of this we have been left, thanks to the political bargaining between states and parties — and also thanks to some judicious lobbying — with a plethora of tax rates, five or six depending on how you count. Food in a restaurant, for example, can be taxed at any of four rates from 5 per cent to 28 per cent, depending on various factors such as air-conditioning and the star rating of the hotel the restaurant is in. Why is this a problem? First, it is not simple to administer. Second, it leaves the door open for taxpayers to evade taxes by moving revenue from one head to another head with lower taxes. Third, it opens up the possibility for rent-seeking, as various industries and sectors clamour for lower tax rates for their particular products or services — some of which, according to reports, has already started happening.

Then look at the second condition I originally mention, the question of paperwork. Ideally, you should not be forced to submit monthly returns. Some major indirect taxes are currently collected quarterly, and that should have been the expectation for the GST. In Australia, for example, only very large companies have to pay the GST monthly; smaller companies can pay the GST quarterly. In India, this benefit is possible only under the "composition" scheme, in which smaller companies can't claim input credits. In the current GST, a taxpayer has to submit three returns a month for every single state it's in. Some of these are "auto-populated" — but that's not as much of a relief as all that, for you're still liable for any errors in them. As one tax expert told the news service *India Abroad*: "Though inward returns and monthly returns will be auto-populated, the taxpayer will still have to validate these details before submission and add additional information like GST paid under reverse charge mechanism, details of credit notes etc."

The idea should have been that all but the largest taxpayers have to produce at most four or five returns nationally. As it stands, the strong disincentive for small firms to expand beyond a single state remains. This was one of the crucial reasons why the early GST was a great idea, and it has been lost in the current conception of the tax. Partly, this is to placate the indirect tax bureaucracies in the various states — a terrible motive if ever there was one.

Finally, what of the overall tax rate? It is possible that many staples will not be taxed at a higher rate than earlier — in fact, controlling or reducing the tax rate on goods that comprise the bundle from which the Consumer Price Index is calculated seems to have been a primary objective. This might help the government sell the reform to voters — "Look, inflation has not gone up according to the numbers!" But if the prices of other goods go up, voters won't be fooled. More to the point, it is far from clear that this GST will have the silver bullet effect that the "pure" GST would have provided. That would have both reduced the incidence of tax on the honest and increased government revenue. In the current form of the GST, however, the effect on total government revenue is uncertain, while the effect on private consumption, investment and production is emphatically not going to be the immediate boost that a flat, lower rate would have provided.

It is to be hoped that the GST Council is aware of these problems; and that the central government, in particular, recognises that its responsibility does not end with the introduction of an imperfect GST. It has to keep on building a political consensus for improvements to the GST, while keeping this "ideal" GST in mind as the target. As comfort grows in the broader political class with regard to the changes that the GST will wreak, these reforms should be introduced into the actual GST through rulings and changes mandated by the GST Council. In other words, the work is not over, so the government should stop patting itself on the back.

The government also needs to be on the lookout for the various problems in implementation that are inevitably going to arise — as well as other, more serious problems inherent to the GST.

For example, the effect on small and medium enterprises should be carefully gauged. SMEs were the drivers of a nascent growth revival about a year ago; but the investment crunch turned that into a slowdown and then demonetisation hammered SMEs still further. Now their compliance and working capital costs have been increased at a stroke — which was, again, certainly not the intention of the original GST. Their demands will need constant attention.

More broadly, the concerns of certain states about their tax revenue should be carefully kept in mind. The current system has one major benefit: It allows states to raise or lower indirect taxes, and thereby control their own spending-taxation choices. State governments' degrees of freedom have been reduced. That may have deleterious political effects in the long run if efforts are not made to ensure that they still have sufficient room to manoeuvre in response to local political demands.

As problems, gaps and imperfections in the GST are brought to its attention, the government will need to be open to these complaints, and not dismiss them as the ravings of the corrupt. In order to make this vast reform a success, a government that both listens and acts will be crucial.

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The idea of a road

DOWN TO EARTH

SUNITA NARAIN

I have been on the road these past few days. It has been fascinating to notice the differences between roads and between cities. First, I was in Stockholm. Roads there are designed first for the people and then for the cars. As a Delhi resident, I hesitated stepping on the road even at a zebra-crossing because I feared the car would not stop; it would knock me down. I realised how deep-rooted our sense of insecurity is. Our road is not for walking.

In Stockholm, the pavements are also low. It makes for effortless walking. In my city, the pavements are high. It takes some effort to step on to them, making it difficult for all, and not just the old and the disabled, to move on foot. The reason given is if pavements are low, people will park their cars on them. But that is because we do not enforce regulations for illegal parking.

Then comes the priority: Who has the right of way, cars or pedestrians? This is where I noticed a difference between Stockholm and the next city I visited and walked in, Washington DC. In Washington, as compared to Delhi, you are in heaven as a walker. From the moment, you get off a train or a bus you will find pavements, mostly accessible and connected, till you walk to your home, office, or any other destination. The city is walkable but with a difference.

In Washington, you have to wait for long for the traffic signal to change before you can cross the road. If there is no signal and only a zebra-crossing, then cars don't respect the walker. They let you pass, but with a grimace. Worse, when you cross the road, it is also when cars turning right or left also cross the same road. There is no right; it is a privilege. Car drivers tell you they are waiting. You scurry across as fast as possible.

In Delhi, when our streets were not roads, we could cross them. There was chaos, mixed traffic, everything on the street, but also safety for women because of the numbers. The street was for walking and even talking. But then we moved to roads. The roads were designed for the efficient movement of just one kind of traffic: Cars. As cars spilled over, more space had to be created. This space came from footpaths. Delhi sacrificed its walking spaces. Now I go to other cities, where the same thing is happening.

Another difference between Stockholm and Washington is the width of the road. In Stockholm, roads are not highways. Cities are meant for easy movement. In Washington, road widths are huge. It feels as if highways cross the cities. This means as the light turns white for pedestrians, it requires running to cross. In Delhi, we are now building in such a manner that highways transect our cities. Ridiculous.

If we are not able to walk, we cannot really build a vibrant public transport network. Today, the Delhi Metro — efficient and clean — would be my choice of transport. In fact, there are two metro stops within a few kilometres of my home and office. But I can't walk. I can't cross the road. I am unsafe when I walk as a woman. I am likely to trip over all the businesses that have taken over the footpaths where they exist.

The only part of my city that has footpaths is where nobody walks. In this part of Delhi, called Lutyens' Delhi, where the government and the powerful live, the footpaths gleam. But just imagine, they are made with granite and polished so that you cannot walk. Or possibly for the powerful people to roll down the windows of their bullet-proof cars and feel good about their modern city.

The question is: What is your vision of what a road should look like? My colleague Anumita Roychowdhury, who works on mobility, will tell you that her most frequent conversation with decision-makers is exactly about this. What is their idea of a road?

On the one hand is the road — most frequently captured in photographs from the US or now even China and India — where cars move bumper-to-bumper. There is no diversity of vehicles. Few motorcycles, fewer buses, and non-existent cyclists and pedestrians. On the other hand is the picture of a street in African cities or any smaller Indian city, where everything is moving side by side. Here people walk, cycle and take para-transit systems like auto-rickshaws. All side by side. This is seen as the chaos we would like to get rid of as we get rich, modern, and successful. But, as Roychowdhury will tell you, a chaotic road carries more people and is, therefore, a much more cost-efficient instrument for mobility than the car-filled road.

The trouble is that we are lost between these worlds, where walking works because we are poor and walking works because they are rich. We need to cross this road, and for this we need to rethink our view of the road itself.

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Oddballs and their transformative power

BOOK REVIEW

FRED KAPLAN

Few have heard of the Defense Advanced Research Projects Agency, but this small Pentagon enclave has spawned some of the transformative inventions not just of modern war but of modern life: The Saturn rocket, stealth aircraft, armed drones, biofeedback systems and — biggest of all — the internet.

Yet Darpa has also devised some of the most disastrous fusions of science and war, including Agent Orange (the defoliant that disabled thousands of American troops, as well as untold numbers of civilians, in Vietnam) and myriad other projects that treated the world as a giant laboratory but neglected to notice the people inside. In *The Imagineers of War: The Untold Story of DARPA, the Pentagon Agency That Changed the World*, Sharon Weinberger, an executive editor at *Foreign Policy* and the author or co-author of two previous books about the military-scientific complex, traces the ups and downs of this agency, with its "mix of geniuses and mediocre bureaucrats" and the "procession of nuts, opportunists and salesmen" who pitched wild ideas and often won contracts to pursue them.

The agency was established, originally as ARPA, in 1958, to get the United States into space after the Soviets beat us to the punch with the Sputnik satellite. Within a year, a new civilian agency, NASA, assumed that mission. So ARPA, "struggling to find a new role for itself," turned to the escalating war in Vietnam. President John F Kennedy, an enthusiast of counterinsurgency, funded ARPA's Combat Development and Test Center, which put in motion Project Agile, a "covert-operations shop" run by William Godel, a veteran spy who helped recruit former Nazi rocket scientists in the late 1940s, then took on various roles in the NSA and the Pentagon's special-operations directorate.

It was Godel who turned ARPA into a forum for ideas that were "completely screwball," in Weinberger's words, but got funded anyway because they were "bold and scientifically interesting." These included a plan to control Vietnamese villages through mass hypnosis, an acoustic sniper-detection system (which produced 5,000 false positives in field tests), an interplanetary spaceship powered by thousands of nuclear explosions and a magnetic force-field to repel incoming Soviet warheads, among others.

With access to Godel's unpublished memoir (from his daughter), Weinberger paints him as not only the driving force in this story — "more than any other ARPA official," she writes, he "shaped the agency's future" — but also a colourful character. His house was filled with gadgets straight out of James Bond's Q lab. He travelled the world with cash-stuffed briefcases and, in connection with that, was sentenced to five years in prison on fraud-related charges in the mid-1960s. After leaving ARPA, he ran guns to Southeast Asia. Some suspected he was a security risk.

The book — deeply researched and briskly paced — saunters down a gallery of oddballs apart from Godel. There's Nicholas Christofilos, a flamboyant Greek, whose ideas were "scientifically sound but required technological miracles to make them work" and whose charisma stemmed from his lacking "any self-awareness that the concepts he proposed were outrageous." There's Herman Kahn, the ur-strategist of nuclear war and the probable model for Dr Strangelove, who proposed building a moat around Saigon to keep out the Vietcong. Anthony Tether, a more recent Darpa director, told Weinberger that the agency's best program managers "have inside them the desire to be a science fiction writer."

Yet a desire to write science fiction could lead to inventions like the internet. And who could have judged, when they were first pitched, that armed drones or brain-controlled prosthetics were any less the stuff of fantasy than many of the projects dismissed here, in retrospect, as "lunatic" or "comical"?

The key to Darpa's successes and failures, apparently, was that it operated "below the radar," as Weinberger writes, "unencumbered by the typical bureaucratic oversight and uninhibited by the restraints of scientific peer review." The initial $1 million Budget for a cross-country computer network — the beginnings of the internet — was given the go-ahead after a 15-minute conversation.

That was in 1965, when the agency was ensconced in the elite E Ring of the Pentagon. In later years, as it lost favour and was moved out farther into the suburbs, it also lost some of its élan and autonomy. In her final chapter, Weinberger laments the current Darpa's focus on narrow "technical problems" and all but pines for the days when it "sought to understand the fundamentals of society and the causes of insurgency." Yet a recurring theme of her book, up to this point, has been the fallacy of believing that technology can win a war for hearts and minds and the "arrogance" of "treating nations as living test beds."

Just a few pages before her concluding nostalgic dip, she condemns the "allure of applying the wizardry of science and technology to warfare," which makes wars "more inviting" and has "entangled the United States in a 'forever war.'" This is a cogent (though not original) critique, worthy of a separate book, but it's a bit overstated for this one. Darpa invented the armed drone, but, as she notes, a quarter-century passed before it came into wide production and use. "The agency has largely been absent from the past 10 years of national security debates," she observes. The question, which she leaves uncertain, is whether that's good or bad.

THE IMAGINEERS OF WAR
The Untold History of DARPA, the Pentagon Agency That Changed the World
Sharon Weinberger
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