

Is GST India's Biggest Economic Reform?

It stands on the shoulders of past giant reforms

Some speculate that the goods and services tax (GST) has been India's biggest piece of economic reform. Without doubt, it is a very major reform. In fact, it has been the most complex reform to achieve: it called for the Constitution's division of the tax base between the Centre and the states to be amended, calling for virtual political consensus across the federal divide and the political spectrum. With GST, the Centre taxes retail sales of goods and states tax services. No sale suffers tax merely because it happens across state boundaries. To make these changes, the Constitution had to be amended. But the GST could not happen or would not matter even if it happened, if a series of economic reforms had not happened before it.

India's GST is the first value-added tax to work entirely on an information technology and communications infrastructure. It takes ubiquitous computing and broadband access for granted. Invoices and returns have to be uploaded to the GST Network, where software will reconcile taxes paid on inputs with claims for credit for such taxes or reject them or even penalise them. The billions of records that billions of transactions amongst 1.3 billion people within the country and by them with those outside the country will automatically get processed. India today has the information technology capability to make this happen. The reforms that made this possible go back to the decision to set up institutions of excellence in higher education in the 1950s and 1960, and to break the insularity of a protected economy in the 1980s and bring in computers. The liberalisation of 1991, unleashing long dormant animal spirits, the subsequent introduction of private enterprise into telecom services and the gradual removal of shackles on its expansion built the communications network GST rides on. If the states had not implemented value-added tax, they would have balked at GST.

It is best to view GST as another milestone in India's reform journey. India has a long way to go, before poverty and ignorance and disease are banished and people set free to realise their potential.



Possible to Curb Hate on Social Media

The near-ubiquitous spread of social media platforms has opened the floodgates of instant information, video and music-sharing. The power of social media extends to politics, where individuals and organisations use rumour, innuendo and abuse to malign rivals. Much of this is false, threatening at a personal level and hate speech. As mobile internet spreads, fake news, abuse and hate speech proliferate.

In Europe, this has taken on racist and ethnic hues: Islamophobia is rampant, the colour of skin has become a major divisive force, refugees from nations at war are reminded that they are not welcome, and several nations are falling back on anti-Semitism, even as the Islamic State spreads its own brand of hatred and violence. To check this, last year, the European Union enforced a code of conduct on four giants of the digital space: Facebook, Twitter, YouTube and Microsoft. It commits these companies to review and act on valid notifications of hate-speech content fast, within 24 hours for the most part. Germany has gone further: seeking penalties up to €50 million on offending sites. The European Union, on the other hand, prefers self-censorship, rather than state control.

One year later, the European Union's code seems to be yielding results: companies are deleting offensive content in greater volumes and faster. But it will need more than legislation to fix the problem. Hate speech and fake news come in many languages — including the two dozen or so widely used in India. To curb this, it will require algorithms that respond to semantic and contextual aspects of posts. Artificial intelligence can help: Google claims it can translate literature, retaining its original nuances. Vigilant activism, laws and technology working together can sweep the internet clean.

Equal pay for equal work sounds good until the worker turns out different

Unhappy Ending as Bear Plays Goldilocks

Men are men, bears are bears, and never the twine should meet. In Colorado, the state's parks and wildlife officials recently shot dead a bear that spent six hours trashing a house looking for food even as the owner slept soundly upstairs. How could he sleep through a hungry bear's rampage through his kitchen? He had installed surveillance video at his place, silly. It did not prevent an ursine break-in, true, but it did capture the bear standing on its rear legs and opening the refrigerator to ransack its shelves. The bear got shot because, the officials said, he charged back at the house after leaving it. The officials claimed it was the same bear who had taken ice-cream and M&M from another home and forced a woman to lock herself in her car as he prowled around her garage.

Any self-respecting child in the West has heard the tale of Goldilocks and the three bears. This little blond girl walked into the bears' home, tasted and ate their porridge, broke the little bear's little chair and slept in his bed, only to wake up and run away when the bears came back home. What if the bear who raided homes had heard the tale, too, and merely wanted sweet revenge? Now, we are firmly on human ground: the moral dilemma of restitution for past crimes. Grin and bear it, would have been a better response than shooting the bear dead.

'Bibi' Netanyahu's description of the newly tied India-Israel is more accurate than it may seem

A Big Fat Monsoon Wedding



Sandip Roy



Who could have guessed that Israeli Prime Minister Benjamin 'Bibi' Netanyahu would prove to be such a closet romantic? When Prime Minister Narendra Modi landed in Israel on his historic visit to that country, Netanyahu proclaimed effusively that this relationship was a "marriage made in heaven" but being implemented here on earth.

Some of the bloom came off that rose when it was discovered that Netanyahu had used pretty much the same line on the Chinese earlier this year turning Hindi-Chimi bhai-bhai into soutens ('Co-spouses'? Spouses-in-law?). He had said China would assume its "rightful place" on the world stage and Israel was the "perfect junior partner for that effort... I believe this is a marriage made in heaven."

That probably went down poorly with New Delhi given its rather strained relationship with Beijing these days. Beijing has declared the time is "not right" for Narendra Modi-Xi Jinping bilateral talks at the two-day G20 summit that started in Hamburg yesterday. We never asked for one, a piqued India has responded. In the end, there was a 'pull-aside' meeting between Modi and Xi, which was duly captured and tweeted from 'the function venue'.

Meanwhile, China is hissing 'My precious' full Gollum-style at the Doklam plateau lying in the juncture of Bhutan, China and India,

which it covets along with one ring (one belt?) to rule them all.

By wooing China, Netanyahu has just rewritten the newly minted India-Israel romance as an international Sahib-Bibi-Gollum triangle that would be the fantasy of any Balaji soap opera scriptwriter with a dash of JRR Tolkien in her.

But it's odd that world leaders still like to pretend that marriage is the gold standard of long-lasting relationships at a time when divorce is on the rise all around the world.

Netanyahu has been married three times, and once confessed on television about an affair with his PR adviser. This time, however, the two men are charting marital bliss for their democracies.

Perhaps the world's obsession with arranged marriage as some bizarre Indian cultural ritual makes relationships with India particularly prone to marriage metaphors. Charles and Diana of the Windsors had an arranged marriage too. But we call that a 'fairy tale wedding'.

Grooming the Groom

When US President Barack Obama visited India in 2010, the Wall Street Journal compared the US to a nervous groom being sent to meet a reluctant bride. Bill Clinton introduced the power couple to each other, and George W Bush was the friendly auntie who moved the match forward over the protestations of 'the other woman' Pakistan. In 2017, we are still not sure if it's happily ever after, or we are feeling the seven-year itch.

Modi had his first one-on-one hug with Donald Trump. But as Rahul Gandhi snickered on Twitter, the joint statement issued by the two countries said nothing about the H-1B visa issue. The US State Department also used the phrase "Indian-administered Kashmir" while declaring Hizbul Mujahideen commander Syed Sala-



Did you like Gal Gadot in Wonder Woman? She's Israeli, you know

huddin a "global terrorist".

Similarly, during the India-Israel visit, the Israeli daily Haaretz wrote that Netanyahu said nothing about the stalled investigation into the attack on the Israeli diplomats in New Delhi in 2012, an attack allegedly masterminded by Iran. Israel has said it would not rest till those attackers faced trial. But India, with its close ties to Tehran, has shown little appetite to do so. Modi faced no heat about that.

But in a way, marriage is all about negotiation. Private tensions are airbrushed away for picture-perfect photographs in picturesque settings: walking barefoot along the beach, roaming around a flower garden, smiling on red carpets. Dowry disputes can be vicious but when the big day comes, uncomfortable issues are carefully shunted away out of sight for nothing must ruin the wedding video.

There's too much at stake. And with \$4.3-billion business deals signed between India and Israel, this one could certainly qualify for a big fat destination wedding.

Perhaps Bibi Netanyahu, a canny politician, knew what he was talking about when he described the India-Israel relation as a marriage. The public naively assumed he meant 'happily ever after'. But Netanyahu, a gr-

eat survivor of both politics and marriage, might have meant something far trickier and far more practical.

It signals public commitment, but there's divorce if things go sour. And there's always room for occasional extramarital liaisons with Palestinians, for example. Modi, coming from the land of arranged marriage, surely understood that.

Not a Shady Shaadi

While our movies rhapsodise about shuddh desi romance, we still like our marriages arranged. Shaadi.com is our Tinder and India and Israel have swiped right. The couple do not know each other that well. History has kept them apart for some 70 years. But no matter, our grandparents did not see each other till their wedding day.

Now the astrologers have spoken and said the stars are aligned favourably. The families have vetted each other and talked about joint investments. There's talk of a free-trade agreement, more direct flights, OCI (Overseas Citizen of India) cards. The numbers have been hammered out, the trousseau negotiated. It's a good kundali match with excellent prospects, say the pundits.

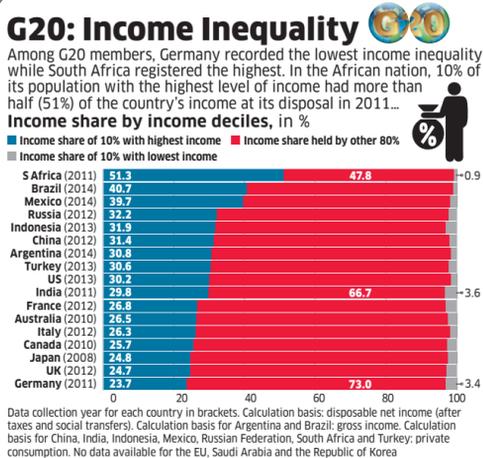
Love-shove? That can come later. For now, let's just enjoy the monsoon wedding.

Netanyahu has been married three times, and once confessed about an affair. This time, however, the two men are charting marital bliss for their democracies

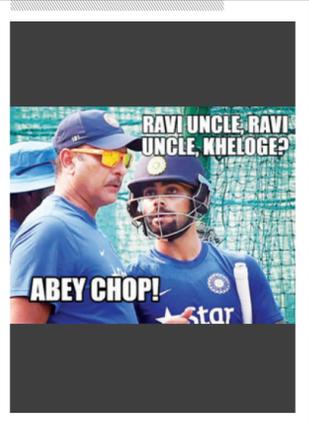
WIT & WISDOM

"Never go to a doctor whose office plants have died."

Erma Bombeck
Humorist



MEME'S THE WORD



INDIAN DIASPORA STUDYING IN INDIA

Give Us Your Huddled Young Sparks



V Sridhar & Kala S Sridhar

Prime Minister Narendra Modi's recent visit to the US, and the general outcome of his meetings with President Donald Trump and CEOs, emphasise the strategic importance of the relationship between the two countries in areas such as defence, business, energy and environment. Addressing a gathering of the Indian diaspora in the Washington DC suburb of Virginia last Sunday, Modi highlighted the unblemished record of his government and promised to make India as great as the US during their lifetime. Indian-Americans are currently estimated to number over 20 million, composed of non-resident Indians, Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs).

While the hallmark of an Indian student 'doing well' even today is his or her 'studying abroad', until the 1990s, given the opportunities in India under the licensing regime being very restrictive, the dream of every Indian was to go to abroad, especially the US, for graduate studies and settle there. However, the 1990s saw the exponential growth of information technology (IT) and allied sectors that gave multifold and well-paying employment opportunities to Indian youngsters in India.

That prompted a significant number of students to stay back and work for Indian companies. At the same time, due to deregulation and delicensing, the telecom, automotive, electronics, biotechnology sectors opened up. A significant

number of well-qualified Indians decided to stay back instead of going to 'greener pastures'.

The late 1980s and early 1990s also witnessed greater globalisation of trade and business. This required Indians, especially in the IT services sector, to travel to other countries for short as well as medium term (2-4 years) for working on projects. Those deputed abroad for significant amounts of time invariably had children in these countries, whom the parents wanted to be brought up in India.

Despite having foreign citizenship, when the parents returned to India, the children were educated in schools and colleges much like the rest. Realising the importance of 'home returned' Indians and their children of foreign citizenship, GoI made modifications to the Indian Citizenship Act, 1955, to include OCIs into the ambit of Indian citizenship. As per the amendment, OCIs are provided parity to all facilities in educational, financial and economic fields

as Indian citizens.

However, the treatment of OCIs is mired in confusion, especially in education. Though most OCIs live and study in India, their treatment regarding 'residency' is ambivalent across different states, due to the variety and flexibility typically found in a federal structure.

While some Indian states consider them equivalent to resident Indians, others treat them only on par with NRIs. While national institutions treat OCIs on par with Indian citizens in terms of eligibility and fee structure, state-level institutions differ widely. This confusion sometimes creates huge financial and mental pressure on parents.

In the recently concluded undergraduate National Eligibility cum Entrance Test (NEET), which is deemed to be the first global test for medical education in the country, while 75-80% of NRIs, OCIs and PIOs who took the test qualified, the percentage of Indian citizens qualifying was 55%. This indicates that

the 'bright minds' of Indian origin want to pursue higher education and have the potential to be relatively more successful in India.

This has to be leveraged by India such that these students contribute significantly to its betterment in various fields.

The US has prospered through immigration and equal opportunities to students, especially in the area of higher education. The number of Indian students enrolling in US universities is around 200,000 every year. Indian students studying science, technology, engineering or mathematics (STEM) in US universities is larger than in any other country.

Today, we see students going directly to Ivy League schools in the US based purely on merit. Except for in-state and out-of-state differences in tuition fees, foreign students in the US pay the same fee as US citizens. It is high time that India's education ramps up to reward merit as the foremost criterion for access to good education, given our varied caste and economic demographics.

In certain areas such as medical education, India severely lacks infrastructure and capacity. There are 63,835 seats available in medical colleges for which about 11.3 lakh students jockey for. This severe mismatch in supply and demand should be fixed on a war-footing by the government for improving medical education and healthcare in this country.

According to WHO, the physician density in India is a pathetic 0.7 per 1,000 population, compared to 1.49 in China and 2.5 in the US. The governments, both at the central and state levels, must work towards a drastic improvement in our medical educational infrastructure.



Okay, Harold, I'm off to India to study

V Sridhar is professor, International Institute of Information Technology, Hyderabad, and Kala Sridhar is professor, Institute for Social and Economic Change, Bengaluru



Spiritual Knowledge

SWAMI CHINMAYANANDA

A devotee once donated a radio at the mission and said, "Swamiji! This is yours." He demonstrated how to switch it on. Every morning when I would switch it on, it would blare out cheap cinema songs and I would switch it off. Further, I received only the Colombo station. A few days later, I told the people gathered at the satsanga that the radio is useless as I was not getting the Delhi station at all.

The general manager of Philips was present at the satsanga. He came to me and said, "Swamiji, there are four more knobs. If you turn the first one, it receives various stations. The second knob is used to control the volume. The third is 'tuning' to eliminate disturbances." Then when I started using it, it worked beautifully.

All of you are beautiful machines, guaranteed for life, until you die. But you do not know how to use it. You create disturbances for yourself and others. You do not know which knob to turn. The moment you emerge from the mother's womb, varied faculties are given to you as gifts. But if you misuse and abuse them, you are digging your own grave of sorrow and tension, stress and strain.

We do not study the scriptures and, therefore, we do not know how to grow by using them. In fact, God has created a beautiful world. You make it dirty by your choices. If I don't have the knowledge, even if the machine is beautiful, I cannot make use of it. Unless one knows the scriptures, no one can live perfectly in any department of activity.

Citings

Strategic Thinking

RICHARD DOBBS ET AL

Technology is no longer simply a budget line or operational issue — it is an enabler of virtually every strategy. Executives need to think about how specific technologies are likely to affect every part of the business and be completely fluent about how to use data and technology.

There is a strong argument for having a chief digital officer who oversees technology as a strategic issue, as well as a chief information officer, who has tended to be in charge of the nuts and bolts of the technology the company uses. Technological opportunities abound, but so do threats, including cybersecurity risks, which will become the concern of a broader group of executives as digitisation touches every aspect of corporate life...

The period ahead should raise the rewards for moving with agility and speed as digitisation blurs boundaries between industries and competition in emerging markets heats up. The importance of anticipating and reacting aggressively to discontinuities also is rising dramatically in our increasingly volatile world.

That means monitoring trends, engaging in regular scenario-planning exercises, war-gaming the effects of potential disruptions... Given the multiple stresses in the global economy, we should not expect uniform success — but neither should we become too pessimistic.

From "Management Intuition for the Next 50 Years"

Chat Room

Douse Tensions, Ms Banerjee!

The communal violence in West Bengal reportedly after a derogatory Facebook post about the Prophet Muhammad is deeply disturbing. Stirring up the communal cauldron for petty political gains is a bane of Indian polity. And the blame lies on West Bengal chief minister Mamata Banerjee for her failure to defuse communal tensions. The surmise that this will push the state, where the ugly politics of faith has reared its head after six decades, down on the slippery path of communalism is correct. The CM should focus on dousing communal tensions to preserve the social and political fabric of West Bengal.

M JEYARAM
Sholavandan