



A thought for today

The key to revenue growth is tax reform that closes loopholes and that is pro-growth

JOHN HOEVEN, US politician

Force Multiplier

GST is just the beginning, reform to truly unshackle the Indian economy

The midnight session in Parliament which marked India's transition to Goods and Services Tax (GST) was reminiscent of a similar occasion on the eve of India's Independence. While the two instances are not comparable, ushering in GST is a landmark achievement. It took a combined effort by India's political parties to set aside narrow interests in the pursuit of greater common good to bring about this reform. However, switching over to GST should not be seen as an end in itself. Instead it should be seen as the beginning of a process of reform to truly unshackle the Indian economy.

GST, as originally envisaged, was meant to accomplish two things. Multiple indirect taxes were to be compressed into a single tax, which would bring about simplicity in a messy system. Simultaneously, fiscal barriers between states were to be dismantled to stitch together a common market. Long lines of trucks waiting at checkpoints to cross state boundaries, a symbol of a fragmented economic architecture which encouraged corruption, were to be eliminated. According to some estimates, this would have added up to 1.5% to annual GDP growth.

In practice, what has emerged is a diluted version of the original idea as a successful conclusion to a tortuous negotiation needed compromises. Therefore, the GST Council which will now oversee the new tax architecture must focus initially on stabilising the system and then improving on the current design to take it closer to the ideal. A simple and straightforward GST would lead to doing business getting easier, triggering increased economic activity and job creation while reducing corruption and tax evasion.

GST is a landmark step as it has the potential to catalyse changes in many other areas. One of the benefits is expected to be a favourable environment for Indian manufacturing and 'Make in India', taking the country on the path to industrialisation. But this path requires other reforms. Here, Prime Minister Narendra Modi should build on the government's impressive work on forging a consensus to actualise GST. Industrialisation, for instance, is a pre-condition to absorb surplus from the struggling rural economy. It is the only way India's farm crisis can really be resolved. If this is to come about we need more instances of political consensus to reform factors of production such as land and labour. Bringing about these changes therefore should be the Modi government's priority now.



End Privileges

Karnataka Speaker moving to jail journalists is a clear misuse of extraordinary powers

In recognition of the importance of freedom of expression, the Karnataka high court has intervened after KB Koliwad, Speaker of the legislative assembly, authorised harsh punishment of one-year imprisonment and Rs 10,000 fine on two journalists Ravi Belagere, Editor of Hi Bangalore and Anil Raj, editor and publisher of Yelahanka Voice, for allegedly writing defamatory articles against three legislators. The court has told the Speaker to reconsider the arrest order and find an acceptable solution to end the crisis. Using extraordinary breach of privilege powers granted to it, originally intended to insulate functioning of elected assemblies from extraneous pressures but now proven to be far in excess of that function, the privileges committee report recommended punishment for Raj and Koliwad extended it to hand prison terms to both journalists.

As it turns out, Belagere had written a scathing article against Koliwad and the complaint against him was filed by Koliwad himself when he became chairman of the privileges committee in 2015-16. If the articles published were defamatory in nature, then the concerned legislators have the right to approach the judiciary and seek redress by filing a case. In contrast, under the garb of breach of privilege, gross misuse of special powers has taken place.

The Editors' Guild of India had strongly condemned the Speaker's decision and the Karnataka government rightly distanced itself from the issue by deferring the arrest of the two journalists. But the legislature walks a thin line as there is no law codifying these privileges. It's high time not only to let the journalists go, but also to end discretionary powers that enable politicians to become judge, jury and executioner themselves.



Band baaja tax

It was announced with fanfare, but will the good and simple tax bajao our band?

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When the Goods and Services Tax was announced at midnight, VIPs stayed awake, citizens had a sleepless night and many businessmen lost their sleep. Bengalis have been worried for a while because now a 5% GST will fall on rosogolla and sandesh. Clearly even a spoonful of sugar is now not available to make the bitter medicine go down. Sweets with a saffron or silver coating will now have to bear a 18-20% GST tax: there's very little meetha with the khatta. Not that there's much khatta available either for those keen on namkeen. With a 12% GST on snacks, the chips are down and the dhokla is khokla.

From trust with destiny to trust with tax, it's now been seven decades of filling applications for a better India. On August 14, 1947, Nehru gave his famous speech saying "While the world sleeps India awakes to life and freedom." Of course, Chacha Nehru got his clock slightly wrong in that famous speech because according to GMT, it was actually early evening in London and the former imperialist rulers were wide awake when India woke to new life.

Moving along from Nehru's Discovery of India, we now have Narendra Modi's New India where event management will soon become a government ministry. Freedom at midnight circa 2017 was designed to be an event marked by band baaja baarat complete with fairy lights draped on Parliament, flower arrangements and choreographed moments. Quipped the internet wag, is GST a Government Self-promotion Tax?

In these taxing times, we still don't know how many MPs will disclose their real assets if not their real estates, but that did not stop them from lining up to celebrate their freedom at midnight moment even though they all looked uniformly gloomy.

The Congress of course chose to miss the party because party vice-president Rahul Gandhi likes to party in Europe on his birthday rather than muck in with the sweaty hordes in hot and humid Delhi. But spare a sympathetic thought for the amiable Dr Manmohan Singh. Key architect of the GST, he too was forced to fall in line with his party and miss the GST party. Now if only Dr Singh's event management had been a practised political art form in 1991, the year of the biggest reforms. But for that you need to be a chatur bania and not a genial sardar.

GST In Modi's New India

This revolutionary tax reform will yield greater revenues and accelerate economic growth

GVL Narasimha Rao



Introduction of Goods and Services Tax (GST) heralds India's emergence as an economic union seven decades after we became an independent political nation. A late night Parliament session befitted this historic moment. Though Prime Minister Narendra Modi is the principal driving force behind GST, this epoch-making reform reflects the collective will of 135 crore people represented in our sovereign Parliament and state legislatures.

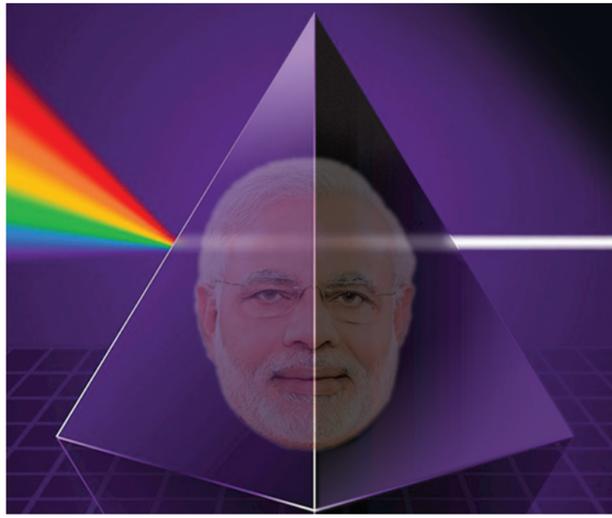
By deciding to give the special overnight Parliament session a miss, Congress and some other parties have insulted this collective will of our people. Under Modi, India has already emerged as a global economic powerhouse. The latest testimony for this is President Donald Trump's ungrudging praise of Modi last week for making India the fastest growing large economy in the world.

GST manifests Modi's determination to accelerate economic growth onto a faster trajectory to make up for the lost opportunities of the previous decades. In 1980, the Indian and Chinese economies were of the same size in purchasing power parity terms. While China's economy galloped rapidly, India's economy has lagged behind due to the faulty economic policies pursued by Prime Ministers Indira Gandhi, Rajiv Gandhi and the united front governments.

The 1991 economic reforms by the Narasimha Rao government were a revival therapy obligated by a massive economic collapse. By contrast, Modi is pushing a huge tax reform at a time when the economy is doing well and tax collections are at their peak levels.

Those who complain that Modi is pushing too many changes too fast are ignoring the mandate for change that he got after 10 years of unbridled corruption in the Manmohan Singh government. Modi was not elected to let things stay as they were. Transparency and clean administration are hallmarks of three years of Modi's governance.

GST is one such epoch-making



transformation. Unlike many of his predecessors, Modi has people's support for his transformational agenda.

He has actually expanded his political constituency through good governance. He has awakened the conscience of the people when he urged them to give up subsidies they can do without. Over one crore people surrendered LPG subsidy in response to his 'Give Up' call. Swachh Bharat has now become a nationwide people's movement.

Smaller countries like Venezuela witnessed large scale protests and disturbances when they implemented demonetisation. In our country, few protests were held even as people faced hardships. Be it demonetisation, implementation of benami transactions act, mandatory linking of Aadhaar with income tax returns, you name it and people are backing it.

The louder the protest of tax cheats and suspect politicians, the greater is people's support for Modi. We cannot prosper as a nation unless we become a tax

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compliant society and curb tax evasion.

Till now, paying taxes voluntarily was considered an act of stupidity and tax evasion was a normal way of conducting business. Economic greatness of a country cannot be built on such weak moral foundations and unethical business practices.

GST will reduce tax evasion greatly. The parallel economy that accounts for over one-fifth of our GDP will be brought into the tax network. This will yield substantially higher revenues to

governments and make scarce resources available for public spending.

Modi makes reforms people-friendly. For instance, GST will be a big boon to farmers. All essential agricultural commodities have been put in 0% tax bracket.

Hitherto, various state taxes on these commodities ranged between 5% and 20% in different states. By agreeing to compensate the states for these losses, the Modi government has offered a big bonanza to farmers.

By waiving taxes on agricultural commodities, the Modi government has passed on an estimated benefit of over Rs 2 lakh crore to farmers and consumers over a five year period. This will largely benefit farmers by way of better prices for produce.

The poor have been completely insulated from any adverse impact of GST. All the food and non-food items consumed by the poor have been pegged at 0% or 5% tax slab. GST will surely benefit these sections and will mean more money in their pockets.

Congress party is opposing GST by saying that all goods should be taxed at one rate of 18%. In a country with massive income disparities, how can goods consumed by the poor and masses be taxed at the same level as those consumed by the rich?

The Congress party's criticism is highly unjustified and reeks of an anti-poor mentality. Differential rate structure where the burden of taxes on the goods and services consumed by the rich is passed on to the rich denotes economic justice. As it is, for the rich who evade taxes, GST, an indirect tax, is the best way to make them pay.

GST will end market distortions as India becomes a single market, and ensure a transparent, effective tax system that is likely to result in higher revenues for governments. It will accelerate economic growth over the next few years and contribute to better employment opportunities.

As the nation makes this transition, let us celebrate this proud moment. Happy journey into New India!

The writer is the national spokesperson of BJP

'US should pressurise Saudi Arabia to end its stance on radical Islam ... their relationship is unworkable'

Ayaan Hirsi Ali is one of the world's most forceful feminist critics of extremist Islamism, senior fellow with the Future of Diplomacy Project at the Harvard Kennedy School, member of the Council on Foreign Relations and author of several books including 'Heretic: Why Islam Needs a Reformation Now'. She spoke to Rohit E David on US President Donald Trump's recent outreach to Saudi Arabia, the recent change of guard within the Saudi royal family and its impact on radical Islam and Middle East politics:

Q&A

■ What is your view of US President Donald Trump courting Saudi Arabia during his visit there?

One of President Trump's campaign promises was to eradicate the ideology of radical Islam and to kick start the economy. It's absolutely true that you have to go to Saudi Arabia because that's where the heart of radical Islam lies. The trade relationship is a contradiction. If the US wants to have trade relations with Saudi Arabia then they should pressurise them to change their stand on radical Islam. I feel that Saudi Arabia can eradicate radical Islam from within the country on its own because they fund their ideology. Saudi Arabia and US have no values in common. This relationship is unworkable.

■ What hopes do you have from Saudi Arabia's new crown prince Mohammed bin Salman?

I hope he succeeds and takes on the clerical establishment of Saudi Arabia. The new crown prince wants to modernise the Saudi economy. He seems to want to make Saudi Arabia like UAE. If he succeeds then radical Islamists would have to take a back seat. The institution of clergy in Saudi Arabia is very strong. I feel there will be a fight between the young prince and clergy. I hope he wins and Salman definitely has Donald Trump on his side.

■ Isn't this US-Saudi realignment a big break from the Obama administration?
When Saudi Arabia quarantined Qatar, US was not convinced that Qatar was the only black sheep. Former US President Barack Obama had empowered Iran by having a deal with them. Now, we are back to having a relation of hostility between Iran and US.

■ What do you think of Trump's talk of a Sunni coalition with Israel to take on Iran?
This is much more complex than Trump believes. America has relations with other nation-states and there are tribes and sects within the Middle East. The idea of a Sunni coalition taking on Iran is easier said than done. Egypt wants Saudi Arabia as its Muslim ally to fight against Iran. The Egyptian government is terrified of radical Islamists. No one is talking about Turkey. Recep Tayyip Erdogan,

president of Turkey has Islamised the entire country. He is seen as the caliph of all Muslims. He is a Sunni and his relationship with Saudi Arabia and Egypt is really bad.

■ Do you feel that Trump's visit has revamped US Middle East policy?

What was that policy? It has always been a very chaotic relationship after the fall of Soviet Union. Till now, it was a one-sided relationship where the US gave these countries what they wanted. In return, America didn't get much back.

I think the Saudi visit was a transactional gesture by President Trump. During his campaign Trump had said that he is a deal-maker. I think at this point he feels that he can make a deal with the Saudis. We should wait and watch to see when the deal is made.

■ Trump has urged Muslim leaders to lead the fight against radicalisation. Your response?

Muslim leaders will fight and some are fighting radical Islamists only when it threatens their own power.

■ What is the primary problem with radical Islam?

Radical Islamists are promoting a global world view which is destabilising us. Look at all the civil wars which radical Muslims have started. Bangladesh is well in the frame to become a serious democracy. There are established madrasas in Dhaka where a lot of money is coming from

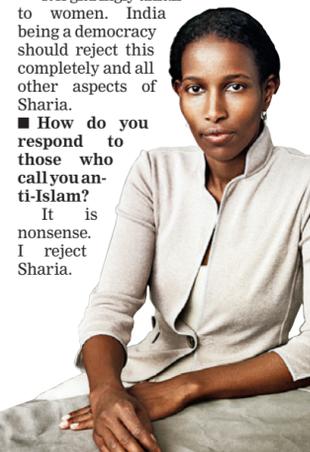
Saudi Arabia and Gulf countries. These seminaries produce people who hack people to death simply because they don't agree with them. The reaction by the Bangladeshi government is to silence the ones who are speaking. Pakistan has not made up its mind where it stands on radical Islamists. Compare Pakistan to India. India is a thriving economy but Pakistan has made itself a backward country because of radical Islamists.

■ Should triple talaq stay in Islam?

It is glaringly unfair to women. India being a democracy should reject this completely and all other aspects of Sharia.

■ How do you respond to those who call you anti-Islam?

It is nonsense. I reject Sharia.



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Choose Your Options For A Sustainable Life

Anil K Rajvanshi

A jackal and a cat met in the middle of a forest. The jackal asked the cat how he would get away from a tiger. The cat said: "I know one way and that is to climb the tree as fast as possible." Then it asked the jackal what his solution would be. The jackal replied: "Brother, I know 101 ways of getting away. For example, I can go into the bush, can climb up the rocks, can hide behind the tree, can go into a hole..."

Suddenly, a tiger appeared. The cat immediately climbed the tree while the jackal pondered - which solution should he adopt? Meanwhile, the tiger pounced on the jackal and killed it.

Too many choices sometimes create conflicts and problems, and lead to unhappiness. Recent scientific and sociological studies done on a large number of subjects show that there seems to be a direct correlation between unhappiness and the number

of choices available.

These studies reveal that increased choices have put a tremendous demand on the brain to make the correct decision. However, modern lifestyle based on information overload results in short attention span and makes it difficult for people to think deeply about the choices. The fear of "missing out" on something is very high and this creates internal insecurity, producing a lingering feeling of not having made the right decision. It produces regret and unhappiness, and sometimes leads to impulsive choice making.

Often, increased choices drive greed. The internal insecurity of a person together with the desire to maximise the satisfaction and benefits from the choices leads to acquiring more and more material goods leading sometimes to a buying frenzy. This leads to an ever-

increasing spiral of wealth acquisition and spending to acquire more and more goods and services. In the craze to satiate their spiralling wants, people begin to live beyond their means. All of this produces an unsustainable lifestyle.

We live in a world of choices and in times to come they will only increase. Advancement in technology together with entrepreneurial spirit allows us ever increasing choices since they help provide material comforts. These choices are meant supposedly to satisfy the needs and the desires of humans. However, most of the time people lose track of what is important in life. So, instead of choices helping to fulfil our needs they fuel our greed and sometimes become an end in themselves. Quite frequently a person gets satisfaction on winning the race for maximising his "choices" rather than using them to

satisfy his needs. However, if we make our decisions based on our needs and not on greed, we can achieve a sustainable lifestyle that will help us attain happiness.

Spirituality can help keep greed in check. Once on the path of spirituality, our priorities change. The focus of life shifts more towards getting personal happiness through mental peace and less on material needs and desires and hence towards sustainability.

Yoga and other spiritual practices can help the brain become more powerful and nimble. The brain can learn to process information very effectively, automatically limiting choice, simplifying the task of having to sift and choose amongst an array of choices.

Technological progress is necessary but it is our spiritual progress that allows us to make better choices and gives us the direction and mechanism to live a sustainable and happy life.

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