



A thought for today

The tax collector must love poor people, he's creating so many of them

BILL VAUGHAN

Lower Oil Taxes

Government must stop using oil sector as cash cow and giving reform a bad name

The finance ministry's current economic survey indicates that today's oil market is very different from a few years ago, in a way that imparts a downward bias to oil prices. Indians reading the survey will be left wondering why this new paradigm hasn't shown up in their lives. International crude oil prices may have halved since the Narendra Modi government assumed office, but it has made practically no difference to the consumer. This anomalous situation encapsulates a misguided taxation policy that has treated the oil sector as government's cash cow.

The prices of petrol and diesel impact the budget of almost every Indian household through many channels. To an extent, therefore, their demand is inelastic. This fact has been used by central and state governments to embark on an extraordinary revenue raising exercise over the last three years. Just the central excise revenue from petrol and diesel has more than doubled over the last three years. Another way of looking at it is that for two levels of government, the oil sector last year yielded Rs 5.24 lakh crore, or 3.5% of GDP.

It is no one's case that the government should not tax petroleum products. India however has a mysterious oil policy, disingenuously dubbed 'reform', where the domestic retail price is linked to international crude price, but the consumer hardly ever benefits from a fall in international price. This is on account of governments pocketing the gains at the expense of consumers, never mind that it's precisely the sort of thing that gives reform a bad name. Information presented in Parliament showed that the basic cost of petroleum and diesel in Mumbai was less than half the retail price. The rest was paid by consumers on account of taxes and commissions. All our neighbours, particularly Pakistan, pass on more benefits to consumers of petrol and diesel. This places Pakistan's economy on a relatively more competitive footing than India's, perhaps even countervailing its 'jihadi' handicap.

Petroleum minister Dharmendra Pradhan's argument that high taxes are justified on account of massive government expenditure is unconvincing. In the heyday of socialism in India, we even witnessed marginal tax rates of 97.5% for the highest slab. It was counterproductive, and successive governments moved to more reasonable taxation levels. In today's economic context, government must lower petroleum taxes and put more money in the hands of households and enterprises. The resulting economic growth will make government revenues naturally buoyant.



Hit And Miss

Modi's personalised diplomacy is inclined to variable results

One thing that stood out during Japanese Prime Minister Shinzo Abe's visit to Ahmedabad is the personal bonhomie between him and Prime Minister Narendra Modi. According to Indian officials, even by his standards Modi took an unprecedented interest in Abe's visit. From personally greeting Abe at the airport to choosing the restaurant for the welcome dinner, this was Modi's trademark personal diplomacy at its best. It helps that India and Japan today share great strategic convergence, growing economic interests and solid business-to-business connections.

However, it's also true that Modi's personalised diplomacy hasn't always worked. Recall that in 2014 a similar grand welcome was accorded to Chinese President Xi Jinping in Ahmedabad. Modi and Xi sitting together on a swing at the Sabarmati riverfront was the most memorable image from that visit. But that came to nought, with China blocking India at most international forums since as well as the Doklam standoff recently. In the same vein Modi's impromptu visit to Pakistan in December 2015 to meet then Pakistani premier Nawaz Sharif, at considerable personal risk, was followed immediately by the Pathankot terror strike and then by Uri. It turns out that Sharif was the wrong person to conduct personal diplomacy with as he never had the authority to change bilateral ties with India—that power lies in Rawalpindi, and not in Islamabad or Lahore.

Modi struck up a good rapport with President Barack Obama, rescuing India-US ties from the trough they had fallen into previously. And there are signs this may continue with current President Donald Trump. In conclusion, personalised diplomacy does make for good optics and generates goodwill. But for it to be truly effective, other things have to be right with the relationship. It can grease the wheels when the machine already has juice, so to speak.



Matter of taste

Of all our five senses, it is this one that best helps us relive our past

Jug Suraiya



A while ago, I had a most unusual experience. I found myself transported back over time to when I was 10 years old again. The time machine that took me back into the past wasn't any sci-fi, hi-tech apparatus. It was a simple fruit called a tadgola.

The tadgola looks like a flattish beige-coloured oyster with a soft skin which peels away easily. The moist flesh inside looks and tastes very much like the creamy malai that you get when you crack open a green coconut. When I was a child my mother would get tadgolas—which in Calcutta there we lived were called talgolas—for the family.

For some reason or other, we stopped getting tadgolas, which I soon forgot about. There were plenty of other good things for a 10-year-old to eat.

Then recently a member of Gurgaon Foodies, Alok Wadhwa, posted a Facebook picture of tadgolas which he'd got from Mumbai. When he heard that I hadn't had a tadgola for something like 60 years, he very kindly sent me four or five of them.

As I tasted one I was irresistibly swept away on the tide of time back into the past. The long-forgotten taste of the fruit, now revived, seemed to transform the everyday world around me so that I could sense it as I had done as a long-ago child.

Of all our fine senses, our sense of taste is arguably the best key with which to open the locked gateway to our past. This could be because when we taste something—when we eat or drink it—we literally internalise it, so that it continues to remain hidden in us even though we ourselves may have forgotten it.

Marcel Proust is said to have written his monumental 12-part novel, Remembrance of Things Past, after eating a piece of cake which he'd eaten as a child.

I'm no Proust, and the tadgola's not a cake. But I have something in common with the novelist: we both have discovered the taste of memory.

jug.suraiya@timesgroup.com
http://blogs.timesofindia.indiatimes.com/jugglebandhi/

Sanjiv Kaul



The Indian pharma industry with a FY16 revenue of nearly \$35 billion has two major streams of business, international (about \$18 billion) and the rest domestic. The operating margin in international business is only 15% while that in domestic business is 30%. It is the more profitable domestic business that subsidises the international business and provides an investment platform for companies to become aggressive internationally.

The net result of having a strong domestic base has led the industry to become a formidable player globally, supplying 30% of generics in volume terms and earning valuable foreign exchange surplus in excess of \$10 billion. So any policy that has a negative bearing on the domestic business will weaken the industry on the international front. One doesn't kill the hen that lays golden eggs.

Pharma industry was the first indigenous sector (even before ITeS came of age) that proved to the world 'Make in India' was possible, and became a key factor in helping countries reduce their health expenditure. It is a matter of pride for every Indian that every third tablet or fourth capsule consumed in regulated markets comes from India. PM Modi and his able team of ministers and bureaucrats need to be cognisant of this fact. 'Skill India' and 'Make in India' programmes could well learn from the Indian pharma industry that has been implementing them since the mid-80s.

A responsible government should ensure its citizens have access to quality medicines at affordable prices. Accordingly, a prudent pharma policy should revolve around accessibility, affordability, availability and quality. The regulator should play a central role in the monitoring and approval mechanism as well as abolishing corrupt practices in the company-doctor-chemist nexus. In India, we have over 10,000 pharma companies who market over 2,00,000 brands. There is no regulatory authority in the world that can handle this load to ensure quality, lower prices and prevent corrupt practices.

How To Do Drugs

The patient in India must be the main beneficiary of a prudent pharma policy



Changing immediately the branded generic nature of the domestic market to a pure generic one is fraught with danger. The proposed industry recalibration should be a time bound programme spread over a 10-year timeframe, but first we must create the regulatory infrastructure with utmost urgency. For the patient in India, generics today are not significantly cheaper while the chemist-doctor-marketer nexus makes a huge profit.

In the short term, the focus should be on reducing the number of brands and players. Government should look to do away with marketing companies who only depend on contract manufacturers for sourcing and an unholy nexus with chemists and doctors for selling. We need to bring down the number of players in India to 500 and the number of brands to 25,000. OCODOBOP (one company, one drug, one brand, one price) should be compulsorily implemented. Contract manufacturers who have at the minimum a WHO GMP certification, should be exempted from the OCODOBOP clause. The prevailing practice of co-marketing through multiple brands of the same molecule should be

One doesn't kill the hen that lays golden eggs. 'Skill India' and 'Make in India' could learn from the pharma industry that has been implementing them since the mid-80s

changed to co-promotion of a single brand to streamline pricing across the distribution channel.

With lesser number of players, all product approvals should be compulsorily centralised at the DCI's office and with lesser number of brands, NPPA can ensure better monitoring and implementation of prices. The state level FDAs must be focussed on quality checks and price monitoring. MoH should be a one stop nodal ministry which houses the DCI, state FDAs, NPPA and DOP.

Government must consider making significant investments to strengthen the regulatory infrastructure. The pharma industry would be more than happy to par-

take in this endeavour: Government should replace the 2% CSR allocation of profits with a 2% of profits cess annually, that will be made available exclusively to MoH for building the regulatory infrastructure.

Presently, there are over 1,200 GMP certified formulations manufacturing units in India with surplus capacity for quality control. Without additionally burdening their existing setup of QC laboratories, state FDAs can avail the services of pharma companies by picking products from chemists on a random basis and sending the same masked as blind samples to the manufacturers for analysis. This will ensure heightened quality assurance on part of the manufacturers, failing which punitive penalties can be imposed.

An anti-discounting policy including abolishing bonus offer practices with fixed percentages for stockists and chemists will go a long way in reducing prices. NPPA should not only be armed with determining end point prices for NLEM products but also monitor invoicing practices across the distribution channel to ensure that patients benefit in terms of cost of medicines. With lesser number of brands and a vigilant, empowered NPPA, prices could come down by 10-15% by streamlining the channel pricing.

Government should give the industry three years to reform itself during which vanilla marketers must set up their own manufacturing units; contract manufacturers must obtain the GMP/GLP accreditation and be encouraged to market their products as generics; all pharma companies should have their own in-house manufacturing setup (as they do for exports) if they have to market non-patented products as brands in India. All new products that get introduced with immediate effect should have the BA/BE approvals in place and over the next three years, all existing products must necessarily be bioequivalent.

Regulatory authorities have to play a more forthcoming, central and proactive role in enabling the pharma industry. The industry in turn must rally around government initiatives of providing quality medicines at affordable prices.

The writer is Partner, ChrysCapital Private Equity. Views are personal

'Aung San Suu Kyi is no longer a peace campaigner ... it is cowardice and moral bankruptcy on Rohingyas'

India is facing growing pressure from international humanitarian groups for its headline position on Rohingya refugees fleeing a crackdown on them by Myanmar's military. Azeem Ibrahim, research professor at Strategic Studies Institute, US Army War College, is author of 'The Rohingyas: Inside Myanmar's Hidden Genocide'. He spoke to Pratiyogan Das about whether Aung San Suu Kyi should return her Nobel prize for not standing up for Myanmar's minorities, India's security-focussed response to the crisis and why it matters:

■ Why is Aung San Suu Kyi unwilling to take action to save the Rohingyas?

Suu Kyi is no longer a peace campaigner. As a politician, she doesn't want to antagonise either the military or the Buddhist clergy. She has made a critical calculation not to speak on this issue. In fact, she has gone much further by blaming both sides for the violence. It is very unfortunate, like saying both Nazis and Jews are to be blamed for the Holocaust or blacks and whites are equally responsible for apartheid in South Africa. For me and her supporters, it is cowardice and moral bankruptcy of the highest order on the Rohingya issue.

■ Do you think she should return her Nobel prize for failing to take any action?

No, I don't think so because the Nobel prize is awarded to people for their past works and current works. Her past works have been commendable for fighting the military and bringing her country into a

democratic space. But her present stand, where she tells BBC that there is no ethnic cleansing in her country is unfortunate because the world knows the reality.

■ Do you think the international community is doing enough to resolve this crisis?

Unfortunately, the international community is doing nothing on this issue. The international community has completely ignored the situation despite it being a humanitarian crisis. Bangladesh is struggling to feed its own countrymen.

The UN has passed a number of sanctions, a number of measures. There has to be some penalty on Myanmar from the international community and UN. The number of refugees is astronomical. The international community should ensure they go back to Myanmar as they belong to that nation.

■ How do you view India's response to this issue?

I was really disappointed by PM Narendra Modi's response on Rohingyas when he met Suu Kyi recently. It wasn't expected from the leader of the world's largest democracy. In fact, India should put pressure on Myanmar to stop this genocide against the Rohingyas as India is also bearing the brunt of these refugees. India has its own problems and shouldn't be taking refugees from Myanmar.

■ What is the Rohingya problem all about?

The Rohingyas have been

described by the UN as one of the most persecuted minorities to date. The problem goes back to the Second World War when the Japanese invaded Burma. The Rohingya minority stayed loyal to the British while the majority Buddhist population supported the Japanese as they believed this would lead to independence. But the war was won by the British.

After Burma became independent in 1948, animosity between

the two communities grew. The situation deteriorated after the 1962 military coup by General Ne Win. He tried to implement what he called the Burmese road to socialism

with a communist manifesto. His regime was an economic disaster. He did what military rulers normally do: blame it on the minorities. Rohingyas were the minorities—they had a different colour, language and religion. He started saying only Buddhists are the real nationalists.

He stripped Rohingyas of their citizenship and waged violence against them. The animosity grew since then.

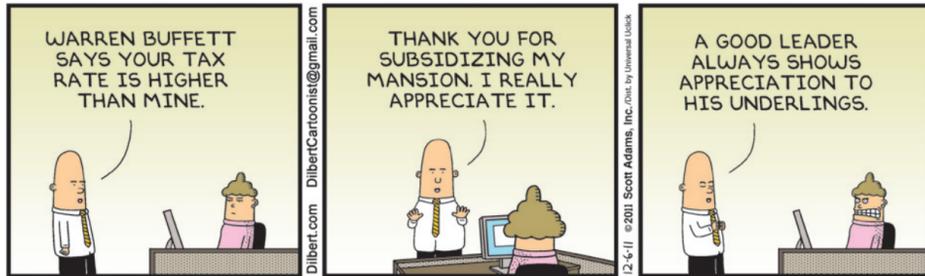
■ What is behind the current mass exodus?

According to the UN, in the last few weeks around 3,00,000 Rohingyas have crossed the border and migrated to Bangladesh and other countries. The reason is that the Myanmar government and military don't recognise the Rohingyas as an indigenous population. They want them to leave Myanmar and go to a third country. They believe Rohingyas are illegal migrants who came from Bangladesh in 1942 and are not original descendants of the land.

This is entirely false. A document in the Indian national archive in New Delhi about surveys done in 1824 clearly talks about Rohingya aborigines.

The Myanmar government believes only Buddhists can be loyal citizens of Myanmar. Myanmar doesn't follow the Dalai Lama type of peaceful Buddhism. It follows a militant form of it. It encourages an ideology where all other religions and ideologies have to be suppressed and checked for Buddhism to thrive. They believe that the Rohingyas are the reincarnation of snakes and insects.

dilbert



Continue Walking In The Corridors Of Eternity

Janina Gomes

In an article on ageing, the author gave the following advice to those who live a sedentary life: 'Walk, walk, walk. Doing so will help you resolve health issues, and remain fit and alert.' He was speaking about physical fitness. There is also a spiritual dimension to this, because, as embodied beings, our body is an important part of our spiritual nature.

If we don't continue 'walking', the lack of motion depletes our energy. Spiritual walking, like physical walking, is moving towards productive goals like creating happiness, nurturing loving relationships, working hard, spreading peace, serenity and tranquility. Many are stymied by a tepid attitude to life. Lukewarm, they have no passion for life. Sometimes, they are plain neutral in a pejorative sense. But,

when faced with death, we can no longer remain neutral.

There are times when we need to be still, but not motionless, because motion is energy. When I watch trees grow, I notice how imperceptible their growth into full glory is. They look so tiny in the beginning, but there is an inner growth that finally manifests in full outside growth.

Spiritual walking is like that. There are times when we may stumble and fall. There are moments when our energies are depleted by stress, dysfunction and regression. But there is an inner momentum, and if we make the right choices, that will keep pushing us forward till we realise our destiny.

People have very different conceptions of their final destiny. Some think in terms of annihilation and cessation

of all our functions. Others believe that beyond death there is eternal life. Eternal life to me is that we keep walking. If we walk in the presence of God on this earth, we do it partially. In the after-life, I believe that we will walk in the presence of God fully.

And how does that tie up with the material world? The material world is important so long as we remain detached from the results of our walking. Will we always be successful? Perhaps not. Will we always attain our goals in this life? Maybe not. But, by the very fact that we are walking and creating motion and energy in sync with

creative forces in the universe, we are walking with the correct attitude which influences our choices, inclinations and our intellectual and emotional life.

Spiritual walking is to walk in the now. Though we integrate our backgrounds, history and past consciousness, by relating them to our walking in the present, each step that we take today is taken in the present. If we have any regrets, the very forces that propel us forward are also the spiritual forces that bring renewal and rebirth, helping us to overcome those regrets.

We are accompanied in our journey by the God of the impossible. By walking, we move to higher levels of consciousness. In this walk, we carry people along with us. We influence the 'other' and begin to relate more with significant others and less with those who are sometimes a drag on our energies.

So, as embodied spiritual beings, let us keep walking, past the clouds of doubt and distress, despair and fear and hopefully we will still continue walking in the corridors of eternity.

Sacred space

Truly Relate

True entrusting means that you're able to truly relate to another being. Not only human beings but with plants and animals. Even those things that cannot speak, you're able to hear their feelings. Namu-amida-butsu.

Myokonin Ichitaro

