

Lower Tax Rates for Higher Collections

India must double its tax-GDP ratio of 17%

GST collections stood at ₹1.05 lakh crore in October, marking a 10% growth over October 2019.

Higher GST collections should be achieved by moving to a simple tax system, rationalising rates, broadening the base, data analytics and better tax administration.

Taxes such as electricity and petro-fuel duties, which are embedded in domestically manufactured products, make domestic products expensive.

All indirect taxes subsumed under GST are estimated to net about 10% of GDP. The same amount of tax would be collected if every unit of non-agricultural value added were to bear GST at the rate of 11.5%.

India is set to nearly double its energy consumption over the long term, PM Modi added. India's large addition to renewable power capacity is impressive but it would be sub-optimal sans integration with conventional power and grid security.

Unmasked Questions in the Power Sector

At the recent India Energy Forum meet, Prime Minister Modi rightly emphasised energy access, affordability, reliability and responsible pricing of crude oil in the global market.

What holds back further progress in India's own thorium-based nuclear power generation programme? How much are our nuclear scientists leveraging the access gained to fusion research, in the wake of the Indo-US nuclear deal?

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JUST IN JEST

A doc should have known better than to be taken in by an in-genie-us deception

Lamp Better than a Lottery Ticket?

No one can be trusted these days; even supposedly ill people judging by the recent incident of a doctor in UP being duped into forking out ₹31 lakh as a down payment for a magic lamp with a genie.

It was wise of the doctor to come clean to the police about being gyped and get the confidence tricksters arrested. But explaining how he had that much money to spare to acquire a genie will need considerable tall tale telling skills too.

Joe Biden or Donald Trump, US economic policy is unlikely to suit the needs of the global economy

Who'll Be a Suitable Boy?



Mythili Bhusnurmath

If there is one election that, arguably, affects the aam aadmi and holds almost as much interest for the chatterati as our own Lok Sabha elections, it is tomorrow's US presidential elections.

Never mind that racism has arguably become much more overt under President Donald Trump. For now, most polls predict a Joe Biden victory. But remember, most polls had predicted a Hillary Clinton victory in 2016.

Also, though the focus is on the presidential elections, the outcome of elections to the US House of Representatives and the Senate, being held on the same day, is no less important.

Biden, in contrast, has a history of supporting free trade. He has described tariffs imposed by Trump as 'damaging', 'reckless' and 'disastrous'

pend a great deal on which political party takes control of Congress.

That's as far as the politics of the elections goes. When it comes to economics, the reality is that regardless of who gets elected, the focus will be almost entirely domestic.

TRADE: Trump's election in 2016 marked the biggest shift — almost reversal — of post-World War 2 US trade policies, as the country turned increasingly protectionist.

Trade Wars

Biden, in contrast, has a history of supporting free trade. He has described tariffs imposed by Trump as 'damaging', 'reckless' and 'disastrous'. But any hope that protectionist policies may be reversed is premature.

FISCAL: The wrangling between Democrats and Republicans over sti-



World economy, it doesn't matter

mulus packages may suggest they are poles apart on fiscal policy. In truth, both accept the need for further stimulus. So, even as Trump is sure to continue with his strategy of being soft on corporates and the rich, Biden's plan, 'Save the middle class to save America', is about raising taxes on the rich, when it comes to the stimulus. They won't be very different.

Dollar Dynamite

Also, because the dollar's position as international reserve currency puts the US in a unique position, the US can run up huge deficits without having to worry about financing. It can simply print dollars. As John Connelly, treasury secretary under President Richard Nixon, famously remarked, 'Our currency, your problem.'

So, expect a generous stimulus package, regardless of who wins. A speedy recovery of the US economy to pre-Covid levels should normally be good news for the global economy. But not when it is combined with a protectionist trade policy.

MONETARY: Unlike on the trade and fiscal policy fronts, there is no un-

certainty of divergence, however, when it comes to monetary policy. Not only because US Federal Reserve chairman Jerome Powell's term ends only in January 2028. But also because the Fed, while not independent in law, enjoys a great deal of autonomy in practice.

Trump made no bones about his unhappiness with Powell. But that did not deter the Fed from raising interest rates in 2018. So, regardless of who occupies the White House next, Fed policy is unlikely to be coloured by the politics of its occupant.

Where does all this leave the global economy and India in particular? Pretty much as before — between a rock and a hard place. Regardless of who wins the elections, US policy is unlikely to suit the needs of the global economy.

Don't Let Big Tech Take It Away



Raj S Joshi

On October 20, the US Department of Justice (DoJ) filed an anti-trust case against Google, accusing it of 'unlawfully maintaining monopolies in the markets for general search services, search advertising, and general search text advertising in the United States through anti-competitive and exclusionary practices'.

This has led to reports on Japan's Fair Trade Commission regulating big tech players to promote competition, adding to regulatory scrutiny in the EU and Australia on Google, Amazon, Apple, Twitter and Facebook. A US Congress panel recently held that Amazon and other big players have unfair market dominance, stifling competition. It recommended prohibiting further mergers and acquisitions and price regulation.

The DoJ case may take years. Meanwhile, new innovative companies may change markets, as happened in the 1990s with Microsoft's dominance in browsers and computing eroded by Google and, later, Amazon. Congressional hearings

may lose course unless backed by next US administration.

Big Tech may be compelled to take conciliatory steps — like Apple relaxing Apple Pay's stranglehold on near field communication (NFC) technology on Apple devices, or allowing search engines apart from Google on Apple devices, that make Apple earn \$12 billion annually from Google. Facebook investing in an augmented reality (AR) lab initiative of the New York Times with 12 hires, Apple investing to help the Wall Street Journal hire 50 reporters for Apple News and Google paying publishers for news listings may sound pathbreaking. But they are also viewed as patronising efforts to co-opt beleaguered news publishers and mute noise.

A growing worldwide chorus of unease is clearly audible, aimed at practices, business models and dominance, adverse social impact and exponentially increasing prosperity of Big Tech in online retail, social media, search and phones, even during Covid-19 while leveraging jurisdictions to minimise taxes. Big Tech has calibrated its engagements with governments factoring bargaining power.

It has played 'saam daam dand bhed' policies — reconciliation, investments, job-creation sound bites, threats and leveraging political faultlines. Facebook recently issued threats to block Australian news on Facebook if forced to share revenue with newspapers.

The US anti-trust case, and India's recent skirmishes with Big Tech has put the spotlight on their regula-



IT can get scary if we're not careful

tion. As per the World Economic Forum (WEF), 85 million global jobs will be lost because of automation by 2025 while 97 million new digital jobs will be created. In the Indian context, large digital ecosystems will partially meet annual needs of 8-10 million jobs.

We need to place a rule-based, tiered regulatory structure for such digital ecosystems to flourish in multiple sectors like agriculture, healthcare, transport and tourism, with incentives to young entrepreneurs, small and medium enterprises (SMEs), large Indian companies and global Big Tech. The National Digital Health Mission is a good beginning, but more is needed.

Insights from data of Indian citizens should lead to local intellectual property (IP) creation and multiplied economic benefits. In online retail, we should avert situations as in the US last year where 1% of product listings on Amazon by all sellers in household products were from Amazon itself, compared to 33% of sales made by it. Global social media companies

influencing Indian group discourses are fraught with serious risks in an increasingly fractious polity. Leveraging Indian citizens' data for finetuning artificial intelligence (AI) algorithms and products, social commerce and advertising sales by global Big Tech has left little for India's IT companies in the value chain.

India's IT Act is 20 years' old. With data privacy, e-commerce policy and intermediary regulations yet to be in force, Big Tech has been leveraging Indian faultlines. Under fire from both BJP and Congress, Facebook assumed a non-starting self-regulation. Amazon's no-show at the data privacy joint parliamentary committee meet made things clearer.

We need to set rules for global Big Tech players to operate in India, with an Indian-registered entity accountable to Indian laws and answerable with full responsibility and authority. Tech company Arm China's disengagement with Arm worldwide has put China in a position to secure its interests if Arm acquirer Nvidia deprives it of crucial hi-tech under US pressure. India has to be prepared for such scenarios.

Big Tech companies are here to stay to run their business in India for Indian citizens. But regulating them is key to our economic and social destiny. It requires a holistic and long-range view keeping national interests in mind.

The writer is former member, national working committee, Electronics and Computer Software Export Promotion Council

How Really Influential is Our Elite?



Nilanjan Banik & Guldo Cozzi

In recent times, on the back of India's rising income inequality, there is a growing perception that government policies are not inclusive, and only helping the elite. India is home to 138 billionaires, home to the third highest number of this tribe in the world, with the top 1% of earners in India taking away around 25% of India's national income.

Considering ownership of capital assets, more than 75% of the value of the Indian stock market is derived from 50 well-established companies listed on the Nifty index. The majority of these are private companies, and over the last decade, ownership of assets for these companies has increased by almost 10% — while that of government-owned entities came down by 12%. So, quite naturally the perception is that the rich have got richer and more influential in India.

How true is this perception? And to what extent do elites create value, as opposed to extracting value from the government? The Elite Quality

Report 2020's (bit.ly/34L5ZkK) and elite quality index (EQX) does that. EQX constructs a composite indicator, which for each country interprets 72 variables across political and economic pillars, to test several aspects of the country's elite's policies. India ranked 25th globally, among 32 countries.

EQX2020 suggests that Indian elites face several challenges, and those at the helm of the economy have had a tough job. India topped rankings in controlling inflation, is placed fifth in protecting its currency. Also, fiscal policy is well-balanced, with subsidies and transfers, and regional redistribution of income coming fifth and fourth, respectively.

However, India is increasingly becoming home to the oligarchs. In business, there is a reasonable dominance (sixth) of the biggest industries and well-controlled trusts. India's industries have strong three-



Values creation

year listed firms' turnover (sixth) and developed venture capitalism (eighth), with the minority's interests in the shareholding of firms well protected (sixth).

Political elites favour this business dynamism, keeping taxation in check (sixth). Corporate tax treatment in India tops the EQX2020 rankings. India also favours domestic firms, blocking trade freedom (27th) and sheltering industry from globalisation (29th). The entry of newer firms in a business is quite difficult (28th) — and even worse when it comes to small and medium enterprises (29th). This means Indian policymakers haven't done much to help SME manufacturers, not to mention domestic workers.

Elites have failed to prevent abuse of powers, coercion and violence against workers (29th). Women have been fairly involved in power (10th), though they are still struggling in business, and the law safeguarding women's rights are low (24th). India gets a lower rank on social mobility (29th). There are also less opportunities for students, with a disappointing school-life expectancy (26th). This means that fewer jobs are available. While there are instances of donations by corporate India, the amounts remain low. Another source of discontent is India's disregard for environmental protection, where it ranks last (32nd). However, the ability of the govern-

ment to react to a 'black swan'-type event — such as the ongoing Covid-19 crisis — is deemed high. Despite ranking low on health well-being (26th), India ranks 13th in Covid-19 safety. This attests to the central and some state governments' ability to respond to exogenous shock better (12th) than several higher-income countries.

This dynamism on the part of government could also be directed towards controlling rent-seeking activities of the business elites through robust competition policies. In this context, Indian elites are much less powerful in comparison to their peers in neighbouring Pakistan, even as they extract more value. This means that the elites in India are fragmented and follow extractive business models. But this also means that if India's elites cooperated more, and tapped into the country's potential with a more long-term orientation, the growth and development prospects of India would be far higher.

Elites are important when it comes to value creation and making a country stronger. But only with a humane face can this growth be made sustainable.

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THE SPEAKING TREE

Unconditional Divine Love

RADHANATH SWAMI

David Richo, an eminent psychotherapist, defines the characteristics of love as five As: Acceptance, Attention, Affection, Appreciation and Allowing.

God accepts us always, whatever our disposition may be. He accepts everyone irrespective of whether one is atheistic, agnostic, nihilistic or theistic, just like a loving mother tolerates the mischief of her child. God is ever attentive to our wants. He is always accompanying us as Supersoul, the inner conscience.

God is ever affectionate. Only the oceanic love of God can inundate our heart and quench its thirst for love. Even when we shut our doors to God, His door is always open for us. His messengers in all faiths and religions, carry divine messages of love, peace and harmony. God appears in the mortal world as avatar to redeem us.

God is always appreciative and is always waiting for us to turn towards Him. His happiness is in seeing us happy. He does not mind even if we approach Him for many other external wants. If we take one step towards Him, He takes hundred steps towards us.

If we know how much we are loved, naturally we will begin to reciprocate and become happy forever and make others happy.

The author is a guru with the International Society for Krishna Consciousness

Chat Room

Maths is Not Adding Up

Apropos the edit 'The Politics of a \$5 Trillion Economy' (Oct 30). The assumption that real growth of 12% accompanied by rupee appreciation against the dollar by 10% a year can achieve the target of a \$5 trillion economy is not based on facts. The rupee was around 73 against the USD in 2013; currently it is around 74. In these seven years, the rupee has depreciated by around 1.5%. Emerging markets are expected to experience more pain due to the global slowdown caused by Covid-19. In such a scenario to assume that the rupee will appreciate by 10% annually is impractical and lacks economic fundamentals.

MAHESH NATANI

Indore

It's For the Greater Good

This refers to the article 'Make People Want to be Careful' by Kaushik Das (Oct 31). Refusing to wear a mask,



not observing social distancing or insisting on mingling in large groups during a pandemic is not the same as not being allowed to practice one's faith. It is more like an individual dumping their garbage in a reservoir that supplies drinking water to the city. Controlling a pandemic requires that individuals act collectively for the greater good.

PRADEEP KUMAR

Surat

Learning From Lapses

Apropos the edit 'A Neighbour Proud to Sponsor Terror' (Oct 31). The Pakistani minister unabashedly claimed responsibility for the Pulwama attack, which vindicates the Indian government's position. It underscores the intelligence failure that resulted in the loss of CRPF personnel. Putting the Opposition in the dock for its questioning of the government at the time of the attacks is fine, but more will be gained by focusing on ensuring that similar lapses in intelligence do not recur.

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