

Enforced patriotism

Mechanically intoning 'Jai Hind' makes little sense

It can be said safely that at 71 years, the Indian nation is mature enough for mandatory demonstrations of patriotism to be redundant. A year ago this month, the Supreme Court made precisely this point when it modified its 2016 ruling making it compulsory for cinema halls to play the national anthem. Making the action voluntary, the court observed that Indians cannot be expected to wear their patriotism on their sleeve. Somehow, politicians in Gujarat appear not to have gotten the memo on this. From this month, the state government has decided on an initiative to have school students respond with "Jai Bharat" or "Jai Hind" instead of "pres-

ent" or "yes" in the daily roll call.

The motive: To instill patriotism, which they believe is lacking in the new generation. Given that patriotism is a complex value that is hard to define, this is a remarkable observation. Instead of demanding such quotidian responses from school kids, politicians of Gujarat would do better to wonder why the younger generation, that too in India's most prosperous and certainly most nationalist state, should be thinking this way (if indeed they are). Would it, for instance, have anything to do with the lop-sided development in the state? It is uncertain how mechanically intoning "Jai Bharat" on a dai-

ly basis would encourage a student to become a model patriotic citizen — to pay her taxes, help the poor, keep the streets clean, lower her carbon footprint, and so on.

To pose the issue differently, can the following acts be considered patriotic: Beating up people who choose not to or cannot stand during the national anthem, or suing Shashi Tharoor (a member of Parliament) and Infosys co-founder N R Narayana Murthy for allegedly disrespecting the national anthem? Mulling on the case in a private lecture recently, Mr Narayana Murthy pointed out that Indians seem to be wholly tolerant of rampant corruption but were unduly sensitive to patriotism. He was sued for choosing an instrumental version of the anthem at a company function in deference to foreigners who were attending. The case, which went right up to the Supreme Court, cost him ₹48 lakh in lawyers' fees. Mr Tharoor was sued for

interrupting the singing of the national anthem to exhort those around him to put their hands over their hearts, American style. Apparently, this stance contradicted some section in a law called Prevention of Insult to National Honour Act, 1971. The Act imposes imprisonment, for as much as three years, for anyone who intentionally prevents the singing of the national anthem. Since Mr Tharoor's "interruption" had an uber-patriotic motive, a lower court sensibly dismissed the case. The sensitivity that Mr Tharoor's litigious opponent showed is ironic when Indian businessman Naveen Jindal had to fight a case — again, in the Supreme Court — for the right of all citizens to fly the tricolour.

Still, it is noteworthy that last year, the apex court thought it necessary to direct the government to set up an inter-governmental panel, headed by the home secretary, who surely has better things to do, to come up with

recommendations on the playing of the national anthem and modifications to the Act.

Should a state define how its citizens should demonstrate their patriotism? This is not a settled issue even in advanced democracies, which allow a degree of political incorrectness against public figures that Indians can only envy. Witness Donald Trump's tweet tantrums over black footballers kneeling during the US national anthem protesting police brutality against African-Americans. History has shown repeatedly that overt demonstrations of patriotism tend to morph into militant nationalism with all its destructive potential (two world wars being compelling evidence). In a country where nationalism is being touted as a valued ethic and is sought to be given an exclusionary religio-political dimension, enforced demonstrations of patriotism have a dangerous, chauvinistic element that the Indian republic can do well without.

What to expect on the tax front in 2019

India is on the brink of overhauling its tax system, implementing the BEPS project and seeing a further evolution of the GST despite this being an election year



In view of GST collections falling short of the expected target, the government is expected to strengthen anti-evasion measures

MAULIK DOSHI & JIGAR DOSHI

The year 2018 witnessed significant tax changes and reforms across the globe and India was no exception. The government intensified its steps towards increasing the tax base and took further measures to crack the whip on the parallel economy. The latter half of 2018 saw government take initial steps on reforming the Indian Income Tax Act with the formation of a committee to draft a new tax law which promises to be simple and non-adversarial. In this backdrop, 2019 promises to be yet another year where some tax challenges will intensify, and some aspects will get simplified. Let us look at what can we expect in 2019.

1. Direct Tax Code

The government's stated position is that it propagates a simplified and non-adversarial tax regime in India. The current law is perceived to be complicated, lengthy, open to interpretation, and was amended several times since its inception in 1961.

From the initial attempts, it appeared that government wanted to introduce this in their current term. However, the government had to reconstitute the task force in November 2018. It is currently drafting new income-tax code. It is now expected that the new code will be available in 2019. However, when it will be implemented will primarily depend on the outcome of the forthcoming general elections.

2. Taxation of digital economy

Businesses still tend to be taxed where they have a physical rather than a virtual presence and taxation continues to be built on traditional product and service lines. The current international tax laws have become outdated and are not in a position to tax such digital transactions. The entire world is struggling over taxation of the digital economy and the lack of international consensus on the issue is creating uncertainty.

However, India has taken a leadership position on this, and it started by introducing the equalisation levy on online advertisements in June 2016. The concept of significant economic presence (SEP) was introduced from April 2018 in Indian domestic law, triggering a possible tax exposure for non-residents who, though situated outside India, have a digital presence above a certain threshold that is yet-to-be-specified.

Recently, the government invited suggestions from various stakeholders for prescribing the above thresholds by August 2018. It is expected that after considering the recommendations from stakeholders, the government will prescribe the thresholds sometime in early 2019. The limits will decide whether only tech giants are impacted, or even mid-size companies will be under the net.

3. Critical decisions from Supreme Court

There are certain matters which affect many corporations, especially MNCs, which are now pending before the Supreme Court. There is a raging controversy on whether payments made overseas to non-residents/foreign companies for purchase of software could constitute payments in the nature of "royalty". Over 50 appeals have been filed before the Supreme Court and the matter is now scheduled for hearing in January. This could be a significant judicial precedent, as it will bring clarity to a highly litigative subject, hopefully putting the controversy to rest.

Similarly, the issue of marketing intangibles has gained significant importance in India, where Indian subsidiaries of global multinational companies incurring advertising, marketing and promotional (AMP) expenses have been challenged by the revenue authorities. The revenue authorities argue that AMP-related activities add value to the trademark/brand (owned by the foreign parent) by way of brand building and the local subsidiary must be compensated by the brand owner (the foreign parent) either by way of a service fee or reduced/nil royalty payments. Indian transfer pricing regulations do not provide any specific guidelines on intangibles, other than defining them as part of "international transactions". This issue is also pending for adjudication before the Supreme Court and the outcome is expected in 2019. This will have an impact on cases of various MNCs.

4. Full-fledged electronic assessment

In previous years, the Indian revenue authorities have implemented electronic assessment on a pilot basis and then extended its reach to a large number of taxpayers. It is now expected that e-proceedings may be implemented for all taxpayers. This would be helpful in reducing the time and costs involved in the process and should significantly reduce the discretionary powers of the tax authorities. However, implementation

should be in the right spirit and taxpayers should not be slapped with arbitrary orders.

5. Tax notices for master file and CbCR

In line with the base erosion profit shifting (BEPS) project, India introduced enhanced transfer pricing documentation in the form of master file and country-by-country report (CbCR). Both filings were applicable for FY 2016-17 and the first round of audit is expected to be undertaken in 2019. MNCs will be keen to understand the approach of the revenue authorities on these filings.

6. Budget 2019: What can be expected?

Typically, in election year an interim budget is announced, and the newly elected government comes out with the final budget. News reports suggest that this year the government is proposing a full budget in 2019. It will be interesting to see whether it will be a populist pre-election budget or the government sticks to the path of fiscal prudence.

7. Goods and Services Tax

The most awaited development on the GST front is the new compliance mechanism which the government is slated to introduce on an optional basis from April 1, 2019 and compulsorily from July 1, 2019. It is anticipated that the government will take all steps to ensure smooth implementation to avoid the confusion and technological challenges faced at the time of initial stages of implementation of GST. The government has already extended the deadline for annual return (GSTR-9) and reconciliation [i.e. GSTR Audit (GSTR-9C)], which will now be due by June 30, 2019, and it would be interesting to watch how taxpayers overcome the challenges, given the lack of precedent on this front. Further, in view of GST collections falling short of the expected target, the government is expected to strengthen anti-evasion measures, such as special audits, making e-way bills robust, deploying data analytic tools and going after businesses involved in tax frauds.

With the dawn of 2019, India is on the brink of overhauling its tax system, implementing the BEPS project and seeing a further evolution of the GST at the same time as a general election. This makes 2019 an exciting and challenging year.

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Serving the tech-savvy power consumers

PRAVEER SINHA

A new breed of customers is emerging in the power sector which wants more than just 24x7 electricity. This "reflex" generation, born in the digital era, is more technically savvy and is constantly involved in changing the business landscape. How prepared are the utilities to empower them?

The relationship between Indian energy companies or utilities and their customers is increasingly starting to resemble the more vibrant telecom sector. And this is just the tip of the iceberg. At the core of the fundamental shift taking place in the Indian power sector are two vital parts — technology and enlightened customers. Together, they are ushering in a new era in the sector. Let us examine them more closely.

The whole digital transformation has influenced how today's generation of customers interacts, thinks, feels and wants. This has led to a change in the business landscape from traditional-led to digital-first, which is revolutionising the power industry and the way people consume power. Smart grids, smart meters and digital technology, now available off the shelf, are allowing power consumers to exercise better control over their energy consumption. Customers can now not only decide how they pay their monthly power bills but also how much they pay. Combined with yet another revolutionary idea such as solar rooftops that are starting to pop up across the country, the power sector in India is catering to a new breed of enlightened customer.

We have started seeing a fundamental shift in how power is consumed, requiring utilities to become more customer-centric in fulfilling those needs

Today's solar rooftops are much more than those the earlier generation used. They do more than power the water geysers through photovoltaic panels sitting on rooftops. Solar rooftop customers not only produce their own electricity, but with the help of digital technology, have the power to manage their consumption and feed excess power back into the grid, thus making them energy producers too. Tata Power has launched it in four cities (Mumbai, Delhi, Ajmer and Bhubaneswar), and will be covering 14 other cities in the next four months.

Also, customers today don't stop at just asking for better control over their energy bill from a household budget point of view, but are also concerned about the impact of their power consumption on the environment. This is why homes and commercial establishments fitted with solar rooftops and powered by digital technology are gaining popularity in many parts of the country. The size of this fast emerging composite ecosystem in the country, known as the smart home market, is estimated at \$870 million (₹62 billion), and the average revenue per installed smart home is \$97.59 (₹7,000).

Recently, Tata Power-DDL rolled out its smart meter project in the National Capital Region with 250,000 devices that

will be installed in north and south-west Delhi. We expect around 1.6 million smart meters to become operational in this region by 2025.

The reflex generation — which is environment-conscious and looks for cheap, convenient and sustainable solutions — tries to choose products and services from entities with social values that are aligned with its own. This on-the-go set of customers seeks more personalisation and wants information or services that can be accessed instantaneously and from anywhere. This trend of more personalised, convenient and cheap offerings along with technological innovations in the power sector has led utilities to continuously evaluate new business models for providing access to electricity and related services. One of these is the emergence of micro-grids in the country.

Micro-grids bring in more efficiency in the power ecosystem and at the same time provide electricity access to the underserved or unserved population who have great aspirations but are bound by resource constraints. These tiny islands of micro-grids, isolated from the main grid, help reduce the time taken to electrify places (it would have taken longer if done through extension of the main grid). Micro-grids, powered by renewable sources such as solar or wind, when connected to larger conventional grid systems improve the reliability of utilities, which is what today's generation of customers wants. For example, an outage in one part of the grid does not have to bring the entire system to a halt for maintenance. And a hospital or a school connected to a micro-grid can then run more smoothly without its operations being affected.

For a power-hungry nation aiming to consistently push economic growth at rates in the vicinity of 8 per cent or higher, universal availability of power has to become a norm. Therefore, use of technology to offer smart solutions in the power sector cannot remain a prerogative of customers only in large cities and towns. The central government's Saubhagya scheme, which aims to make electricity accessible to every household in the country, can move ahead with more vigour thanks to faster proliferation of energy infrastructure.

There is no disagreement on using technology in the power sector to meet the country's economic and social agendas. We have started seeing a fundamental shift in how power is consumed and demanded by consumers, thus requiring utilities to become more customer-centric in fulfilling those needs. The business models of utilities will undergo massive change in order to become more responsive, so as to adequately address the needs of this impatient generation.

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OTHER VIEWS

Dark side of the moon

China's successful mission will greatly advance knowledge of earth's satellite

China joined a select group of countries with successful missions to the moon, when its spacecraft, Chang'e-4, successfully made a landing at 10.26 on January 3, according to the China National Space Administration. It landed at a spot on the moon's far side, the Von Kármán crater, which is untouched by earlier missions from earth...Among other things, the mission could pave the way to setting up a radio telescope on the far side of the moon. Considering that earth is right next door to the moon, we know precious little about it. Its formation and early evolution present mysteries which, if understood, could guide us in planetary studies, and help in understanding exoplanets. The near side, which faces earth, has dark patterns; the far side, turned away, is marked with circular spots that are craters formed by meteorite collisions. The moon's near side is believed to have a thinner shell, so that when meteorites bombarded it they cracked its shell, releasing lava which gushed out and covered traces of the impact and left dark patches. Being thicker, the far side did not face such an erasure and bears the marks of the crater impacts. This mission could verify these theories and discover the reason behind these dichotomies. China has now joined the U.S.



"soft landing" on the moon. But beyond underlining China's technological advances, Chang'e-4 could herald a new chapter in lunar exploration.

The Hindu, January 4

A bad start

Stalling pensions for those jailed during Emergency reflects poorly on MP govt

Any newly-elected state government, especially one which has come to office months before a general election, will have two broad areas of concern: First, it must address issues of administration and governance, of getting down to the nitty-gritty of actually fulfilling its poll-time promises, or at least be seen as attempting to do so, in as short a time-frame as possible. Second, it must set the political narrative in the state and signal the kind of political milieu it will seek to create. On both counts, the decision of the Congress government in Madhya Pradesh and Chief Minister Kamal Nath to put on hold the monthly pension given to

The Indian Express, January 4

Women make history

A contest of social forces is being played out through politics

Two women in their forties, Bindu and Kanakadurga, made history early on Wednesday when they breached a local Hindu taboo of not permitting females below the age of 50 to offer prayers at the famous Ayyappa shrine at Sabarimala in Kerala...Not unexpectedly, the two women's brave action has set off social turmoil in the state, with the Sangh Parivar and the BJP in the forefront of the backlash of the conservative folk — including women — who defer to the popular belief that Lord Ayyappa at Sabarimala is worshipped in his celibate state. This has, by custom, prevented women of menstrual age from entering the temple... The debate

The Asian Age, January 4