

The good 'news' in newspapers

Total readership is up and everybody is happy with the new Indian Readership Survey. Will revenue growth follow?



MEDIASCOPE

VANITA KOHLI-KHANEKAR

First the good news. More than 425 million Indians read a newspaper in the first quarter of 2019. That is up from 407 million in the first quarter of 2017, says the IRS or Indian Readership Survey 2019, released in the last week of April. That is not surprising. Defying trends in most other markets, newspaper readership and

circulation in India has continued to grow over the last decade. The Audit Bureau of Circulations data for 10 years ending 2016 shows average circulation grew 4.87 per cent to a total of 63 million copies. Print media has been among one of the most profitable segments of the ₹167,400 crore media and entertainment industry in India.

Why then have revenues been stagnating for the last three years?

And that brings me to the worrying part. Over the 10 years ending 2018, print's share in the media revenue pie fell from 30 per cent to just over 18 per cent. This was on a growing base, so in absolute numbers the print industry almost doubled in size. But the last three of those 10 years have been tough. From ₹30,330 crore in 2016 the (ad plus subscription) revenues that newspapers and magazines earned inched to ₹30,550 crore in 2018 going

by data from EY. Funnily enough the reasons have less to do with the internet — the usual suspect in other markets — and more to do with the industry itself.

The biggest, which this column has talked about, is readership data. It is the currency used to buy and sell advertising space, the source of over 70 per cent of industry revenues. For four years from 2013-2017 publishers and fought about the results it threw up. In those data dark years, advertisers shifted their spends to other media, including digital, even as demonetisation and then the goods and services tax hit the print industry hard. Reliance launched Jio that sent data prices crashing and consumption jumped from 0.8 gigabytes per person per month in 2016 to over 8 GB in 2018.

Think of it this way — one film takes about a GB of data. Over 550 mil-

lion Indian broadband subscribers are now downloading the equivalent of over eight films every month. It could be films, TV shows, sports or news. Some OTT or streaming video apps now command over 100-200 million unique users. The consumer now has more distractions than he did when publishers started squabbling in 2013.

By the time an IRS that was acceptable to everyone came out, early in 2018, it seemed like it was too late. So far ad revenues haven't picked up. One reason, say advertisers is that the key metric that IRS touts post the fracas is total readership (in the last month) instead of average issue readership or AIR (yesterday). Going by AIR the numbers haven't gone up substantially. Advertisers, however, continue to buy ad space based on AIR.

You could argue that advertisers are likely to use the metric most likely to push down rates — whether it is cost per rating point in TV or AIR in print. Also AIR doesn't work for all advertisers. For long term brand building goals total readership is bet-

ter. Most publishers and advertisers know this. Not having a metric simply gave them a tool beat down rates and they want to keep it there.

The silver lining is the growth in total readership and the huge uptick in online. According to IRS 2019, about 54 million people are reading a newspaper online. comScore, which focuses on digital media, puts the number of people reading news online at over 279 million. Of the top 20 online publishers from India, 11 are mainstream media houses such as Times Internet, HT Media, India Today Group and The Indian Express Group going by comScore. Most publishers are pretty much on the ball on digital. Online revenue and profit numbers — which I analysed recently for some — are looking good. Early trends, especially on subscription, too are encouraging.

Rising online and offline readership should eventually give a nice bump to revenues, especially in this election year, pushing revenue growth back to 7-9 per cent levels again.

By IRS 2020 the news from the newspaper business should get even better.

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CHINESE WHISPERS

Dumping proof



Former chief minister of Madhya Pradesh and senior Bharatiya Janata Party leader Shivraj Singh Chouhan found himself facing the wrath of an agitated group of Congress workers on Tuesday. Chouhan had attacked Congress President Rahul Gandhi and Madhya Pradesh Chief Minister Kamal Nath for "deceiving" farmers of the state. He had alleged that while Gandhi claimed that loans of farmers had been waived within two hours of the Congress forming a government in the state, in reality, Nath had sent messages to lakhs of farmers saying that the waiver couldn't be carried out since the Model Code of Conduct was in place. To clear the air, a Congress delegation, led by leader Suresh Pachouri and attended by a large group of party workers, reached Chouhan's residence carrying huge bundles of documents containing details of farmers whose loans had been waived off. They handed over a list containing the details of 21 lakh farmers who had benefited under the loan waiver scheme. Pachouri's entourage left after dumping the bundles of documents at Chouhan's residence.

Reel vs real

His vitriol against the enemies across the border in movies such as *Gadar: Ek Prem Katha* and *Border* might have ensured box office success, but the Bharatiya Janata Party's Gurdaspur candidate Sunny Deol doesn't seem willing to display the same machismo in real life. The actor-turned-politician admitted at a campaign rally in Haryana that he doesn't know much about the Balakot air strikes or the state of India-Pakistan relations. Talking to journalists at a gathering on Tuesday, Deol refused to take a stand on these two issues in particular. "I am here to serve people, if I win then maybe I will have my opinion, not now," said the 60-something candidate.

Mamata finds a gap

Observers have pointed out how the term "secularism" has been missing from the speeches of various Congress party leaders this election season. West Bengal Chief Minister Mamata Banerjee, who has made no bones about her national ambitions, has obviously sensed an opportunity in that, if the number of times she has emphasised her party's "secular" credentials in her rallies is anything to go by. While speaking at a campaign meet in West Bengal's Bishnupur Lok Sabha constituency earlier this week, she made the point once again. The T, M, and C in her party's name stood for "temple, mosque and church", she said.

Realty hits a green hurdle

Easing rules to improve Ease of Doing Business ranking has ended up in court

NITIN SETHI

One of the National Democratic Alliance government's major achievements in the last year of its tenure has been to improve India's rankings in the Ease of Doing Business index. India moved 23 steps up the charts to reach 77 on the Ease of Doing Business ranking. A key contribution to this improvement came from simplifying the layers of permissions required for the real estate and construction industry.

The ranking system assessed how few and how fast construction permits are secured in Delhi and Mumbai. The government secured a better ranking in 2018 through this narrow focus of bringing reforms in the two major cities but it also made a concerted effort to provide an overall regulatory relaxation for the real estate industry across the country, particularly tweaking norms for environmental clearances.

The problem is that these over-arching regulatory relaxations that influenced the Ease of Doing Business ranking for the real estate business are stuck in litigation (see table). When challenged by environmentalists before the National Green Tribunal (NGT) and other courts, the alternative green clearance regime the NDA government tried to set in place has been repeatedly stayed. The cases are still in court.

The central thrust of several

changes the Union government introduced to help the real estate sector by tweaking the environment regulations was three-fold. First, the tweaks sought to reduce the number of green permits required. Second, they passed the onus of giving these clearances to municipal authorities. Third, they laid down simple and preset conditions under which these clearances would be granted. These relaxed norms were designed to help particularly large construction projects, such as malls and housing colonies.

The permits, the government decided, would be given by municipal authorities with barebone conditions that were preset. These the builders could secure along with the building plan approvals that are given by district authorities. The real estate projects were also exempted — through executive orders — to not require additional permits under the Acts that regulate air and water pollution.

But environmental groups petitioning against these changes raised both procedural concerns in how these eased norms had been established as well as the consequences they would have on the environment.

To be sure, centralised green clearances to real estate projects through a process that other industries also have to undergo have always been controversial. Real estate groups have warned that centralising these clearances open avenues to rent-seeking. Other critics have noted that the clear-



GREEN SIGNALS

Environmental norms NDA relaxed for the real-estate sector that the courts stayed

June 2016 notification stayed by NGT

■ To exempt building construction projects of built-up area between 20,000 and 1,50,000 sq m from need to get environmental clearance from Centre

■ Exempt the requirement of "Consent to Establish" for building construction projects of built-up area between 20,000 and 1,50,000 sq m

June 2017 stayed by NGT

■ Notification to relax norms for built up area permissible for a land development project

November 2018 notification stayed by Delhi High Court

■ To exclude building construction projects of built-up area between 20,000 and 50,000 sq m from the requirement of environmental clearance

ance process also did not aid in better planned urbanisation.

Centre for Science and Environment (CSE) is one of the prominent environmental think tanks that has argued for a decentralised regime for environmental approvals for the sector. But it has argued for *decentralisation* and not *deregulation* — recommending that state- and district-level capacities to assess such

projects should be augmented and that environmental management should be a strengthened but separate function at the local level. Eventually, even CSE disagreed with the form and nature of "reforms" that the Union government brought about.

In trying to remove multiple green permits for the real estate sector, the government tried to short-circuit the legislative changes that were



INSIGHT

Who wins in the Mindtree saga?

Why did V G Siddhartha not sell back his shares to Mindtree or other friendly investors? What were the compulsions?



PANKAJ CHANDRA

acteristics of organisations that inhabit the deep corners of their different customer organisations. It helps them deliver accurately. That makes Mindtree and L&T fundamentally very different. One is amazed as to how can such a capable organisation like L&T not see this dichotomy. Its argument is that Mindtree could be kept as a separate entity.

Wanting to keep Mindtree separate is an implicit recognition of Mindtree's cultural uniqueness and a prayer to the winds of time by L&T. Innovative organisations safeguard matchless cultures, instead. Acquisitions are done to synergise with existing offerings of firms; to strengthen or enter new areas, platforms or geography; find new customers for its products; keep parts of the acquired organisation, perhaps the digital in the case of Mindtree, and to sell others to increase its own value. Never is it to grow the acquired organisation more than itself — well sometimes it does happen when one wants to shed one's own organisational cloak and take on the persona of the other! Most organisations that have been forcefully acquired in the last few decades — be it Mannesmann or RJR Nabisco or AOL etc, don't exist anymore. So why would Mindtree?

One salient by-product of unique cultures is that they allow you to build unique capabilities. Mindtree gave India the Aadhaar engine and unique intellectual property-driven solutions like Bluetooth stacks. The list is long. And therefore, the outcomes from



Mindtree has regularly won customers against better equipped, larger organisations because of its leadership's complementary perspective

organisations in the same sector are dissimilar despite having similar strategies. Mindtree has regularly won customers against better equipped, larger organisations because of its leadership's complementary perspective like the coming together of blue, black and white to make Guernica (where else would you find all founders sitting as one in a single, relatively small, open office), its culture of seamless invigoration, and its can-do attitude. The value of curiosity, courage and responsibility is ingrained in the culture from the day a young graduate enters Mindtree Kalinga, Mindtree's Global Learning Centre that takes pioneering immersive learning to the next level. All this allowed for introspection, transparency and innovation and hence building of a fearless environment. That you had to care for the other — whether your customer's customer or your team member — was a natural outcome of this competitive yet empathetic culture. L&T should

study this and ensure that this culture jives with its own. Else, this is a disaster in making for all.

The loss of Mindtree would be a loss for the Indian IT industry for sure. It could mean the end of an institution especially when the leadership and the organisation do not want it. Innovation is generally the first casualty in such situations. Such acquisitions lead to changing of the board and the leadership team including driving down the acquirer's vision. The big question would be who stays as most capabilities in service organisations lie in people and their processes. And will customers move if key characteristics of the delivery organisation — especially its cultural capacity — changes? One has not talked about the operations aspects of such an acquisition that will require aligning of Mindtree systems, processes, client delivery, billing, travel norms, HR practices, financial representation etc to L&T's way of functioning. The best-case scenario is that it would take four to five years for such an acquisition to become somewhat integrated. Who has patience in these days to listen to Rashid Khan's soul touching *alap khayal*, *Tu hai malik mera*, in *raag Malkauns*?

The Mindtree story is closely tied with the role of V G Siddhartha, its largest single shareholder in the past, who patiently supported the culture and the pathways chosen by Mindtree. But a mystery remains: then why did he not sell back his shares to Mindtree or other friendly investors? What were the compulsions? Only he would know. And that makes L&T's attempt to take over even more difficult for Mindtree to accept. At the end, it is about choosing a way of life.

The author is vice-chancellor of Ahmedabad University and former director of Indian Institute of Management Bangalore. Views are personal.

LETTERS

Identify the root cause

This is with reference to the second editorial "Audit rot" (May 7). The editorial has analysed the audit failure of Satyam and Infrastructure Leasing & Financial Services in great detail and one tends to agree with the causes identified. But the root cause for the degradation of the audit work remains unaddressed. The reason for the audit failure is the appointment procedure under the Companies Act. The Act may follow global procedure but it has failed miserably in India. A company whose management is being reported to the stakeholders is appointing its own judge! This makes a mockery of independence.

I feel that an independent appointing authority like the Comptroller and Auditor General of India should be set up to which companies should deposit the audit fees. The independent body should appoint the auditors of all listed and unlisted companies with a threshold turnover. This body should also pay the fees to the audit firm. This way the auditor will remain accountable to the appointing authority and the independent body shall be at liberty to remove the auditor for any misdemeanour and shall also be empowered to blacklist a defaulting auditor, stopping all future appointments. The appointment procedure can also be made independent with the use of advanced algorithms. The root of the rot lies in the appointment and payment. Unless that is checked, all talks of cleaning the system remain futile. No one

can rely on honesty through self-regulation when the stakes run into crores.

Deba Pratim Ghatak Durgapur

Didi's arrogance

This refers to "I don't want to share dais with expiry-PM as elections are on: Mamata" (May 7). It goes without saying that such an arrogant response to the Prime Minister's call was least expected of West Bengal Chief Minister Mamata Banerjee. As observed by the author, Banerjee's conduct stood out in sharp contrast to that of Odisha Chief Minister Naveen Patnaik. However, Mamata-didi thought it wise to safeguard her own political future by continuing with her political visit to Kharagpur to monitor the situation there. Was it not her constitutional and moral responsibility to leave everything aside and come to the immediate rescue of the hapless victims of cyclone Fani, which also affected her own state?

For no fault of theirs, the people of West Bengal were deprived of the much-needed financial and other assistance similar to what the PM announced in Odisha. But who knows, Banerjee may still blame the Centre. What an irony!

S Kumar New Delhi

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HAMBONE



Trade war re-ignites

India must step carefully amid Sino-US trade tensions

Trade tensions between the US and China have once again flared up. President Donald Trump has said that he will more than double tariffs on \$200 billion worth of US imports from China, from 10 per cent to 25 per cent, and might further target another \$325 billion of imports with 25 per cent tariffs. Mr Trump has long argued that tariffs on Chinese imports are too low and he reiterated that point on Twitter, saying that China was now paying billions into the US treasury because of tariffs. This is, of course, not quite correct — tariffs are paid by importing companies at the border. According to most econometric studies of the impact, much of the burden is being borne by US consumers, in the form of higher prices, or by US companies that are having to lower margins. It is uncertain therefore if Mr Trump can indeed afford to go through with his threat.

However, the markets have responded negatively to the suggestion that a Sino-US trade war is not, in fact, close to a ceasefire. While it is possible that this is merely Mr Trump's notion of negotiation, there is also a possibility of further disruptions ahead. It is true that it is now mainstream political wisdom in the US that more pressure needs to be put on Beijing to alter its behaviour in international trade. Particular concerns have been raised about the alleged theft of intellectual property from US companies. It is also important to note that, while the use of tariffs is not popular among the US' allies and partners, there is broad agreement in many countries that the trading system needs to be restored to a more level playing field in such a manner that Beijing does not take undue advantage.

For India, this is a moment both of risk and of opportunity. It is a risk if Indian exporters continue to be caught up in measures that are, in fact, impelled by Beijing's misbehaviour. Unfortunately, India — which has its own problems with a trade deficit with China — has not sufficiently convinced the US, or for that matter the European Union or Japan, that it is in the same boat. Thus there is the possibility that there will be pressure from the developed world to dilute the advantages offered to developing economies under the international trading system, which would negatively impact India — even though India remains five times poorer than China. Urgent trade diplomacy is required to resolve this issue. It is also important that India goes the extra mile to ensure that the new atmosphere in Washington does not continue to impact Indian exports — already the Generalised System of Preferences is in the process of being withdrawn from India and H1-B visas have turned even more restrictive. Thus New Delhi must be more careful about its protectionist moves such as preferences for domestic mobile manufacturing, government sourcing rules, e-commerce restrictions and data localisation. On his India visit, US Commerce Secretary Wilbur Ross hammered home the point that India had not made any progress on its restrictive trade policies despite repeated requests. If instead, India can take advantage of this new atmosphere to increase its footprint in world trade, then it has a chance of creating the jobs that have been sadly missing in the past years of jobless growth.

A misleading bar

Disallowing the Big Four from offering legal services is unconstructive

The Bar Council of Delhi's directive to the Big Four accountancy firms not to offer legal services to their clients in India is a retrograde move that is transparently protectionist in intent. The Bar Council was acting on a petition filed by the Society of Indian Law Firms (SILF), which stated that foreign audit and consulting firms providing legal services in India contravene the Advocates Act, 1961. Accordingly, the Bar Council has asked EY, KPMG, Deloitte and PwC to submit a list of lawyers who have been hired by them to offer clients legal services. This directive appears to overlook the recommendations of an expert panel under the Ministry of Corporate Affairs (MCA) made in November last year that audit firms be allowed to offer their clients legal services and the Advocates Act be amended to accommodate this. The expert panel was set up in response to a complaint by the lawyers' lobby in 2015. The MCA panel made a pertinent point in explaining its decision: It stated that multidisciplinary firms should be encouraged and to this end, auditors should be allowed to expand their portfolio of services. To this could be added the fact that allowing the Big Four to offer multi-disciplinary services also facilitates foreign direct investment, since most of them are service providers for the world's largest multinationals.

It is also difficult to overlook the double standards in SILF's complaint. India law firms themselves have recently expanded to offer a suite of services that traditionally fall within the domain of audit firms, such as forensic audits, commercial due diligence and merger & acquisition services. Local law firms have argued that allowing Big Four audit firms to offer legal services creates a dangerous conflict of interest. These firms could well contravene their statutory fiduciary duties in scrutinising a clients' accounts in the interests of acquiring mandates for consultancy and legal businesses. This is a valid argument that has gained credence with the implosion of IL&FS, Satyam, Global Trust Bank and so on, all of which have been audited by the Big Four. But those same risks are also embedded in the multi-disciplinary domestic law firms. The remedy for this lies in a law modelled on the Glass-Steagall Act that separated investment and commercial banking and served the US admirably for decades.

By the same token, there is nothing to stop the MCA from restricting audit and law firms from offering clients a suite of services. This is not the first time domestic lobbies have attempted to block the entry of foreign law firms. In 2009, Lawyers' Collective appealed against the Reserve Bank of India approval for a foreign law firm to open an office in India to act as a liaison with its clients in and outside India for providing legal services. The contention, which was upheld, was that the liaison activity in question "was nothing but practising the profession of law in non-litigious matters". Though the letter of that ruling is unexceptionable, its timing was ironic, because India was then on its way to becoming a major back office for overseas legal services. Indeed, when India's negotiating position in global trade and services has consistently been predicated on opening markets to Indian IT, accounting and related services, this would be a constructive approach.

Debating the Muslim identity



BOOK REVIEW

VIKRAM JOHRI

In the book under review, Rakshanda Jalil, a noted translator of Urdu prose and poetry, offers a wide-ranging analysis of the history of the language in the subcontinent and ties it with the pluralistic ethos of India. She also discusses what being Muslim means in today's times and stresses how a discussion on integrating the community is overdue.

Ms Jalil divides her book into thematic sections: There are chapters on the literature of partition, on Urdu pulp fiction, and on Urdu poets celebrating Diwali and Christmas. From Faiz Ahmed Faiz's writings on peasants to

Amir Khusrau's poetry of the commonplace, Ms Jalil quotes at length from a variety of sources and provides meticulous translations, bringing out the variety and depth of cultural and social eclecticism in Urdu writings.

While these sections can be savoured by any lay reader, it is her analysis of Muslim identity that adds another dimension to the book. As the book's title suggests, Ms Jalil is against the idea of conflating a community and its mores with a certain dress code or food habit. Yet, she is also critical of the regressive nature of the "burqa", whose wearing, she reiterates, is not a Quranic edict but a social custom.

Ms Jalil calls such attempts at stereotyping the "othering" of the community. At several points, she quotes personal examples of experiencing this "othering". She writes about being grilled as a child about her connection to Pakistan. She writes of her shift from Delhi's Gulmohar Park to Jamia, and what the

move entailed for her social life. She worries for her daughters in a climate of increased polarisation.

While such grievances are real, Ms Jalil is quick to blame their origin on an increasing right-wing ethos that pits the Muslim as "bomb-throwing, beef-smuggling, jihad-spouting". Her argument reminded me of the poster of last year's film *Mulq* in which a bellcouse Taapee Pannu, defending a Muslim man in court, asks, "Kya farak padta hai ki woh Muslim hai?" (What does it matter if he is a Muslim?)

Such questions assume that those who debate Muslim identity are all bigots to a person denying Muslims their essential humanity. But the issue is more complex than that. Muslims, for

example, follow a separate civil code — this means that a Muslim man, say, can have more than one wife, and until recently, could divorce her by uttering the word "talaq" thrice. It is arguable, then, if the difference that all right-thinking people call for celebrating encompasses practices that are debatable at best and disharmonious at worst.

Similarly intricate is the question of the *burqa*. On the one hand is the argument of modesty and a woman's right to dress as she chooses; on the other is the question of women's rights and the deeply problematic conflation of modesty with covering the face. And it goes even beyond this: in the wake of Sri Lanka bombings and the banning of all face coverings in that country, the issue has

ILLUSTRATION: BINAY SINHA



China's emergence as a scientific power

BRI is being leveraged as a platform for collaboration in scientific fields. Should India join this specific component of the forum?

The second Belt and Road Forum convened in Beijing over April 25-27 was attended by 40 heads of state/government. From South Asia, Prime Minister Imran Khan of Pakistan and President Bidhya Devi Bhandari of Nepal were in attendance. Other South Asian countries, with the exception of India and Bhutan, sent ministerial level delegations. In the first such Forum held in 2017, the Prime Ministers of Pakistan and Sri Lanka were present.

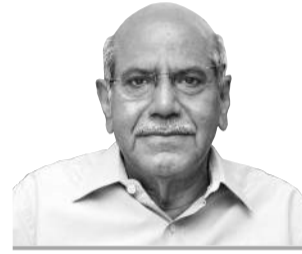
The Belt and Road Initiative (BRI) has been presented as an ambitious Chinese designed and Chinese financed global infrastructure building initiative aimed at creating a network of land and maritime, energy and digital and integrated economic corridors with China serving as the central hub. That remained the focus of the second Forum but the BRI is also being leveraged as a platform for collaboration with partner countries in several other domains

Recently, the science journal *Nature* carried articles on how China is utilising BRI to establish an impressive network of institutions and collaborative projects globally covering several areas of scientific research including agriculture, health, water resources, energy systems and artificial intelligence. The Chinese Academy of Science (CAS) which is the apex science policy institution in the country, has established five research facilities in China and nine in other countries, for R&D which is specifically related to the BRI. One such facility in Sri Lanka should ring warning bells in India. The South China Institute of Oceanology based in Guangzhou has set up an

Ocean and Climate Research facility at the University of Ruhuna at Matara in Sri Lanka to study the meteorology and geology of the Indian Ocean. A Chinese oceanographic research vessel will be collecting data which may be of use to Sri Lanka but will provide immense volume of strategic data which will support Chinese naval, in particular, submarine operations in an ocean space adjacent to Indian shores. In both Pakistan and Sri Lanka, Chinese researchers are engaged in research in local herbal medicines and traditional knowledge systems, which may be of immense value in the production of new drugs.

The CAS is spending \$268 million on S&T (science and technology) projects under the BRI. This includes an impressive number of scholarships which are on offer to students from partner countries for undertaking research in Chinese universities and research institutes. Currently, there are 7000 Pakistanis being funded each year in PhD courses in the next few years. A whole new generation of scientists trained in China are emerging in developing countries, replacing an older generation educated in the West.

At the latest BRI Forum, China appeared willing to work together with multilateral institutions and some Western countries in undertaking projects in third countries. It has also shown willingness to address some of the growing concerns over the BRI financing methods which could lead to a debt trap for partner countries. President Xi Jinping announced a Debt Sustainability Framework for Partner Countries which would assess the viability of BRI projects in partner countries. In order to



SHYAM SARAN

An unfair formula?

Collections under the goods and services tax (GST) in April 2019 have inspired many commentators to believe that the revenue shortfall, seen under this head in all the past months since its inception in July 2017, will soon be a thing of the past. Even some government officials have expressed the hope that ₹1.4 trillion of GST collected in the first month of the current financial year would help them meet the target set in the interim Budget for 2019-20.

How realistic are these beliefs and assumptions? The government's expectations of meeting the target are primarily based on the way it has allocated the revenues collected under the Integrated GST or IGST to the Centre under the Central GST (CGST) and to the states under the State GST (SGST). Remember that the IGST is a tax levied on all interstate supplies of goods and services, and on imports.

Now, in April 2019 as much as ₹54,733 crore came from the IGST, while ₹21,163 crore were collected from the CGST, ₹28,801 crore from the SGST and ₹9,168 crore from the GST Compensation Cess. That made it a total GST collection of ₹1.14 trillion.

Out of the ₹54,733 crore collected under the IGST, the government allocated ₹20,370 crore, or about 37 per cent, to the CGST and ₹15,975 crore (29 per cent) to the SGST. Another ₹12,000 crore collected under the IGST was shared equally between the Centre and the states. After this settlement, the IGST was left with ₹6,388 crore, which too should remain with the Centre. This raised the total IGST allocations at ₹32,758 crore for the CGST and ₹21,975 crore for the SGST.

In other words, the Centre apportioned for itself about 60 per cent of the IGST collected in April, and the states got about 40 per cent. This appears to indicate a significant change in the sharing formula followed in the first few months after the launch of the

IGST in July 2017. States got higher allocations from the IGST for all the eight months of 2017-18 (from August 2017 to March 2018) and for April 2018. The allocations for the CGST began to be higher than those for the SGST from May 2018, but the difference used to be very small. For instance, the CGST's share in the IGST was just 52 per cent even in October 2018, compared to the SGST's share of 48 per cent.

It is of course logical that the CGST's share in the IGST should be a little higher than that of the SGST. This is because most taxpayers adjust their IGST credit first against the CGST and then against the SGST.

Thus the unallocated IGST should naturally belong more to the CGST and less to the SGST. But what has happened in April 2019 is a sharp swing in the IGST allocations in favour of the CGST. It is possible that the Centre has now become wiser and has decided to follow an allocation system which gives it more from the IGST and helps boost its revenues. But the states will obviously be unhappy and they are likely to complain about this once the elections are over.

With a 60 per cent share in IGST, the Centre's collections under GST in April 2019 were estimated at ₹53,921 crore. If the target of ₹66 trillion of CGST and IGST revenues in 2019-20 is to be met, the average monthly collections should be about ₹55,000 crore. Thus, the shortfall in April 2019 is only about ₹1,079 crore, much lower than what it used to be in all the months of 2018-19. But once you change the formula for sharing the IGST with the states, the GST collections in April do not look that impressive.

The assessment of whether the tax collections are enough to meet the annual target is also dependent on the way the GST system works. A portion of the revenues collected in any month under the GST system pertains to some transactions conducted in



NEW DELHI DIARY

A K BHATTACHARYA

acquired a security dimension.

Popular cinema, interestingly, has grown more open to challenging truths about the community that have traditionally been shunned in cultural products for fear of stereotyping. In 2017's *Secret Superstar*, a Muslim girl comes up against opposition from her family as she dreams of becoming a singing sensation. In last year's *Gully Boy*, a talented rapper must protect his mother from an abusive father who has married a much younger woman.

In both films, the women of the household are shown struggling for basic rights — in *Secret Superstar*, the singer's mother is a victim of domestic abuse and *Gully Boy* turns around a dramatic sequence in which the rapper's father beats his wife. Such depictions on film would have been impossible earlier. One wonders if this is an outcome of the polarisation that Ms Jalil speaks of, or, more likely, an attempt to look squarely at problems that are the source of communal stereotyping.

In last year's *Raazi*, an Indian spy marries a Pakistani so that she can share state secrets with her backers at home

address environmental concerns related to the BRI, CAS has set up a Silk Road Environment Programme and has also agreed to partner with the International Union for the Conservation of Nature, a think tank, to carry out an environmental assessment of BRI projects. How transparent these actions will prove to be remains to be seen.

While India has stayed away from the BRI, there is little doubt that the Chinese have managed to get most of the world on board. This includes those countries which had expressed serious reservations two years ago and had spurned Chinese invitation to sign up. Japan is one such major country. Several EU countries, the latest being Italy, have also decided to participate. The New Zealand Prime Minister has conveyed to China her country's willingness to contribute to the adoption of best practices in project design and accounting procedures for BRI projects. What we are witnessing is a Chinese readjustment of BRI to address some of the concerns which have been raised over the past few years. There is also a willingness to bring in international institutions such as the World Bank, the Asian Development Bank and UN agencies to add credibility and provide comfort to partner countries.

What should be India's response to this changing context? There is no reason to alter our position of principle that as long as BRI projects violate India's sovereignty and territorial integrity, as the China-Pakistan economic corridor undoubtedly does, India is unable to endorse it. However, this should not exclude working together with China on projects where there is mutual benefit and benefit to a third partner country. This was implicit in the Wuhan Consensus between leaders of the two countries, which restored balance in India-China relations after the tensions generated by the Doklam stand-off in 2017. In infrastructure development, India's development of the Chabahar port in Iran and the planned northern rail and road corridor from there into Central Asia and beyond, can link up most usefully with the Eurasian transport corridor which China is developing. The trilateral highway linking India, Myanmar and Thailand could also be integrated with the north-south rail and road links which are joining southern China to the countries of Indo-China and beyond, with Mandalay as a nodal point. Beyond this India should look at the possibilities of S&T cooperation with China in areas of interest using the BRI platform. Despite there being a number of bilateral agreements on promoting S&T collaboration, there has been virtually no practical results so far. China has not even become a member of the International Solar Alliance in spite of solar energy being an obvious area of cooperation. Would it be worthwhile for India to convey to China its willingness to participate in specific BRI infrastructure projects on a case by case basis and to become part of the S&T component of BRI? This may soften the impact of India not signing up to the BRI as a whole, but also open up opportunities of meaningful cooperation in S&T where both countries could bring something to the table.

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the previous month and some transactions in the month of the collections. But the portion of revenues from transactions conducted in the previous month is always much larger when the collections are for the first month of a financial year. This is because transactions usually see a huge bump in the last few weeks of the last month of a financial year. Thus the April collections in the GST system see a more than normal increase.

In April 2018, the GST revenues touched ₹1.03 trillion, the first time it crossed the ₹1-trillion mark. It also jumped by 12 per cent over ₹92,167 crore collected in March 2018. But in May 2018, GST collections were only ₹94,016 crore, a decline of over nine per cent. So, don't be surprised if the GST collections, after recording a month-on-month rise of 7.5 per cent in April 2019, also record a similar decline in May 2019.

The April 2019 collections, however, should give the government comfort for a different reason. The GST revenues have gradually stabilised at a slightly higher rate of monthly collections. Between August 2017 and March 2018, the monthly collections hovered at around ₹84,000 crore to ₹96,500 crore. During 2018-19, the monthly collections crossed the ₹1-trillion mark on four occasions. In this period, the GST Council cut rates on a large number of items twice — once in November 2017 and again in December 2018.

In spite of that, monthly collections under the SGST have risen from around ₹22,000 crore in December 2018 to ₹28,800 crore in April 2019. For the CGST as well, the growth has been significant — from about ₹16,400 crore in December 2018 to ₹21,100 crore in April 2019. These are positive signs for a new taxation system. But it is the 60:40 formula for sharing the IGST collections in favour of the CGST that has given the Centre an added advantage in meeting its annual GST target. States are likely to view this as an unfair formula. Once that formula changes, the prospects for the Centre's own GST collections may not remain as bright as they appear now.

— a glorious, if tragic, account of Muslim patriotism. Ms Jalil's book mirrors the dichotomy between *Secret Superstar* and *Gully Boy* on the one hand and *Raazi* on the other. What should the ordinary Muslim worry about: bread-and-butter issues or the majoritarian impulse?

The bogey of the jihadi Muslim may have roots in the rise of global terror but that is not, Ms Jalil argues, the principal problem the community faces and should not be the yardstick by which it is judged. There are far more pertinent issues around survival, gender rights and freedom that Muslims need to address. There is bigotry and hate, yes, but there are other forces churning the community and an enlightened outcome rests on the ability of Muslims to seek and welcome reform.

BUT YOU DON'T LOOK LIKE A MUSLIM

Rakshanda Jalil
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