



President of the US Donald Trump

I got Impeached last night without one Republican vote being cast ... Now the Do Nothing Party want to Do Nothing with the Articles & not deliver them to the Senate, but it's Senate's call!

The SC may overturn the NCLAT ruling, but the illegalities flagged by it show the Tatas in poor light

There is nothing to prevent Tata Sons from ignoring the court's observations altogether and continuing to operate in the same fashion as it has in the past; it is a large and powerful conglomerate. But, it would do well to take cognisance of the views and to reflect on its actions because, even if the SC verdict goes in its favour—and there are several legal experts who believe it will—the reputation of its board has been severely damaged. To be sure, no one will say so, but the appeals court order paints a poor picture of the company's boardroom practices. Tata Sons will claim that it has always followed due procedure and never once violated the law, and that is probably correct. However, it is the spirit behind the actions, and not the legal correctness that is being questioned. Indeed, the NCLAT's 174-page order would, and should, be read by other business groups. It is unfortunate that very few companies in India consider it necessary to maintain some standard of corporate governance; most, including those that are supposedly run by professionals, care little for ethics, with independent directors largely playing along with the rest of the board. But, the NCLAT ruling, even if it has overstepped its limits, should serve as a wake-up call. Mistry has done corporate India a service by fighting for his rights.

Fixing higher education & rapid urbanisation critical

Unemployment data from CMIE for May-August 2019 shows that unemployment rate is the highest for those with tertiary-level education. Either the bulk of those with tertiary-level education who are part of the workforce don't have the skills that the industry requires or don't match up to the standards. Policymakers must pay heed to the recommendations that Mohandas Pai and Nisha Holla make in *Human Capital Development in India*, their report for Ficci. Pai-Holla advocate a greater role for the private sector in higher education through increased partnership with industry for infrastructure, teaching talent, and research. But, they argue, the government's spending capacity is central to this since higher education must also be affordable and accessible. Low urbanisation, and thus a lack of diversity in skilling and employment opportunities, is also holding back human capital development. Pai and Holla recommend that higher education institutions in India's villages and semi-urban areas focus on programmes that will skill the youth for the needs of local and traditional industry. Consolidation also must happen in the higher education space, as recommended by the draft National Education Policy, in which standalone institutions become part of multidisciplinary universities and colleges, to pool and optimise use of resources. Also, greater academic, financial, and administrative autonomy for higher education institutes will be key. The government hasn't really committed to this, despite making the right noises.

PDS for proteinaceous foods is a bad idea; govt should go with cash transfers instead to push better nutritional uptake

IFPRI and J-PAL South Asia studies found that cash transfers are not only less costly to implement but also encourage greater diet diversity. That Indians are moving toward "oily, sugary and spicy food" as opposed to diversifying to more nutritive options is, according to NITI Aayog's Ramesh Chand, one of the major reasons why the proposal is being considered. It is surprising that the government think-tank should recommend an avenue—in-kind transfers—that research across the globe shows is guaranteed to fail to result in diet diversification. In addition, the battle against malnutrition must focus on social and behavior change communication. For instance, despite the impact that such campaigns have had on health and nutrition, India has not seriously pursued any since the hugely successful 1980s campaign to promote egg consumption.

THE BRIEF PERIOD OF UNCERTAINTY BEFORE IT BECOMES CLEAR IF CHINA WILL LIVE UP TO ITS END OF THE BARGAIN MEANS INDIA MUST URGENTLY BRING IN WTO-COMPLIANT EXPORT SCHEMES

Kher is former Commerce Secretary of India & Singh is former Deputy Director General of WTO. Views are personal.



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For mobile phones, the top exporting economies, i.e., China, Vietnam, and Hong Kong (China), account for over 70% of the global market. India's global export share is about 0.6% at present, but the nation has high aspirations in this sector. India's National Policy on

Other countries such as Vietnam attract FDI due to their ease of doing business and by implementing an incentivising policy framework. These policies give FDI in Vietnam a commercial advantage of about 9–12% over India's mobile phone production. In this competitive situation, a WTO panel has found India's main export incentive schemes like the Merchandise Exports from India Scheme (MEIS), to be inconsistent with WTO provisions. India will have to phase out MEIS, and some of the other schemes found to be in violation of WTO provisions. Meanwhile, ironically, India has

Indian policymakers have been aware of the need to implement policy support and incentives. Intense discussions and efforts have taken place in several government departments and institutions for some months now, to develop WTO-consistent policy alternatives that will encourage investment by major firms in India, particularly in areas with high technology and export potential. This process should now be concluded, and the relevant policies implemented in the near term, to encourage major investments and exports, especially for the priority areas for which US tariff increases have been postponed, i.e. products in List 4B mentioned above.

India has only a short period of time to conclude its intense process of policy consideration, which has been going on for the past several months

TRUMP IMPEACHMENT

A shot in the arm for the US Constitution

Impeachment vote is the single most significant action that the House can take in defence of the Constitution. It isn't enough. But, it is a start

Where the Constitution has been faltering is in the significant erosion of our informal, unwritten norms. These have constitutional weight even if they aren't identifiable as strict rules of constitutional law. They include things like the politicisation of the department of justice and the FBI, and the subtle corruption of the presidency through Trump's continuing pursuit of his business inter-

Impeachment on its own is only part of what the legislative branch should do

When historians tell the story of Trump's legacy of weakening the Constitution, they will now include the House's response. That matters. The Constitution is not the dead hand of the past. It is a living tradition whose meaning evolves in real time, and is affected by what today's constitutional actors say it means.

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LETTERS TO THE EDITOR

Unity in diversity

The nationwide agitation by the people, irrespective of their religion, against the Citizenship Amendment Act (CAA) enacted by the BJP government conveys one thing very clearly—the people of our nation cannot be divided in the name of religion. Though the CAA is alleged to be only anti-Muslims, the solidarity shown by Indian people of different hues seeking its cancellation is really amazing. We have witnessed the avowed principle of our nation, 'unity in diversity' in their spontaneous agitation against the Act. It is time the government understood the sentiment and wishes of the people and rescinded the Act, which appears to be against the principles of secularism engraved in the sacred Constitution of our country.

— Tharcus S. Fernando, Chennai

Impeaching Trump

For the third time in history, the United States House of Representatives voted to impeach a President. The lower house of Congress voted to impeach Donald Trump for abuse of power. The Senate, the upper house, will now weigh in on the trial—and on account of it having a Republican majority, Trump, in all probability, will be acquitted. However, this is still being seen as a historic win for the Democrats, who initiated the impeachment enquiry against Trump, permanently marking the President's tenure. With this, the bid for a re-election for President Donald Trump looks doubtful and he may be rejected for lowering the image of the country.

— Bhagwan Thadani, Mumbai

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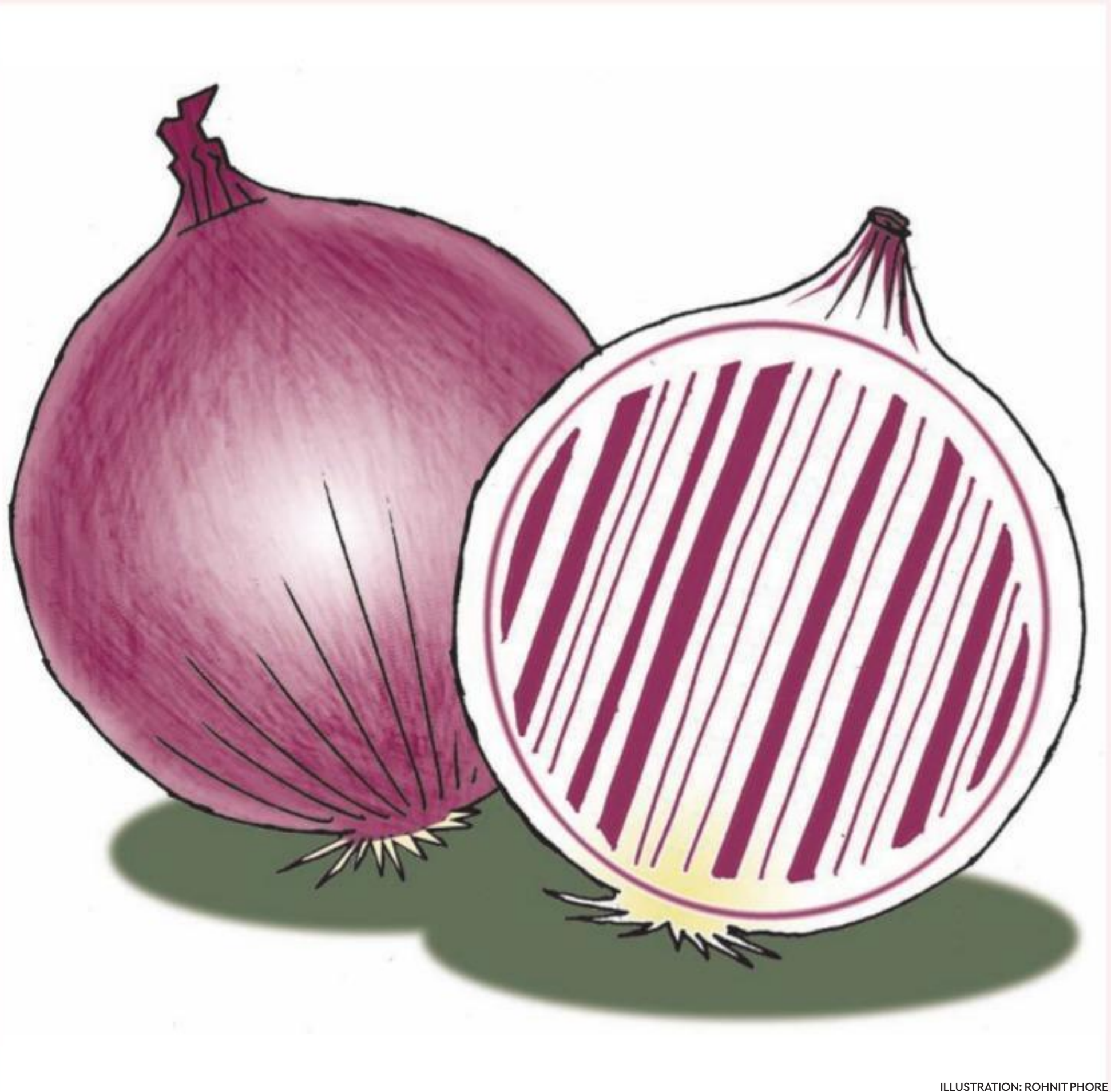


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VIVIAN FERNANDES

Author blogs at smartindianagriculture.com. Views are personal



● CHLOROPHILE

Mirzapur could wipe away India's onion tears

The sandy loam of the Indo-Gangetic Plain is just right for onions as it drains well. A drive, thus, to encourage production in this belt could check onion price fluctuations

DIVERSIFYING THE AREAS of production to northern India, adopting raised-bed planting practice along with drip irrigation and reducing losses with better storage technology can help avert episodes of price slumps and spikes that afflict the onion trade.

A majority of onion supply (60%) comes from the rabi crop which is planted in December and January, and

harvested from March to June. Farmers store onions on premise, in ventilated structures with asbestos or thatched roofing, for release till October, after which the kharif crop, planted in July-August enters the market. There is also a late kharif crop, planted in September-October and harvested between December and February. Kharif and late-kharif onions have a short shelf-life. They last for about a month after harvest. About a

quarter of the annual supply comes from the kharif crop, and 80% of it is from Maharashtra and Karnataka. Disruption of supply from these two states has a ripple effect across the country.

This year late onset of monsoon delayed the kharif planting season. The October report, of the agriculture ministry, said 7% less area was planted. Heavy and prolonged rain damaged the transplanted seedlings and also destroyed late kharif nurseries. Official reports highlighted production at 52 lakh tonnes during the two seasons was 26% less than last year. Besides, stored rabi onions were also damaged because of high humidity. Of the buffer stock of 77,000 tonnes created with the price stabilisation fund, about 39,000 tonnes had to be discarded because of spoilage. Farmers and traders suffered from such losses.

Spreading the production of onions across the country and close to the places of consumption can help avert such situations. Major Singh, director at the Directorate of Onion and Garlic Research at Rajgurunagar near Pune reports encouraging results from trials in eastern UP's Mirzapur district. He says the sandy loam of the Indo-Gangetic Plain is just right for onions as it drains well. Flooding is an issue for which he recommends raised-bed planting. In all, 140 farmers have participated in as many field demonstrations which the directorate has held since the monsoon season last year. Five farmers did very well. They swapped local varieties for improved ones like Bhima Dark Red and Bhima Super, and adopted better agronomic practices. Reported yields of 4,857 kg and 9,360 kg an acre, earned a profit of ₹2-2.5 lakh per acre, according to the Directorate, helped by the spike in onion prices. A drive, thus, to encourage production in this belt could check onion price fluctuations.

Better storages will also help. Currently, onions are stored at ambient temperature in raised floor structures with side slats (for ventilation) and asbestos roofs. These are low-cost storages, which the Maharashtra government subsidises. Yogesh Thorat, managing director, Maharashtra Farmers Producer Com-

pany (FPC), a state-level consortium of FPCs, says it wants to create large storages totalling 25,000 tonnes in 10 locations, but cannot home in on the right technology. In open ventilated storages, losses can be as high as 30-40% or even more, depending on the outside temperature and relative humidity. Onions last longer in cold storages, but sprout when kept in the open, unless irradiated. Singh says losses were found to be lower—10%—in bulbs stored for four months at 27 degrees celsius. The monthly running cost was 30-50 paise per kg, about five times less than that of cold storages. The 20-tonne prototype which the directorate has developed needs to be scaled up to a few hundred tonnes and validated for commercial use, for which Singh wants financing partners.

India has the largest area under onions (13 lakh hectares), but yield at 17 tonnes per hectare is less than China's 22 tonnes. Productivity in countries like Netherlands (51.8 tonnes/ha), Germany (46 tonnes/ha) and Iran (38.5 tonnes/ha) is higher, but their cultivation is limited to a few thousand hectares and, therefore, can give better attention.

India's production was almost flat between 1991-92 (47 lakh tonnes) and 2001-02 (53 lakh tonnes). It doubled to 108 lakh tonnes by 2006-07, and has doubled again since. Annual production currently is about 209 lakh tonnes, which exceeds the domestic demand. Exports have increased from 4.42 lakh tonnes valued at \$70.73 million in 2001-02 to 20.62 lakh tonnes worth \$470 million over the last few years.

Anil Khar, an onion breeder at the Indian Agricultural Research Institute (IARI), New Delhi, says yields can be increased with hybrids. Hybrid onions are of uniform size, shape, colour and maturity unlike open-pollinated varieties, which have a mix of A, B and C grades. Developing hybrids, he says, is a tedious process as onions are a highly cross-pollinated crop. India should sequence the onion genome, he says, to discover the genes responsible for particular traits. This can help in faster breeding through marker-assisted selection, an agri-biotechnology tool, for higher yields, longer shelf-life, processing quality (more solids, less water) and resistance to pests, diseases and climate stresses.

Singh says the directorate has hybrids, but has not been able to popularise them because they are not higher yielding than open pollinated varieties. He says the package of practices it has developed including planting on raised beds (ridges) and use of drip irrigation can improve yields. There are a set of farming practices to improve durability including lesser use of nitrogen, maintaining moisture during dry spells, and stopping irrigation a fortnight before harvesting. Shade curing for two weeks and disinfecting the storages to prevent fungal infections will also help keep rabi onions longer.

There is a lot of demand for onions from Bangladesh, Sri Lanka, Malaysia, Indonesia and the Gulf countries. India has not been able to make a dent in the European and American markets, where bigger and less pungent onions are preferred. Singh says exporters do not take the trouble of obtaining certification for good agricultural practices. These countries are also strict about infections like black sooty mold.

Can processing help tide over episodes of scarcity? Jalgaon-based Jain Irrigation has about 5,000 farmers on contract who produce processing quality onions with less water (88%). But dehydrating them to 5-6% moisture costs about ₹25 a kg, says senior vice-president Kalyanrao Patil. A kg of dehydrated flakes is equal to 10 kg of fresh ones. The company supplies to the military and some pizza chains.

Dehydrated onion flakes retail for ₹197 per 450 grams in online stores. Red onion powder sold in combination with garlic powder retails for ₹299 per 150 grams. Onion flakes, powder or paste are unlikely to be popular like tomato puree. The farmers of eastern UP and Bihar can satisfy India's love of fresh onions without having to cry about prices, if they are assured of profits.

Surging ahead

AKHIL BANSAL

Author is Deputy CEO, KPMG in India. Views are personal



India is making strides but has more ground to cover

THE YEAR 2019 has been eventful. With two budgets being presented this year, India came out with decisive policies in the face of economic and trade uncertainty. Some key changes which were made by the ministry of finance have the potential to impact the country's future. These included the corporate tax cut and amendments to the IBC, aimed at streamlining the insolvency process and protecting last-mile funding. The Centre also announced a relief package of ₹25,000 crore to revive stalled housing projects. It also declared removal of all charges on digital payments to promote Digital India. Further, the Union Budget 2019 gave a boost to make electric vehicles affordable with a GST cut from 12% to 5%, and introduced a provision of additional income tax benefit of ₹1.5 lakh on loans taken to purchase electric vehicles.

The government has also laid emphasis on reducing the financial stress of farmers by offering them additional income opportunities. During the Interim Budget presented in February 2019, the government announced a ₹6,000 annual income support for marginal farmers, called the PM KISAN. The Union Budget, presented in July 2019, proposed innovative pilot programmes on 'zero-budget farming', scaling up of rural infrastructure under the PMGSY and incubators to develop 75,000 entrepreneurs in the agro-rural industry. Recognising the importance of capital for MSMEs, a 2% interest subvention on fresh and incremental loans was also announced along with a partial credit guarantee to public-sector banks (PSBs) for purchasing high-rated pooled assets of strong NBFCs.

In September, the finance ministry set up a task force to build a national brownfield and greenfield infrastructure project pipeline worth ₹100 lakh crore over the next five years. In the same month, the Union Cabinet approved 100% FDI, under automatic route, for contract manufacturing and commercial coal mining. The local sourcing conditions for single-brand retailers were also relaxed. Such norms are expected to

In many ways, 2019 has created the base for India's future growth. The key would, however, be in implementation

reinforce India's position as a potential global manufacturing hub, and reduce dependence on imports. The ministry of finance also announced a stimulus package with an upfront disbursement of ₹70,000 crore for state-run banks and merger of 10 state-owned banks to form four large banks. If implemented well, these moves can revitalise the banking sector and enable PSBs to compete more effectively.

In 2019, India climbed 14 places to become 63rd among 190 nations in the World Bank's ease of doing business ranking (up from 77th rank in 2018). The country also attracted FDI of \$27.2 billion during FY2019. India's economic engine, however, hit a snag as GDP growth slowed, corporate revenues moderated, unemployment increased, urban wages and farmer income stagnated and consumption declined.

While the government has taken several initiatives to steer the meandering economy to the fast-track lane, more work remains to be done on the policy front to shift India onto an accelerated growth trajectory. These reforms will have to include improvements to land and labour laws, a much more open trade regime and removing bottlenecks for accessing capital. The reforms could be supported with rationalisation of taxes with a GST 2.0, a stable regulatory regime and ensuring greater physical and digital connectivity across the country. Decentralisation of decision making by empowering states and creation of a coherent long-term vision could help guide the economy out of this slump.

Creating a conducive environment that will rebuild citizens' trust in the economy, improve investor confidence, stimulate investments and integrate India into global supply chains would need to be taken up on priority. Furthermore, providing universal healthcare, easy access to quality education and electricity, developing transport infrastructure and addressing sustainability issues will be the foundation for India's next stage of development. The country also faces immense pressure to create job opportunities for its large working-age population.

Despite uncertainties, the momentum of structural reforms is undoubtedly strong. The government has covered a broad gamut of trade and investment through its reforms. In many ways, 2019 has created the base for India's future growth. The key would, however, be effective implementation such that India meets its objective of a \$5 trillion.

GST

INSOLVENCY AND BANKRUPTCY Code (IBC) and Goods & Service Tax (GST) were major structural reforms during previous tenure of the Modi government. There are some delays in resolution of cases, but IBC has gained momentum and various important amendments have been made to address the operational issues raised by stakeholders. The Supreme Court judgment in the matter of Essar Steel has also settled various open issues and scope of litigation has reduced.

GST was biggest ever indirect tax reform. It was aimed to improve the ease of doing business by having a common set of law across the nation. It was also expected that GST will improve tax collections and curb evasions.

While GST is, indeed, a game-changer, it is important to understand that its implementation is dependent on an IT platform. This IT infrastructure is the interface between taxpayer and the government. A majority of problems, thus, stem from poor design of GST returns. That is one of the primary reasons that the due date for filing of annual return for FY 2017-18 has been extended many times. It would be better if entities are given exemption from filing of annual return for FY 2017-18. Matching the input tax credit was a key under GST to check the tax evasion and this functionality is not yet enabled in the way it was envis-

Time for an operational change

If the policymakers want to augment GST revenues they should focus on simplifying the operational part and work on improving the IT infrastructure to curb tax evasion

SHSHANK SAURAV

The author is a chartered accountant

aged. Considering the uneven trend in tax collection, the government recently changed the rules relating to input tax credit for cases where amounts claimed as input is not shown by seller in her return. However, these are only temporary fixes, and both the taxpayer and finance professionals need a long term solution.

GST has affected service providers more than manufacturers or traders. It has not only increased the tax rate for service providers, but compliance burden has also

increased exponentially. Manufacturers were required to file factory-wise monthly return under erstwhile central excise regime, but service providers were filing half yearly return for their entire operations in form ST3. Now, service providers have to file a state-wise monthly return, thereby increasing the compliance burden. Moreover, the service provider has to take care of assessments for each state separately, a divergence from the centralised system of filing followed earlier. The gov-



PM NIRMALA SITHARAMAN AND REVENUE SECRETARY AJAY BHUSHAN AT THE 38TH GST COUNCIL MEETING IN NEW DELHI

ernment must consider taking states on board for a single comprehensive return for service providers. A system of centralised assessment based on the principle place of business as applicable for Income Tax purposes needs to be established.

GST is often criticised for multi-tier tax structure and people demand rationalisation, but a multiple rate structure is needed for a country with large lower-middle class population. Besides, there are certain essential items which need to be taxed at concess-

sional rate or exempted fully from tax net. India is a vast country and having a single tax rate will not be in consideration of the social structure. Besides, an analysis of VAT rates in various European countries shows that there are multiple tax rates in place.

The government is facing an uphill task to meet the fiscal deficit target amid economic slowdown, as it requires public expenditure to go up. Union finance minister is in a tough situation given the fact that state governments are raising voice over

GST/VAT rates in major European countries in 2019

Country	Standard rate (%)	Reduced rate (%)*
UK	20	5
Sweden	25	12, 6
Spain	21	10, 4
Portugal	23	13, 6
Poland	23	8, 5
Germany	19	7
Norway	25	15, 12
Italy	22	10, 5, 2, 1
France	20	10, 5.5, 2.4
Hungary	27	18, 5

*Rates for small businesses and special schemes) Source: Ernst & Young (EY) report

delay in settlement of their share of cess collections. Considering the decline in demand, GST council has rightfully decided not to increase tax rate in the last meeting, held on Wednesday. Council has also given a major relief by waiving the penalty for non-filing of return, if these returns get filed by January 10, 2020. However, if the policymakers want to augment GST revenues they should focus on simplifying the operational part and work on improving the IT infrastructure to curb tax evasion.