Opinion

THURSDAY, DECEMBER 26, 2019

PUBLIC GOOD?

Prime minister of India, Narendra Modi

"I want to ask people who resorted to violence in UP to sit at home and ask themselves whether what they did is good or not. They destroyed buses and public property that belongs to the future generation"

Govt is responsible for the suspicion over NPR

CAA rules & home ministry reports are clear that NPR is the 1st step towards NRC; so govt denying any link not convincing

IT IS ENTIRELY possible, as the government argued after the Cabinet cleared the proposal to go ahead with the National Population Register (NPR) on Tuesday, that the NPR is the same thing the UPA had started when it was in power, that there was no proof of citizenship being asked for—that is what the National Register of Citizens, NRC, would do—and what the Cabinet had cleared was just the collection of routine data from those normally resident in an area; indeed, no one was going to be forced to give any documents to prove what they told those conducting the NPR census. Since the results of the exercise were, in fact, going to be used for various government welfare schemes, the NPR exercise has been clubbed with the 2021 Census.

If there was an air of suspicion, a belief that NPR was just a precursor to NRC, even after two senior ministers gave strenuous clarifications at the post-Cabinet media briefing, the government has only itself to blame. For one, the Cabinet clearance came even as the countrywide agitation over the Citizenship Amendment Act (CAA)—and its link with the NRC—was going on. So, the argument went that, with the countrywide agitations forcing the government to say that there was no plan to go ahead with the NRC, it decided to go ahead with the NPR, which was nothing but a step towards the NRC; since the prime minister had said there was no discussion on NRC despite the home minister repeatedly saying NRC would follow the CAA, this added to the suspicion over the government's intent.

And, though the government said, after the Cabinet clearance, that there was no connection whatsoever between NPR and NRC, there is enough evidence to show this isn't quite correct. Apart from various statements on the connection between the two by various NDA ministers in Parliament over the years, even the rules of the Citizenship Amendment Act of 2003 talk of a 'population register' (the NPR) and how citizenship can be struck down during the verification process; the rules talk of the power to ask people to furnish any information in connection with the determination of citizenship, and clearly mention the National Register of Indian Citizens. So do most annual reports of the ministry of home affairs, regardless of whether the UPA or the NDA was in power. The 2014-15 one—NDA era—says that "as a first step towards creation of a National Register of Indian Citizens the government has decided to create a National Population Register". Even the 2008-09 report—of the UPA era—says "after the NPR is so made ready, it would be possible to create National Register of Indian Citizens (NRIC) independently as a subset of NPR".

The UPA did not go ahead with the NRIC even as it pushed the NPR, possibly because, as the home ministry's 2005-06 annual report put it, "verification of the citizenship of each individual... is extremely cumbersome as the document base for proving citizenship is not readily available in the rural areas". No one can doubt India needs to identify its illegal immigrants, especially since this has important security ramifications, but if the exercise results in genuine citizens in either rural areas or the poor—and less literate—also finding it difficult to prove citizenship, the NDA needs to think very carefully before taking the next step after NPR. And, since the CAA has made it clear that Hindu/Buddhist/Christian/Sikh/Jain illegal immigrants will find it easier to get citizenship, it is only natural that Muslims will be worried about being singled out. Instead of issuing bland denials, and then springing a nasty surprise on the nation, the BJP would be well-advised to come up with solutions to the problem of proving citizenship, or promise that the NRC is not going to be implemented.

Evaluating GST correctly

Sluggish collections also due to rate cuts and poor GDP

THE OCTOBER GST collections were encouraging, having risen 6% year-on-year (y-o-y) to ₹1.03 lakh crore, albeit on a soft base and in a very festive month; collections in August-September were very weak, and fell 4% y-o-y. On a cash-accounting basis, October GST collections are estimated at just ₹95,000 crore, implying an FY20 run-rate, so far, of around ₹90,100 crore. That, then, pushes up the asking rate for the rest of FY20 to ₹1.4 lakh crore per month. At the current run rate, there could be a shortfall of ₹52,000 crore in CGST + IGST, and ₹1.2 lakh crore in SGST collections.

It is clearly crunch time. Not only is government staring at a shortfall in GST and direct tax collections, the compensation cess deficit in 2019-20 could be, by one estimate, as high as ₹63,200 crore. The monthly run-rate for cess collections—used to ensure state-government revenues continue to rise by 14% a year—is currently around ₹43,300 crore while the required rate is ₹55,900 crore. That is worrying because it means the states may not have enough to spend at a time when they need to. Even otherwise, the slow nominal rate of GDP growth—just 6.1% y-o-y in Q2FY20—would hurt tax buoyancy.

Given this, it is natural to ask for a hike in GST rates and/or a reduction in the exempted goods and services. But, as ex-CEA Arvind Subramanian argues, the poor performance has to be seen in the context of a rapidly slowing economy. For April-October 2019, the total collections—including CGST, IGST, SGST, and compensation cess—were ₹7.02 lakh crore, and grew 3.4% year-on-year. That isn't so bad given GDP growth has decelerated for six consecutive quarters and the 4.5% in Q2FY20 is a six-year low. Indeed, the government had budgeted for an 11% nominal GDP growth in FY20, but as of now, it would seem the final number will be closer to 6-7%. Keep in mind that corporate taxes grew 0.8% in April-October, and personal income taxes at just 6.7%.

Also, it must be appreciated that the levies themselves have been reduced across almost 500 goods and services; in two-and-a-half years and across 19 meetings, GST rates have been tweaked some three dozen times. The weighted average effective GST rate has fallen from 14.4% in July 2017 to 11.6% in September. So, while the collections seem below expectations, raising rates or cutting exemptions is probably not a good idea when consumption demand is so weak. The rates can always be revisited a year or two down the line, after growth stabilises and starts ticking up. Having one rate may not be politically feasible, but certainly the five slabs can be pared to three first, and maybe to two later.

MentalBLOCK

India needs more awareness campaigns and better infrastructure to counter mental health disorders

A LANCET *PSYCHIATRY* study finds that, as of 2017, over 197 million—or one in seven—people in India suffered from a mental health disorder, a sharp increase from the 150 million reported in the 2016 National Mental Health Survey. At 4.7% in 2017 the contribution of mental disorders to India's disease burden, measured in terms of Disability Adjusted Life Years (DALYs) is double the 2.5% in 1990, making mental disorders the second largest contributor (14.5%) to years lived with disability (YLDs). A majority (91 million) suffer from depressive and anxiety disorders. Even more worryingly, the study found a positive association between socio-economic indicators such as per-capita income and mean education and the prevalence of adult-onset depression and anxiety.

Precious little, however, is being done to equip the country's healthcare infrastructure to cope with this burden. The study finds that there are two mental health professionals and 0.3 psychiatrists for every 100,000 of the population—while the latter number, by some estimates, is 0.75, even that is abysmally short of the global average of four. The revised Mental Health Act, 2017, mandated that mental disorders be covered under health insurance schemes, but only 19 states have formed a board in compliance with the regulations. Moreover, high treatment gap for mental disorders, poor evidence-based treatment, and gender-differentials in treatment remain. Given the impact of mental illness on the quality of life and the high economic cost of an increasing mental health burden—the World Health Organization estimates India's losses due to mental health conditions between 2012 and 2030 at over $1 tn—there is a desperate need to spread awareness and strengthen the healthcare infrastructure.

● GOODS AND SERVICES TAX

EFFECTING A REFORM AS BIG AS THE GST REQUIRES ONE TO BE PATIENT. STAKEHOLDERS MUST HAVE A GIVE AND TAKE APPROACH, AND REALISE THAT THERE IS ALWAYS A BETTER WAY OF DOING THINGS

Compensating for the growth slowdown

SANJEEV NAYYAR

Author is CA & founder esamskriti.com
Twitter: @NayyarSanjeev
Views are personal

THE LAST GST Council meeting was a stormy affair—expected, with an increasing number of non-BJP ruled states and delays in disbursement of the compensation cess to the states.

State finance ministers gave some interesting bytes.

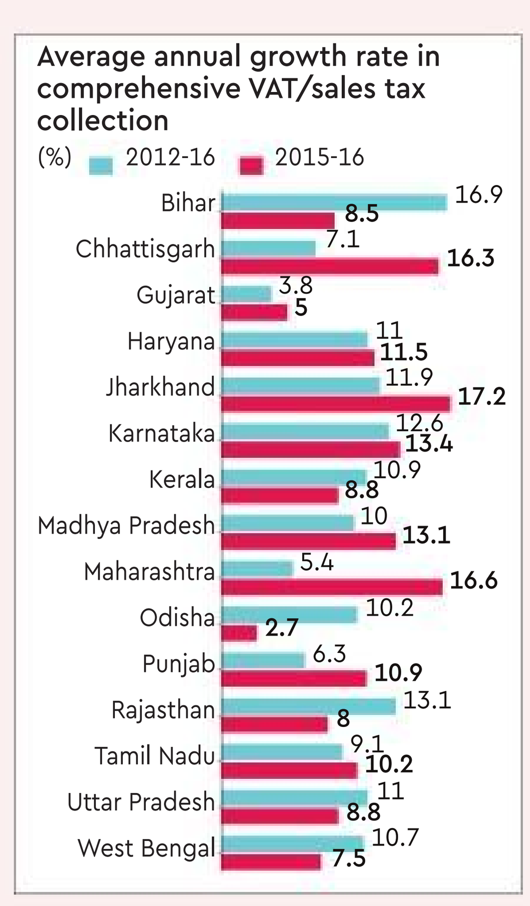
Kerala's Thomas Isaac said that the GST Council, had in its minutes, received an assurance from the former finance minister Arun Jaitley, that in the case of a shortfall, the Council would honour its obligations by borrowing to pay the states (*bit.ly/34YfQk1*).

Can the Council borrow on its own or do the states want the Centre to borrow?

Punjab's Manpreet Badal said the delay in payment of assured compensation is a sovereign default. If only Badal could convince the CM to stop giving free power to farmers (app cost ₹6,500 crore pa) and reduce the aggregate technical and commercial losses from over 30% in 2018-19 to 14%, as agreed under the Ujjwal DISCOM Assurance Yojana, things would be different.

Grandstanding makes a good case, but what is the reality?

In order to convince the states to switch, they were assured a 14% growth in revenue collection under GST on the 2015-16 base. This assured return was to be funded by a GST compensation cess (GSTCC) levied on certain commodities (e.g., tobacco products, motor vehicles, etc). The intent was to create a GST compensation fund that would fund the estimated revenue loss for the first five years of GST, i.e., July 1, 2017, to June 30, 2022.



Average annual growth rate in comprehensive VAT/sales tax collection

(%)

	2012-16	2015-16
Bihar	16.9	8.5
Chhattisgarh	7.1	16.3
Gujarat	3.8	5
Haryana	11	11.5
Jharkhand	11.9	17.2
Karnataka	12.6	13.4
Kerala	10.9	8.8
Madhya Pradesh	10	13.1
Maharashtra	5.4	16.6
Odisha	10.2	2.7
Punjab	6.3	10.9
Rajasthan	13.1	8
Tamil Nadu	9.1	10.2
Uttar Pradesh	11	8.8
West Bengal	10.7	7.5

How did it work in 2017-18 and 2018-19?

Finance minister Nirmala Sitharaman stated in the Rajya Sabha on December 12, that in 2017-18, the total cess collected was ₹62,596 crore, of which ₹41,146 crore was released to the states. The remaining ₹15,000 crore was accumulated in the cess fund. In the next year, ₹95,081 crore was collected and ₹69,275 crore released to states, but "cess accumulated in the fund was zero". How the cess accumulation in 2018-19 became zero is not clear.

According to an August 30, 2018, amendment "fifty per cent of such amount, as may be recommended by the Council, which remains unutilised in the Fund, **at any point of time in any financial year during the transition period** shall be transferred to the **Consolidated Fund of India** as the share of Centre, and the balance fifty per cent shall be distributed amongst the States."

The same amendment also provides that in years of the shortfall, 50% of the surplus amounts taken from the GSTCC account by the Centre and states would be returned. For example, if surplus taken in 2018-19 by Centre and states was ₹100 crore each, they would return ₹50 crore to the GSTCC account.

Why should cess surplus in any year not be fully adjusted against subsequent deficits in the GSTCC account?

The states' GST shortfall was also funded by a special coal cess, renamed as 'GST compensation cess.' Cess amount is substantial and increases India's energy costs. It is subsumed under GSTCC and accounted there.

Next, is the issue of 14% revenue protection.

Can the states highlight, on what basis the revenue was calculated in the base year of 2015-16? According to a National Institute of Public Finance and Policy Working Paper by Sacchidananda Mukherjee, "In the pre-GST regime it was not possible to separate revenue on account of VAT, CST and entry tax into two baskets—items under GST and out-of-GST items. Second, GST subsumes various taxes and cesses, which were earlier used to be collected by local governments/authorities. In the absence of information on state-wise revenue collection from these taxes and cesses, it will be difficult to estimate the revenue under protection for States".

Mukherjee's paper shares state-wise growth rate in VAT, entry tax, and central sales tax (CST) for 2012-2016 and 2015-16.

During 2012-2016, Bihar, and in 2015-16, Chhattisgarh, Jharkhand, and Maharashtra had growth rates over 14%. To be fair to states, the above excludes taxes collected by local government and authorities. However, the accompanying graphic indicates a trend.

Can the GST Council be transparent, put numbers in the public domain, so there is an informed and healthy debate?

Another interesting point Mukherjee made is, "The benefits of 14% assured growth in revenue collection under GST will differ across states. States like Gujarat and Punjab have had low rates of growth and the assurance of 14% would imply augmentation of revenue while states like Bihar might not get the same deal".

So, should the 14% assured increase in revenues be related to the actual growth in state-wise revenues? This becomes an incentive for states to improve tax-efficiency.

Next, is the central government bound by law to pay a 14% assured increase to states even if cess collections are inadequate?

Let us first look at related issues. Expecting the Centre to bail out states would put additional pressure on its finances without the states having to bear the cost of the economic slowdown, which they are also a party to. According to noted economist Ajit Ranade, states must remember we have "had a continuous and now-severe slowdown in economic growth since 2017, and states would have suffered a bigger drop in tax collections even without GST".

Further, as TN Ninan wrote in *Business Standard* "an economy growing at 7% would ordinarily be expected to deliver nominal growth (i.e., including inflation) of about 11%—well short of the 14% revenue buoyancy promised to states".

Tax growth rate is based on nominal GDP, which slowed to 6.1% in the September quarter. Pain arising out of lower revenues needs to be borne by the Centre and the states.

Promising 14% was a political necessity in 2016! Assured revenue growth reduces the motivation for states to create a business environment that stimulates growth.

Coming to the legal aspect, there is nothing in the law which states that the Centre has to dip into its revenues to pay the states assured revenue. Posturing on national television that states would be forced to approach the Supreme Court (SC) is one thing, but that would vitiate the working of the Council, and what happens if the SC dismisses the states' plea.

The states want revenue growth insurance. Any reform takes years to stabilise. Thus, the cost of change must be borne by the Centre and the states.

Unfortunately, states have perfected the art of upward delegation. For instance, they complain of farmer distress without saying that agriculture, being a state subject, is their primary responsibility. Similarly, if the states do not charge "farmers and residential users the true economic cost of power", discoms have lesser resources to buy power. When power production falls, as a consequence, GDP rates fall too.

Effecting a reform as significant as GST requires one to be patient, stakeholders must have a give and take approach, and realise that there is always a better way of doing things.

Beyond the compensation mess

States are right in pushing the Centre to pay their dues on a timely basis, but they would also need to look at other measures to increase tax revenue

BIPIN SAPRA

Tax partner, EY
Views are personal

THE LAST COUPLE of months have seen much debate between the Centre and the states, wherein the states, especially the opposition-ruled ones, have been complaining about the non-release of compensation cess by the Centre. It is crucial to understand what exactly the compensation cess is.

Compensation cess was introduced as a relief for the loss of revenue states would incur due to the implementation of GST. Since the states have given up their powers to collect certain taxes on goods and services, they were guaranteed a 14% tax revenue growth in the first five years after GST implementation. The compensation cess was to be provided to states till July 1, 2022. States' tax revenue as of FY16 was taken as the base year to calculate this 14% growth. Any shortfall was supposed to be compensated by the Centre, using funds specifically collected as compensation cess.

Under GST law, compensation cess is levied over the 28% GST on luxury cars, and demerit goods like aerated drinks and tobacco. Further, the compensation cess is not payable by exporters and those who have opted for compensation levy. States are required to be compensated bi-monthly from the accumulated funds in this account.

During these past months, there has been a hue and cry by various states—Delhi, Punjab, Kerala, and West Bengal, to name a few—regarding the release of compensation cess for the months beginning August, 2019. In the first year of GST implementation, FY18, the compensation cess collection was ₹62,596 crore, out of which ₹41,146 crore was paid to the states. The remaining value was accumulated. In the subsequent year, collection from compensation cess was ₹95,081 crore, and ₹69,275 crore was released to states.

In the current fiscal, the government has already collected cess of ₹55,467 crore till October 31, 2019, just 1.5% more than what was collected in the same period last year. In fact, just two days before the GST Council meeting on December 18, the Centre had released ₹35,298 crore to the states and union territories. FM Nirmala Sitharaman has assured that the Centre will not back out on its promise of GST compensations. The delays in passing on the money to the states are due to slippage in collections under GST.

Given that the states have a constitutional right to the compensation, they tend to be complacent in trying to collect GST revenue. The states should support the Centre in the implementation of GST to curb tax evasion. This will ensure that the government's tax revenues—and, therefore, automatically that of the states—go up. For example, the decision, taken in the recent GST council meeting, to block the e-way bill facility on non-filing of two consecutive GSTR-1 returns should definitely go a long way in increasing tax compliance. Similarly, a standard operating procedure, with regard to action to be taken on non-filing of GSTR-3B (monthly tax return), will be issued for tax officers. States need to ensure that state tax officers implement such measures diligently, so that the tax revenue collections of both the central and state governments increase.

In addition, states also need to look at other measures to increase tax revenue in their respective territories. Besides the effective implementation of the recent proposals of the GST council meeting, states should support the Centre on other critical proposals such as e-invoicing to curb the fraudulent availment of input tax credit. Also, states should take a cue from the Centre and introduce amnesty schemes under VAT/ Entry tax, so that any blocked revenues that are under litigation would also flow into their coffers. These measures will also help the states reduce dependency on the Centre.

The recent GST council meeting saw certain interesting suggestions given by the states to the Centre to ensure timely release of funds to the former. One of these, was that the Centre should give a share of cesses and surcharges, including the super-rich tax levied on people earning over ₹2 crore a year to the states. While states already get a 42% share in the Centre's tax revenue, they do not get a share of the surcharges and cesses levied for specific purposes. While all these concerns voiced by the states are valid, it is only a matter of time, i.e., till July 1, 2022, before the states will need to stand on their own feet to meet their tax revenues.

To conclude, while the states are right in pushing the Centre to pay their dues on a timely basis, they would also need to look at other measures to increase tax revenue.

LETTERS TO THE EDITOR

On UP protests

BJP ruled Uttar Pradesh had witnessed large scale violence resulting in the death of 24 civilians mostly due to bullet injuries from firearms is saddening. Rather than responding to the legitimate questions being raised from different quarters, chief minister of the state Adityanath had set the template for his state police to use excessive force against protestors with his controversial comment. The much admired argumentativeness of our democracy appears to have been at stake in BJP ruled states like UP with rulers riding a rough shod over the constitutionally guaranteed right of citizens to assemble and protest peacefully .It Is time the UP government shed its adversarial strategy towards protestors and order an impartial probe in to the charges of alleged police brutality.
— M Jeyaram, Sholavandan

On student violence

The attack on the convoy of Karnataka CM BB Yediyurappa in Kannur by activists of the Student Federation of India and Democratic Youth Federation of India is deplorable. The protesters took the cops by surprise as they blocked the chief minister's car and attacked it with sticks and bricks. A group of Youth Congress workers and the Kerala Students Union (KSU) also held a separate protest. The outfits were infuriated over the incidents in Mangaluru recently during the anti CAA protest. The Kerala government must be held culpable for this unsavoury episode.
— NJ Ravi Chander, Bengaluru

●Write to us at feletters@expressindia.com

R.N.I. Reg. No. 6188/61 Printed for the proprietors, The Indian Express (P) Ltd by Vaidehi Chintaman Thakar at The Indian Express (P) Ltd Press, Plot No. EL-208, TTC Industrial Area, Mahape, Navi Mumbai-400 710 and published from Express Towers, Nariman Point, Mumbai-400 021. Editorial & Administrative Offices: Express Towers, Nariman Point, Mumbai-400 021. Phone: 22022627/67440000. Fax: 022-22856323.
Chairman of the Board: Viveck Goenka, Managing Editor: Sunil Jain, Resident Editor: Malini Bhupta* (*Responsible for selection of news under PRB Act)

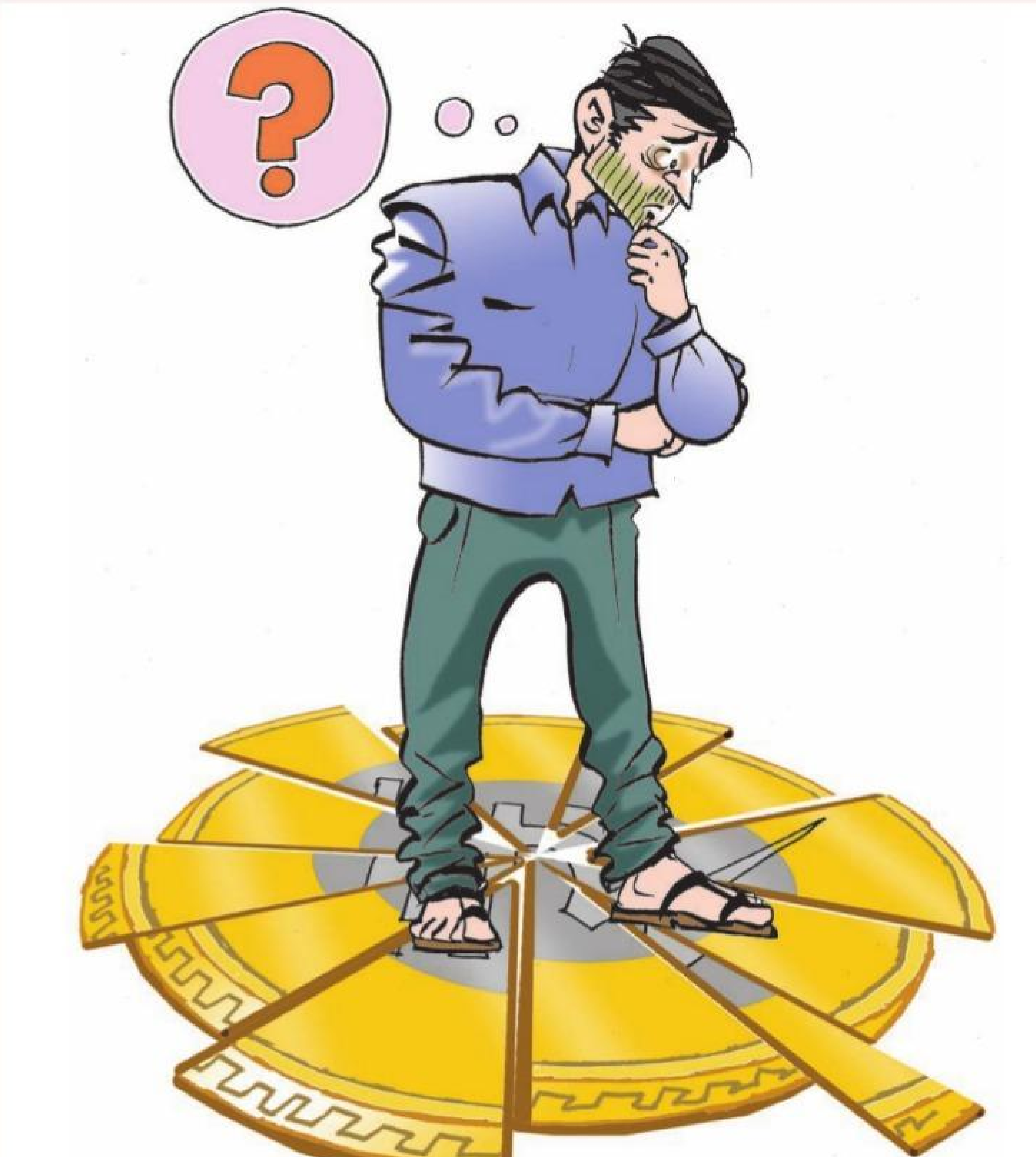


ILLUSTRATION: ROHNIT PHORE

S CHANDRASEKHAR

The author is professor, Indira Gandhi Institute of Development Research, Mumbai.
Chandra@igidr.ac.in

INDIAN STATISTICAL SYSTEM

Getting the numbers right

We need to strengthen the institutional capacity of the statistical system and address the shortage of personnel. Then we need to invest in the statistical system in a manner it leads to sizeable revenue streams

IT IS ESTIMATED that the statistical systems of Australia and the US spend, on average, $18 and $11 per person per year, respectively, on collecting data. These estimates are from the report of the Task Force on the Value of Official Statistics, published in 2018, by the United Nations Economic Commission for Europe. In contrast, the ministry of statistics and programme implementation (MoSPI), of the government of India, has a budget of less than ₹8 per Indian per year. Not only is the Indian statistical system severely underfunded, it is also understaffed. Large investments, both in terms of financial and human resources, are required to strengthen the system.

These investments are important if the Prime Minister's vision for a digital India has to become a reality. In this new digital world, much has to change: the way data is collected, the way data is analysed, and the way it is consumed. The system needs to broaden its scope beyond its traditional role of keeping account of economic activity in the economy. There is demand for providing real-time business intelligence for informed policymaking.

For this, we need to ensure a stepped increase in the budget of the MoSPI, linked to progress not in terms of expenditure outcomes, but in terms of improvement in quality of official statistics. To ensure that increased budgetary allocation is not a case of good money spent without any tangible improvements, we have four specific suggestions.

The first is to strengthen the institutional capacity, and there are three things that need to be done. On a priority basis, we need to address the shortage of personnel, in particular the Subordinate Statistical Service, and staffing of the departments of economics and statistics of state governments. We need to develop and agree upon a system for scoring of statistical capacity of state statistical systems and departments of the central and state governments. We need funding for establishing an inter-university centre led by Indian universities in collaboration with the National Statistical Systems Training Academy. The primary objective would be to assist in leapfrogging the statistical system. An immediate task at hand for the centre would be to clearly articulate the relevance of surveys to fill critical gaps, a reasonable time-frame for establishing the accuracy of administrative data, and use machine learning in analysing big data.

Investing in statistical system can also lead to sizeable revenue streams and this brings us to our second suggestion. It is a fairly straightforward exercise to monetise data sets collected by the government of India. To name a few databases that can be easily sold are database on companies maintained by the Registrar of Companies and the ministry of corporate affairs, export-import data maintained by the Directorate General of Commercial Intelligence and Statistics, and the National Remote Sensing Centre's satellite images. Today, the private sector does a much better job of repackaging, selling such data in an easy-to-use format, than the government. In our view, selling data will automatically increase accountability and improve data quality. Furthermore, an added benefit of making high quality granular data available would be an increase in employment opportunities in data analytics.

The third suggestion is to develop standards. It is important to harmonise definitions and develop taxonomy for each sector. This helps in reducing the cost of data collection, and also improves the ease of doing business. This is particularly important in cases of issues that are cross-cutting across department or ministries. For instance, the Public Health Department and the Women and Child Department should have a common database. An excellent example where data standardisation has happened is on account of the efforts of the Reserve Bank of India. The current practice of developing new management information system every time a new programme is launched needs to be discontinued. This can be avoided if we have a common data architecture, based on accepted definitions, for each and every sector.

The fourth suggestion is to improve returns to expenditure by ensuring that it reaches the targeted population. We need to use technology to map expenditure flows to output to outcomes. It will be important to geotag expenditure in every programme. This can be a feature of the Public Financial Management System. By geotagging, we can aggregate expenditure data and the outcomes at PIN code or village level while preserving the confidentiality of names of beneficiaries of programmes. The release of such data will allow various stakeholders to develop metrics for measuring return on government spending, and suggest areas for improvement. These could eventually lead to significant cost savings.

The cliché 'data is the new oil' was surely not in vogue when the Constitution of India was debated and finalised. However, the framers did realise the importance of inquiries, census, surveys, statistics and vital statistics. These find mention in the Seventh Schedule that deals with demarcation of powers via the three Lists, viz. Union List (Entries 69 and 94), State List (Entry 45) and Concurrent List (Entries 30 and 45). The framers dwelled on the need for having uniform data across the nation. During the Constituent Assembly debates, Prof Shibban Lal Saksena, a member of the Assembly, said, "(W)ithout proper land records, it is impossible to maintain uniform statistics for the whole country and it is a very important thing which must be provided for... If that is not done, you cannot have any statistics on a countrywide basis on a uniform basis, and agricultural progress will be handicapped." This quote is just an example of the quality of discussion that took place on the importance of data for development. Somewhere in the last seven decades we have forgotten our way and unfortunately got stuck in a rut. Now is a good time, as any, for the Prime Minister and the finance minister to revitalise and restore faith and fund the Indian statistical system.

We need to ensure increasing MoSPI's budget, linked to progress not in terms of merely expenditure outcomes, but in improvement of the quality of official statistics

ELECTRIC VEHICLES

The future of mass commute?

PANKAJ M MUNJAL

The author is chairman & MD, HMC, a Hero Motors Company

E-bikes and e-scooters are the answer, but need a safe cycling infrastructure

WITH GLOBAL WARMING and environment becoming major concerns, governments across the world are putting increased thrust on the need for phasing out petrol/diesel vehicles. While electric vehicles (EVs) have been in the pipeline for decades, it is only now that these are emerging as a viable alternative to petrol/diesel vehicles. Support from governments backed by ambitious targets as well as evolution of battery technology has enabled this shift. In China, 1.1 million electric cars were sold in 2018—more than half the total world sales.

With the ambitious target of shifting a bulk of its vehicles to electric fleet by 2030, India has launched policy measures and incentives to promote electric and hybrid cars. Earlier this year, the government announced ₹10,000 crore in outlay for the second phase of the FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) scheme to be invested towards developing charging infrastructure.

Major manufacturers across the world are now investing in electric and related technologies. Ford plans to have 13 EV models by 2020 at an investment of $4.5 billion. Tesla plans to build 1 million EVs by 2020. In India, Mahindra & Mahindra and Tata Motors have already launched electric cars, and Maruti Suzuki is fleet testing its first electric car. However, lack of infrastructure is a major concern.

At the same time, while electric cars are clean, they do not solve the problem of congestion and remain outside the economic reach of a large section of population. Electric bicycles, on the other hand, offer both an affordable and a sustainable mobility solution; they can also address traffic woes. And then there is no range anxiety—if one loses battery charge, she can always pedal back easy with gear shifts.

India largely runs on two-wheelers, with about one-third of households owning one. In comparison, just 11% households own a car. E-bikes are also a rapidly emerging global trend—these essentially are an evolved version of bicycles, fitted with an electric motor to enable motorised pedalling along with manual pedalling. Given that two-wheelers account for as much as 75% of vehicular pollution in India, e-bikes can be an eco-friendly alternative to conventional two-wheelers. For this, the government must initiate policies for those people who currently use bicycles and are planning to upgrade to motorcycles or conventional scooters.

According to a report by Persistence Market Research, the global e-bike market is projected to register a CAGR of 4.7% during the 2017-22 period. Here again, China is leading. Also, in Europe, government subsidies and favourable policies are ushering in an impressive growth in e-bikes—France registered 90%-plus growth in the sales of e-bikes in recent years, thanks to a government subsidy on its purchase.

E-scooters are also an attractive option for people who struggle with last-mile transport connectivity issues. California-based start-ups Bird and Lime pioneered an interesting concept of shareable dockless e-scooters, and the success of the idea propelled these start-ups to spread to more than 100 cities. People struggling with traffic congestion, those needing short but costly taxi rides from public transport to work/home, or those walking to work/home have found e-scooters flexible, affordable and enjoyable to use. While this concept is yet to find ground in India, the need for flexible, last-mile transport solutions makes this a prospect.

The Economic Survey 2019 points out the limited availability of charging infrastructure coupled with lack of fast-charging facilities are major impediments to increased adoption of EVs in India. The project to make EVs a functioning reality of Indian roads needs the creation a massive infrastructure of charging stations across cities, residential buildings, parking spots, and community spaces.

While e-bikes have caught the attention of a small group of health-conscious and tech-savvy Indians, the absence of safe biking infrastructure hampers its growth in India. It must be underlined that countries which have provided government support—in the form of subsidy or infrastructure building—and imposed implementation of strict environmental rules have witnessed the steepest growth rates in e-bikes. India not only needs to encourage people to turn to e-bikes through subsidies and incentives, but also build safe cycling lanes across cities.

TIKTOK

When the internet gets less American

The popularity of Chinese-owned TikTok raises concerns about security and values

SHIRA OVIDE

Bloomberg

AMERICA IS GOING to have to reckon with an internet that is becoming less American. Some US lawmakers on both sides of the partisan divide have said they are worried about TikTok, the app that lets users record and share short skits or dance routines to music. The app quickly became popular in the US and some other countries, and that has generated anxiety about TikTok's ownership by the Chinese internet company ByteDance.

The US is conducting a national security review of TikTok, and a foreign investment committee is considering whether ByteDance should be forced to unwind an acquisition that brought the TikTok app to the US. The US Navy this week alerted personnel not to use TikTok on government-issued smartphones because of a cybersecurity threat that the Navy didn't detail.

TikTok has been on a mission to alleviate worries about its Chinese ownership by ramping up its outreach to US politicians. It has also taken steps and considered structural changes to create separation between the app and China. Some of these efforts seem like pointless window dressing.

I don't know whether TikTok is a genuine threat. I don't know whether it is harvesting Americans' data for the mother country. There have been news reports that TikTok scrubs material on its app outside of China that is considered unpalatable by the Chinese government and therefore helps spread a sanitised view about China outside the country's borders. TikTok now says that it doesn't house data on US users in China and that the Chinese government doesn't censor its global video app.

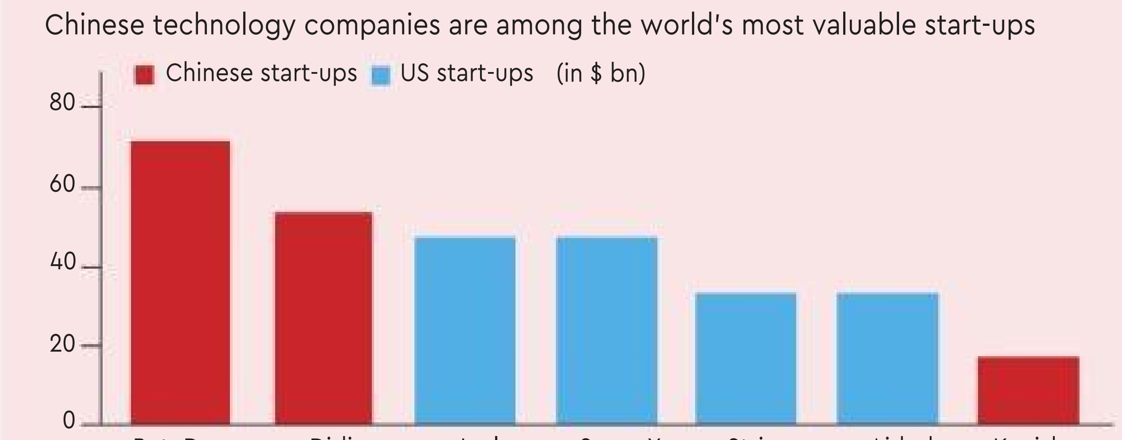
The discussion about TikTok in US political circles has become caught up in the broader tug of war between the US and China, but the fundamental issue is real. This isn't the first non-American internet service to get big in the US. But this the first time, truly, that Americans have had to consider what it means to have a popular consumer internet service that isn't owned by an American company. I suspect it won't be the last time.

This is not new ground for most other countries. Facebook and its Instagram and WhatsApp apps; Google and its YouTube service; Netflix; Twitter; and other digital services from US companies have become prevalent in many parts of the world. Foreign governments have at times chafed at the internet dominance by American companies for both justifiable and bogus reasons and have sought to make those companies comply with local laws and norms.

It's mostly understandable for governments outside the US to have those worries about American internet services. It's likewise mostly understandable for the US to consider the implications when an internet service from a company in China or Russia gains traction in America. What I wonder is whether what's happening now is a declaration that an internet company cannot operate in the US if it comes from a country with which the US has fundamental and unresolved disagreements over government policies or values.

We are the world

Chinese technology companies are among the world's most valuable start-ups



Source:CB insights, Bloomberg

There has been anxiety in technology circles for years that the world is being divided into two or more versions of the internet. There is the US version, mostly freewheeling and free, that had become something of a global default. There's the Chinese version, a parallel world in which activity and speech are tightly controlled by the government and from which foreign internet companies are largely barred. Some people also talk about a European internet and maybe an Indian internet, again with standards for behaviour and company conduct that aligns with government priorities.

On the one hand, I am an American and I'd rather live in an American-style internet than one mirroring Vietnam, where what happens online is commandeered by an authoritarian government. On the other hand, tax regimes differ from country to country, in reflection of different government's policy priorities. Should internet policy be so fundamentally different than tax policy? (There are legitimate technical reasons why it's harder to have country-by-country internet services.)

Facebook, Google, Apple and Netflix have had to grapple with the balance between sticking to their American-honed principles while also complying with different standards and laws in all the countries where they operate. That may mean the companies have to push back when they believe their principles are compromised too much, and it may mean the companies should not do business in some places where the rules are fundamentally at odds with what their leaders and home country citizens believe.

There are not necessarily easy answers. US internet companies do fail to strike the right balance outside of America's borders, and do and should face scrutiny from the media, US lawmakers and other outsiders when that happens.

ByteDance should face the same scrutiny when it sets foot outside China's borders. ByteDance and TikTok leadership will have to figure out how to be a Chinese company that doesn't always operate by Chinese internet norms. That isn't something China's internet companies have been forced to grapple with until recently. That country's popular internet companies including Tencent, Weibo, Douban and Baidu have mostly been used in China or by the Chinese diaspora. That is starting to change with TikTok and other apps such as the TikTok-like app called Kuaishou or Kwai.

Chinese internet companies, and American citizens and politicians, face a similar challenge. They have to care how the rest of the world thinks and behaves after being insulated from those realities for a long time.

I don't know the right way to deal with this in the US, but it's long overdue for Americans and US political representatives to take seriously—truly seriously; not in hyperbolic panic—how we should feel about digital hangouts incubated in a country that may not share what we consider American values.