



## One year after

In its second year, the GST regime must be purposefully rationalised

Since its midnight launch on July 1 last year, India's Goods and Services Tax regime has evolved significantly. There have been serious implementation issues, but also the administrative will and flexibility to address most of these, with the Centre and States working together in the GST Council. After its initial days were marred by stuttering IT systems, the deadline for filing returns was pushed forward till most taxpayers got a hang of the system and the GST Network could augment its capacity. Industry had anxieties about the multiple tax rates, ranging from zero to 28%, with a cess on demerit goods. But gradually, the number of goods under the 28% bracket has been brought down to 50 from around 200. A unique component envisaged in India's GST regime, matching of invoices for granting tax credits, has been kept on hold for fear of adding to taxpayers' transition pains. Despite its glitches and snarls, the new tax has taken firm root and is altering the economic landscape positively. The strongest sign of this is the entry of over 4.5 million entities in the country's tax net, many of which would have so far been part of the cash-driven, informal economy. This expansion of the tax net will also help increase direct tax collections.

At Sunday's GST Day celebrations, Prime Minister Narendra Modi ruled out a single tax rate but hinted at lower rates for more items. He was reacting to criticism about the flawed implementation of the One Nation, One Tax concept. Rhetoric aside, there is a clear buoyancy in revenue after a wobbly initial trend. The government was eyeing a little over ₹90,000 crore a month to make up for the revenues earned under the earlier regime and to compensate States for any losses due to the GST. Finance Minister Piyush Goyal is confident that the average monthly collections this year could touch ₹110,000 crore. This surge must allay the fiscal concerns of the Centre and the States, and nudge policy-makers towards further rationalising the GST structure. If not a single rate, there is certainly room for collapsing at least two of the current rates. It is also imperative that rates not be tinkered with too often and pricing disputes not be a default option under anti-profiteering norms for industry. If cement, as a critical infrastructure input, must be taxed lower than 28%, then decide a rate and stick to it. In its second year, the GST Council must pursue a time-bound approach to execute plans already announced to ease taxpayers' woes, such as an e-wallet for exporters and a simpler return form. Besides, there must be a road map to bring excluded products – petroleum, real estate, electricity, alcohol – into the GST net. This reform still has miles to go, and the government must stare down the temptation to take populist steps ahead of general elections.

## Mexican wave

López Obrador must reverse domestic disenchantment and address tension with U.S.

The mandate in Mexico could not have been more predictable, as frontrunner Andrés Manuel López Obrador won the presidential election very comfortably on Sunday. "The rice is cooked," he declared as his expected victory materialised. The overwhelming mandate is a case of third-time lucky, the story of a contender who picked up the pieces after a razor-thin defeat in 2006 and another blow in the 2012 elections. Mr. Lopez Obrador found electoral resonance with a people deeply disillusioned with rampant corruption and crime as well as a leadership seen to be adrift. With his Morena party looking at a majority in both Houses of the Mexican Congress, he will have almost unfettered legislative and executive authority. The rout of the incumbent Institutional Revolutionary Party (PRI), reduced to third place behind the conservatives, speaks to the sense of general disenchantment. Outgoing President Enrique Peña Nieto's rule has been marred by allegations of poll finance irregularities and stalling of an inquiry into a separate bribery scandal. Amid this domestic turmoil, Mexico has emerged as a major foreign investment hub in recent years. Its membership of the North American Free Trade Agreement has integrated the country into the global supply chains, bolstering its image as a market-friendly destination. However, an uneven distribution of the goodies of an open economy among the regions has accentuated inequality and increased unemployment.

Addressing these challenges is among the early priorities for the 64-year-old former Mayor of Mexico City, who will assume office in December. Awkwardly for Mr. López Obrador, the state of limbo that NAFTA has been in since the election of President Donald Trump to the White House shows no sign of breaking. Once a vocal opponent of opening Mexico's oil sector to private and foreign investment, he has of late toned down such rhetoric. Mr. López Obrador has also expressed support for free trade and a willingness to renegotiate NAFTA. Such reassurances may or may not allay the concerns of sceptics, who fear a repeat of the Latin American model of populist public investment of the last decade. But with global commodity prices gradually recovering, Mr. López Obrador may see merit in balancing the interests of business with his socio-economic agenda of combating crime and corruption. Mexico's President-elect is by all accounts an anti-establishment politician. Time will tell whether he can resist the lure of populism while addressing crucial challenges. The thorny issue with Washington, of the status of Mexican migrants residing in the U.S., will prove to be a test case. Yet, with the emphatic mandate he has received, Mr. López Obrador has as good a base as possible to bring coherence in Mexico's internal and external affairs.

# The strongman's dilemma

With Erdoğan set to change the nature of the Turkish republic, his political style could exacerbate its problems



RAKESH SOOD

With the electoral victory last month, 64-year-old President Recep Tayyip Erdoğan created history by becoming the longest serving ruler of Turkey. So far, that distinction belonged to Mustafa Kemal 'Atatürk', the founder of the Turkish republic, its first president from 1923 till his death in 1938.

Mr. Erdoğan was Prime Minister from 2003 till 2014, when he was elected President. Having successfully conducted a referendum in April last year to convert Turkey into an executive presidency, he advanced the elections, which were not due till November 2019, to now return as an all-powerful President. Under the amended constitution, he can have two terms, and with another win in 2023, he could remain in position till 2028.

### Reversing Atatürk's legacy

The collapse of the Ottoman empire with the end of World War I was the tectonic event that had enabled the founding of the Turkish republic and empowered Atatürk to transform Turkish society. He imposed Western norms of dress, Roman script for the language and a European legal system and calendar, converting the former Islamic caliphate into a secular republic. He was a popularly elected leader but implemented many of his reforms, which often generated opposition, with a degree of authoritarianism as Atatürk (Father of the Turks).

In many ways, Mr. Erdoğan is taking Turkey through a change of similar magnitude. He became Mayor of Istanbul in 1994 on the

strength of the pro-Islamist Refah (Welfare Party), which was banned in 1998 and he was jailed for 'inciting religious hatred'. He re-emerged to set up the moderate Islamic Justice and Development Party (AKP) in 2001. Under his rule, Turkey has softened its secular image by giving greater importance to Islam. His anti-West rhetoric, sharper after an unsuccessful coup in July 2016, marks a significant shift from a Western-oriented North Atlantic Treaty Organisation (NATO) member state negotiating for European Union (EU) membership to one seeking to join a Russia-China dominated Shanghai Cooperation Organisation. Traditional elites in the judiciary, military and civil service, often described as those identified with Kemalism and belonging to the urban, secular, Western-oriented intellectual classes, are being replaced by the more religiously oriented, conservative, provincially oriented elite. These changes have already begun and with another decade ahead, Mr. Erdoğan is set to change the nature of the Turkish republic.

### An all-powerful president

It is clear that Mr. Erdoğan's gamble in advancing the elections and establishing an electoral alliance between his pro-Islamic AKP and the ultra-nationalist right-wing Nationalist Movement Party (MHP) has paid off. In the presidential election, he ensured a first round victory by winning 53% of the vote. In the parliamentary elections, the AKP won 42% of the vote, giving it 295 seats in the 600-member legislature. Together with 48 seats of the MHP, it provides a comfortable majority though it will be the first time in 16 years that the AKP will depend on a coalition partner. Elections were peaceful but hardly fair, having been conducted under a state of emergency, though an 87% turnout lends credibility to Mr. Erdoğan's victory.



CHRIS MCGRATH/GETTY IMAGES

gan's victory.

Coming after the constitutional referendum undertaken last April, Turkey will now have an executive presidency. With the abolition of the post of the Prime Minister, Mr. Erdoğan is both head of state and head of government with the power to appoint one or more vice presidents and cabinet members. The President will continue to head the AKP, can rule by decree and enjoys full powers to dissolve parliament. Theoretically, the parliament is empowered to investigate wrongdoings by the President to impeach him with two-thirds majority but this requires approval by the Supreme Court, where 12 of the 15 judges are presidential appointees.

Mr. Erdoğan had made his preference for an executive presidency clear soon after he took over in 2014 after being Prime Minister for 11 years. The unsuccessful coup attempt (2016) reinforced his convictions and provided the opportunity. Fethullah Gülen, a cleric in exile in the U.S. for two decades, was held responsible and a purge of his supporters followed. More than 100,000 government officials have been dismissed by decree and another 50,000 are in jail pending trials. These include more than a thousand military officers (over a hundred of rank of general) accused of complicity in the coup. Nearly 200 media outlets suspected of Gulenist leanings have been closed, and 120 journal-

ists are in detention. During the early years in power, Mr. Erdoğan had worked closely with the Gulenists to break the stranglehold of the secular Kemalists, particularly in the military and the judiciary. The relationship broke down in 2013 when Mr. Erdoğan's family members were subjected to investigations involving influence-peddling and corruption, ostensibly by Gulenist sympathisers who were increasingly troubled by Mr. Erdoğan's authoritarian tendencies.

### Growing challenges

Even with the domestic political opposition decimated and in disarray, Mr. Erdoğan faces tough challenges, both at home and abroad. Turkey's economy has slowed down in recent years. Inflation is in double digits and, in 2018 the Turkish lira has declined by 20% in value. This has raised foreign debt levels even as stories about cronyism do the rounds negatively impacting the investment climate. Yet interest rates have been kept low for political reasons and this is unlikely to change till the municipal elections in March next year. The reason is that the large cities like Istanbul, Ankara and Izmir are the places which opposed the referendum and also voted against the AKP.

Turkey vigorously supported the Arab Spring hoping to use the AKP's ties with the Muslim Brotherhood (MB), which had become stronger, as a lever to strengthen its role in the Arab world. This backfired as Saudi Arabia changed track quickly seeing dangers of a reformist MB gaining ground. In Egypt, the military made a comeback, welcomed by the Saudi regime. Turkey was critical of Mohamed Morsi's ouster as President and relations with Egypt broke down. In the embargo coordinated by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt against Qatar, Turkey has come

out strongly in support of Qatar.

### The Syrian fallout

The worst fallout has been on account of Turkey's involvement in the Syrian conflict. An early vocal supporter for the ouster of President Bashar al-Assad, Turkey initially was the corridor for the stream of Islamic fighters going to Syria. Nearly three million Syrian refugees entered Turkey, creating challenges for the EU which is committed to paying Turkey billions to man the barricades amid growing tensions.

The environment dramatically changed with the growing threat of the Islamic State (IS) moving from Iraq into Syria and the establishment of the Caliphate by Abu Bakr al-Baghdadi in 2014. As the U.S. started attacking the IS in Iraq, Russia intervened in 2015 to bolster Mr. Assad. Use of the NATO airbase at Incirlik made Turkey a target with the IS mounting a series of attacks, including at Istanbul airport in 2016 which claimed over 40 lives.

Turkey cracked down hard on the Kurdish militants (PKK) just when the U.S. was equipping the Syrian Kurds (YPG) to take on the IS in northern Syria, leading to a spike in Kurdish militancy in Turkey and further straining Turkey's relations with the U.S. Mr. Erdoğan decided to get closer to Russia (and Iran) instead though the price was accepting the continuation of Mr. Assad. It is negotiating for the S-400 anti-missile system with Russia, raising the prospects of U.S. sanctions on a NATO member.

Ironically, Mr. Erdoğan may find that even as he has become all powerful, his polarising brand of politics makes it more difficult to tackle the economic and security challenges facing the country.

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# How to list cases better

The quality and efficiency of court functioning can be improved with simple tweaks



AMRITA PILLAI & SUMATHI CHANDRASHEKARAN

Chief Justice of India Dipak Misra recently flagged rising pendency in appeals lying with High Courts based on the findings of the Supreme Court's Arrears Committee. He has since directed High Courts to prepare action plans for disposal of five and 10-year-old cases. He has also asked for High Court Arrears Committees to periodically review the situation. While it is crucial that a disposal review mechanism is put in place, the manner in which judicial performance is measured and accountability is exercised must be carefully revisited.

For decades, the primary measure of court efficiency has been case disposal rates. Public perception of court performance and individual judges now hinges on the number of cases pending before them. Though a crucial indicator, it also puts pressure on judges to dispose of as many cases as possible, a problematic situation as it does not consider the quality of

adjudication itself. Neither does it shed light on the exact nature of cases that have remained pending the longest, or the stage at which pendency recurs the most. Since these parameters are not measured, they are often disregarded in the discourse on court performance.

To begin with, courts themselves must start analysing historical case data and introduce focussed interventions to counter specific case types or stages at which the case pipeline is clogged.

### Impact of listing techniques

The discourse on case pendency has largely revolved around delayed appointments and vacancies. Our study of case data of a High Court over five years showed how certain cases listing practices influenced case movement and harboured pendency.

First, listing patterns were generally erratic, with the number of matters listed for the same courtroom ranging from 1 to 126 a month. In some courtrooms, it was 80-120 cases for a month.

Second, a large number of cases listed in a day meant that inevitably, matters listed towards the end of the day remained left over. Thus, cases in the final stages of hearing most often clogged the case pipeline.

Third, old pending matters



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barely made it to court. Our case data over three years showed that 91% of them remained unheard despite being allotted a separate day and specific judges. Some experts point out that these cases were listed for the second half of the day but would eventually never come up for hearing because of the large number of other urgent and routine matters listed. Advocates also tend to become disinterested in older cases in which clients have given up or stopped paying.

### Spurring case movements

One way to accelerate case movement is by making case listing more systematic. Here, courts must assess their performance based on the actual number of cases being heard. Listing more than 100 cases a day may look to be an impressive work schedule for a judge, but we found that it is very rare for all of them to be heard. Cause list preparation can be

made more scientific if supported by a consistent study of the variance in the number of cases listed across courts, identifying the exact stages at which cases are clogging the pipeline for the longest duration, and the nature of cases left over. This will also ensure that only as many cases as can be reasonably heard will be listed on a daily basis.

Second, the cause list should have cases methodically distributed by type and stage. The court can decide on a minimum and maximum number for particular matters. A senior counsel of the Supreme Court emphasised the need to tweak listings such that final hearings are the first matters a judge hears in a day as it requires his complete attention. In the cause list we studied, such hearings were listed at the end, inevitably accounting for the largest leftovers.

Third, disposing of old and pending matters must be prioritised. Despite allotting two days in week to hearing these matters for most of the day, the High Court we studied had a massive docket of old pending cases. Their rate of case movement in newer matters (taken up on all other days of the week) was much faster than case movement recorded on specific days where old cases were listed. A solution would be to implement a

policy where no adjournments are granted for frivolous reasons.

Scientific listing has clear benefits. It will introduce standardisation across courts and help disinterested judges from using discretionary practices in the number and nature of cases listed before them. It will promote fairness – a reasonable number of cases would be listed every day, and distributed across the day based on stage and case type.

Another benefit would be better quality of adjudication. With an ever-increasing caseload, it is only fair to question the quality of decision-making. The Supreme Court, in April, remanded a case back to a High Court due to the poor quality of judgment (there were neither recorded submissions of the parties nor references to the relevant legal provisions used).

The quality and efficiency of court functioning can be improved with simple tweaks. Therefore, it is time that the judiciary as an institution opens itself to the services of competent external agencies that can help them record, manage and analyse their data better, to build and sustain a healthy institution.

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## LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

### Power of the mob

Increasing reports of people being lynched on suspicion of being child-lifters speaks poorly of the law and order situation in the country. The right course for the people would be to alert the police and let them do their job. Perhaps governments need to launch campaigns to stop this trend of taking the law into one's hands. According to one estimate, there have been as many as 30 instances of lynching or attempted lynching in the last two months. Something needs to be done ("Five men mistaken for child-lifters, lynched", July 2).

R.J. KHURANA,  
Bhopal

■ Growing instances of lynching of innocent men and women on mere suspicion is a pointer that most of us are losing faith in

the rule of law and slipping back to primitive ways of life where 'might is right' was prevalent. The police need to act fast and think of innovative outreach programmes for rural populations on the criminality of taking the law into their hands. If Indians in the rural hinterland are falling prey to incorrect social media forwards, there can be a way of addressing the issue using the same medium.

B.S. JAYARAMAN,  
Coimbatore

■ Even in Kerala, the so-called most progressive State in India, an Adivasi youth was lynched not so long ago on the allegation that he had stolen something to satiate his hunger. It seems that the current wave of anti-social activities is inspired by insidious messages created and

forwarded by WhatsApp groups. Kerala even witnessed a violent hartal inspired by some fanatic WhatsApp groups. India ceases to be a civilised nation when there are such brutal acts.

SUKUMARAN C.V.,  
Palakkad, Kerala

■ The spate of incidents shows that imaginary fears and impatience are getting the better of rationale behaviour (Tamil Nadu, "Two youth from Odisha beaten up", July 2). That social media has spread such falsity is regrettable. Though the authorities cannot be blamed for such knee-jerk actions of the public, there is a need to spread awareness around the country. NGOs and other social organisations have to lead the way.

K. JAYANTHI,  
Chennai

■ It is distressing that mob lynchings are almost becoming the new social normal. It is even reaching a point where those who try to intervene face attack and abuse. The younger generation needs to be sensitised to the values of integrity and compassion.

ALISHA ABRAHAM,  
New Delhi

### Give it time

The GST is without doubt the greatest structural change in the Indian economy after the 1991 reforms. Amid widespread criticism a year after it was implemented, one must understand that every structural reform will need and take time to stabilise; liberalisation was no exception. Considering the diverse needs of Indian businesses and consumers, the different slabs in taxation are unavoidable. It is public attitude and adherence to

laws that will make government policies successful.

PRATHAB K.,  
Chennai

### Downfall and rescue act

There was a time when the Industrial Development Bank of India (IDBI) occupied a unique place among financial institutions in the country that helped set up big industries and subsidiaries, such as technical consultancy organisations and the Small Industries Development Bank of India (SIDBI). Unfortunately, negligence and mismanagement have led to its downfall. It is a matter of concern that nudging LIC to acquire a majority stake in IDBI might cause a financial setback to lakhs of LIC policy holders. Though the sinking bank might get another chance at survival, one wonders if it

will make efforts to improve its track record and be vigilant in sanctioning loans (Editorial, "Risky recourse", July 2).

JAYANT MUKHERJEE,  
Kolkata

### FIFA results

The way the FIFA World Cup is shaping up leaves one perplexed – one could have never imagined Germany dropping off in the group stage followed by Argentina and Portugal's pre-quarter final exits. Russia's stunning show that left Spain dazed only shows that younger and gifted footballers in little favoured teams are setting the pace ("Sport" page, "Russian Roulette sinks Spanish Armada", July 2). This is turning out to be one of the best World Cups ever.

W. VAMSHIKRISHNA,  
Bhubaneswar, Odisha

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