



GST clarity, at last

The challenge now will be to prevent the imposition of additional taxes

The long wait for the new indirect tax rates that will apply to thousands of goods and services is finally over. The Goods and Services Tax Council that met in Srinagar has released details of the rates at which over 1,200 goods will be taxed when the GST regime takes effect. The rate fitment process has been a subject matter of speculation for months now, accompanied by fears that the new tax rates and slabs would be influenced by special interest lobbies. So it is welcome that the government has offered better clarity. The July 1 rollout of the tax also looks more likely now with the GST Council showing its intent to get things going. Under the new structure, judging from the initial list of 1,211 items, the predominant share (43%) of goods will be taxed at 18%, while 17% and 14% of the notified items will fall under the 12% and 5% tax rate slabs, respectively. Around 7% of the items, which include essential goods such as milk, fruits, cereals and poultry, have been exempted from all taxes. A significant share (19%) of goods, however, has been tucked under the highest tax slab of 28%; many of these cater to the daily needs of the growing middle class. Apart from these four regular tax slabs, additional cess taxes of varying rates have also been imposed on sin and luxury goods such as pan masala, cigarettes and sport utility vehicles to compensate the States for loss of revenue during the initial years.

Winners and losers are sure to emerge as tax rates undergo a major revision. But overall, the government has said the new tax regime will be revenue-neutral. If so, the GST's influence on private spending will possibly remain muted. The four-slab structure of the GST regime gives it the look of a progressive tax code, in contrast to similar consumption-based taxes prevalent in other countries, which are essentially simple, flat taxes. While progressive taxes may be justified given the wide disparities in income levels in India, the principle of simplicity is being compromised. The new tax regime disappoints on earlier expectations that the top tax rate would be capped below 20% too. The middle class will now have to bear the brunt of higher prices. The challenge going forward will be to prevent backdoor rigging of rates through additional levies that are completely discretionary. States that have added significantly to their debt burden in recent years must be kept in check. Or additional discretionary taxes would add to the overall tax burden and particularly compromise on tax predictability. Lastly, the Centre and States must keep their pressing fiscal demands from influencing tax rates upwards in the future. Otherwise, the decision to do away with tax competition among States, in favour of a simple centralised tax system, will be done no justice.

Vote for status quo?

Results to first phase of local polls complicate federal restructuring in Nepal

Results of the local body elections held in three of Nepal's seven provinces on May 14 are still trickling in, but the Communist Party of Nepal (Unified Marxist-Leninist) and the Nepali Congress (NC) will be reasonably satisfied with their performance. These elections were mostly held in the hill areas, with the second phase scheduled for June 14, in which the Madhesi parties – that are still demanding amendments to the Constitution related to state restructuring – are expected to participate. Local body elections are being held after a gap of 20 years, which saw epochal changes in Nepal's polity without much development to show on the ground. These polls are to elect representatives in the ward, village, municipal and metropolitan councils that will have decentralised decision-making powers related to local revenue generation and spending, along with the formulation of laws in this regard. These councils are similar to the village development committees of the past, but have far more powers as self-governing units envisaged in the new Constitution. For too long, Nepal's polity has been caught up with Constitution-writing and wrangling over power amid political instability. This has resulted in lack of attention to economic development leading to large-scale labour migration of Nepalis, and poor response systems to disasters such as the massive earthquake that struck two years ago. Local representation should return the focus to local development, as long as Nepal's dominant political actors desist from turning this enhanced power into opportunities for rent-seeking and patronage.

The voter turnout of close to 71% suggests high enthusiasm for the first polls held after the promulgation of the new Constitution. The strong performance of the UML and the NC is a repeat of the mandate in the 2013 Constituent Assembly elections, in which these parties did well in the hill districts. The Maoists could not improve on their 2013 performance. At that time the Maoists were punished for their inability to provide stability and work for development, planks that had catapulted them to a dominant position in the first CA polls in 2008. Now, their finishing in the third place in the hills is a reflection of the failure of their leadership, including Prime Minister Pushpa Kamal Dahal, to differentiate itself as a credible alternative to the UML and the NC. The UML's success so far will embolden it to continue its status quoist positions on the redrawing of provincial boundaries. With Madhesi parties saying that their participation in the June 14 round of local polls is contingent upon a constitutional amendment, it remains to be seen how the NC-Maoist coalition government will respond. Working out a reasonable concession to the plains-dwellers will yield the ruling parties better support in the other provinces headed to the polls. It will also lead to greater stability and thereby a much-needed shift to economic priorities.

Nepal turns the corner

If there were more curiosity about Nepal in Delhi circles, there'd be fewer geopolitical blunders and self-goals



KANAK MANI DIXIT

Many Western diplomats and development-walas, cheered on by their Kathmandu plaudits, tend to portray Nepal as a failed or failing state. The alternative view would describe a resilient polity finding its balance despite the chicanery of national politicians and unremitting external interventionism.

Nepal emerged in 2006 from the under the weight of Maoist killings and state atrocities to finally promulgate a Constitution in September 2015, overcoming the suffocating embrace of Western aid agencies and overt activism of Indian diplomats and intelligence-walas. It has had to contend with the Great Earthquake of 2015 and the Great Blockade of the same year, and an almost-successful attempt at state takeover by a narcissistic anti-corruption czar. Last month saw the drama of an attempt to impeach the upright Chief Justice of the Supreme Court, Sushila Karki.

The citizens at the grassroots had been prevented from choosing their representatives for two full decades, which bureaucratized and corrupted local administration and prevented the injection of new blood into politics. However, overcoming these obstacles, Nepal has finally arrived at the vitally important local level (village, town and city) elections.

Caretaker Parliament

The polls, whose first phase happened on May 14 and the second stage is scheduled for June 14, mark a step towards implementing Nepal's new Constitution. Within the next year, this needs to be followed with elections for seven newborn provincial councils, and national parliamentary elections. Nepal will have 'normalised' only when the present oversized House, an extension of the Constituent Assembly elected in 2013, is replaced by the new



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Parliament.

The gravest danger of recent times has been the attempt to divide the citizenry between hill pahadiya and plains madhesi, but fortunately the fight has remained one between the plains-based 'Madhesbaadi' parties and the Kathmandu state. While the plains politicians, many of whom lost elections in 2013 and don't have a seat in Parliament, have created endless hurdles in attempts to implement the Constitution, the 'national' politicians of Kathmandu refuse to exhibit the inclusive spirit that permeates the new charter they themselves adopted.

The Constitution has bad press in India because, rather than read the document, New Delhi's observers have preferred to follow MEA's geopolitical positioning (which 'noted' rather than welcomed the promulgation). The Constitution has impressive progressive features adopted through due democratic process, but because it was written by politicians rather than jurists, applying the provisions will be a great challenge.

As far as local bodies are concerned, the Constitution provides unprecedented executive, legislative and judicial powers to village and urban units. Three provinces having already voted on May 14, the second stage involves four provinces that include within them all of the Terai plains. The plains-based parties, which recently coalesced into the Rastriya Janata Party (RJP), have been able to manipulate the weaknesses of the present Nepali Congress-Maoist coalition government to force unconscionable compromises in conduct of the elections.

More importantly, as this is being written, the RJP leaders seek to shift the goalposts between the first and second phase of elections. Through immediate amendment to the Constitution, running roughshod over parliamentary procedure, they want to increase the number of local bodies units in the plains, adjust the electoral college system for the Upper House, and redefine the boundaries of the newly minted provinces – essentially setting a Lakshman Rekha between hill and plain.

All of which is a travesty of constitutionalism, as the proper entity for amendment of provisions of substance would be the newly elected Parliament rather than the caretaker House of today. Among other things, redrawing of boundaries should require concurrence of the federal units concerned, rather than be a matter of unilateral decision by the centre.

The borderlands

Seen from the vantage of Kathmandu, India very much wants to be a world player but has failed to build a global voice even in these times of geopolitical and economic convulsion. From Brexit to the South China Sea, the Belt and Road Initiative and the multiple crises from Afghanistan to the Horn of Africa, few seem to be asking for New Delhi's position and perspective. And it remains intriguing that for its massive presence at the centre of the Subcontinent, India is not able to take South Asia together on its plans.

One possible reason for this state of affairs is that members of New Delhi's civil society, including its hallowed commentators, have a

tradition of following MEA positions when it comes to foreign relations (including neighbourhood policy). As a result, watchdogging suffers, institutional memory dies, blunders are made by policymakers.

Against such a backdrop, one feels constrained to suggest that New Delhi's commentariat does not exhibit curiosity on Nepal, even though the country lies adjacent to India's most important and impoverished States by politics and population density. This suggests the intelligentsia's willingness to neglect India's 'peripheral regions' such as North Bihar and Purvanchal. Democratic stability, social transformation and economic growth in Nepal will have an immediate downstream impact on Uttar Pradesh, Bihar and West Bengal to begin with (and vice versa), but this requires a pruning of geostrategic thinking and increased sensitivity to economic growth and social justice in the borderlands.

The weakness in civic oversight of foreign affairs means that there was no demand for accountability when, for example, India's power players got cosy with the very Maoist leaders (Pushpa Kamal Dahal and Baburam Bhattarai) who built their violent movement on the basis of anti-India vitriol. And if the observers were observing Kathmandu with more care, there would have been less of a shock when Nepal pivoted to the north, and even joined the Belt and Road Initiative last week, all of which was accelerated by New Delhi's attitude and actions in relation to the new Constitution.

No one perhaps doubts the need for Nepal and India to lift their relationship to a mature and transparent level, so that diligent discussion can begin on crucial bilateral matters. These include the open border, job migration, security concerns, mutual economic growth, environmental issues including pollution and climate change, and India's increasing desperation for water. As for China becoming suddenly proactive on Nepal, New Delhi should try and shift its perceptual gears on the Himalayan range.

'Connectivity' was a term propagated by Indian diplomats,

but Beijing is running away with the ball. Even if it stayed away from the Belt and Road Forum in Beijing, New Delhi may want to open up to the idea of trans-Himalayan commerce through the Nepal corridor. The Qinghai-Tibet Railway will arrive from Lhasa and Shigatse to a point north of Kathmandu by 2020, and the roads from the south are already being upgraded to receive goods and passengers.

'Stability in democracy'

The results of the first phase elections have been telling. The CPN-UML and Nepali Congress have emerged as the two largest parties, with the Maoists a distant third but with ability to tip the balance. Kathmandu Valley has thrown up two new parties with a modernist urban agenda, while Baburam Bhattarai and his Naya Shakti have receded further into the shadows. The poor showing of the Hindutva-oriented Rastriya Prajatantra Party or Kamal Thapa should give pause to India's cultural revivalists that have an eye on Nepal. The results also augur well for the RJP, were its leaders to agree to join the second phase elections.

These civic polls are the harbinger of long-lost political stability, for they will anchor the new Constitution. This will in turn lead to economic growth, and already the International Monetary Fund is predicting a dramatic turnaround for an economy long in the doldrums, with the GDP growth for the current fiscal forecast at 7.5%.

News reports indicate that New Delhi may be in the process of pulling back from its proactive presence in Kathmandu in relation to constitutional implementation, including taking a back seat on the matter of local elections rather than continue with the proactivism of the past. This would, to begin with, leave Nepal's plains-based leaders free to speak for the people they represent. It would also help secure the 'stability in democracy' that the citizenry of mountain and plain have craved for all these years.

Kanak Mani Dixit, a writer and journalist based in Kathmandu, is founding editor of the magazine Himal Southasian

Putting out a fire with more smoke

Donald Trump may not face imminent impeachment, but he may find it difficult to get past Russiagate



STANLY JOHNY

In December 1987, Pat Nixon, the former First Lady, told her husband Richard, the disgraced former President of the United States, about the "great" performance of Donald Trump on the popular Phil Donahue TV show. Mr. Trump was then thinking of entering politics. Richard Nixon then sent a typewritten note to Mr. Trump, saying: "I did not see the program, but Mrs. Nixon told me you were great. As you can imagine, she is an expert on politics and she predicts that whenever you decide to run for office, you will be a winner!" Nobody knows if Mrs. Nixon was serious in her prediction. But in less than 30 years, she was proved right when Mr. Trump was elected the 45th President of the U.S. And history is so roguish that when it happened, it has with inescapable parallels with the second Nixon administration.

Four months into the chaotic Trump presidency, influential voices in Washington have already

begun discussing the possibility of impeaching the President, whose associates are being probed for their alleged ties with Moscow.

A Nixonian move

If the Watergate scandal that doomed the Nixon presidency began with a break-in, in 1972, at the Democratic National Committee (DNC) headquarters at the Watergate office complex in Washington, the Russia scandal that's engulfing the Trump presidency began with a cyberattack of DNC computer systems, in 2016, allegedly by Russian hackers. If Nixon's decision to sack Archibald Cox, the special counsel who was investigating the Watergate allegations, in 1973, was a breaking point of his administration, Mr. Trump's decision to sack Federal Bureau of Investigation (FBI) chief James Comey on May 9, at a time when the agency was conducting the investigation into the alleged Russian intervention in the presidential election, could be a breaking point of his administration. If the major charge against Nixon was attempting to obstruct justice in the Watergate probe, Mr. Trump is now facing the same allegations after a leaked Comey memo suggested that he had asked the FBI chief to shut the probe into the Russia con-



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nections of his aide Michael Flynn, who he had originally picked as his National Security Adviser.

Nixon was seen as a shrewd, intelligent politician with a massive support base among the conservatives. But he was so desperate to shut the investigation that he may have thought that firing Cox would allow him to take control of the developments surrounding the scandal. What happened was just the opposite. Both the Attorney General and Deputy Attorney General refused to carry out the President's order and quit the government. What was till then seen to be a scandal involving the President's aides snowballed into a crisis threatening the presidency itself, turning both the American public and the lawmakers against Nixon, and leading to his eventual resignation a year later. Mr. Trump, as his actions and tweets repeatedly sug-

gest, has neither Nixon's shrewdness nor his political intelligence. But now he has to deal with a crisis of equal proportions. And unsurprisingly, with his impulsive rage and apparent lack of a coherent strategy, he is making matters a lot worse for himself.

A growing fire

Take the recent controversies. When Mr. Comey was fired, the White House initially said the decision was the Deputy Attorney General's over the FBI chief's poor handling of an investigation into Hillary Clinton's use of a private email server when she was Secretary of State, and that the President accepted it. Within hours, Mr. Trump contradicted this, saying he had decided to fire Mr. Comey irrespective of the Justice Department's recommendation and also suggesting that the reason was the Russia probe. Similarly contradictory messages came out of the White House when a *Washington Post* report said Mr. Trump had shared classified information on the Islamic State with Russian Foreign Minister Sergei Lavrov at an Oval Office meeting. H.R. McMaster, Mr. Trump's National Security Adviser, first met the media saying the report was false. The next morning, Mr. Trump tweeted, re-

emphasising his right to share intelligence with Russia, and indirectly authenticating the *Post* story. His U-turns are not new, but in a tenure-threatening crisis, his inability to present a coherent White House narrative to counter the allegations only exposes his incompetence. Then came the Comey memo leak which has dragged him deeper into Russiagate.

It doesn't mean that Mr. Trump is facing imminent impeachment. The Republican Party controls both houses of Congress. But the crisis he is facing is huge and the way he's handling it is extremely poor. It's no longer about whether he knew about the "Russia links" of his aides but whether he tried to influence the investigation. America's intelligence community, which the President compared to the Nazis in January, is fighting a shadow battle against him. He can't control the leaks from his administration. He can't even offer a holding counter-narrative. His, authority, both among the American public and within the U.S. political system, is clearly eroding. As Republican Senator Bob Corker put it, the Trump administration is "obviously in a downward spiral".

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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.

Round one

The move by the International Court of Justice to stay Kulbhushan Jadhav's execution is a reminder of the Court's competency to resolve disputes between nations under the purview of international law ("ICJ stays Jadhav execution", May 19). However, Pakistan's discomfort and discontent with the verdict raises fears about Jadhav's life. There is also the danger now of the Kashmir issue being internationalised even though it is a bilateral issue. We need to pursue a bilateral dialogue.

B. PRABHA,
Varakala, Kerala

■ Though the first round has been won by India, it would be prudent for New Delhi to downplay the verdict rather

than focus on painting Pakistan as the devil in the world's eyes. This would make it easier for the Pakistan government to see reason and follow both the process and tenets of justice as laid down by the ICJ. Consular access to Jadhav is the first step towards it. While the ICJ's view on the matter has come as a respite for the beleaguered Jadhav, he is still not out of the woods. India's continuous endeavours should be to provide him with all means to prove his innocence. The matter must not be hyped as victory and defeat for the countries involved. It is a matter of life and death.

VIJAI PANT,
Hempur, Uttarakhand

Marks and exams

Tamil Nadu seems to have taken it upon itself to don

the sole mantle for doing away with NEET. It talks about a 'level playing field' for all students while seeking admission for higher studies. A level playing field should also include equality in the difficulty levels of syllabi across different boards and equality in assessment and allotment of marks. State boards such as Tamil Nadu's are known for their dilution of the syllabus and their lenient assessment, leading to their students securing inordinately high marks. This goes in tandem with the State government's "vision" of providing higher education to all. Doesn't this put students of central boards such as CBSE at a disadvantage while applying for colleges, as their curriculum is at a higher difficulty level and their

marking scheme far more strict? Does not the doctrine of a 'level playing field' apply here?

SHARADA SIVARAM,
Chennai

Remote and polluted

It was appalling to read the news item, "An uninhabited island of trash" (May 17), that mentioned the dismal condition of Henderson Island, a tiny, uninhabited island in the middle of the Pacific Ocean, where researchers were astonished to find an estimated 38 million pieces of trash, most of it plastic, washed up on its beaches. The continuous and unrelentless use of plastic and its accumulation across the world pose a serious threat to the environment. Although there are stringent curbs and restrictions on

their use in individual countries, all this goes in vain if implementation is tardy. A push for alternatives, awareness about the perils of using plastics, and, more importantly, strong

community will be needed for any real changes to become visible on the ground.

ATIN SHARMA,
Jamnalu

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CORRECTIONS & CLARIFICATIONS:

The penultimate paragraph of the front-page report headlined "ICJ stays Jadhav execution" (May 19, 2017) erroneously referred to the Vienna Convention of *Human Rights*. It should have been *consular relations*.

The Editorial, "Upheld at the Hague" (May 19, 2017) said: "The ICJ has rejected Pakistan's objections regarding the urgency of the matter. It rejected *Pakistan's own jurisdiction* to take up the case and its claim that a 2008 bilateral agreement between the two countries precluded the matter from being raised before the ICJ." It should have read: "The ICJ has rejected Pakistan's objections regarding the urgency of the matter. It also rejected *objections to its jurisdiction* to take up the case and the claim that a 2008 bilateral agreement between the two countries precluded the matter from being raised before the ICJ."

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturji Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com