

Opinion

TUESDAY, MARCH 9, 2021

ACCESSING KNOWLEDGE
M Venkaiah Naidu, vice president, India

I am told that the footfall of Members of Parliament in this source of information and knowledge (library) is not very encouraging

Tax raids, and not just on Tapsee Pannu, are a bad idea

In the past, tax raids add just a small fraction to the assessee's income, and even those cases often fail

FINANCE MINISTER NIRMALA Sitharaman may well have a point when, in the context of the furore over tax raids on filmmaker Anurag Kashyap and actor Tapsee Pannu, she asked why there wasn't a similar reaction when the two were raided in 2013. Apart from the issue of why any action by a BJP government has to be justified by whether or not the Congress did the same thing when it was in power, the real question—that the FM did not shed any light on—is what the outcome of the 2013 raids was; how much undeclared income was found and how much tax was paid on this? While there is no such data publicly available for individual cases, the CAG has done some analysis at the aggregate level; and even though the CAG says—in its 2020 performance audit of search and seizure—“search and seizure is a very powerful tool available to Income Tax Department to unearth any concealed income or valuables and to check the tendencies of tax evasion”, the data presented suggest the exact opposite is true. The data suggests search and seizure and survey—raids in popular parlance—serve little purpose and are best kept to the absolute minimum, if not abolished altogether; more so since, in any case, the taxman has a lot more data on individuals and companies from so many sources including, now, even GST transactions.

Apart from the CAG's performance audit of raids, the other report to look at is the one—also in 2020—on direct tax collections. The second report points out that, in 2018-19, for instance, ₹12.9 lakh crore of taxes were collected from individuals and corporations. Take the data in the report from FY15 to FY19 and, if you assume an average effective tax rate of 20%, it turns out the income shown by individuals and corporations in this period was ₹253 lakh crore. Juxtapose this with the amount of income that the 50,877 raids claim to have unearthed during this period—this includes the amount the assessee is supposed to have admitted to during these operations—and it turns out that, between FY15 and FY19, just 0.5% was added to the income of assesseees. Given the message that tax raids send out of the taxman being unfriendly, surely such a small increase in income levels is not worth the trouble? Indeed, the same CAG report points out that 82% of the total income and corporation tax is collected—90% if you include, as you should, cesses and surcharges—by way of TDS or voluntary measures like advance tax and self-assessment tax.

Even so, if the taxman's intervention, by way of regular assessments or through search and seizures, adds 10% to the income of individuals and corporations, this is a big amount. There are two issues here. One, as the CAG notes, of the ₹1.3 lakh crore of tax dues in FY19—primarily the result of assesseees challenging tax orders—only a little over one percent is actually collectible; all of which makes you wonder what the point of most of the additional tax assessments is. In the case of raids, the CAG took a sample from the assessments that were completed after the raids between FY15 and FY18. It found that for 84 groups where the raids had resulted in an addition of ₹24,966 crore to their income, less than a fourth of this remained after the cases had been through just the CIT(A) and ITAT appeals processes. Some part of the very poor performance, as the CAG points out, is due to poor paperwork by the taxman, but it is quite clear that tax raids serve a limited purpose—more so given the vast information sources already available to the taxman—when it comes to unearthing undisclosed income.

Fix slipping female LFPR

There is a need to tackle barriers at home and workplace

ECONOMIC EMPOWERMENT IS key to gender justice, and therefore the International Women's Day—observed on March 8—is a good occasion to take a look at the challenges women in the country face in this regard. India's workforce has been contending with a worrying retreat of women's participation. The female labour force participation rate (FLFPR) in the country has fallen from 30.27% in 1990 to 20.8% in 2019, as per data from the World Bank. What's worse, the decline was steepest in the years of high growth—2003-04 to 2010-11—indicating that the fruits of growth didn't flow equally to men and women in terms of empowerment. The pandemic has likely aggravated this—the loss of jobs in the informal sector is likely to have pushed many women out of work. The formal sector hasn't done well either, with women's share in new payroll additions, which had been trending downwards for a long time, falling to below 20% in August 2020. This seems in line with the International Labour Organization's (ILO's) warning that the pandemic is going to exacerbate employment inequalities. The biggest worry is the slide in women's labour force participation in rural areas, where households' (and consequently, women's) economic vulnerability is likely to be higher even as urban FLFPR has stagnated at a lower rate for many years now.

One of the reasons, as a 2014 ILO paper points out, could be growing enrollment of women in higher education, which would translate into a lesser number of women in the early years (15-29 years) of the age cohort considered for FLFPR seeking employment or being employed. Indeed, as per multi-year All India Survey of Higher Education findings, the share of women in higher education enrolment has risen from 44% in 2011-12 to 49% in 2018-19; in 2018-19, the female gross enrolment ratio (GER) in higher education was even marginally higher than that of males. But, the fact that such a large chunk of women are still missing from the workforce—even in the higher age brackets—should give policymakers reason for concern; more so, with the likelihood that a lot of women with higher education are not choosing to seek employment or face barriers at home and the workplace that force them to remain outside remunerated employment. Meanwhile, unpaid housework seems to be entirely the women's burden—irrespective of a woman's employment outside the home—which means women's potential is getting eroded by underutilisation.

On International Women's Day, there is reason to celebrate how women have managed to challenge the old structures—the number of women in corporate leadership today will certainly seem a quantum leap from the past decades. At the same time, there are many sobering realities to contend with: no matter how many women we see in boardrooms today, we still don't have enough. In the larger picture, even that seems a concern that may only come to later; the need is to take down the barriers that are keeping women out of employment—from care and housework roles to poor support at the workplace.

Greenovation

Large expenditures on innovation, like China seems ready to commit to, are great, but these must have a green push

MOST COUNTRIES REALISE future growth lies in powering innovation across sectors. While the Indian government announced an increase in R&D expenditure in its Budget for the coming fiscal, China, last week, at a conference, unveiled the draft of its 14th national five-year plan, which envisages a 7% increase in R&D expenditure every year for the next five years. The plan marries well with the country's ongoing shift from being an exporter of low-tech goods to a high-tech manufacturing and digital economy. In fact, China has been leading the world in terms of the adoption of robotics as well—for perspective, India has just a sixth of China's robot workforce. The impetus to new-age tech, via the national plan, is expected to push Chinese R&D spending to 2.8% of its GDP and bring it on a par with the Western world. In comparison, India spends only 0.65% of its GDP on R&D.

However, as per a report by Science, there is a big disappointment that overhangs the latest Chinese push to innovation. While technology is certainly a way to counter environmental change and move towards emission targets under the Paris accord, China has set modest targets of a 20% increase in no-fossil energy consumption and a 18% decrease in carbon emissions per unit of GDP. This needs to be accelerated not just for China, but across the world. And, if the current innovation plan doesn't have a strong renewables, carbon-sequestering technology focus, whether such boost can be beneficial or not (given digital companies are starting to have a large carbon footprint) remains a big question. Given the intensity and frequency of unusual weather and climatic phenomena that the world has been encountering for the past few years, all countries need to make a concerted effort to accelerate decarbonisation of economies.

ONE YEAR OF COVID-19

THE COUNTERINTUITIVE ANOMALY OF COVID-19 DEATHS CONCENTRATED IN HIGH- AND MIDDLE-INCOME COUNTRIES NEEDS TO BE RESEARCHED

A curious pandemic puzzle

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Views are personal



THE COVID-19 PANDEMIC has now been around for one full year. The outbreak began in China. On March 6, 2020 there were 3,384 Covid-19 deaths globally, of which 3,098 were in China. The epidemic was, however, stopped in its tracks in the place of origin over the next six weeks, even as it spread rapidly to Europe and the Americas. China, meanwhile, has reported just four Covid-19 deaths since April 20, 2020, and current mortality is 3 per million.

The accompanying table traces the course of the Covid-19 pandemic in 33 major countries over the past year through six weekly snapshots beginning March 6, 2020. These countries account for 71.2% of the global population and 85% of Covid-19 deaths. Aggregate continental mortality is shown separately. Comparisons are made through mortality per million to control for differences in population across countries.

The countries are divided into three regions, namely the East Atlantic and Mediterranean (15 countries), the West Atlantic comprising North and South America (10 countries), and Asia excluding West and Central Asia (8 countries).

As of March 6, there were 2.6 million (336 per million people) Covid-19 related deaths globally, 80% were in Europe and the Americas, which account for just 23% of the global population. The average Covid death rate is now about 1,200 per million in these regions.

Asia, Africa and Oceania, with 77% of the global population, account for just 20% of Covid-19 deaths. The average death rate in these areas is significantly below 100 per million. The share of Africa

drops to 0.9% (with 13.9% of the population) if Egypt, Algeria, Morocco and Tunisia, all bordering the Mediterranean, and South Africa, are excluded. Likewise, the share of Asia and Oceania falls sharply once West and Central Asia, bordering Europe and included in the East Transatlantic-Mediterranean region, are excluded.

Mortality in five countries has crossed the 100,000-mark. Expectedly, four are located in the transatlantic region—the US (535,563), UK (124,261), Brazil (262,948) and Mexico (189,578). India (157,693) is the only country outside the transatlantic to cross the six-digit mark. Although its mortality has fallen sharply over the last few months, it remains twice that of its neighbours, Pakistan (59) and Bangladesh (51), on account of high legacy deaths.

Although Covid-19 mortality is nowhere near the Spanish-flu levels of 1918-19, the US stands out as a notable exception. Not only is its mortality by far the highest globally, accounting for about a fifth of all Covid deaths, but its aggregate mortality is approaching the toll during the Spanish Flu, estimated at 675,000. The ignominy of the highest death per million, however, goes to the UK (1830) and not the US (1618).

Timeline	Population Million	Deaths	Deaths/million										Total
			3/6/2021	6/3-20/4	20/4-6/6	6/6-21/7	21/7-5/9	5/9-21/10	21/10-6/12	6/12-21/1	21/1-6/3		
East Atlantic	932	7,51,102	104	76	30	17	44	174	195	166	806		
% Global	12.1%	29%											
West Atlantic	888	12,19,570	53	158	154	169	144	148	265	283	1373		
% Global	11.5%	47%											
Asia	3682	2,31,584	1	3	8	12	16	9	8	6	62		
% Global	47.7%	9%											
World	7718	25,92,047	21	30	28	32	35	51	73	66	335		
% Global	71.3%	85%											

Make it easier for women to work

The decline in India's female labour force participation rate can be reversed by improving women's access to higher education and having maternity benefits for informal-sector workers

URVASHI PRASAD & PANKHURI DUTT

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A NEW INDIA can be built only when women have access to equal social and economic opportunities. In this context, the statistics on Female Labour Force Participation (FLFP) are worrying to say the least. According to ILO estimates, India's FLFP has declined from 32% in 2005 to 21% in 2019. Economic Survey 2020 estimates that 60% of women between 15-59 years are engaged in full-time housework as compared to 1% of males.

Several factors have emerged as possible contributors to this situation, including a rise in household income levels, which in turn reinforces the patriarchal notion of women working only when they “need” to; mechanisation of agriculture and emergence of technologies that automate routine work; lack of flexible work opportunities; discrimination at the workplace as well as concerns regarding safety. The private sector's growth has also not been fast enough to absorb the increase in female labour supply. Further, there are social and cultural stymies to women's economic participation, like hindrances to inheriting property and diminished access to formal credit due to lack of collaterals.

The government has launched a slew of initiatives to address these challenges, such as the Maternity Benefit Act, Stand-Up India and Pradhan Mantri Mudra Yojana (PMMY). At least 75% of PMMY's total beneficiaries are women. In FY22 Budget, the margin money requirements for loans under Stand-up India have been reduced from 25% to 15%. Cognizant of the income gender gap caused by the Covid-19 pandemic, the government has supported 20 crore female-account holders under the Jan Dhan Yojana through cash transfers. It was also announced in

FY22 Budget that social security schemes' benefits will be extended to gig and platform workers. Further, the endorsement for digitising economic activities, health services, and financial transactions, could bring several women into the formal system.

So, what more can be done to reverse the declining FLFP rates?

First, we need better data to capture women's contribution to the economy through paid and unpaid work more accurately. For instance, gender-disaggregated data from the annual Periodic Labor Force Survey can help develop more targeted policies for women in rural and urban areas.

Second, women's access to and enrolment in higher education must be prioritised. As is widely acknowledged, India has nearly universalised primary education. However, many girls drop out at the secondary school level and still fewer go on to complete higher education. Economic Survey 2020 highlighted a strong correlation between the level of education and domestic work, with only 5.3% of highly educated women in the age group 15-59 years engaged in full-time domestic duties. Even the U-shaped relationship between income levels and FLPR posits that after a certain income level, FLPR increases only with higher education levels among women.

Third, the implementation of various progressive legislations and policies like the Maternity Benefit Act and Code of Wages needs to be monitored rigorously through audits. There is a need to launch professional development and re-entry programs for women post-childbirth. Paternity or family leaves should be mandated to diminish the stigma against taking a break after childbirth. Of

course, given that most female workers are still in the informal sector, there is also an opportunity to extend the Maternity Benefit Act to informal workers and collaborate with the private sector for providing mobile crèches.

Fourth, skill training programmes that enable women to venture into non-traditional occupations should be emphasised. To ensure equity of access and opportunity, 50% of placements provided through skill development programmes should be allotted for women. These programmes should also include information about employment contracts and comprehensive coverage of the rights to leave, equal pay, and other such benefits.

Fifth, infrastructure has a major role to play in enabling more women to join and remain in the workforce. Aspects that require special attention include residential hostels and safe public transport options in towns and cities. As more women join the formal labour force, it will also create job opportunities for others in the care economy.

Last but most certainly not least, the private sector must walk the talk on gender parity. While the government can play a role by providing tax incentives, its actions alone will not suffice. In addition to the pay gap, women are highly underrepresented in leadership roles in the private sector.

The bottom line is that investing in women boosts economic development, competitiveness, job creation and GDP. While there is no magic bullet for bridging the gender gap in the workforce, a comprehensive approach involving the action of the private sector and government efforts can help reverse the worrying labour force participation trends.

LETTERS TO THE EDITOR

Vaccination drive needs to go faster

Vaccination is a safe and effective way to prevent disease and save lives—now more than ever. Today there are vaccines available to protect against at least 20 diseases. As Covid-19 cases are again on the rise in India, it is time for a massive acceleration of vaccination drive. Eventually, all adults are to be inoculated; observation time after vaccination can be reduced or even removed. We have seen that there is no major untoward event after inoculating more than 2 crore people. This will avoid crowding at the centre; vaccination camps can be conducted at industries, big apartments and shopping malls; vaccination can be done on Sundays, which will benefit office-goers. Since the government has fixed an affordable ₹250 for the vaccine, private hospitals can handle the situation comfortably. However, the number of cases are increasing during the second wave, and that is causing concern. — CK Subramaniam, Mumbai

Sindhu loses to Marin

Olympic gold medalist Carolina Marin once again proved to be a cut above world champion P V Sindhu as she ran away with a facile straight-set victory in the Swiss Open final. Sindhu ranked 7th globally, has lost her last three matches against the Spaniard, whose speed and accuracy brooked no response. It is apparent that, of late, the Indian is not putting her best foot forward when pitted against the best. Congrats, Marin! — NJ Ravi Chander, Bengaluru

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