



THEIR VIEW

MINT CURATOR

The Global Hunger Index should exhort us to act rather than carp

Even flawed measures can reveal directional shifts and the 2022 GHI findings should shock us into a policy review at least



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The recently published Global Hunger Index has lowered India's global rank from 101 out of 116 countries in 2021 to 107 out of 121 in 2022. This places India below all South Asian countries other than Afghanistan, and also below several poor African countries such as Rwanda, Nigeria, Ethiopia and the Republic of Congo.

This led to a political firestorm on social media, with the government's Press Information Bureau issuing a rejoinder on its twitter handle hinting at some conspiracy as "a consistent effort is yet again visible to taint India's image as a Nation... misinformation seems to be the hallmark of the annually released Global Hunger Index... (which is) an erroneous measure of hunger and suffers from serious methodological issues. Three out of the four indicators used for calculation of the index are related to health of Children and... the fourth and most important indicator estimate of Proportion of Undernourished (POU) population is based on an opinion poll conducted on a very small sample of 3000."

We must acknowledge that people may have some motive for articulating particular views. But we need to steer clear of such motives. Nothing becomes right or wrong just because the motive for it is malicious or virtuous. Motives are red herrings. We need to concentrate on the substance of what has been said, as this needs to stand on its own feet. One can think of three separate ways to view the Global Hunger Index on its merits, namely at the level of theory, at the level of methodology, and at the level of Indian peculiarities. Let's take up these three levels in turn.

Theory: It is undoubtedly true that India has for some time been one of the fastest growing economies globally. It has also taken rapid strides in food production. It has large stocks of foodgrain that induced Indian Prime Minister Narendra Modi to make an offer recently to supply food to the world if the World Trade Organization were to permit it.

Economics Nobel laureate Amartya Sen, historian of the Bengal Famine of 1943, would however be unfazed by these apparent anomalies because poverty and hunger are distributional and not food availability issues. In his formulation, there is a clear difference between what he called 'means generation' (increasing the size of the cake through economic growth) and means usage (how the cake is distributed). He was critical of Indian policy after Independence for generating the means (through focusing on growth) but not following up by using it adequately to combat poverty and hunger. The poor budgetary allocations for social infrastructure over the years only serve to underscore this.

Sen found this odd because India was a democracy where you would expect popular pressure for accelerated reduction of poverty and hunger. Sen's takeaway was that democracy was more successful



in preventing famines than in addressing endemic hunger and poverty. Nevertheless, since neighbouring countries fare better on the Index's chart, this raises some substantive questions about the nature of Indian democracy. Democracy, after all, is more than just periodic use of the ballot box.

Methodology: The index is about 20 years old and is based on a set of constant indicators. All indices have flaws, including the basic indicator of calculating GDP, based as they are on limited data selection and samples. The directional shifts over time are nevertheless meaningful. The argument that there is little merit in using malnourishment and stunting of children as indicators of hunger is not persuasive. Measures of hunger and poverty are moving away from caloric consumption to nutrition. Moreover, a fourth indicator has also been used. Are the sampling techniques used for the fourth measure adequate? There can be of course be differences of opinion on the issue, but it is unlikely that international organizations that make these widely used indices did not consult reputable statisticians while devising sampling techniques.

Indian peculiarities: It is argued by some that the Index does not take into account the fact that India is a predominantly vegetarian society. The Indo-Gangetic plains are a cradle of vegetarianism. While

ritual vegetarianism in India is primarily an upper-caste phenomenon, per capita meat consumption data reveals that Indians are mostly vegetarian, although they occasionally eat eggs, chicken, fish, mutton, beef, pork, etc. In most parts of the world, meat is part of people's daily diet. Child wasting and stunting can possibly be traced to imbalanced vegetarian diets and animal protein deficiencies rather than energy deficits. Our food production and subsidy data (for wheat and rice) also buttress the case for nutritional deficiencies.

The unfortunate fallout of such politically charged debates on global indices such as the Global Hunger Index, Global Freedom Scores, World Press Freedom Index, Democracy Index, V-Dem Index, etc., is that policymakers end up expending their intellectual energies on worsening the indices rather than using the data as valuable inputs for policy corrections, such as in the case of nutritional deficiencies. Ironically, the same policymakers highlight global indices that show us in good light. Indeed, conscious efforts are made to devise ways to game these metrics. They seem more concerned about the country's international image than the well-being of those for whom they are tasked to formulate policy. The findings of the Global Hunger Index 2022 should shock a democracy into a policy review at the very least.

QUICK READ

While the Global Hunger Index's methodology can be quibbled over, such measures do a good job of showing which way we're going and in India's case this should be a matter of concern.

Rather than expend energy on junking the GHI findings, our policymakers should use what it reveals to reshape policy. Let's shift our focus from subsistence to nutritional adequacy.

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Indians do have good reason to celebrate Sunak's elevation

Britain's arc since the days of its empire does offer us satisfaction



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Indians expect Rishi Sunak to light diyas at 10 Downing Street next Diwali

This Diwali was triply blessed for people of Indian origin across the world: India beat Pakistan at cricket and a Briton of Indian descent became prime minister of the UK. Rishi Sunak's politics or policies aren't the point. The WhatsApp groups that pass as India's public square today aren't dissecting his views on Brexit or austerity. Not when someone who shares our heritage leads the country that once colonized us. It's hard to overstate the symbolic significance of Sunak's premiership. He is the first British PM of colour, the first who is proudly not Christian, and the first child of two immigrants. And he has reached No. 10 Downing Street at the youngest age of anyone in over a century.

Nevertheless, some will try to minimize it. One Labour MP tweeted that this "wasn't a win for Asian representation" because Sunak is also very wealthy. This is reductive and cynical. Also, lots of Asians are crazy rich. There was even a movie about it. Few things fit the moment less than attempts to define what constitutes a "real Asian." Yes, Sunak is rich and connected. He worked at an investment bank and a hedge fund, and, like 16 of Britain's 17 university-educated post-war PMs, went to Oxford.

Indians remember, though, that no matter how well educated you were, which universities you attended, there was a limit to how far you could rise in the Raj. The imperial glass ceiling was as hard as the Kohinoor diamond. And Sunak has shattered it. Members of the Indian diaspora also note that Sunak's origin story sounds suspiciously like many of theirs. He is the son of a doctor and a pharmacist; his grandmother sold her wedding jewellery to pay for her journey to England in the 1960s.

As for these riches, yes, his wife Akshata Murthy is a billionaire's daughter. But N.R. Narayana Murthy is also one of those Indian WhatsApp groups' beloved figures; he co-founded one of India's most iconic companies and lives in the same Bengaluru flat he did before he got rich.

To flatten Sunak's identities is to deliberately underplay the layers of experience, varieties of striving and richness of background that immigrants bring to any population. Sunak wasn't directly elected or even chosen by Conservative Party members, and nobody believes his appointment will usher Britain into a post-racial era. And yet the speed of Britain's change is remarkable, especially as diversity came late to UK politics. When India was an imperial possession more than 75 years ago, two Parsis were elected to Parliament. But it was not until 1987 that another person of colour entered

the British House of Commons in London. Indeed, within living memory, a Conservative grandee predicted that Commonwealth immigration would cause "rivers of blood" to flow down English streets. Enoch Powell's party has now chosen the child of one of the very people he warned about, albeit to restrict immigration very much as Powell would have wanted.

Sunak does not transcend or defy the common clichés about Indian immigrants. He has neither the exceptional charisma of a Barack Obama or the ideological fervour of a Margaret Thatcher. If anything, what most appeals to his fellow Conservatives at this point seems to be his air of solid, reliable competence and diligence. Nor has Sunak hidden or obscured how much his background means to him: Two Diwalis ago, he was photographed placing *diya* lamps on the front steps of No. 11 Downing Street.

Most Indians know that a member of our diaspora in power is unlikely to be, in practice, good news for the rest of us. Politicians have long had to worry about accusations of dual loyalty. The modern Conservative Party was built by a man of Jewish descent, Benjamin Disraeli. But, as a recent biography by David Cesarini pointed out, he did not lift a finger for Jewish causes. For his part, Sunak has re-appointed Susella Braverman—another "British Indian"—as his cabinet's home secretary just weeks after she caused a stir by singing out Indian *visas* (overstayers) for criticism.

Representation is just that: representation. It means that someone of your heritage can ascend to the highest offices of state. It does not mean that that person will offer you special protection. But representation has value in and of itself. Disraeli proclaimed the British empire in India to please Queen Victoria; now his party and legacy are in Sunak's hands. Winston Churchill called Indians "a beastly people with a beastly religion" and declared he had "not become the king's first minister to preside over the liquidation of the British Empire." Sunak is now the British king's first minister and the Empire is among the unmentioned dead.

So if, next year, Sunak cheerfully puts Diwali candles outside a house that once was Churchill's, you're not Indian if you don't smile a little. That's the only identity gatekeeping I'll allow. **©BL00MBTG**

GUEST VIEW

India should liberalize its taxation regime for expats

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India has undoubtedly emerged as an attractive destination for international investment, with foreign direct investment (FDI) inflows in 2021-22 at an all-time high of \$83.5 billion. However, as of October 2022, none of the top 50 Fortune 500 companies have chosen to locate their Asia-Pacific headquarters in the country. No Indian city has found its way into the 15 most significant global financial centres expected by 2024, or even the top 10 list of Asia-Pacific cities of the future. Singapore and China (though less so in recent times) remain preferred destinations for global conglomerates. As India sets its sights on becoming a global financial hub, it can benefit from emulating the investor-friendly business environment of its Asian competitors. In particular, India stands to gain from liberalizing its stringent income tax laws for foreign nationals.

Singapore and China have set an international benchmark with their liberal income tax regimes for expats. In 2003, Singapore

announced a tax exemption for residents on their foreign-sourced income. Since 2019, expats in China only pay taxes on global income if they have held tax resident status for six consecutive years. This period restarts from zero if the individual leaves China for a consecutive period of 30 days or 90 days cumulatively within a year. By contrast, foreign-domiciled individuals in India are subject to taxes on their global income if they live in India for over 182 days, as they are assigned Overseas Citizen of India (OCI) status after this period. This period can be extended by amending Section 6 of the Income Tax Act, 1961, in line with applicable parallel provisions in Singapore and China. Such a tax policy change effected by India would be beneficial for three reasons. Firstly, it would attract greater FDI. In both Singapore and China, the introduction of a liberal tax policy regime for expats was associated with a significant increase in FDI inflows across sectors.

A decisive factor that drives a company headquarters' location decision is the ease of living and doing business in the host country. If investors setting up new enterprises are able to stay for extended periods without being subject to taxes on their global income, they are better able to manage their

overall investments effectively. Additionally, the key managerial personnel of these companies are likely to include expats who also seek relief from dual taxation (in two jurisdictions).

India's positive spillovers of FDI are well documented. Besides bringing in capital, FDI is a non-debt financial resource that promotes economic growth, generates new jobs, enables access to international markets and promotes competition in domestic markets. It facilitates the transfer of technology, skills and organizational and managerial practices, as local employees are trained and domestic firms are integrated into production processes.

India's FDI stands at 2.7% of gross domestic product (GDP) and has largely stagnated around this proportion of national output in recent years. By comparison, China received 6.2% of GDP at its peak.

Secondly, a significant loss of tax revenue due to the policy change would

be unlikely, as the beneficiaries of this exemption are not domiciled in India. Since locally-sourced income would continue to be subject to the usual Indian tax regime, domestic income generated by FDI would augment government revenue through the taxation of wages and profits generated by foreign-owned companies in India. There are concerns over tax revenue losses on account of high net-worth Indian citizens taking up foreign citizenship to avail of such a tax exemption. To prevent such misuse, the exemption may be provided to

foreign-domiciled individuals who have not been citizens of India for a significant period of time, such as 3 to 5 years.

Thirdly, while expats can already avail of double taxation avoidance treaties to serve the same purpose, several practical challenges make this process cumbersome. If the tax rate of their home country or the country where their income is generated is lower, they would end up paying

higher taxes when their global income is taxed in India. They may be unable to avail of tax credit benefits due to mismatched financial years, as India follows an April-to-March annual schedule while most other countries follow the calendar year. They are likely to face greater subjectivity in tax assessments by Indian tax authorities, given the incorporation of the new 'principal purpose' test since India's signing of the Multilateral Instrument, adopted by over 100 countries and jurisdictions about half a decade ago. Additionally, they would be exposed to risks arising from reporting requirements, as the smallest error in reporting foreign assets would incur heavy penalties.

It is no wonder that India remained in the bottom 40% of global economies in the 2020 edition of *Paying Taxes Ranking*, which ranks the administrative burden of paying mandatory contributions and complying with post-filing procedures in different countries. Given India's bid to become a \$5 trillion economy within this decade, substantial and lasting foreign investment is more vital than ever. The need of the hour is a favourable tax policy regime and robust business environment for foreigners who plan to stay and work in India. *These are the authors' personal views.*