



## A delayed intervention

With global demand booming, the Centre must act faster to rev up the export growth engine.

### Highlights:

1. After much delay, the Government has notified the rules and rates based on which exporters can claim rebates on taxes paid on their outbound cargo.
2. That it took nearly eight months to come up with these critical details after the scheme promising such rebates kicked in has meant that exporters have had to conjure up additional working capital to the extent of taxes paid but not refunded during this period.
3. A new scheme was necessitated to replace the erstwhile merchandise exports incentive scheme after the WTO dispute settlement body held it was not compliant with the multilateral trade watchdog's norms.
4. The Government is confident that the new scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), and effective from January 1, is WTO-compliant. Covering 8,555 tariff lines, or roughly 65% of India's exports, the remission rates now notified, range from 0.5% to 4.3% of the Freight On Board value of outbound consignments.
5. For some goods, there is a cap on the value of the exported items. Steel, pharmaceuticals and chemicals have been excluded from the RoDTEP.
6. Some sectors are concerned about the rates being lower than expected, while engineering firms are worried that taxes on key raw materials are not adequately offset. Fine-tuning may be needed, but a vacuum has been plugged at last.

### Remission of Duties and Taxes on Exported Products (RoDTEP)

1. There can be no doubt that Prime Minister Narendra Modi's call to scale up exports to \$400 billion this year helped expedite the disentangling of inter-ministerial red tape over the RoDTEP scheme.
2. A new foreign trade policy, a couple of smaller export-related schemes and a mechanism to fork out the last two years' pending dues under the earlier export incentive programme are expected by September. This urgency must not be lost.



3. Having opted out of RCEP, India is looking to re-ignite free trade pact negotiations with Australia, the U.K., the EU and the U.S. The global economy is on the cusp of one of its strongest rebounds as COVID-19 vaccination drives cross a tipping point in many advanced economies.
4. As they look to go beyond China to service domestic consumption demand, India needs to aggressively step up to the opportunity. Although the second wave's damage on the economy is less severe than the wreckage from last year's national lockdown, domestic recovery is still feeble and uneven.
5. Consumption may see some pullback on pent-up demand as well as the impending festive season, but its sustainability is fragile. Till that firms up, private investments are unlikely to take off. That leaves public capital spending and exports as the two growth engines with feasible firepower to aid the recovery momentum. There is no time to dither on either of these fronts.

## Keeping an eye on China's expanding nuclear stack

### Increasing nuclear warheads:

1. More evidence emerged recently that the People's Republic of China (PRC) is expanding the size of its nuclear arsenal by building more missile silos.
2. The most likely reason behind the current expansion of China's nuclear arsenal is: increase the survivability of its arsenal against the first strike from their nuclear adversaries, most prominently the United States.
3. Washington, which possesses a larger arsenal, stands at 3,800 warheads and paired with its growing missile defence capabilities poses a threat to Chinese retaliatory nuclear forces.
4. However, other countries too loom large in China's nuclear expansion such as Russia and India, even if Russia is not an overriding concern presently.

### A first strike strategy

1. Land-based nuclear capabilities also enable the Chinese to present a nuclear adversary with a larger menu of targets to strike, exhausting a large number of the enemy's missiles in a first strike.
2. Indeed, some of the decoy silos are meant to absorb and exhaust a part of the enemy's first strike nuclear forces. Thus, the larger the target list for any



potential opponent, the greater the chances of China's arsenal surviving a first strike thereby boosting the credibility of China's nuclear deterrent.

3. In all probability, the PRC is expanding its nuclear forces if not to match the larger nuclear forces fielded by the Americans and the Russians, but sufficient to withstand the first strike and then execute a retaliatory attack that would defeat U.S. missile defences.
4. China's nuclear-tipped ballistic missiles forces, whether land-based or sea-based, have certainly improved in quantity and quality.
5. The PRC's Intercontinental Ballistic Missile (ICBM) capabilities and Intermediate-Range Ballistic Missile (IRBM) capabilities in the form of the Dongfeng-41 (DF-41) and the DF-26, respectively, are its most potent land-based missile systems. At least 16 launchers of the DF-26 are known to be deployed in the Xinjiang region close to the Sino-Indian border.
6. In the case of the first, the silos being built in Xinjiang and Gansu could house DF-41 ICBMs that are capable of carrying multiple warheads much like their road-mobile counterparts.
7. In addition, the decoy silos can launch conventional armed ballistic missiles, and since they are likely to be interspersed with nuclear-tipped missiles, they create inadvertent escalation risks.

### **What New Delhi should track**

1. Consequently, the latest development of silos presents a grim and disturbing set of consequences for the world and India.
2. The PRC has refused to enter any tripartite arms control negotiations with Americans and Russians that could forestall the deployment of a more numerically robust nuclear arsenal, and possibly sees its current build-up as a necessity to bridge the nuclear asymmetries it faces vis-à-vis Washington and Moscow.
3. The growth in China's nuclear arsenal might not have an immediate impact on India, but its development of land-based nuclear silos in the Xinjiang province should worry decision-makers and strategic elites in New Delhi given the region's proximity to India.



4. More importantly, it is likely to have an impact on the ongoing boundary stand-off between the two countries in Eastern Ladakh. The issue is not so much actual nuclear use by the PRC against India, but the coercive leverage fixed land-based nuclear capabilities give the Chinese in consolidating their territorial gains in Depsang, Demchok and Gogra-Hotsprings.
5. If anything, it is likely to produce a suppressive effect against any conventional military escalation. The more extreme and adverse outcome for India is that New Delhi is left with no choice but to accept China's fait accompli.

The strategic balance between China and India is unlikely to be altered because of the Chinese nuclear expansion, but New Delhi would be wise to keep a close eye on its neighbour and work on enhancing its own strategic capabilities. Amidst an all-around sharpening of great power contestation, the nuclear issue will continue to challenge policymakers.

## The police we need

The most positive feature today is that many IPS officers are technology savvy. This augurs well for the future of law enforcement in India. Even the lower rungs of the police, who do not belong to the elitist IPS, are avid in the use of technology, especially for regulating public assemblies and solving crimes.

### Highlights:

1. India stands out for entrusting independent responsibility to IPS officers even in the early years of their induction. This is why an IPS assignment is not only prestigious but is laden with unparalleled trust in an inexperienced youth just out of university. Only a few come in with previous work experience.
2. However, it is distressing to note the declining levels of integrity among senior IPS officers who are expected to be role models for their junior colleagues.
3. Recently, a case of alleged extortion was registered against a former Mumbai Police Commissioner. A senior IPS officer in Tamil Nadu was recently served a charge sheet in court in connection with a case pertaining to the sexual harassment of a woman officer. Nothing can be more disgraceful for a premier police force.



4. Glittering passing-out parades, therefore, seem mere window dressing. The NPA has the greatest role in building character. This is where its success is only modest.

### **Great Expectations:**

1. Citizens desire a friendly police force that treats the rich and poor alike. They would also like to see less rapacious police stations where they receive service to which they are entitled, without having to pay any bribe. Except in a few places in the country, most citizens don't get all this.
2. We are still a country where crime against women is high. Arguing that this is the case in many other countries is no consolation. While many quote data, we would like not to do that since the available data have many issues: there is under-reporting of cases, and the police often refuse to register complaints made. We would rather go by perceptions about the police capacity and interest.
3. The popular belief is that India is still not safe for women. The gang-rape and murder in 2012 of a young woman in Delhi left an indelible scar not merely on the face of the Delhi Police but on the whole Indian police force. This is just one example — there are many more.

### **Occupying public positions**

1. In this context, it is important to mention the management of police personnel. In an ideal world, brilliant and straightforward officials would be chosen to occupy public positions calling for objectivity and skill.
2. Unfortunately, this is not the case with IPS appointments. Many officers are given plum posts based on their links and loyalty to the ruling party. A silver lining, however, is the Supreme Court mandate laying down the process for selection of Director General of Police. The State government now has to make the appointment from a panel of three names approved by the Union Public Service Commission. This will ensure that no outrageous appointments are made.
3. Ultimately it is the honest and hard-working officer at the top who will make the difference between good and tendentious policing. India needs a police force that is responsive and respected and not one that is feared, as is the case now.