

Opinion

TUESDAY, MAY 7, 2019



TALKING TO PAKISTAN

BJP leader Ram Madhav

It's (the Shanghai Cooperation Organization summit) is an opportunity for Pakistan. If something credible comes out in the next one month or so... I'm sure the relationship will have some improvement. But the onus is on them (Pakistan) now

From Modi to Rahul, the campaign touches new lows

EC needed to be more pro-active and should have written to PM as Ashok Lavasa suggested; should have warned Rahul as well

EVEN IN THE context of the BJP's campaign against the Congress party's corruption—the CAG report on some instances, like A Raja's 2G telecom case, provided enough independent proof of this—prime minister Narendra Modi saying the late Rajiv Gandhi was 'bhrashtachari number one' was a new low in a campaign that, on all sides, is plumbing new depths with each passing day. One wrong cannot justify another, but it is equally appalling to see how Congress party chief Rahul Gandhi repeats his Modi-gave-₹30,000cr-to-Anil-Ambani allegation with gay abandon every other day despite having zero evidence. Indeed, even the Supreme Court's contempt notice to him was for his lawyer's disingenuous attempt to argue that Gandhi's 'regret' for having distorted the SC's ruling was really an 'apology'; it was not for Gandhi making statements about Modi's alleged complicity without proof. And, with equal aplomb, Gandhi found it easy to distort one of the BJP's proposed Bills as one that gave more powers to forest officials to "shoot Adivasis with impunity". If top leaders like the BSP's Mayawati polarised voters by asking Muslims to vote in one block against the BJP, Union minister Maneka Gandhi made it abundantly clear she wouldn't help Muslims if they didn't vote for Modi.

And, if the BJP polarised the elections by fielding someone like terror-accused Sadhvi Pragya Thakur, is it to blame more than former Madhya Pradesh chief minister Digvijay Singh who first came up with the term 'Hindu terror' as if to counter the globally recognised phenomenon of Islamic terror? Indeed, Singh had even claimed Mumbai Anti-Terrorist Squad (ATS) chief Hemant Karkare had told him—before Karkare was killed in the 26/11 attacks—that he feared Hindu extremists would kill him; Karkare was in charge of the investigation that eventually led to Sadhvi Pragya's arrest. Singh, in fact, made this statement at the launch of a book that claimed 26/11 was actually an RSS plot, not one hatched by Pakistani terrorists. It is obvious the prime minister has the greatest responsibility to conduct himself with a certain dignity during elections, but can it be said the responsibility is only his?

In any election that is as closely fought as this one, the campaign deteriorating into a communal one is always a possibility especially since, while the Model Code of Conduct prevents appealing to voters along religious lines, the fact is that major political parties—and this is not just the BJP—have aligned themselves with various religious/caste groupings. While that is something political parties and the country's intellectuals need to think about once the heat of the current battle is over—is asking for votes on religious grounds a bad thing if asking for them along caste lines is kosher?—in such a situation, the role of constitutional bodies is critical. While the Supreme Court did ask Rahul Gandhi to apologise for his remarks on the SC having declared that there was corruption in the Rafale deal and that Modi had given Anil Ambani a ₹30,000 crore contract, it did so only after BJP MP Meenakshi Lekhi filed a criminal complaint against Rahul Gandhi before it. The Election Commission (EC), similarly, was slow to act on incendiary speeches. It is true that, when all political parties choose to violate the rules, it is difficult to act against them all. And if the EC is to bench either a Modi or a Gandhi, it is difficult to say where this will go, but in this context, the response of Election Commissioner Ashok Lavasa—who was, sadly, outvoted by his colleagues in the EC—is commendable. While not spelling out what the EC should eventually do, going by a report in *The Economic Times*, Lavasa was of the view that the EC should write to the prime minister asking for his cooperation in implementing the Model Code of Conduct as a first response to the complaints about some of his speeches.

Jobs vs Consumption

If many jobs are being created, why is consumption sputtering?

THE CONSUMPTION ENGINE that was expected to drive the economy, in the absence of meaningful private sector investments and slowing government expenditure, seems to be sputtering. That has been evident, for some time now, from the lacklustre home sales and weak passenger vehicles sales. Moreover, the pace of growth in retail loans from banks, too, has been trending down since November, 2018. Now, the sales of consumer staples has slowed. In fact, the data on private final consumption expenditure for Q3FY19—a growth of 8.4% year-on-year (y-o-y)—was somewhat puzzling given the festive season had been a particularly dull one. But then, there has often been a lack of correlation between the macro-numbers and the high-frequency data.

While smaller spends on relatively big-ticket items such as homes is not so surprising in a slowing economy, the limited purchases of two-wheelers and cars, for nearly six months now, is worrying. Moreover, the loss of momentum has been seen in both rural and urban markets. True, there has been a fairly sharp increase in prices of cars and bikes, thanks to changes in the regulations. But, if the economy is doing so well and so many well-paying jobs are being created, as the government claims is the case, spends on these items should be more robust. Hero MotoCorp reported an 11% fall in volumes in Q4FY19 while TVS Motors reported a volume increase of just 2.1% y-o-y. That established products aren't able to push through volumes reflects how purchasing power has been limited. Economists point out this is due to incomes growing slowly or staying flat, or even, in some instances, shrinking. Household savings have fallen over the past few years. The physical plus net financial savings of households as a share of GDP was 18% in FY16, 17.1% in FY17 and 17.2% in FY18. These levels were much lower than the 20%-plus seen in earlier years—the recent peak was 23.6% in FY12. Physical savings, which were 15-16% of GDP in FY12 and FY13, dropped to sub-10% in FY16, recovering to 10.8% in FY17 and 10.6% in FY18. Again, the net financial savings of households—as a share of GDP—has come off to 6.3% in FY17 and 6.6% in FY18.

Unless incomes rise meaningfully, neither spending nor savings can pick up. The new government cannot afford to spend beyond a point since tax revenues are not particularly buoyant. An uncertain regulatory environment, tax terrorism and weak labour laws have sapped the confidence of the business community. There needs to be better regulation, whether in telecom, oil&gas or labour; else, companies will not invest. Since the government does not have the ability to kickstart the economy with a stimulus, better governance is the only way out.

RightMESSAGE

Benetton's #UnitedByVote ad campaign is a refreshing example of what companies can do in public interest

THE CLOTHING COMPANY, United Colours of Benetton, or more simply, Benetton, has never shied from explicitly political ads—political not in the sense of endorsing some party or outfit, but making a progressive statement on issues such as homosexuality/homophobia, war, capital punishment, the AIDS crisis of the 1980s-90s, organised crime. While the tone of the ads were local—the bloodied uniform of a Bosnian soldier or American prisoners in the death row or a man murdered by the mafia in Italy or an inter-racial lesbian couple with an adopted child of Asian descent—the message was global: anti-war, anti-death penalty, anti-organised crime, pro-diversity. In India, it has been uncharacteristically reticent. To be sure, it has put up ads speaking about racial harmony, but that doesn't pack the same punch as, say, hypothetically, a *januudhari* Brahmin shown with his arm on a Dalit's shoulder. It is not that companies in India have stayed clear of controversial—political—ads. Surf Excel recently became a target of relentless online abuse and threats from trolls for, ironically, using Holi as a backdrop to give a warm, sincere message on communal harmony. Tata Tea's famous *Jaago Re* campaign is another example. Yet, it was Benetton that was conspicuously silent. But no longer. The company brought out a full-page ad on the front two pages of a national news-daily on Sunday, with a rather forceful message.

Against a blurred picture of a woman in the background, the ad talks about the regressive, divisive politics of major political parties in India. The parties are not named, but you know which these are. It talks about parties that police what is acceptable as food in India, what clothes are acceptable, how they erode trust in the country's democracy with their attacks on the EVMs, how they want to dictate who should be hated. The final line in Benetton's #UnitedByVote ad, referencing universal adult franchise, is "It is time to... show them who has the power". That is as frontal as the company—any company—could get. If more of corporate India becomes conscience-keeper to the masses, it wouldn't be a bad thing at all.

POWER SHARING

THERE IS A NEED TO WORK ON CONSTITUTIONAL CONSTRAINTS. A MAJOR ISSUE, FOR INSTANCE, IS THE ABSENCE OF CLEARLY-DEFINED REVENUE SOURCES FOR LOCAL BODIES

Why states are failing decentralisation

DESPITE THE 73RD and 74th Constitutional amendments, except in a few states, there has been little progress at decentralisation—to both rural and urban local bodies. Most state governments have been reluctant to devolve the functions, funds and functionaries for delivering public services at the local level. The functions assigned are unclear, funds uncertain and inadequate, and decision-making functionaries are mostly drawn from the state bureaucracy. Local bodies do not even have powers to determine the base and rate structure of the taxes assigned to them. The states have not cared to create institutions and systems mandated in the Constitution, including the appointment of the State Finance Commissions, and even when they are appointed, states have not found it obligatory to place their reports in the legislature. In fact, the local bodies are not clear about delivering local public goods, with the prominent agenda of implementing central schemes obscuring their functions.

Admittedly, despite the landmark amendments, the effort at decentralisation reform has essentially been top-down. Part IX was inserted into the Constitution with Article 243 (A to O) specifying matters such as the constitution of local bodies, elections and the functions to be devolved under Schedules 11, 12, and 243 (I and Y) mandating the appointment of the State Finance Commissions by the Governor every five years to balance their functions with funds. Article 280 was seeded with an additional term of reference to the Union Finance Commission to recommend measures for augmenting the consolidated funds of the states to supplement the resources of local bodies. The major 'birth defect' of the entire process is that the ownership and responsibility for local governments rests squarely with the state government ensnared in Entry 5 of the State List in the Seventh Schedule. Thus, the Constitution vests the responsibility of creating and sustaining local bodies entirely to the discretion of the state governments.

M GOVINDA RAO
Chief economic adviser, Brickwork Ratings, and councillor, Takshashila Institution Views are personal



Article 243 (G and W), relating to the powers, authority and responsibilities to rural and urban local bodies, merely specifies that the state governments, "...may, by law, endow the panchayats and municipalities with powers and authority to enable them as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon these bodies subject to such conditions as may be specified therein, with respect to the preparation of economic development and social justice, performance of functions and implementation of schemes entrusted to them including those specified in the 12th Schedule". Thus, it is entirely left for the states to decide, what and how much powers and functions should be devolved to the third level.

There are no easy mechanisms to ensure compliance of even the provisions prescribed in the Constitution by the states. Most states have not complied with the requirement of appointing Gram Sabhas (243 A), Ward Committees (243), District Planning Committees and Metropolitan Planning Committees. There have been several attempts to postpone elections though they are required to hold them well before the expiry of the prevailing elected body or before six months if the body is dissolved for some reason, as required under 243 K and U. Although under Article 243 (I) and (Y), the states are required to appoint State Finance Commissions and place the reports received in the legislature, their records show complete violations of the Constitutional provisions.

One of the major shortcomings in the scheme is the absence of clearly defined revenue sources for local bodies. There is no separate list of tax bases assigned to them in the Constitution, and they have

to depend on the state governments to levy the taxes that the states choose to devolve. In fact, even when the taxes like property tax is assigned to them, local bodies do not have the discretion to change the base and rate structure. Any proposal for the change has to be approved by the state government.

What is the role of Union Finance Commission in furthering the decentralisation process? While one would like to think that an organic link is provided to it by seeding an additional term of reference in Article 280, enabling it to act as a champion, a careful reading of the Article shows that the role is confined to recommend measures to augment the Consolidated funds of the states to supplement the finances of local bodies based on the recommendations of the State Finance Commissions. The Union Finance Commission cannot directly transfer funds to local bodies; its job is only to augment the consolidated funds of the States to supplement the resources of local bodies. Again, the role is supplemental and the main responsibility of financing lies at the door of the state governments based on the recommendations of respective State Finance Commissions.

There is some speculation that the Fifteenth Finance Commission will advance the cause of decentralisation and include performance-based incentives in their recommendations. The package of performance-based grants recommended by the Thirteenth Finance Commission (TFC) was discontinued by the Fourteenth Finance

Commission (FFC) mainly because it considered that the Constitution gives discretion to the states in choosing the extent and form, and does not suggest a particular model of decentralisation. It also considered that the role of the Union Finance Commission is only supplemental, as stated above. Moreover, according to the performance grants recommended by the TFC, the local governments were to get the performance grants only when the state governments fulfilled the 13 conditions listed! Not surprisingly, states had no incentive to comply.

The FFC considered that it had a limited role in fostering decentralisation in the prevailing Constitutional scheme. It stated, "...We note that ... the Constitutional provisions give primacy to the role of the States in this regard, by placing local government squarely in the State List... In our view neither the TOR nor the Constitution permits the Finance Commission to play any role in the devolution of powers to panchayats and municipalities or to promote a particular model of decentralization." (Para 9:63; p.111)

In terms of a legal framework, it is important to specify a separate list of functions and sources of revenue for local bodies to create clarity of functions and independent sources of finance

How can we move forward on decentralisation? In terms of a legal framework, it is important to specify a separate list of functions and sources of revenue to local bodies to create clarity of functions and independent sources of finance. Second, there should be clear mechanisms to ensure that the states comply with the Constitutional provisions, particularly in the appointment and implementation of the recommendations of the SFCs. Finally, the top-down process must be supplemented with the bottom-up effort. Sustainable decentralisation comes from people's demand for decentralisation. Unfortunately, there is very little objective intellectual discussion or advocacy based on serious research on the subject which is important for a participatory democracy and responsive local public service delivery.

Boeing's Max defence a textbook mess

Quibbling over the meaning of "safety features" adds to a litany of errors the company has already committed

DAVID FICKLING

Bloomberg



FOR DECADES, BUSINESS schools have taught Johnson & Johnson's handling of its 1982 Tylenol scandal as a textbook example of good crisis management. In the future, we can expect Boeing Co.'s treatment of its two 737 Max crashes to join the syllabus—as an example of what not to do.

Engineers at the planemaker discovered problems with the aircraft's angle-of-attack sensors within months of the model's first delivery, but didn't share its findings with airlines, regulators or even senior management until much later, the company said Sunday.

That we're still getting incomplete details of the situation—almost two years after the problems were first found, and six months after the Lion Air crash last October that brought it to wider attention—is an almost perfect inversion of the Tylenol lesson.

When Johnson & Johnson found someone was lacing the pain-relief medicine with cyanide, it removed the product from shelves and followed a policy of maximum transparency to reassure customers. As a result, it remained ahead of the developing story and, eventually, regained their trust.

Boeing's response has been starkly different. For more than a month, reporters and experts have been asking questions about the angle-of-attack sensors and their relationship with Boeing's Maneuvering Characteristics Augmentation System (an automated feature designed to prevent the plane from stalling). Many stories have pointed out how customers that paid for additional func-

tions got a warning when data from the 737 Max's two such sensors disagreed—with the implication that essential safety features were available only to those who paid extra.

Boeing's response to this line of inquiry has been that the absence of the disagree alert on basic-model planes wasn't the result of company policy but an accident, and that once discovered it was deemed acceptably low-risk to wait until a software update to fix the problem. In other words, it didn't leave the alert disconnected out of venality, but out of incompetence.

Let's just go through the litany of errors here. Boeing introduced a new automated feature, MCAS, that depended on input from angle-of-attack sensors. It failed to inform pilots properly about the new feature, despite the clear ways in which it changed the plane's aerodynamics and handling. On top of that, the company accidentally removed functionality that had previously alerted pilots to faults in the sensors controlling MCAS. Through ignorance of this second problem, it again failed to inform pilots of the way their cockpit set-up had changed.

It is a mess, and made worse by the fact that Boeing's prevarication looks like denial. With 346 people dead, the company's main defense boils down to quibbling about the meaning of the term "safety feature." (In Boeing's view, because angle-of-attack data don't form a central part of a pilot's classic flight display, an alert about faulty readings can't be considered a safety feature.)

Here's an alternative reading:

Whether you call them safety features or not, indicators telling pilots that something unexpected is happening to the aircraft can make the difference between life and death.

Thanks to innovations by aerospace manufacturers including Boeing itself, aircraft are extraordinarily safe these days. They lose control in flight only in extremely unusual and unpredictable circumstances. As a result, pilots are often more like investigators than drivers—most needed when something goes wrong. When that happens, they may have just seconds to solve the problem, so need as much information as possible at their fingertips.

When Air France Flight 447 crashed off the coast of Brazil in 2009 killing 228, the initial problem was caused by a strikingly similar set of events—conflicting airspeed readings that caused the autopilot to disconnect in a way that appears to have left the crew, flying in darkness, unable to discern what was going wrong. Too much information risks overwhelming pilots in a tense situation; depriving them of information can be equally dangerous.

Why is Boeing behaving so differently to Johnson & Johnson? One advantage that the drug company had is that the Tylenol poisonings weren't its fault, so it had little to lose from being as open as possible. In the case of the Boeing 737 Max, as we are gradually learning, it is going to be hard to paint the company's actions in such blameless tones.

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LETTERS TO THE EDITOR

Low politics, PM-style

Prime Minister Narendra Modi lowered himself by saying that Rajiv Gandhi 'died as Bhrashtachari No 1'. He seemed to have forgotten that speaking ill of the dead does not go down well with the people of India steeped in tradition. He conveniently omitted to mention that the Delhi High Court cleared Rajiv Gandhi of the charge of corruption and the Vajpayee government did not file an appeal against the HC judgment. The Prime Minister must lead by example; but in Modi we have a Prime Minister who stoops so low as to speak ill of an assassinated Prime Minister. It was lamentable that Modi chose to diminish his stature by a 'negative campaign' instead of a positive one enlisting his achievements. Increasingly, Modi looks like a leader fighting a losing battle. May be, he dragged Rajiv Gandhi's name to avenge Rahul Gandhi's jibe, chowkidar chor hai. It was a crowning irony that Modi, of all people, spoke of Rajiv Gandhi's 'courtiers'. Meanwhile, it is to Rahul Gandhi's credit that he offered Modi 'love and hugs' despite his denigration of his father as 'Corrupt No 1'. Insulting remarks by the prime minister, made out of desperation, could well boomerang on him and his party's prospects in the final phases of polling.

— G David Milton, Maruthancode

ECI clean-chit to Modi

The ECI gave clean chits to Narendra Modi and Amit Shah over violations such as communally coloured speeches and invoking the Army to solicit votes, probably keeping them above the law of the land. Such action of the EC seeds doubt over its integrity.

— SK Khosla, Chandigarh

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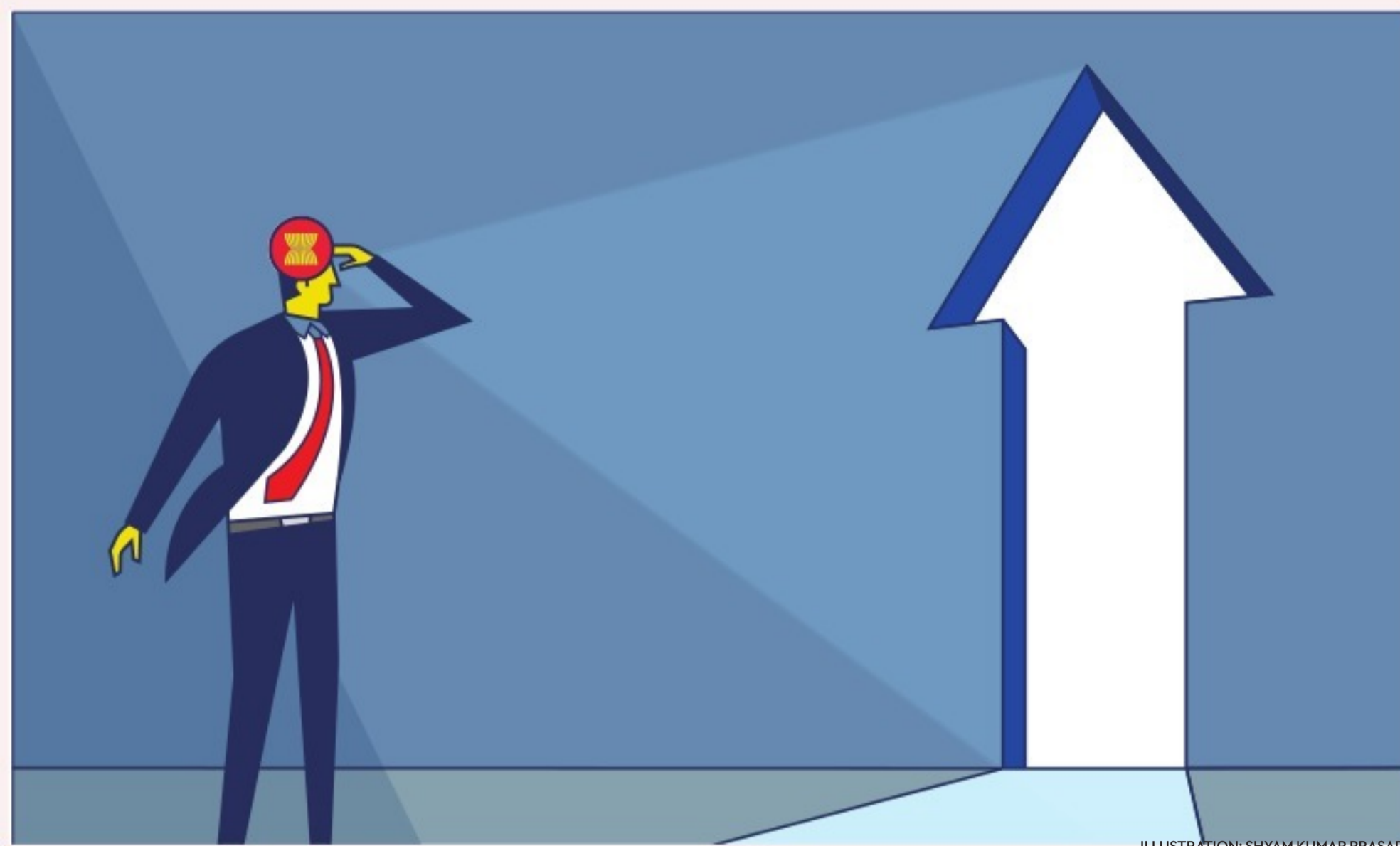


ILLUSTRATION: SHYAM KUMAR PRASAD

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The way forward for RCEP

While our negotiators bargain hard for an inclusive and balanced Regional Comprehensive Economic Partnership, domestically we must focus on eliminating niggles our manufacturing sector and exports are facing. The first phase of 'Make in India' was promising. We saw eagerness from foreign companies setting up plants and assembly units in India. The next phase may well focus on transforming this initiative to 'Make for India' where the needs of the external market, but more importantly the domestic market, are met through production in India

THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)—the proposed free trade agreement between 10 ASEAN member states and their six FTA partners, namely India, Australia, China, Japan, New Zealand and South Korea—talks have been underway for over six years now, with over 25 rounds of negotiations between all FTA partner countries. The 16 member countries have now set a deadline of end-2019 to conclude the negotiations. The trade bloc comprising the ASEAN, Australia, China, India, Japan, South Korea and New Zealand accounts for 25% of global GDP, 30% of global trade, 26% of FDI flows, and 45% of the total population. From India's point of view, RCEP is critical. RCEP countries account for almost 27% of India's total trade. Exports to RCEP

countries account for about 15% of RCEP's total exports, and imports from RCEP countries comprise 35% of India's total imports.

The negotiations, until now, have been fraught with difficulties, with India accused of being 'conservative' in its approach towards tariff negotiations, according to media reports. A final decision on RCEP is expected to come only post-elections under a new government at the Centre.

Both Indian negotiators and the domestic industry have been vocal about their discomfort with respect to opening up of the domestic market to Chinese exports. This is understandable, given the massive Chinese overcapacity in key manufacturing industries, and major support programmes in the form of financial, non-financial and trade mea-

asures for the domestic industry, which give an edge to Chinese producers over other trade partners.

In order to do an independent assessment of the impact of RCEP on the Indian industry, the government has roped in three premier think tanks to prepare the way forward for RCEP negotiations, which is a step in the right direction. A NITI Aayog note (*A Note on Free Trade Agreements and Their Costs*, Dr Saraswat, Priya, Ghosh 2018) co-authored by the writers of this article had earlier highlighted that India's combined trade deficit with FTA partners like the ASEAN, Japan and South Korea has almost doubled in the last eight years. India's trade deficit with the RCEP bloc of over \$100 billion is almost 64% of its total trade deficit, of which China alone accounts for over 60% of the deficit. The report also highlighted that the quality of trade has deteriorated under the ASEAN-India FTA. According to the UN's Harmonised system of product classification, products can be grouped into 99 chapters and further into 21 sections like textiles, chemicals, vegetable products, base metals, gems and jewellery, etc (similar to sector classification). The analysis shows that trade balance has worsened (deficit increased or surplus reduced) for 13 out of 21 sectors. This also includes value-added sectors like chemicals and allied, plastics and rubber, minerals, leather, textiles, gems and jewellery, metals, vehicles, medical instruments and miscellaneous manufactured items. Sectors in which trade deficit has worsened account for about 75% of India's exports to the ASEAN.

Apart from this, we would like to highlight some issues that need consideration of the policy-makers and independent agencies undertaking the assessment. First, China's manufacturing surplus and dumping of goods across the world is quite well known. China is the recipient of the highest number of Anti-Dumping Duty (ADD) measures in the world, with 926 ADD measures against it (1995-2017), which amounts to almost a quarter of all ADD measures globally. Most of these measures are concentrated in sectors where China has overcapacity, with more than a quarter of investigations in base metals (272), followed by chemicals (192), machinery and electric equipment (104), and textiles (75). Concomitantly, China's penetration in the Indian market has been massive. China dominates both in terms of value-added import items as well as labour-intensive industry imports. Overall, India imports

almost 20% of its non-oil imports from China. Almost 60% of India's electric machinery imports, 36% of machinery and equipment imports, and 37% of organic chemical imports are from China. Due to its massive overcapacity and financial and non-financial government support, China is able to create a significant edge over its trading partners. A recent OECD report (2019) highlights that the Chinese aluminium industry received the highest amount of financial and non-financial support (from 2013-17), far ahead of its other global peers.

Against this backdrop, India must have a plan to deal with this massive support that China offers its industries, leading to overcapacity and price undercutting post-RCEP. Therefore, we suggest that appropriate safeguard clauses need to be put in place within RCEP in case injury to domestic industry is found. A clause on provisional safeguard measures should also be introduced. Within the FTA, provision should be made for safeguard measures to be invoked if a volume or price trigger for the concerned products is reached.

Second, given the current state of Indian industry, phased elimination of tariffs is necessary, especially with respect to some key manufacturing industries that have long gestation periods until they start running on full capacity. An example of this kind of negotiation was the India-Japan FTA where India negotiated for most of its tariff lines under sensitive track (almost 63% under sensitive track, 14% under exclusion). This was in contrast to the ASEAN-India FTA wherein 76% of the tariff lines were opened up for complete duty elimination. Therefore, at least a 15-25 years' tariff elimination schedule should be negotiated for key sectors like chemicals, metals, automobiles, machinery, food products and textiles, which individually contribute more than 5% to India's manufacturing GDP and employment, respectively. Thus, as suggested, phased elimination of few key manufacturing industries is absolutely essential with respect to China.

Third, policymakers should be cognisant of the use of non-tariff barriers (NTBs) by China. According to reports, even though China has agreed to open almost 92% of their tariff lines, expecting India to reciprocate in the same manner, serious concerns over China's NTBs merit India's attention. China's usage of NTBs like complex product certification process, labelling standards, custom clearance, pre-shipment inspection and import licensing has hindered India's access to their markets. Dealing with NTBs is costly and, therefore, we must factor in this associated barrier before we move ahead with trade pacts, RCEP in particular.

While our negotiators bargain hard for an inclusive and balanced RCEP, domestically we must fiercely focus on eliminating niggles our manufacturing sector and exports are facing. The first phase of 'Make in India' has been promising. We have seen eagerness from foreign companies setting up plants and assembly units in India, bringing in valuable foreign capital and technical know-how. The next phase may well focus on transforming this initiative to 'Make for India' where the needs of the external market, but more importantly the domestic market, are met through production in India. Not only will this produce meaningful jobs, but also add to India's heft in trade treaties. These transformational plans will require support in the form of a new industrial policy that creates the necessary incentives for MSMEs to be an active part of this process. These are necessary complements for ensuring maximum leverage out of our trade deals, especially RCEP.

China's usage of non-tariff barriers has hindered India's access to their markets. We must factor in such things before we move ahead with trade pacts, RCEP in particular

Over two tonnes in space

**YOGINDER
K ALAGH**

The author is a former union minister



Was our A-SAT experiment just that? Or was it more—civilised countries, after all, flex muscles in the pursuit of their larger objectives abroad?

We showed what we knew—that we can put over two tonnes in space, do it accurately, and manoeuvre it. In fact, we can do more. We can deliver payloads of this kind over 2,000-plus kilometres. So our enemies should watch out. We describe in this piece, how we acquired these capabilities. But before that, let's assure ourselves—and then our friends also across the world—that our destiny is greater than sabre-rattling.

Rajiv Gandhi had gone to Moscow for a discussion with Mikhail Gorbachev. Getting bored, he asked his aide Gopi Arora, "Anything new?" Arora replied both he and we are "reforming." Let's cooperate around that with new-generation projects and not just steel plants and heavy machinery. Let's also cooperate on reform strategies and share experiences on the progress.

Later, I was sent to negotiate these details. Incidentally, during that mission, I asked Sam Pitroda, who in those days was working on a modern communication strategy for India (the Centre for Development of Telematics; C-DOT), if he would be a part of my delegation? He wanted to come and that is the origin of my Soviet bloc business connection. The Soviets laid it out. My counterpart was a Soviet electronic engineer trained in the US, one of Gorbachev's technocrat young leaders. During that visit, we also met Vladimir Putin, who was the Party chief in Leningrad (now St Petersburg). I took from home a list of "needs" we were not getting from elsewhere, in which they had the capabilities. One of them was cooperation in delivering the technology of developing payloads in space.

Rajiv was assassinated and Gorbachev removed. His successor would not bite on this cooperation and it was only with Putin that those deals were revived. But after the Indian Space Research Organisation (ISRO) chief, whom I knew from his Ahmedabad days, what will we do? These chelas of Satish Dhawan were all Nehruites to the core. He replied, "Sir, we will do it ourselves." But how? "The origin, Dr Alagh, is the technology of boiling milk: we will start with that." We allocated special resources for them, and the rest is history. In four months they had tested successfully the technology under stationary conditions, and in less than two years the descendants of the Aryabhata had readied to put the rocket in space for an Indian communication satellite to be used for "educational" purposes. But chancelleries the world over knew that India had the power to swing it militarily very quickly, in a period of weeks.

Civilised countries use the threat of power to achieve democratic social objectives at home and the pursuit of their larger objectives abroad. The threat of the use of power was developed as a fine art by political economy thought leaders like Chanakya, Alexander Hamilton, Benjamin Disraeli and Giuseppe Mazzini. Dictators, who actually used this power causing havoc, ended up in the dustbins of history.

Our security interests in Afghanistan, the access route to our trade with Central and West Asia through the strategically located port town of Chabahar, and in fighting those who will wreck the democratic Indian State, need the back-up of the mailed fist. But this power needs to be perceived as a threat. That too we must make an effort for it to be seen only as a hidden threat. The day-to-day work has to be done with the velvet glove. Large day-caries are very confident and powerful nations. They cannot fritter away their reservoirs of power, in fits of insecurity.

Our security interests in Afghanistan, the access route to our trade with Central and West Asia, and fighting those who will wreck the democratic Indian State, need the back-up of the mailed fist

PUBLIC HEALTHCARE

Can India get it right?

India can learn from the Accountable Care Organisations (ACO) model of the US, in which a group of doctors, hospitals and other care providers together manage care of a group of patients

**SUJATA SAUNIK &
DILEEP MAVALANKAR**

Saunik, an IAS, is Takemi fellow at Harvard University; Mavalankar is director, IIPHG. Views are personal

INDIA HAS EMBARKED on a major re-hauling of its publicly-funded health system. It includes, at the top, development of new AIIMS, renovations and expansion of old medical colleges, and at the bottom conversion of health sub-centres to health and wellness centres. There is also major health insurance upgrade via Ayushman Bharat National Health Protection Scheme. Finally, the government is getting serious in improving the health of the population. But, in this process, we need to learn from various models in the world.

A new model of care and insurance has started working in the US. Accountable Care Organisations (ACOs) are a group of doctors, hospitals and other care providers that together manage care of a group of patients. The ACO system works at the community health centre level and is designed for helping patients manage their illnesses and reduce healthcare costs by preventing and reducing unnecessary and preventable admissions to a hospital.

In the ACO model, the doctor and health insurance plan managers talk to each other to help coordinate the patient's care for them. It is a payment mechanism that allows for quality care to be given to the people for their healthcare needs in a combination of public and private health-care insurance plans. Support and guidance is also provided to patients for enrolling into a healthcare plan if they are uncovered. In addition, the ACO model works on health package integration to

assist in helping patients get access to integrated behavioural health and substance use services in the primary care setting. Patients requiring high-grade medical or surgical treatment are assisted with quick referrals to nearby hospitals. Often, the ACO model in a community health centre does not have in-patient services, although it works seven days a week with reduced hours during the weekends.

All Medicare (the US national health insurance programme for Americans aged 65 and over and young people with end-stage diseases, funded by a combination of payroll tax, premiums and surtaxes from beneficiaries) and Medicaid patients (low-income families, pregnant women, people with disabilities and elderly requiring nursing care) are covered by the local com-

munity health centre under the ACO model. This is the main driver of the fund flow to the centre. The integrated healthcare model also helps provide support to patients for alcohol, tobacco and substance abuse. A range of services, including lab tests, primary medical care, geriatric care, nutrition, dental and ophthalmic care with shorter waiting periods helps people to visit community healthcare centres and receive expert advice, drugs and vaccines without having to visit the nearest hospital for minor ailments. There could be lessons from the ACO model in the US for the Indian public healthcare system reform.

India's public healthcare system provides free medical consultation, basic lab tests, free drugs and vaccines and refer-



ral when needed. Hence this system should be strengthened. Free provision of medical consultation, tests and drugs and routine immunisation should form the main plank of the wellness centre programme. It should be supplemented by screening for blood pressure, diabetes and risk factors for heart diseases such as lipid levels in blood. Screening for cancer, kidney diseases and eye problems should be also added in the public healthcare system.

There should be integration of primary healthcare services under one roof, with AYUSH, as these services are non-invasive and popular with communities, along with the facility for rapid referral to hospitals when needed for high-level care. This may work very well for the pop-

ulation covered under each such centre. State-run insurance schemes can provide a gateway by helping advise people on their benefit packages, which are already being planned under NHPS.

Several sub-centres staffed by auxiliary nurse midwife (ANMs) are the primary maternal and child care service delivery centres in rural India. These ANMs can be equipped with staff, facilities such as freezers for vaccine, and a full drug dispensation pharmacy including AYUSH medicines to start running wellness centres in the ACO model. The government is already planning to put a community health officer in each health and wellness centre.

Another unique feature could be making this community centre the hub for

people to get information of all social sector welfare schemes. Community workers involved in various schemes could come together on a fixed day or two each week and provide information and paperwork support to the intended beneficiaries.

This is an untapped opportunity for India to leapfrog to a new healthcare delivery model and move towards universal health coverage, provided the scheme is designed well to have an array of services under one roof, empathy and respect for the patient, a payment model for fund flow, community outreach and quality care delivery. It is unrealistic to expect doctors to be everywhere and work round the clock, and for people to pay nothing for quality healthcare. For this model to be sustainable there should be a system of enrolment based on income criteria, linked to ration/Aadhaar cards, and provided free to low income groups but with co-payments for the rest. One of the ways to link the primary care system and NHPS could be to make each sub-health centre and public health centre the registration point for NHPS. One can also make a medical examination mandatory before enrolling in NHPS so that many problems can be detected early and treated under NHPS. It will also help establish a referral system for NHPS and a link in the minds of the people that they have to go first to the public healthcare system to get benefits of NHPS. Such gatekeeping can reduce the cost by promoting prevention and reducing fraud.