Opinion

THURSDAY, AUGUST 1, 2019

ON TRIPLE TALAQ BILL

Prime minister of India, Narendra Modi

Parliament abolishes Triple Talaq and corrects a historical wrong done to Muslim women. This is a victory of gender justice and will further equality in society. India rejoices today!

Govt failure to fix what 'revenue' is haunts telcos

If telcos have to pay ₹92,000-cr in dues, it will be due to govt failure to settle definition of 'revenue' since 2006

IF TELECOM OPERATORS do lose their case against the department of telecommunications (DoT)—hearings are going on in the Supreme Court right now—and end up having to pay ₹92,000 crore, this will be a big blow to an industry which is already tottering under both large debt burdens and falling revenues. How much DoT will finally charge telcos is not clear since a large part of this is really penalties, interest and interest-upon-penalties. The largest dues are those of Airtel, which owes ₹21,682 crore, but of this, the actual dues are just ₹5,528 crore, the interest on this is ₹9,816 crore; and while the penalty is ₹2,407 crore, the interest on this is ₹3,930 crore. Not surprisingly, since the interest/penalty component is very large, just three years ago, in 2016, the total dues for all telcos were ₹29,474 crore. Given that, till now, there is no clarity on what comprises 'revenue', it is not clear how the government is even levying penalties and interest on these demands.

In 1999, when the telecom operators were in deep trouble and not able to pay the exorbitant fixed-license fees they had bid, the government offered a bailout and moved them all to revenue-share-license fees; while the grateful operators grabbed the opportunity, there was no formal definition of what was to be included in 'revenue'. While litigation soon started on this, in July 2006—DoT wanted most 'revenue' streams to be included while telcos said this couldn't include, for instance, the interest they earned on deposits—the Telecom Dispute Settlement and Appellate Tribunal (TDSAT) ruled in favour of telcos and said DoT couldn't charge a license fee from revenues/activities that did not require a license from DoT. When DoT took the matter to the Supreme Court (SC), SC dismissed the petition. Meanwhile, the Telecom Regulatory Authority of India (Trai) gave its recommendations on what should be included in 'revenue' and TDSAT accepted this in its final order in August 2007.

The DoT approached SC again on the TDSAT order, but with a new argument. DoT argued that it had decided what would be included in 'revenue'; so this was a 'licence condition'. TDSAT, DoT argued, could decide on a dispute on a license condition, but it could not rule on whether or not a licence condition was fair or not. The SC agreed with this, and added that, if the telcos found the licence condition onerous, they could have exited the business. The TDSAT then looked at the matter again given SC's restrictions on its powers and, when it came out with an order, the telcos challenged this in various courts.

There are, then, two issues that arise from this. First, till now, there is no settled definition of what comprises 'revenues', so DoT shouldn't be charging penalties and interest on 'dues' from the past. More important, it speaks volumes for just how casual the government's attitude was, as a result of which, a dispute wasn't settled since at least 2006 when TDSAT first ruled on the issue; both the UPA and NDA governments are to blame for this. Sadly, this is not the only problem that the sector is facing; so, if the government is serious about helping it develop, a comprehensive solution is required for all these issues.

Global issues, local answers

Scale-up citizen-led efforts to preserve environment

WITH DRASTIC CLIMATE change already threatening the quotidian lives of millions of people, evidenced, most recently, in the long-delayed and disappointing monsoon and the extreme heat stress being experienced globally, the effects of environment degradation are for everyone for to see. However, what might not be as immediately visible are efforts at conservation and rehabilitation—mostly, because the most successful of these have resulted from protracted, concerted local efforts led by concerned citizens. Take, for instance, Jadav 'Molai' Payeng, who single-handedly raised a forest that spreads over 1,360 acres in Majauli Island in Assam by planting a sapling every single day for 35 years, reviving an island that scientists had declared near death. Payeng, who began this project when he was all of 16 years old and continues it till date—his aim is to create another 5,000 acres of forest cover—was awarded the Padma Shri in 2015.

Payeng's is not an isolated case; while they may not be recipients of civilian honours, others, too, have taken up the mantle in doing their bit to protect the environment. In Bengaluru in 2017, Anand Malligavad, a mechanical engineer by training, rejuvenated the 36-acre Kyalasanahalli Lake in a mere 45 days with the help of local citizens and CSR funds from Sansera Foundation, which the techie was then heading. Anand went door-to-door, covering almost 400 households, to spread awareness about the need to restore the lakes the city was famed for before people started showing up to help with the project. Together, they removed 5 lakh cubic metres of mud from the lake, diverted two canals of the storm-water drain away from the lake so that the September rains could revive it, and created two Japanese Miyawaki forests of almost 25,000 square feet on the lake. Further, 186 borewells were created and recharged around the lake to cater to the needs of farmers who constitute the majority population of the area, thereby dissuading them from using the lake water directly for irrigation purposes. Malligavad has since revived the Vabasandra and Konasandra lakes, and created plans to revive Gavi and Nanjapura lakes—all part of his goal to restore 45 lakes to their former glory by 2025. Similar success was noticed in the clean-up of Mumbai's Juhu beach, driven by citizens' collective action last year.

Evidently, if efforts by private individuals can bear such fruit, both the technology and the will to preserve, even improve the natural environment exist. What remains is for such localised efforts to be scaled-up, and involve both private organisations, through their CSR engagement, and the state, through greater citizen engagement in projects pertaining to common and public goods

PoorRICH

Number of billionaires shrinking reduces inequality, but what matters more is increase in jobs for everyone

INDIA'S BILLIONAIRES ARE shrinking in numbers as per a *Business Standard* report. It noted that the number of billionaire-promoters has reduced to a three-year low at 71, from an all-time high of 90 in 2018. The report highlights that 24 Indian billionaire promoters have exited the 'billionaire club' as of now, resulting in a combined loss of ₹1 lakh crore in their net worth. The exiting billionaires include names like Anil Ambani, Motilal Oswal, and Rana Kapoor. The major reason attributed to this is the decline in stocks and the overall decline of market cap—in 19 sessions after the Budget, more than ₹12.1 lakh crore of investor wealth has been wiped out with the Sensex falling 6.08%. Apart from the collapse in the markets that caused this, another reason for the fall is that, with the government getting more serious about getting after defaulters, and setting up the IBC process, many billionaires are being cut to size.

Given how the top one per cent of India's population is said to own around 51.4% of the total country's wealth (according to a Credit Suisse report in 2018), a decline in the number of billionaires may be viewed as a positive trend resulting in wealth inequality reduction. But, mere reduction of the number of billionaires will not result in the poorer being better-off; what matters is economic growth that creates job opportunities for the non-rich as well. Right now, with growth stalling, and prospects for a recovery a bit dim, the prospects for a broader jobs growth look poor though.

THE GREAT TELECOM DEBATE

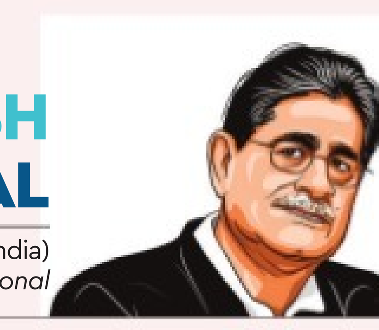
IT IS A PITY THE APEX TELECOM PANEL CHOSE TO ASK TRAI TO LOWER ITS PENALTIES CITING THE POOR HEALTH OF TELCOS; THESE FIRMS HAD QUESTIONED TRAI'S ORDER ON ITS MERITS

Cutting extortionate levies is not a bailout

MAHESH UPPAL

Director, Com First (India)

Views are personal



A RECENT ARTICLE opposes government intervention in the telecom sector reeling under a debt of over ₹7 trillion. It argues that the root cause of the debt is incompetently run private companies and their greedy promoters, and, therefore, there is no case for the government to review the penalties of over ₹100 billion facing them. Nor is there any reason to lower the reserve price of ₹4.92 billion per MHz for the forthcoming auction of the 5G spectrum.

Unfortunately, such an approach is short-sighted. It will prevent vital reform, hurt most stakeholders and won't fix rogue behaviour either.

The Digital Communications Commission (DCC) is the top policy body of the telecom sector, with secretary level representation from the Department of Telecommunications (DoT), Ministry of Electronics and Information Technology (MeitY) and the NITI Aayog. It had asked Trai to review its decisions on the two different matters of penalties and the 5G reserve price. It wanted lower penalties in view of the sector's poor finances and lower reserve price for 5G spectrum since otherwise, it would impede wider access to 5G services. Trai has declined both appeals. Though a final decision is still pending, the incumbent companies have clearly failed, thus far, in their efforts to have the penalty waived or the reserve price of 5G lowered.

It is misleading to suggest that either of these demands amount to seeking a bailout. Unlike DCC, incumbents have not cited poor finance as the reason to quash or reduce penalties. They have contested Trai's decision on merits. There was also a dispute about the jurisdiction of sector regulator Trai and the competition body, CCI, in matters related to competition in the telecom sector, which reached the Supreme Court, where the issue was ruled on ruled last year. Based on this order, Telecom Dispute Settlement and Appellate Tribunal (TDSAT) set aside Trai's orders, e.g., predatory pricing. The matters of jurisdiction and penalties are still in courts and have little to do with a bailout.

The appeal for a lower reserve price is even further from a demand for a bailout. Experts have raised several questions about the methodology adopted by Trai to arrive at the reserve price and pointed out professional errors in the computation. The reserve price is sharply out of line with similar estimates in other countries. Trai has provided little beyond cursory responses to the serious questions raised.

The approach to reserve prices is worrying considering why we need—and the Supreme Court ordered—the auctions in the first place. The idea is to let the markets discover the correct price given the complexities of computing it. While a very low reserve price could, admittedly, attract speculative bidders and should be avoided, a high reserve price seeks to pre-empt the results of the auction making it almost redundant.

India's experience confirms that final bids can be several times the reserve price, as happened in the auction of 3G spectrum in 2010. Equally, high reserve prices have been no guarantee of success. For example, thanks to the high reserve price of 700 MHz spectrum in 2016, it found no bidders. Several auctions have failed, with over 50% spectrum unsold or witnessing little to no bidding beyond the reserve price. In 2016, barely 21% of spectrum was sold above the reserve price.

The government's many pronouncements, including the National Digital Communications Policy (NDCP), speak eloquently about leveraging 5G technologies for India. It is said that with one of the world's largest telecom networks and abundant expertise, India is well placed to drive its national agenda in 5G. This includes influencing technology, standards, hardware, adoption, etc. However, this is impossible without substantial private sector investments in the network, and in devices and services. The sector is now primarily driven by private players, with government companies playing a minor (and sadly, dwindling) role. The only tangible way, therefore, for the government to speed up deployment of 5G is to ensure that its rules, spectrum design and allocation do not deter investors in any part of the 5G ecosystem. Arguably, nowhere is the much-touted Ease of Business more relevant than in creation of capital-intensive infrastructure.

> **India risks missing the 5G boat, like it did for 2G, 3G and 4G. Except, this time, it would be because we were too greedy**

The existing spectrum design is a significant risk to investment and competition. This must worry Trai and the government alike. More so, since unsold or unused spectrum is not a protection against future shortages; unlike finite natural resources like coal, water, gas, etc, spectrum is inexhaustible. Not using it today does not leave more for future generations!!

There are reports that some incumbents plan to skip the 5G auction. It would be a small consolation if some old or new players do bid, despite the high reserve price. At that price, they will have a greater incentive to prioritise lucrative customers or regions over expanding coverage or developing India's nascent data markets. This is particularly relevant in the case of 5G where the business case is unclear even in mature telecom markets. A well-designed auction that attracts wider participation could provide a much-needed fillip to India's aspirations in 5G technologies. Otherwise, India risks missing the 5G boat, like it did for 2G, 3G and 4G. Except, this time, it would be because we were too greedy in our auction design.

The industry's poor financial health is hardly a claim of vested commercial interests alone. The sector's revenues are down by roughly 40%, as are the company valuations. The DoT and DCC both acknowledge it, as do a wide range of financial analysts and think tanks. Indeed, the Minister for Communications and Information Technology highlighted this very aspect in his maiden briefing after taking over the portfolio.

Indebtedness is not just a risk for players alone. It affects lenders—especially public banks—and the government, which receives roughly 30% of the sector's revenues in levies of various kinds. It affects consumers and the economy at large, given the countless ways in which telecommunication affects virtually every aspect of our lives. We ignore, at our own peril, the poor health of a sector that reportedly contributes over 6% of India's GDP.

There is good reason to reform the design of India's spectrum auctions. It is a travesty to suggest that a lower reserve price is a demand for subsidy. It is counterproductive to suggest that reform should be delayed simply because one believes companies are run incompetently or that their promoters are greedy. Indeed, coherent regulation is our best defence against rogue players and unearned profits.

The author specialises in telecom regulation and policy

The backlash against "techlash" is unfair

Filter bubbles and echo chambers are dangerous, just not quite in the way most people think

LEONID BERSHIDSKY

Bloomberg

IT WAS ALMOST inevitable that "techlash"—the growing dislike of tech platforms and, in particular, social media for its role in undermining democracy—would attract its own backlash. Key theories such as the filter bubble and echo chamber are themselves being challenged.

In a *Medium* post this week, Jeff Jarvis, a journalism professor and blogger, reviewed some of the recent academic work on the subject. In particular, he looked at a paper by Axel Bruns from Queensland University of Technology in Australia provocatively entitled "It's Not the Technology, Stupid: How the 'Echo Chamber' and 'Filter Bubble' Metaphors Have Failed Us."

In it, Bruns argues we don't select friends on solely ideological criteria. Instead, "contacts from the many facets of the user's personal life—family, friends, acquaintances, workmates, and others—connect and communicate with each other in an unruly and often uncontrollable mêlée." Because of this, users encounter a greater variety of views than non-users. They aren't locked into watertight "bubbles" by the social networks' content selection algorithms, Bruns says.

So social networks shouldn't be held responsible for the proliferation of fake news and hyper-partisan commentary. In fact, Bruns argues, this debate distracts us from a much more important question: why are people getting more intolerant when confronted with opposing opinions?

He isn't the only academic to question echo chambers (a term coined by my *Bloomberg Opinion* colleague Cass Sunstein) and filter bubbles (a concept developed by Upworthy co-founder Eli Pariser). In 2016, Seth Flaxman from Oxford University, Sharad Goel from Stanford University and Justin Rao, a Microsoft Corp employee, noted that social networks and search engines increased people's exposure to material from their less preferred side of the political spectrum, even if they did reduce "the mean ideological distance between individuals." Both effects, though, were relatively modest.

Perhaps coincidentally, these findings are similar to those of Facebook Inc's own researchers. In a 2015 Science article, Eytan Bakshy and collaborators wrote that social networks' algorithms expose users to "cross-cutting viewpoints"—but that users themselves tend not to click on such links. "Our work suggests that the power to expose oneself to perspectives from the other side in social media lies first and foremost with individuals," Bakshy wrote.

These are all valid points. Some social network users—and not just journalists—often make a conscious effort to follow people with opposing views as a reality check. And the vast majority of people have friends form across the political spectrum, something that exposes them to differing views.

But it would be misguided to dismiss the idea of the filter bubble as "the dumbest metaphor on the internet," as Bruns does, because it is highly likely that the way in which social networks work directly affects the behaviour of ideologically rigid individuals and their reaction to the opposing views they encounter.

A large body of academic literature points to the role social networks play in organising political action in real life. Troublingly, this goes for political violence, too. Last year, Karsten Mueller from Princeton University and Carlo Schwarz from the University of Warwick published a paper showing that in German towns with more active Facebook users, violence against immigrants also increased. In April, 2019, Mattias Wahlstrom and Anton Tornberg from the University of Gothenburg took those findings further by describing the mechanisms that translate social media interactions into real-world xenophobic violence in Sweden.

At the time the Wahlstrom paper was written, the largest political group on the Swedish segment of Facebook was the ultra-nationalist "Stand Up for Sweden" group with almost 170,000 members. Such large online communities, the Swedish researchers wrote, serve to lend moral legitimacy to violent actions by providing individuals with "feedback, mutual recognition and emotional responses that motivate action." Collectively, they also form an alternative news and analysis discourse that contradicts whatever they see of mainstream or "cross-cutting" views.

In the pre-social network world, it was hard for hyper-partisan, potentially violent people to find each other, and any groups such people formed were small. Now, anyone who has ever had a Twitter mob descend on them knows how easy it is to meet like-minded people and have your hatred reinforced and legitimised. Echo chambers and filter bubbles don't need to be perfectly insulated to produce the mob effect—and to provide opportunities for paid trolls to incite harassment and, ultimately, violence. The greatest danger posed by social media isn't insulation, it is amplification.

Of course, as Jarvis correctly points out in his *Medium* post, any journalist (myself included) works for an industry that competes with the social networks. Collectively, we can be seen as seeking to preserve our monopoly on content mediation. To me, however, there's no problem with being open about this. That mediation monopoly used to be a moderating factor. It kept public discourse civil and made sure out-of-control hatred was marginalised. Now, the online mobs have proliferated. I'm not certain this genie can be chased back into the bottle, but if the public backlash against social media grows rather than recedes, the chances of that happening will be greater.

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LETTERS TO THE EDITOR

On higher digital tax

At a time when lawmakers globally are considering an optimal rate of taxation for multinational tech companies, hitherto paying a relatively lower domestic-tax despite earning significant revenues and profits from messaging, basic financial services and online-advertising, the economy must review the existing framework too. Implementation of stringent data-protection/KYC norms in conjunction with intelligent surveillance of transactions is important to ensure adherence to information security/financial standards. Consistency demands an advanced, tech-enabled mechanism to micro-monitor the operations of online/e-commerce portals and mushrooming messaging/social media platforms, including those rendering UPI-based payments/transfers, in order to enforce compliance. FIs, Fin-Tech and data-intensive firms with a widely dispersed consumer-base, require ample resources to establish a world-class infrastructure. A greater user awareness and large-scale innovation/optimisation is needed to facilitate efficient execution of R&D projects, availability of classified information without duplication/redundancy and cost-effectiveness in operations. Although restrictions can increase the cost of credit or transactions for retail-consumers and impact digital-operations, it is prudent to boost tax-revenues by levying an overhead, subject to the nature of business and the physical or virtual location of servers/gateways. However, establishing a viable differential tax-framework should be the long-term objective, wherein norms to tax multinationals are based not solely on profitability but also factor in CSR initiatives, employment-generation prospects, volume of transactions and the number of consumers.

—Girish Lalwani, Delhi

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NEW MINISTRY

Well begun isn't always half done

Can the welcome creation of a separate ministry of animal husbandry, dairying and fisheries bring fresh momentum in the growth of allied sectors? There are several challenges to deal with

THE CREATION OF a separate ministerial portfolio for animal husbandry, dairying and fisheries for the first time by Prime Minister Narendra Modi in his second term has aroused interest amongst enthusiasts in the agricultural policy space. With the dominant narrative of doubling farm- ers' incomes by 2022 in the overall policy framework, and livestock and fish- eries sub-sectors contributing signifi- cantly higher to the agricultural GDP compared to the crop production sub- sector, the subtle governance move has been hailed by stakeholders, mostly in the dairy industry. India being the largest milk producer in the world surely deserved to have a separate line ministry dedicated to the sector, after all.

The erstwhile Department of Animal Husbandry, Dairying and Fisheries (DAHDF) was responsible for overseeing matters related to livestock production, preservation, protection from diseases, improvement of stocks, dairy develop- ment, and also matters pertaining to the Delhi Milk Scheme, the National Dairy Development Board, and inland and marine fishing and fisheries. It advised state governments and Union Territo- ries on formulation of policies and pro- grammes related to animal husbandry, dairy development and fisheries. Formed in February 1991, the depart- ment came under the purview of the ministry of agriculture and farmers' welfare. Earlier this year, a new depart- ment called the Department of Fish- eries was created out of the erstwhile DAHDF. While the mandate of the new ministry is yet to be eluci- dated, this could poten- tially be a welcome move.

The 'allied' sectors of the usual 'agriculture and allied', as is common in official and academic par- lance, have largely been neglected for a long time despite their growing sig- nificance in agricultural economy and food and nutrition security of the country. The importance of animal husbandry, dairying and fisheries can hardly be overstated in times when agricultural diversification is being rallied as one the most important drivers of growth in rural incomes and realising the PM's vision of doubling farmers' income. The 19th Livestock Census (2012) counted a total livestock population of 512.06 million. Livestock and fisheries have together registered an average annual growth rate of six times more than that in the crop sector between 2012-13 and 2016-17. Livestock, fishing and aquaculture account for nearly 32% of the overall agricultural GDP and 5% of national GDP. Livestock and fish prod- ucts together contribute over ₹7 lakh crore to total value of the agricultural output—nearly double the contribution of cereals and pulses together. While the share of crops in the value of agri- cultural output has been declining, that of livestock and fish products is on a steadily upward trend.

However, the policy focus and incen- tive structure in agriculture is highly skewed in favour of crop cultivation. Agricultural policies were bent towards foodgrain cultivation to overcome the food shortage crisis in the mid-1960s. However, long after attaining self-suf- ficiency and even surplus production, agricultural policies have remained undesirably crop-centric. Packages of benefits, such as the Kisan Credit Cards (KCC), interest subsidies on farm loans, etc, targeted at the welfare of the farm- ing community have remained con- fined to those cultivating crops till recently. The KCC scheme was launched in 1998 and this facility was extended to livestock and fish farmers in 2018— after a long gap of 20 years. Even the most recent Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) for provid- ing income support of ₹6,000 is tar- geted at farmers who are engaged in cultivation of crops. The new ministry could work to extend these benefits even to those engaged exclusively in the allied sectors. The definition of the 'farmer' has to be relooked and the min- istry can play a pivotal role in main- streaming these allied or orphaned sub- sectors. It is expected that with the creation of the new ministry, both the departments under it will have signifi- cantly higher budget allocations for existing and new schemes/pro- grammes, as also investments and establishment of infrastructure in the value chain. Buffalo meat and inland/sea-fish exports having a huge share in our agri-exports basket are expected to get the required attention by the new ministry in coordination with the ministry of commerce.

There are, however, several chal- lenges to deal with—and this is why we call the move 'potentially' welcome. Creation of a new ministry for livestock, dairying and fisheries has chances of further dissociating these from an inte- grally linked and rather mainstreamed activity of crop cultivation. The live- stock production system is closely interwoven with crop sector in India. Usually a single-window system is pre- ferred for better coordination, policy synchronisation and a general holistic approach. With the creation of a new ministry, the already subpar coordina- tion between departments is under threat of getting worse. This also might encourage the fisheries department to lobby for a separate ministry of its own, espe- cially with the growing emphasis on Blue Revolu- tion in India. How research organisations, think tanks, donors and academia in general will align and coordinate their activities with other government and quasi-government organisations (such as the Indian Council of Agricul- tural Research) that are cross-cutting in their scope and agenda is something that will have to be figured out in the coming days. We strongly feel that the current move should not lead to a similar bifur- cation of the National Agricultural Research System (NARS) into separate agencies of agriculture and veteri- nary/fisheries streams. The research ecosystem should not be equated with the governance structure of imple- menting departments.

> It's hoped that the objective behind the creation of the new ministry has been thought-out. Else, it will become a case of maximum government and minimum governance

While many speculate the move to have political undertones, if it can do the trick to shift the blinkered-focus of policymakers from crop cultivation to these emerging sectors, it will have well-served its purpose. Institutions once created tend to persist. It is, there- fore, hoped that the objective behind the creation of this new ministry has been well-thought-through. Other- wise, it will just become another curi- ous case of maximum government and minimum governance!

A billion healthy Indians

NK GANGULY

The author is former head, Indian Council of Medical Research

Can National Essential Diagnostics List alone fight India's healthcare battles?

PROTECTION OF PATIENTS, stronger regulations and right to healthcare were among the focus areas of general elections. With the new govern- ment in power, we are yet to see how many of these will come to fruition, but India's healthcare appetite for better healthcare initiatives is voracious. In what could be a step in this direction, the Indian Council of Medical Research (ICMR) collaborated with the ministry of health and family welfare and some experts to release the final draft of the National Essential Diagnostics List (NEDL), in the coming months (according to sources). As the government plans to launch pathology labs at more than 500 Jan Aushadhi out- lets, it appears we are inching closer to finalising NEDL.

What does it mean to the people? If all goes as planned, the government will make a set of quality diagnostic tests available at every healthcare centre, and the move could make more than 100 diagnostic tests accessible to people.

While the move is laudable, India has healthcare battles to win on many fronts, failing which NEDL could fall flat. We need a more structured approach to address the growing challenges of the healthcare industry.

The skill development challenge

There is only one government allopathic doctor per 11,082 people—as per last year's data, India has about 10 lakh allopathy doctors to treat its entire population. Also, the number of clinicians to conduct tests falls short of require- ment, and there is a lack of awareness on diagnostics. The access to diagnostics in remote areas and even in tier-2 and tier-3 cities is a challenge. NEDL caters to one side of the story, and accessibility to equipment cannot ensure better health unless there is an existing capacity of professionals who can perform these tests in a suitable infrastructure. The government should consider using NEDL to also mandate and ensure covering the gaps in this area.

Finding enough doctors and physicians to treat patients and training them well should be the first step before ensur- ing availability of products and services. Our hospitals are understaffed, overburdened and ill-equipped. For India to build better infrastructure, we not only need qualified doc- tors, but also high-quality equipment and trained profes- sionals—microbiologists, pathologists, trained lab techni- cians. Without skilled professionals or advanced technology, achieving accurate diagnosis and effective prognosis will be a challenge. A step in this direction could be a partnership between the government and the medical device industry. Together, they can run diagnostic awareness campaigns and camps to support the cause, similar to what is being initi- ated in Andhra Pradesh and Telangana.

Limping healthcare infrastructure

In 2018, the health ministry, under the National Health Profile, revealed there is one government hospital bed per 1,844 people and one state-run hospital for 55,591 people. When I think about what NEDL could possibly do for India, my first doubt is where are the hospitals for this equipment and where are the professionals?

A recent report noted that, of the 1.5 lakh Health and Wellness Centres (HWCs) planned by 2022, only about 3,000 (2%) have been completed. Of these, 2,800 are in aspira- tional (economically-backward) districts. The states build- ing at least 50,000 HWCs every year in the next three years.

If implemented in a phased manner, NEDL could poten- tially improve access to safe and effective diagnostic tests for patients. However, this needs a streamlined approach in synchrony with other changes being proposed, such as revi- sion of Indian Public Health Standards (IPHS), HWCs and free diagnostic service initiative of the government. (IPHS are a set of standards envisaged to improve the quality of healthcare delivery in the country under the National Rural Health Mission.) Even as claims by political parties seem reassuring, we cannot achieve anything unless the challenges of skill building and infrastructure are met. Without the provision of necessities like laboratory capacity, these ideas will crumble. With elections in the rear-view mirror, we are hoping for a future where the new economic vision will have a clear focus on healthcare.

HEALTHCARE SPENDING

Is it investment or consumption?

The rationale for giving health sector a boost calls for a sharper distinction between consumption and investment

RAJEEV AHUJA

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THE ECONOMIC SURVEY 2018-19 has projected the number of elderly population (60 years and above) to increase to 239.4 million in 2041 from 104.2 million in 2011. So, the need for making 'investments' in healthcare for the elderly is one of the two policy prescriptions noted in the Survey (the other being raising retirement age).

Is healthcare spending a consumption expenditure or an investment expendi- ture? The answer is not as black and white. It depends on the kind of health spending one is talking about, from whose perspec- tive, for what population, and who the funding agency is. The Indian context adds another layer of complexity to this.

Generally, health expenditure on pre- ventive and primary care is investment, while hospitalisation expenditure is con- sumption in nature. Because primary healthcare expenditure helps avert disease escalation, it is considered investment, while hospital expenditure because of its 'avoidable' nature is regarded as con- sumption. By this logic, all expenditure on yoga—because of its role in promotion of health and well-being—is investment. Healthcare expenditures can be looked at through other lenses, too. For example, through the lens of human life cycle, expenditure on women and child health- care and nutrition is considered invest- ment, while expenditure on elderly health- care is considered consumption is investment, while public health spend- ing can be consumption or investment. Health spending by not-for-profit firms, too, can be consumption or investment.

Of course, these generalisations hold at the macro level. At the micro level, health- care expenditures can mean a very differ- ent thing. For example, expenditure on healthcare of an elderly may be considered investment by a family if the elderly is regarded as a source of enormous moral strength. By this logic, expenditure on maintaining the health of a young person suffering from a terminal illness may be considered consumption. So, you see, the classification of healthcare expenditure as consumption or investment is not that straightforward. So, how does it matter?

One might argue that regardless of whether healthcare expenditure is con- sumption or investment, if a person needs healthcare, he/she should be able to access it without experiencing financial hard- ships. This is the spirit behind the concept of Universal Health Coverage (UHC) that has become the priority objective of the WHO. But for developing countries like India, UHC cannot be achieved all at once. Instead, it is about defining a pathway to progressively achieving UHC, as greater resources become available. This implies prioritisation of services to be provided and of the people who are to be covered along the path to UHC. This is where the distinction between consumption and investment comes handy in prioritising expenditures that are investments as a country marches towards UHC. Hence the notion of 'best buys' that is so common in the health sector—spending on nutrition, on health promotion to reduce non-com- municable diseases, on birth attendants, on childhood immunisation are examples of 'best buys'. People who advocate 'right to healthcare' miss this central point of affordability and prioritisation.

In their worldview, they overlook the fact that health is first and foremost an individual's own responsibility, then of his/her immediate family's, thereafter of the local governments for ensuring public goods such as clean surroundings, clean drinking water and so on. Surely, the government can't be caring about the people themselves indulge in unhealthy behaviour? Talking of behaviour change, much of it lies outside of the health sector. Asking for healthcare is perhaps as impor- tant as asking for redressal of determinants of health such as clean air, hygienic public spaces, safer roads. Expenditures on these is mostly investment in nature.

Giving health sector a boost: At 1.3% of GDP, public health spending in India pales in comparison to peers such as Viet- nam that spends close to 3% of its GDP. But the good news is that the Narendra Modi government is committed to raising this share to 2.5% of GDP by 2025.

The principal vehicles for stepping up government health spending are Ayush- man Bharat and National Health Mission. While the latter is an old scheme of the government, the former has two components: (i) setting up 1,50,000 HWCs as platforms for the provision of comprehensive primary healthcare, and (ii) PMJAY, which is the national health insurance scheme for secondary and tertiary care.

Financing the creation of new HWCs and strengthening existing public health facilities, providing lower levels of care in the country. States have a major role to play in both financing and implementing these, and, in the process, realising the health financing goal.

At a time when India is experiencing growth and job pangs, voices from private healthcare industry are getting shriller. The industry is making a case for higher public health spending as well as extend- ing incentives. Healthcare is known to be a human resource-intensive sector and is also a major contributor to India's GDP growth. But not all levels of health service delivery contribute equally to jobs and GDP growth. The government needs to adopt a graded strategy—one that requires a sound understanding of what consti- tutes investment and consumption in healthcare. This is particularly challenging when India is also aspiring to emerge as a destination for medical tourism.

As the government steps up spending to meet health financing goals, it's impor- tant not to lose sight of the consumption versus investment distinction. Health expenditure that is mostly consumption in nature can be a slippery slope because