

20 ECONOMY

ASSOCIATION OF HOSPITALS PLANS TO HOLD MEETINGS ACROSS FOUR CITIES

CGHS: Empanelled hospitals claim unpaid dues, may reassess cashless services

PRABHARAGHAVAN & AANCHAL MAGAZINE
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A NUMBER of private hospitals empanelled under the Central Government Health Scheme (CGHS) are considering a move to stop providing cashless services to beneficiaries of the healthcare programme, citing frustration with delays in payment of dues from the government.

An association of hospitals plans to hold meetings next week across four cities to thrash out a consensus, going forward, on their participation in the scheme, even as one Delhi-based hospital has decided to entirely end its association with the scheme.

The Health Ministry, at the same time, is learnt to have sent a request for additional funds of over Rs 1,000 crore for CGHS in the next Budget. A majority of these funds are expected to be used "towards payment of hospital bills and procurement of medicines", senior Health Ministry officials close to the development told *The Indian Express*. Delhi-based Pushpawati Singhanian Hospital and Research Institute (PSRI) said it will no longer be on the CGHS panel starting October 26.

The scheme promises comprehensive medical care to nearly 35 lakh central government employees and pensioners. Pensioners, ex- and sitting Members of Parliament, freedom fighters and employees serving at CGHS, Directorate General of Health Services and the Health

HOSPITALS EMPANELLED UNDER CGHS		
Region	2014	2018/2019
Delhi & NCR	94	177
Maharashtra (Mumbai, Pune, Nagpur)	83	95
Uttar Pradesh (Allahabad, Kanpur and Meerut)*	65	84
Telangana (Hyderabad)	20	51
West Bengal (Kolkata)	4	8
Karnataka (Bengaluru)	5	20
Tamil Nadu (Chennai)	10	16
Madhya Pradesh (Bhopal and Jabalpur)*	30	37
Gujarat (Ahmedabad)	10	15

*Empanelled hospitals, excluding exclusive eye care and dental-focused facilities and diagnostic centres; Source: CGHS website; *Data for Lucknow and Indore unavailable for 2014*

Ministry are entitled to cashless services at empanelled providers.

Pensioners and their dependents account for around 11 lakh of registered beneficiaries, said government sources. It is not clear how many beneficiaries fall under the other categories eligible for cashless services. The government might be mulling a revamp of the scheme and has reportedly sought suggestions from beneficiaries and stakeholders on this until November 30.

Private hospitals currently servicing patients under the scheme argue that operations are becoming unsustainable.

"CGHS has been defaulting on payments to us, and they have not revised the rates, so hospitals will be meeting next week (October

29) ... in Bangalore, Hyderabad, Pune and Ahmedabad. They will take a decision on whether they want to continue with the scheme, whether they want to withdraw from it completely or if they want to only stop providing cashless services under the scheme," said Giridhar Gyani, director general, Association of Healthcare Providers (India).

"The main issue is the government has entered into agreements with hospitals which it has not followed, and this surmounting of arrears puts hospitals in a financial unviability. In the process, the people who are beneficiaries are treated by hospitals as second or third grade citizens, because they don't like them to come as payments for treating them do

not come on time," he added. AHPI represents hundreds of private hospitals across India, including Apollo, which withdrew its participation in the scheme in Delhi several years ago, as well as Max and Fortis, which still have hospitals empanelled under CGHS.

It is unclear whether hospitals in Delhi, which has the most beneficiaries, will also be holding a similar meeting, but some have said unpaid dues are making it difficult to treat CGHS patients.

"We told CGHS that we are unable to service the requirements of patients ... because there are huge payments outstanding. ECHS is still better (in terms of payment) this year, but unpaid CGHS dues have been growing," Max Healthcare chairman Abhay Soi told *The Indian Express*.

Senior Health Ministry officials told *The Indian Express* on condition of anonymity that the ministry has not received such representations from the group, but that payments of dues to empanelled providers have already been stepped up. There are also no plans to revise the 2014 CGHS rates, as they are already "reasonable," they said.

"There is a gap between the submission of bills and the release of payments and, sometimes, this gap increases. But it is not like the dues are going unpaid," said one of the officials, adding that around Rs 1,400 crore was released towards payment of dues at the beginning of this financial year.

"We have increased manpower so that bills are paid at a

higher rate," said another official, adding, "If CGHS system rates are so poor, why is there such a huge demand (from healthcare providers) to get empanelled?"

AHPI in July sent a letter to Finance Minister Nirmala Sitharaman saying reimbursements to hospitals was a major concern, as none of the payments for the services offered under CGHS had been made to them within the time stipulated in their agreement.

Queries sent to the finance ministry about the pending dues under CGHS remained unanswered by press time Saturday.

According to Gyani, AHPI members are yet to recover a total of over Rs 400 crore from the government for cashless services provided to CGHS beneficiaries.

A 2017 Parliamentary Standing Committee on Health and Family Welfare report on demands for grants observed that funds allocated to the government under CGHS were under-utilised and that several hospitals had empanelled themselves mainly due to non-settlement of dues. "The Committee is of the view that the de-empanelment of some very good CGHS approved hospitals is a major cause of concern and inconvenience to the CGHS patients."

The government has allocated Rs 1,350 crore for CGHS in the Union Budget for 2019-20, Rs 30.45 crore higher from Rs 1,319.55 crore allocated in 2018-19. In 2017-18, the government's allocation for the CGHS scheme had stood at Rs 1,182.43 crore.

FOREIGN EXCHANGE

FOREX KITTY CROSSES \$440 BILLION

New Delhi: Continuing its northward surge, India's foreign exchange reserves have swelled by \$1.039 billion to a new life-time high of \$440.751 billion for the week ended October 18, the Reserve Bank of India said on Friday. **PTI**

Q2 PERFORMANCE: NET INTEREST INCOME RISES 25.5% Y-O-Y

ICICI Bank standalone profit falls 66% on one-time hit of ₹3,021 cr

ENS ECONOMIC BUREAU
MUMBAI, OCTOBER 26

PRIVATE SECTOR lender ICICI Bank on Saturday reported a 66 per cent year-on-year (y-o-y) drop in standalone net profit to Rs 655 crore in the September quarter of financial year 2019-20, as the bank took a one-time hit of Rs 3,021 crore to account for a lower deferred tax asset benefit as a result of a cut in the tax rate.

The bank's net interest income (NII) rose 25.5 per cent y-o-y to Rs 8,057 crore. NII is the difference between interest earned and interest expended.

Net interest margin (NIM) — a key measure of profitability — stood at 3.64 per cent, up three basis points (bps) from 3.61 per cent in the previous quarter.

Additions to gross non-performing assets (NPAs) decreased to Rs 2,482 crore in the September quarter from Rs 2,779 crore in the June quarter. ICICI Bank's gross NPA ratio at the end of September stood at 6.37 per cent, 12 bps lower than 6.49 per cent at the end of June, while the net NPA ratio decreased 17 bps sequentially to 1.6 per cent from 1.77 per cent as on June 30. On September 30, 2019, the fund-based and non-fund based outstanding to borrowers rated BB and below was Rs 16,074 crore, up from Rs 15,355 crore on September 30, 2018. They constituted 2.62 per cent of the bank's loan book.

Sandeep Batra, ED-designate, ICICI Bank, said that the rise in the BB and below book was a result of the slowdown in the economy. "Our portfolio will capture any risk. Many names in

EXPLAINED Rise in stressed retail loans a cause of concern

WHILE THE bank has said that it has no "material exposure" to a mortgage major in distress, the rise in stressed retail loans could be a cause for concern.

The bank has attributed this to an increase in the proportion of the low-ticket loans in the loan book. The surge in low grade loans of the bank is also reflective of the overall economic environment.

public would be covered in our list too," he said.

The bank is unsure about the impact of the recent court ruling on telecom companies' adjusted gross revenue (AGR). "Banks will have to assess it and see how specific telcos assess it. Telecom sector exposure is 1.8 per cent of our total book and it is mostly to the two top names," Batra said.

ICICI Bank's exposure to the non-banking finance company (NBFC) sector is Rs 26,000 crore and to housing finance companies (HFCs) is Rs 15,000 crore.

Recoveries and upgrades of NPAs were to the tune of Rs 1,263

crore, while loans worth Rs 1,328 crore were written off. The provision coverage ratio on NPAs, excluding cumulative technical write-offs, increased to 76 per cent in September 2019 from 59 per cent in September 2018.

Total advances at the bank grew 13 per cent y-o-y to Rs 6.13 lakh crore. Retail assets saw a 22 per cent y-o-y growth, with 50 per cent of the bank's total loan book being made up of retail loans. Excluding non-performing and restructured loans, the growth in domestic corporate loans was about 7 per cent.

While the lender had earlier this month participated in the loan outreach programmes conceptualised by the government, it refused to share details of sanctions made through this route.

Total deposits increased by 25 per cent y-o-y to Rs 6.96 lakh crore and the bank's current account savings account (CASA) ratio stood at 42.2 per cent, down from 47.1 per cent a year ago.

Average CASA deposits rose 11 per cent y-o-y in Q2FY20. Term deposits increased 35 per cent to Rs 3.71 lakh crore. Batra said the bank's CASA ratio could come down further: "For us term deposits is going to be the focus," he said.

The bank's total capital adequacy ratio (CAR) as per RBI guidelines on Basel III norms was 16.14 per cent and its tier-1 capital adequacy (CET-1) ratio stood at 14.62 per cent on September 30, as compared to the minimum regulatory requirements of 11.08 per cent and 9.08 per cent, respectively. Shares of ICICI Bank on the BSE closed at Rs 469.10 on Friday, up 3.18 per cent from their previous close. **FE**

‘PE investments in realty up 19% to \$3.8 bn in Jan-Sept’

Private equity investments in the domestic real estate sector rose by 19 per cent to \$3.8 billion during January-September 2019, mostly in commercial properties, according to Anarock.

\$3.2 billion The amount of private equity investments in the year ago period

\$3 billion Funds received by the commercial real estate sector, in the first three quarters of calendar year 2019, as against \$2.1 billion received in the corresponding period of the previous year

\$295 million Funding received by residential segment this year as against \$210 million last year, thus seeing nearly 40 per cent gain

\$260 million Funds



attracted by retail segment during January-September 2019 as against \$355 million in the year-ago period

27% Decline witnessed by logistics and warehousing in total PE

inflows in 2019 at nearly \$200 million as against \$275 million earlier

MUMBAI METROPOLITAN REGION Among cities, MMR witnessed maximum inflows at \$1.59 billion till

September this year, up 3 per cent from the same period of 2018

17% Gain witnessed by Bengaluru from \$420 million to nearly \$490 million till September

\$390 million Jump in investment seen by Pune in 2019 from \$125 million in 2018

76% Decline witnessed by Hyderabad from over \$790 million last year to just \$190 million in 2019

\$230 million Investments seen by Chennai as against \$160 million a year ago

BRIEFLY

Pfizer Q2 up 61% to ₹154.25 crore

New Delhi: Pharma firm Pfizer Ltd Saturday posted a 61.01 per cent rise in net profit to Rs 154.25 crore for the July-September quarter compared to that of Rs 95.80 crore in the year-ago quarter. Revenue from operations was at Rs 567.06 crore in the quarter, up 9.10 per cent compared to Rs 519.74 crore a year ago, Pfizer said in a filing. Its total expenses were at Rs 430.63 crore during the period under review as against Rs 407.92 crore, up 5.56 per cent. **PTI**

Trump calls out Apple CEO on iPhone design

Washington: President Donald Trump took a swipe at Apple chief Tim Cook with a Tweet lamenting the removal of the iPhone home button. "To Tim: The Button on the iPhone was FAR better than the Swipe!" he tweeted Friday. Trump switched from an Android mobile to an iPhone in March 2017, the same year Apple dropped the physical home button from its top models. **AFP**

India to spend \$1.4 trillion over 5 yrs to develop infrastructure: Pradhan

PRESS TRUST OF INDIA
NEW DELHI, OCTOBER 26

INDIA WILL spend about \$1.4 trillion on its infrastructure development in the next five years, Union Steel Minister Dharmendra Pradhan said on Saturday.

The minister was speaking at the Global Forum on Excess Capacity (GFEC) Tokyo, which was attended by representatives several other countries.

"I wish to emphasize that with rapid economic and infrastructural development in India, the demand of steel has seen substantial increase and is expected to increase further in the future as embarks to become a \$5 trillion economy by 2024," he said while addressing the forum.

He said that the country is committed to spending about \$1.4 trillion on its infrastructure development in the next five years.

All this, Pradhan said, augurs

well for the steel demand in the country.

India is determined to raise the per capita consumption of steel from its current low of 72 kg per capita to 160 kg per capita by 2030, he informed. Pradhan is on a two-day visit to Japan.

The minister met senior management of Japanese steel majors JFE Steel Corporation, Nippon Steel and Daido Steel on Friday and invited them to invest in the growing Indian steel sector.

JEDI CONTRACT PART OF BROADER DIGITAL MODERNISATION OF PENTAGON MEANT TO MAKE IT MORE TECHNOLOGICALLY AGILE

Microsoft beats Amazon for Pentagon's \$10 bn cloud computing contract

PHIL STEWART
WASHINGTON, OCTOBER 26

MICROSOFT CORP. Microsoft Corp. has won the Pentagon's \$10 billion cloud computing contract, the Defense Department said on Friday, beating out favorite Amazon.com Inc.

The contracting process had long been mired in conflict of interest allegations, even drawing the attention of President Donald Trump, who has publicly taken swipes at Amazon and its founder Jeff Bezos.

Trump in August said his administration was reviewing Amazon's bid after complaints

from other companies.

The Joint Enterprise Defense Infrastructure Cloud (JEDI) contract is part of a broader digital modernisation of the Pentagon meant to make it more technologically agile. Specifically, a goal of JEDI is to give the military better access to data and the cloud from battlefields and other remote locations.

Oracle Corp had expressed concerns about the award process for the contract, including the role of a former Amazon employee who worked on the project at the Defense Department but reused himself, then later left the Defense Department and returned to Amazon Web Services.

'COMPETITION CONDUCTED FAIRLY, LEGALLY'

INA statement announcing Microsoft as the winner, the Pentagon underscored its view that the competition for the JEDI contract was conducted fairly and legally



In a statement, an Amazon Web Services (AWS) spokesman said the company was "surprised about this conclusion."

The company said that a "detailed assessment purely on the comparative offerings" would

"clearly lead to a different conclusion," according to the statement.

AWS is considering options for protesting the award, a person familiar with the matter told Reuters.

Although the Pentagon boasts

the world's most potent fighting force, its information technology remains woefully inadequate, according to many officials.

Officials have complained of having outdated computer systems and being unable to access files or share information as quickly as they might be able to in the private sector.

"If I am a warfighter, I want as much data as you could possibly give me," Lieutenant General Jack Shanahan, the director of the Joint Artificial Intelligence Center, told reporters in August describing the importance of the contract.

Some companies were concerned that a single award would give the winner an unfair advan-

tage in follow-on work. The Pentagon has said it planned to award future cloud deals to multiple contractors.

This week, US Defense Secretary Mark Esper removed himself from reviewing the deal due to his adult son's employment with one of the original contract applicants, IBM Corp.

IBM had previously bid for the contract but had already been eliminated from the competition. Microsoft said it was working on a comment. IBM and Oracle did not immediately return requests for comment.

In a book slated for publication October 29, retired Navy commander Guy Snodgrass, who

served as a speech writer to former Defense Secretary Jim Mattis, said Trump called Mattis and directed him to "screw Amazon" by preventing it from bidding on the JEDI contract, according to an excerpt of the book seen by Reuters ahead of its release.

"We're not going to do that," Mattis later told other Pentagon officials, according to the excerpt. "This will be done by the book, both legally and ethically." Snodgrass declined to comment pending the release of his book.

In a statement announcing Microsoft as the winner, Pentagon underscored its view that the competition was conducted fairly and legally. **REUTERS**