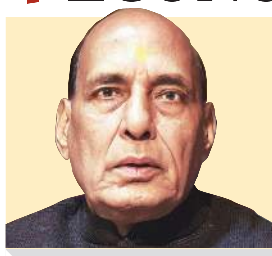

"The government has set a target of taking India's defence exports to $5 billion by 2025 under the 'Draft Defence Production Policy 2018"
RAJNATH SINGH
Defence minister

"During the last five years, the government has implemented major reforms to build the investment climate in the country for becoming a $5-trillion economy"
NIRMALA SITHARAMAN
Finance minister

"I want to assure Delhi that just like we forced them to pass our CCTV, mohalla clinics files, we will force the Centre to regularise the unauthorised colonies"
ARVIND KEJRIWAL
Delhi chief minister

Low health care expenditure to impact risk-pooling model: NITI

Think tank plans building up system for middle class, which isn't covered under any health scheme

SANJEEB MUKHERJEE
New Delhi, 18 November

The country's low expenditure on public health care (estimated to be 0.9-1.1 per cent of GDP) is a big constraint in growing the subsidised risk pooling model in health care.

This is particularly true for the poor and sick and those who need them the most, a report by NITI Aayog, released on Monday, said.

The current Pradhan Mantri Jan Arogya Yojana (PM-JAY), commonly known as Ayushman Bharat, is an example of a subsidised risk pooling model in the health care sector.

The report titled, 'Health Systems for a New India: Building Blocks – Potential Pathways to Reforms' that was released by NITI Aayog Vice-Chairman Rajiv Kumar, in the presence of Bill Gates, said better evidence-based decisions on what components of the health care package are to be subsidised for these populations are the need of the hour.

The Aayog, meanwhile, is mulling building up a health care system for the middle class, which is still not covered under any public health care system. The system would exclude those covered under the newly-launched Ayushman Bharat scheme that mainly caters to the bottom 40 per cent population of the country.

Meanwhile, the report said that estimates suggest that per-capita expenditures in health care for the poor (after cost-effective public goods are financed for the entire population) would more than triple if public funds were to be fully targeted only for the poor. While India's public expenditure on health care has stagnated at around 0.9-1.1 per cent of GDP, in China it is 3.2 per cent of GDP. In Chile, it is 4.9 per cent and 9.4 per cent of GDP in Germany. (*see chart*)

The report said that out-of-pocket (OOPs) expenses, that are health care expenses, aren't covered by any insurance coverage, are expected to remain high for the next decade as well unless substantial improvements are made to risk pooling models in the country.

Studies show that around 62 per cent of an individual's total expenditure on health care in India is on OOPs, which the report advocates changing to a more risk-pooling model.

Complementing the PM-JAY as a good start, the report said the scheme targeted well (population and health interventions) and scaled up properly (with good contract management systems and capabilities). It has the potential for harnessing the rapidly developing power of private insurance in the right direction.

SPENDING ON HEALTH

Persistently low level of fiscal allocation to health care

Expenditure as % of GDP

Germany	9.4
Japan	9.1
France	8.7
UK	7.9
Chile	4.9
Turkey	3.2
China	3.2
Mexico	3.1
India	1.0

Source: NITI Aayog report

"This is a legacy, which today is still at the initial implementation stages. However, it can serve as a foundation for accelerating subsidised risk pooling growth, rebalancing demand and supply-side financing in the public sector. It can steer private insurance development in the right direction (away from its current market failure direction)," the report said. The report came down heavily on Employees State Insurance Corporation (ESIC) hospitals in the country on the ground that given the lack of expansion of supply (own or contracted), health service utilisation for ESIS beneficiaries is extremely low. It is among the lowest in India as well as among social insurers in the world.

"This low performance not only deprives its members from access to services but, is likely contributing to labour market distortions in the country as well," the NITI Aayog report said.

The report also calls for greater synthesis among the Centre's PM-JAY, Rashtriya Swasthya Bima Yojana (RSBY), state health insurance scheme and also ESIC to ensure that greater benefits accrue to the poor and the needy.

It has suggested a six-point guideline for transforming the health sector in the country. This includes changing the health system financing structure away from the predominant undesirable OOP spending into larger risk pools, with strong strategic purchasing capabilities.

IN BRIEF

President Ram Nath Kovind administers the oath of office to Justice Sharad Arvind Bobde after he was appointed the 47th Chief Justice of India, at Rashtrapati Bhavan on Monday

PHOTO: PTI

Edelweiss to transfer wholesale loans worth ₹2,000 crore to AIF

Edelweiss Financial Services will transfer wholesale loans worth ₹2,000 crore to Alternative Investment Fund (AIF) for real estate completion financing, as it shrinks corporate credit portfolio by 50–60 per cent over the next two years. Its corporate loan book stood at over ₹16,100 crore at the end of September. Of this, the wholesale book comprised of ₹11,000 crore and balance was structured finance portfolio. Rashesh Shah, chairman and chief executive, EFSL said the deal with Korean Investor for AIF was timely, as a lot of real estate projects were economically viable but had been suffering from last-mile financing. This gives liquidity window as some of the current loans would get transferred to this AIF. ABHIJIT LELE

Chidambaram moves SC against HC order dismissing bail plea

Senior Congress leader P Chidambaram moved the Supreme Court on Monday challenging the Delhi High Court verdict, which dismissed his bail plea in the INX Media money laundering case filed by the Enforcement Directorate. The matter was mentioned before a bench headed by Chief Justice of India S A Bobde where senior advocate Kapil Sibal, appearing for Chidambaram, sought urgent listing of the plea. Sibal told the Bench that Chidambaram has been in jail for around 90 days. PTI

India ranks 59 on IMD World Talent Ranking

India has slipped 6 places to 59 rank on a global annual list of 63 countries, due to low quality of life and expenditure on education, according to the latest edition of IMD World Talent Ranking, which was topped by Switzerland. The ranking, based on the performance in three main categories — investment and development, appeal, and readiness — noted that India is lagging fellow BRICs countries — China ranked 42nd on the list, Russia (47th) and South Africa (50th). PTI

Govt notifies steel scrap recycling policy: Pradhan

The government has notified a steel scrap recycling policy (SSRP) to provide for a framework to facilitate and promote establishment of metal scrapping centres in India for scientific processing and recycling. Union Steel and Petroleum Minister Dharmendra Pradhan said in Lok Sabha the framework provides standard guidelines for collection, dismantling and shredding activities in an organised, safe and environmentally sound manner. PTI

NBFCs with ₹500 crore assets can go for insolvency resolution

The Reserve Bank of India (RBI) can seek resolution of non-banking financial companies (NBFCs) having assets worth of at least ₹500 crore under the insolvency law, a move that is likely to help in addressing woes in the NBFC sector. After discussions with the RBI, the corporate affairs ministry on Monday issued a notification specifying the categories of financial service providers that can be taken up for resolution under the "generic framework" of the Insolvency and Bankruptcy Code. PTI

Panel for further decriminalising in Cos Act

RUCHIKA CHITRAVANSHI
New Delhi 18 November

The government's committee to review the law on companies has recommended further decriminalising of many provisions and reducing of penalties, for both declogging the criminal justice system and doing more to provide "ease of living for law abiding corporates".

The panel's final report was given on Monday to Union finance minister Nirmala Sitharaman and is open for comments from stakeholders till November 25. The 11-member group was chaired by Injeti Srinivas, secretary of the corporate affairs ministry.

Other members included Uday Kotak, managing director, Kotak Mahindra Bank; Shardul S Shroff, executive chairman, Shardul Amarchand Mangaldas; Ajay Bahl, founder, AZB Partners; Sidharth Birla, chairman, Xpro India; Rajib Sekhar Sahoo, principal partner, SRB & Associates; and Amarjit Chopra, senior partner, GSA Associates.

The panel suggests the government be authorised to raise the thresholds which trigger applicability of Corporate Social Responsibility provisions.

It has recommended re-categorising 23 compoundable offences, to be dealt with in the in-house adjudication framework and subject to lower penalties. Also, limiting 11 offences to only fines and removing the imprisonment requirement.

Government is planning to introduce the Companies Amendment Bill with special focus on decriminalisation in the winter session of the Parliament.

"Procedural, technical and minor noncompliances, especially the ones not involving subjective determinations, may be dealt with through civil jurisdiction instead of criminal," the committee report said. In recent amendments to the Companies Act, as many as 16 sections saw decriminalisation of breaches. Most of these cover lapses such as prohibition on issues of shares at a discount or failure to file a copy of a financial statement with the registrar.

"With decriminalisation, the government is moving in the right direction. Lots of suggestions given by the panel will reduce the compliance burden on companies," said Ankit Singhi, partner, Corporate Professionals.

For non-compoundable offences in the law, the panel has suggested status quo. And, to extend the benefit of the provisions on lower penalties for small and one-person companies to producer companies and start-ups, to encourage budding entrepreneurs and farmers.

To improve 'ease of doing business', it has suggested reducing of timelines, so as to hasten rights issues for fund raising by companies and nonlevy of penalties for delay in filing the annual returns and financial statements in certain cases. Currently, under Section 62 of the Act, companies are required to give a notice of at least 15 days for offering shares.

The panel has also batted for adequate remuneration to non-executive directors in case of inadequacy of profit, by aligning these with the provisions for remuneration to executive directors, in such cases.

It suggests wider consultation to review the provisions in respect of debarment of audit firms and disqualification of directors. The group has also called for consultation with the Securities and Exchange Board of India (Sebi) for exempting certain private placement requirements in Qualified Institutional Placements.

The panel has also proposed extending the exemptions from filing of specified resolutions to certain classes of non-banking financial companies, in consultation with the RBI.

EASING COMPLIANCE BURDEN

Key recommendation for offences

- **6** to have rationalisation of penalties
- **7** to be omitted from Companies Law
- **5** to be dealt with in an alternative framework
- **11** to be limited to fine only
- **23** provisions to be shifted to in-house adjudication

HC notice to Centre over input tax credit denial to restaurants

DILASHA SETH
New Delhi, 18 November

The Gujarat High Court has issued a notice to the Centre seeking to know why the option of input tax credit under goods and services tax (GST) regime is not available for restaurants, unlike others.

This was in response to a writ petition filed by Hardcastle Restaurants, which is the master franchisee for McDonald's, against the Centre, asking for the option to avail of input tax credit by paying a higher rate of tax.

GST rate on restaurants was cut from 18 per cent to 5 per cent in November 2017, but without any input tax credit. When they were charged GST at 18 per cent, they could avail of the input tax credit.

The National Restaurant Association of India, which represents more than 500,000 restaurants, had this year written to the revenue secretary, arguing that the denial of input tax credit had adversely impacted the sector, leading to closure of 20,000 outlets last year.

The restaurants' body suggested for availability of option to either claim the input tax credit with a GST rate of 12 per cent or pay 5 per cent GST without that.

The writ was admitted by the Gujarat High Court on November 14. A notice was issued to the Centre, which has time till December 11 to respond.

Abhishek Jain, tax partner at EY, said while a lower rate had optically fared well with customers, a denial of input tax credit to restaurant businesses had increased their tax costs. "These businesses have for long been discussing with the government on an optional higher rate with input tax credit and would now also look forward to the final high court ruling on this," said Jain.

63% pregnant women in rural areas work till delivery

SANJEEB MUKHERJEE
New Delhi, 18 November

Almost 63 per cent of pregnant women in rural India work right until the day of delivery. And, 49 per cent say they felt exhausted during pregnancy, due to lack of food and rest, a recent survey has found.

A third of the respondents had to borrow or sell assets to meet after-pregnancy costs. Symptoms of weakness included swelling of feet (41 per cent), impairment of daylight vision (17 per cent) or convulsions (9 per cent).

The survey was conducted this June in six states, on 702 women (342 pregnant and 364 nursing, the latter defined as someone who delivered a baby in the six months preceding the survey). It is a non-government effort, conducted by tams of student volunteers, coordinated by academic-activists Jean Dreze and Reetika Khera, among others.

It says 48 per cent of pregnant women and 39 per cent of nursing women in Uttar Pradesh had no idea whether or not they gained weight during pregnancy. And, 22 per cent of the nursing women reported they ate more than usual during pregnancy.

The exercise, titled Jaccha Baccha-Survey (JABS), is critical of the Pradhan Mantri Mantru Vandana Yojana (PMMVY), launched in 2017 as part of obligations under the National Food Security Act, which said all pregnant women are entitled to maternity benefits of ₹6,000, unless they already received similar benefits under other laws, e.g as formal sector employees.

Critics say on violation of the NFSA, the Yojana restricted the benefit to one child per woman – the "first living child" -- and also arbitrarily reduced the benefit from ₹6,000 to ₹5,000 per child.

The survey says a query under the Right to Information Act revealed only half of the eligible women received any PMMVY money in 2018-19. And, since 55 per cent of pregnant women are not even eligible ('first living child' condition), this means effective coverage of PMMVY is 22 per cent.

"PMMVY could have been a promising scheme but has been ruined by stinginess and technocracy. Aside from undermining women's rights, this is a major loss for children," the survey report said.

Critics say in violation of the NFSA, the Pradhan Mantri Mantru Vandana Yojana restricted the benefit to one child per woman and also arbitrarily reduced the benefit from ₹6,000 to ₹5,000 per child

It finds the proportion of nursing women who reported eating nutritious food (e.g eggs, fish, milk) 'regularly' during pregnancy was less than half the sample as a whole, and only 12 per cent in UP.

And, due to poor diet during pregnancy, the average weight gain in the sample was barely seven kg (in UP, four kg), compared with the norm of 13-18 kg for women with a low body-mass index. "A significant minority (21 per cent) of nursing women said no one (not even a grown-up child) was available to help them with household work during pregnancy," the survey says.

Pregnant and nursing women are acutely deprived of quality health care. Many get some basic services (e.g tetanus injections and iron tablets) at the local anganwadi or health centre but very little beyond these.

Against this gloomy picture, the survey also records some positive changes. Such as the use of of public ambulance services that have becomey common. In Odisha, the government has started giving eggs as 'take-home ration' to pregnant and nursing women. Himachal Pradesh stands out for relatively good public services, including maternal care, for pregnant women and nursing mothers; Chhattisgarh and Odisha are improving.

In Jharkhand, Madhya Pradesh and — especially — UP, the situation is described as dismal.

NOT IN THE PINK OF HEALTH

	Nursing women	Pregnant women
Proportion of respondents unable to read (%)	23.0	26.0
Average number of living children	1.9	0.9
Average weight gained during pregnancy (kg)	7.0	NA
Proportion of respondents eating less during pregnancy (%)	47.0	49.0
Proportion of respondents who faced problems during pregnancy (%)	30.0	34.0
Proportion of respondents who felt they did not get enough rest during pregnancy (%)	38.0	30.0

Source: The Jaccha Baccha-Survey (JABS), a survey of pregnant and nursing women in rural India, conducted in June 2019; in total, around 702 women were interviewed for the survey in six states, which included 342 pregnant women and 364 nursing women

Finance panel may get extension for J&K and Ladakh

ARUP ROYCHOUDHURY
New Delhi, 18 November

The 15th Finance Commission is likely to get an extension, as the panel has to examine devolution to Union Territories (UTs) of Jammu and Kashmir and Ladakh in the light of Jammu and Kashmir Reorganisation Act, 2019.

Chairman NK Singh, on the sidelines of an event in New Delhi, said the government was yet to give fresh terms of reference to the panel regarding Jammu and Kashmir and Ladakh, even after the two UTs came into being on October 31. He did not directly say that an extension would be given.

With the deadline of the panel's report submission of November 30 fast approaching, it is becoming increasingly likely that an interim report could be submitted on or before that day, with a final report later.

Business Standard had reported that the term of the commission could be extended by six months, primarily due to uncertainty regarding how to treat any devolution of resources.

The interim report will be submitted to enable Finance Minister Nirmala Sitharaman and her bureaucrats prepare the 2020-21 Budget. This course of action has precedence in at least three commissions.

On the demand from states that GST compensation be extended for the entire tenure of 15th Financial Commision's award period (till 2024-25), Singh said the Centre had already committed 14 per cent compound annual growth rate in compensation for the states' revenue shortfall and would cover the first two years of the commission's award period.

Chairman NK Singh says the government is yet to give fresh terms of reference to the panel regarding Jammu and Kashmir and Ladakh