



States of health

The NITI Aayog Health Index should trigger a wider public debate

Unsurprisingly, States with a record of investment in literacy, nutrition and primary health care have achieved high scores in NITI Aayog's first Health Index. Kerala, Punjab, and Tamil Nadu are the best-performing large States, while Uttar Pradesh, Rajasthan, Bihar, Odisha and Madhya Pradesh bring up the rear. Health-care delivery is the responsibility of States; the Centre provides financial and policy support. Being able to meet the Sustainable Development Goals over the coming decade depends crucially on the States' performance. Yet, health care is not a mainstream political issue in India, and hardly influences electoral results. The Index, with all its limitations given uneven data availability, hopes to make a difference here by encouraging a competitive approach for potentially better outcomes. For instance, it should be possible for Odisha to bring down its neonatal mortality rate, estimated to be the highest at 35 per thousand live births – worse than Uttar Pradesh. A dozen States with shameful under-five mortality rates of over 35 per 1,000 live births may feel the need for remedial programmes. What the Index shows for the better-performing States is that their continuous improvements have, overall, left little room to notch up high incremental scores, but intra-State inequalities need to be addressed.

Coming soon after the announcement of a National Health Protection Scheme in the Union Budget, the Index uses metrics such as institutional deliveries, systematic reporting of tuberculosis, access to drugs for people with HIV/AIDS, immunisation levels and out-of-pocket expenditure. The twin imperatives are to improve access to facilities and treatments on these and other parameters, and raise the quality of data, including from the private sector, to enable rigorous assessments. At the same time, as NITI Aayog points out, data on other key aspects lack the integrity to form part of a good composite index. Both the Centre and the States have the responsibility to scale up their investment on health as a percentage of their budgets, to be more ambitious in interventions. While the NHPS may be able to address some of the financial risk associated with ill-health, it will take systematic improvements to preventive and primary care to achieve higher scores in the Index. As the experience from countries in the West and now even other developing economies shows, socialisation of medicine with a reliance on taxation to fund basic programmes is the bedrock of a good health system. If the NITI Aayog Index leads to a mainstreaming of health on these lines, that would be a positive outcome.

Turf war

Address structural problems that have caused trading in Indian derivatives to move offshore

India's stock exchanges are not too keen on the idea of competing with their global peers. Instead, they are happy to guard the home turf against foreign exchanges that do a better job of finding new clients. On Friday, the National Stock Exchange, the Bombay Stock Exchange and the Metropolitan Stock Exchange of India announced their decision to stop providing data feed and other support to overseas exchanges that list derivatives linked to Indian stocks and indices. Any existing agreement allowing data-sharing with foreign bourses, except that which is related to exchange-traded funds, will expire in six months. Explaining the reason, the statement said offshore derivatives could be causing "migration of liquidity from India, which is not in the best interest of Indian markets". Given that the volume of derivatives linked to Indian stocks trading in the offshore market is higher than volumes in the domestic bourses, Indian exchanges have enough reason to fear their foreign counterparts. Ambitious endeavours such as the International Financial Services Centre in Gujarat, although yet to gain the patronage of foreign investors, may also benefit from the crackdown on offshore derivative markets. Foreign bourses, however, will likely find other ways to list derivatives linked to Indian stocks and indices without any help from Indian exchanges soon. The present move, thus, is unlikely to rein in the vast offshore market for Indian derivatives. It also leaves a lot to be desired.

Index derivatives such as the SGX Nifty that is linked to stocks that form Nifty, have gained the patronage of large foreign investors for many reasons. These instruments are traded for longer hours in offshore exchanges, including hours when Indian exchanges are closed for business, making them more investor-friendly. Places like Singapore and Dubai, where these derivatives are traded, are low-tax jurisdictions that offer investors the chance to lower their transaction costs as well. The fact that offshore derivatives are denominated in dollars adds to their allure. In India, in contrast, the securities transaction tax and the capital gains tax discourage foreign investment in financial assets. The proposal to extend trading hours in order to attract investors too has failed to take off. The statement by Indian bourses withdrawing support for offshore derivatives comes after an earlier decision by Singapore's stock exchange, the Singapore Exchange Limited (SGX), to introduce in February futures on individual stocks that are part of Nifty. Incidentally, the SGX's decision to introduce futures specific to stocks listed in the NSE was spurred by the Securities and Exchange Board of India's decision last year to restrict foreign investment in domestic futures. Offshore markets are thus simply catering to the unmet demands of foreign investors. India's policymakers should thus first of all address the structural problems that have caused trading in Indian derivatives to move offshore. This would be a far better response than any knee-jerk response favouring domestic exchanges.

Let the chips fall where they may

New Delhi has very little moral, legal and political locus standi to justify an intervention in the Maldives



HAPPYMON JACOB

Dealing with the unfolding political drama in the Maldives requires a great deal of craft, patience and diplomacy. Not force. More importantly, restoring democracy and civil liberties in Male, or anywhere else in the region, should not be our business. It's for the islanders there to do that as they deem fit. And yet, New Delhi must look after its strategic interests in the increasingly chaotic Indian Ocean Region. The success of Indian diplomacy would lie in striking the 'Goldilocks' balance in dealing with Male; neither too hot nor too cold.

India's Male dilemma

Ever since Abdulla Yameen Abdul Gayoom became the President of the island nation in 2013, the country has grown closer to China, and has consistently used the oldest trick in the playbook of small states: playing big neighbours against each other, to get what it wants. In 2012, for instance, it cancelled an Indian firm's contract to expand Male airport and awarded it to a Chinese one, in 2014, fraying nerves in New Delhi. There are also fears – so far only fears – that Male might eventually allow Chinese military presence on its soil, thereby providing China with a strategic military base in the Indian Ocean.

The current events, therefore, have New Delhi worried, and rightly so.

However, the fact that New Delhi is in touch with the U.S. and China and also pushing for the United Nations to send a fact-finding mission to the Maldives shows that there is a sober recognition that

force is not the way to resolve the Maldivian crisis. This is despite enthusiastic calls by several members of the Indian strategic community to adopt harder measures to resolve the crisis.

New Delhi's limited options

First, let's examine India's real stakes in the Maldives before exploring the various options available and their associated challenges. New Delhi's fundamental concern is not the suspension of civil liberties or setback to democracy in the Maldives. It's China: how China would increase its stocks in Male at the expense of India lies at the heart of Indian anxieties about the political impasse in the Maldives. In New Delhi's mind, then, the game is increasingly zero sum, and winning it would require reinstating India's lost glory in the Maldives, something the embattled former President, Mohamed Nasheed, is promising to do.

Let's put India's apprehensions in context. India has of late been anxious about its steadily losing stature in the neighbourhood: its inability to act in the Maldives will only further accentuate this reality. India's carefully constructed identity of being the "successor-state-of-the-British-Raj" strongly informed the early decades of its regional policy. Assertions of India's Raj tradition in the neighbourhood have been resisted by the smaller countries of the region, often without much success. However, the rise of China has fundamentally changed the equation by giving them an opportunity to demand more respect and negotiate better terms of engagement. South Asia traditionally had one hegemon, India; today it has two, India and China. Small states of the region are indeed the winners in this new balance of power game. The emerging discontents of India's regional policy need to



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be viewed in this historical context.

These new geopolitical realities also necessitate that New Delhi alters its approach to dealing with the region and appreciates the aspirations of the region's small states, keeping in mind their increased choices. In other words, the sooner India is able to rejig its regional policy to suit the post-hegemonic milieu in South Asia the better it will be able to grapple with the emerging realities therein. In that spirit, then, India should desist from undertaking "civilising missions" to educate its neighbours on civil liberties and democracy. Let the democratic chips in Maldives fall where they may.

Intervention is costly

There are several reasons why direct/overt military or political intervention in the Maldives to correct the democratic process there is a bad idea and could damage India's interests in the long term. Those who argue that Washington and the western powers expect India to resolve the crisis in the Maldives seem to forget that there is increasing recognition today that humanitarian intervention often leads to more chaos than order. And the crisis in the Maldives is not even humanitarian in nature.

From a purely instrumental point of view, the costs of an Indian intervention gone wrong

(which it is likely to) would far outweigh any potential benefits from a successful intervention, even if we hypothetically accept that an intervention might be successful. Given the fact that Mr. Gayoom does enjoy some domestic political support, Indian intervention would certainly make one faction in the country unhappy which would accuse India of undermining its sovereignty. Moreover, if Mr. Gayoom prolongs the emergency and does not restore normalcy in the country, he is likely to lose support domestically. On the other hand, if New Delhi intervenes, he will use it to drum up popular support.

If so, anything short of a full-fledged intervention that forcibly removes him from power may indeed be counter-productive. But if New Delhi uses force to dethrone him, the question is what next? Is India willing to brave its aftermath, the nature of which is presently unpredictable? Recall how the American calculation about Iraqis stepping up to support democracy once it intervened to dethrone Saddam Hussein went horribly wrong.

Second, an Indian intervention, especially by an overtly Hindu-right wing government, will push the Maldives towards more Islamist politics, something the Gayoom regime will use to its advantage.

If it's the growing relationship between Male and Beijing that New Delhi is concerned about, there is no guarantee that a military or some other overt form of intervention in the Maldives would ensure a rift between China and the Maldives. In fact, it may even have the reverse effect.

Indian intervention could also complicate life for over 25,000 Indian expatriates who live and work in the Maldives. Then there is the legal challenge: an intervention could constitute a clear viola-

tion of the UN Charter and international law. Finally, sermons about civil liberties and democracy are a double-edged sword that could easily come back to haunt us.

In short, New Delhi has very little moral, legal and political locus standi to justify an intervention in the Maldives. It's at best an interested party whose best bet is diplomacy and persuasion.

India's track record

Intervening in what is strictly a domestic political issue of the Maldives would also be in breach of India's traditional approach to dealing with crises in its neighbourhood. The 1971 intervention in the then East Pakistan was primarily the result of a 10-million-heavy refugee burden on India. Both Operation Cactus of 1988 and the Indian Peace Keeping Force in the late 1980s were undertaken when India was explicitly invited to do so. In the early 2000s, when the Sri Lankan government requested India to intervene to help defeat the Liberation Tigers of Tamil Eelam, New Delhi declined the offer. This is not to say that New Delhi has not covertly intervened in the domestic affairs of its neighbours or applied pressure on the smaller ones. The recent Indian involvement in Sri Lanka is an example of the former and India's 2015 blockade against Nepal, the latter. In any case, New Delhi's interventions on invitation as well as its covert interventions have only produced mixed results. Carrying out a military operation in Maldives today, in full public view, would not sit well with this tradition, nor will it achieve India's strategic objectives.

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SUBRATA MUKHERJEE & SUBHANIL CHOWDHURY

The National Health Protection Scheme announced in this year's Budget has generated a lot of debate. The government has committed itself to "providing coverage up to ₹5 lakh per family per year for secondary and tertiary care hospitalisation" for 10 crore poor families, with approximately 50 crore people as beneficiaries. As only ₹2,000 crore in 2018-19 has been allotted to finance this scheme, various government functionaries have come up with estimates between ₹10,000 to ₹12,000 crore as its actual cost. We wish to take the debate beyond the money required and look at other crucial issues.

The target group

First, the government's target group seems to be the bottom 40% (50 crore) of the population. A good starting point would be to look at the insurance coverage that this section already has.

An analysis of the National Sample Survey (NSS) 71st round (2014) unit record data for "Social Consumption in India: Health" shows that only 11.3% of the bottom 40% (10.5% covered by government insurance) population has any insurance coverage as against 17.9% for the top 60% (14.3% covered by go-

Health expenditure support	Bottom 40% population			Whole population		
	PC%	Cases/ 1,000	RI%	PC%	Cases/ 1000	RI%
Govt.-funded insurance (RSBY, etc)	10.5	46	4.5	12.8	62	11.9
Employer-supported insurance	0.6	44	4.4	1.2	62	46.6
Household-arranged insurance	0.1	43	63.4	1.2	56	55.5
Others	0.1	93	19.3	0.1	147	42.9
Not covered	88.7	37	NA	84.7	46	NA

PC% - Population coverage in % | RI% - Reimbursement as % of medical cost
Cases/1000 - Hospitalisation cases per 1,000 people

SOURCE: NSS 2014

vernment insurance). In other words, just to bring the entire 40% of the population under health insurance is a huge task, with fiscal implications. As latest official data for 15 States show, starting from 2008, only 66% of the target below poverty line population has come under coverage of the Rashtriya Swasthya Bima Yojana (RSBY), the government-run health insurance programme for the poor. In 2017-18, the government allocated only ₹1,000 crore for RSBY, covering roughly 10% of the bottom 40% of the population.

We estimate, on the basis of National Sample Survey data, that the total cost of medical expenditure (including reimbursements) for hospitalisations incurred by the bottom 40% was ₹14,286.82 crore in 2014, with the average cost of hospitalisation being only ₹8,081 in the same year. With ₹5 lakh coverage (if we assume that most of the hospitalisation cost will be reimbursed) then the pre-

mium which needs to be paid would be much higher than the government's estimate.

Rate and reimbursement

The problem, however, is in terms of the rate of hospitalisation and reimbursement of expenses that insurance companies pay, as seen in the table.

Three observations are crucial in reading the table. First, the rate of hospitalisation for those covered under some kind of health expenditure support is higher than those without any cover, for the bottom 40% as well as the entire population. If the new health scheme announced in the Budget brings more people under insurance, then the rate of hospitalisation will show significant improvement.

Therefore, over and above the money needed for insurance premium, adequate medical infrastructure needs to be created for the scheme to work; given that

there has not been much allocation for it in the Budget. In the absence of such allocation, private health-care demand will rise, possibly leading to an increase in the cost of private health care. Second, reimbursement as a percentage of medical cost of hospitalisation in government schemes is abysmally low, especially for the bottom 40% of the population. Only 4.5% of total hospitalisation expenses are reimbursed to the bottom 40% and 11.9% for the entire population.

This raises questions about the efficacy of government schemes. Even with the meagre coverage of ₹30,000 (RSBY), the proportion of hospitalisation cost reimbursed is low. There is no guarantee that increasing coverage will improve this.

Third, the proportion of hospitalisation cost reimbursed is much higher for insurance schemes directly bought by households than government ones. In the case of insurance being paid by the government, insurance companies are most often unwilling to pay the reimbursement as compared to when a household pays. This could be a result of low premiums paid by the government or a general apathy towards honouring the insurer's commitment when the payers are not the actual patients but the government.

More for private players

The percentage of hospitalisation cost reimbursed is low for health insurance schemes and most of them only cover hospitalised treatment. Generally, a majority of

health insurance schemes do not cover the cost of a non-hospitalised outpatient visit. For health insurance schemes, what essentially happens is that the government pays the premium to insurers which in turn pay the hospitalisation expenses.

Given the state of government medical care in India, a significant proportion (more than 50%) of the population opt for private facilities. Thus, health insurance creates a larger market for private players. A sudden expansion of the government-funded insurance market may aggravate the problem of hospital-induced demand for medical care such as an unnecessary hospital stay, diagnostic tests and surgeries unless supply-side conditions are improved and the entire health sector brought under regulation. The Budget declaration is quite silent about these complementary steps.

The moot point is actually an old one. If the government is serious about providing health care to even the bottom 40% of the population, it should not only increase its current budgetary allocation substantially but also strengthen the health infrastructure at all levels which includes a strong regulatory mechanism. Neither the Budget nor the National Health Policy 2017 shows any clear and convincing direction of heading in this path.

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LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Acquisition cost

The stance by the Government, which is to not divulge the contract price of the Rafale fighter aircraft deal with France, is condemnable ("Bickering continues over Rafale costs", February 11). The government is answerable to the common man as it is public money that is in question. Fending off queries under the cover of it being "classified information" is strange. There's no smoke without fire and the repeated denials give rise to suspicion that there is something murky. It is known that certain industrial houses are

interested in forming partnerships to bid for defence contracts. Is the government's stance linked to this?

V. GANAPATHY SUBRAMANIAN, Nagercoil, Tamil Nadu

State of governance

It is shocking that governance in India is descending into theatrics and rhetoric which our political grandmasters use to play to the galleries. The promises of our leaders remain confined to time frames. By diverting the attention of the nation towards who should have been the Prime Minister of India 70 years ago, it is appalling that the leader of

the ruling dispensation is more concerned about setting the tone for his national discourse rather than giving us answers to substantial issues. Citizens are reeling under the impact of flawed policies, and the only thing one gets to hear is politics laced with tea and *pakoda* rhetoric. In the midst of this is the ocus on 'evil laughter' heard in Parliament. When will our elected representatives get down to doing the work they have been elected for?

PACHU MENON, Comba, Margao, Goa

Budget allocations

It seems quite unreasonable on the part of those in the

Telugu Desam Party to be asking for funds under the Andhra Pradesh Reorganisation Act ("Shah-Naidu talks calm tempers", February 11). How is it possible to allocate a large portion of the Central Budget when the needs of all the other States have also to be met? No doubt, some promises may have been made in the past when Andhra Pradesh was bifurcated, but resources are limited. Andhra Pradesh Chief Minister N. Chandrababu Naidu may have a vision that requires huge sums of money but he should look at other ways and means to raising funds instead of demanding that

the Centre be the source. Better sense must prevail.

V.S. GANESHAN, Bengaluru

Need for checks

The article, Testing the diagnosis" (February 10), is right in focussing on modern medicine's advantage of scrutiny of diagnosis; other branches lack this benefit. While diagnosis and treatment is possible in modern medicine, one cannot ignore a new danger – of misleading advertisements with promises of a cure. There must be a mechanism to monitor dubious claims. Steroids/painkillers are often used to

alleviate symptoms and mislead patients.

U.K. ATIYODI, Kandangall, Payyanur, Kerala

Top bowlers

It was a bit shocking to notice the omission of Indian bowling greats Bishen Singh Bedi and Anil Kumble ("Weekend Sport" – "The greatest of all time – bowlers' edition", February 10). There may be an explanation, but omitting them is nothing but sacrilege. Moreover, Kumble has the highest tally of test wickets in India.

B. SHIVASHANKAR, Bengaluru

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