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A lighter commute

Putting light rail into the urban mass transit mix is a welcome development

Delhi's much lauded metro rail system sparked a frenzied rush in other cities to build similar metros. Hopefully, with the national capital getting ready to build a light-rail based transit system — one such corridor was approved by the board of Delhi Metro Rail Corporation and the Union Ministry of Housing and Urban Affairs recently — other cities will now start paying more attention to the hitherto ignored light rail transit options. A few months earlier, the Maharashtra government became the first to approve a light-rail based transit system for Nashik. The light rail trains in both Delhi and Nashik are expected to run on rubber tyres at street level. In Delhi, the proposed Metrolite project, also being referred to as Metro Neo, is to serve as a feeder service to the conventional metro network while in Nashik, it will be the primary metro project. Chennai and Noida are also considering the feasibility of running light-rail mass transit system to supplement the connectivity provided by the heavy metro trains. These are welcome developments to provide rapid and the affordable transit options to masses. It is noteworthy that the Union Ministry of Housing and Urban Affairs nudged States to consider this option instead of the heavy rail-based metro. The Ministry has done well to issue standardised specification of the light urban rail transit system in July 2019, much before any project was finalised. It is also said to be set to issue standards for Metro Neo or light-rail metros that run on rubber tyres.

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A light rail-based transit system, rather than a conventional metro system, makes immense sense in Indian cities, particularly the non-metro ones. One, it is much cheaper to build than the metro rail network — some estimate that against ₹200-500 crore per kilometre for the metro system, the Metrolite system would cost about ₹60-100 crore, depending on the infrastructure required to be created. Two, light rail projects are financially more viable in smaller cities. Three, light rail networks allow greater flexibility in route planning, as they take up less space and the trains can navigate sharper curves, unlike the traditional heavy rail metro networks, thus limiting the area of land required to be acquired. Four, light rail systems do not require the kind of station infrastructure that a metro rail system needs — the station can be a small platform (much like a bus stop), the automatic fare collecting machine can be replaced with tap on-tap off ticket validators at the stops and on the trains, and the need for X-ray bag scanners and door frame metal detectors can be done away with.

All our cities need mass rapid transit systems to provide affordable commuting and to curb the growth of vehicular traffic on roads and thus keep emissions under check. However, only some cities need metros. A combination of multi-modal solutions that are integrated for ease of transfer from one mode to the other with a common travel card or tickets is the need of the hour.

FROM THE VIEWSROOM

Cataract surgeries, a money spinner

Cataract should be under Ayushman Bharat; lens under price control

The cost of cataract surgery, a leading cause of blindness for Indians above the age of 50, deters one in five cataract patients from going in for the procedure. Rampant overcharging in the case of cataract procedures is a huge issue, rendered worse by the fact that cataract is no longer covered by the Centre's flagship insurance scheme — Ayushman Bharat Yojana.

Recently, the Maharashtra Food and Drugs Administration alerted the Central Drugs Standard Control Organisation on rampant overcharging in the case of cataract procedures. According to reliable estimates — such as those put out by a reputed charitable eye hospital chain in Tamil Nadu — the lens is available for less than ₹1,000; even if a really expensive lens is used, the cost of the procedure should not exceed ₹10,000, and can go down to below ₹3,000. But even neighbourhood eye clinics charge upwards of ₹25,000. Even as IOLs have been bracketed with stents for being scandalously expensive, the PM Jan Arogya Yojana (or 'Ayushman') has dropped cataract from its list of ailments for which it would refinance hospitals (in this case, ₹6,500-10,500). Private eye clinics, which were opposed to the Ayushman Bharat price ceiling, can now operate without restraint. The Centre should restore cataract into the PMJAY fold, resisting lobby groups. While IOL pricing can be brought under watch of the National Pharmaceuticals Pricing Authority, that will not prevent the rampant overcharging through hospitalisation costs. This really matters, as 60 per cent of the surgeries are carried out by private clinics.

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The success rate of 58 per cent reported in the four-year survey period is also disturbingly low. The reasons for this are not clear. What is obvious is that if 60 lakh cataract surgeries a year are not enough to bring down cataract-induced blindness, the approach needs to change. The State must directly provide low-cost and quality healthcare.

A Srinivas Senior Deputy Editor

RCEP: India must protect its ICT industry

China's re-routing of exports through Vietnam masks India's import dependence. The talks must grapple with lax rules of origin

SMITHA FRANCIS
MURALI KALLUMMAL

Given that ASEAN, South Korea and Japan are already India's FTA partners, the ongoing Regional Comprehensive Economic Cooperation (RCEP) negotiations will primarily add China as well as Australia and New Zealand as new free trade partners for India. Australia and New Zealand's membership in RCEP has raised the fear of severe adverse impacts on India's agricultural and dairy sectors. On the other side, the prospect of duty-free imports from China has raised concerns about the ability of our indigenous manufacturing firms, including in the information technology and communication (ICT) hardware sector, to withstand further competition from the state-supported firms in China and allied countries.

These concerns are related to the fact that even when India does not have an FTA with China, currently, between 15-17 per cent of India's overall imports already originate from China as against just 2.8 per cent in 2000 (the year before China joined the WTO). While India's growing import dependence on China is significant in several industries — like pharmaceutical ingredients — it has been severe in the case of the electronics industry, which includes ICT hardware products. From the time of its official entry into the WTO in 2001, China became eligible for duty-free access for several electronics exports into every WTO member's market, including India, because of the Information Technology Agreement (ITA-1). This is despite the fact that China did not sign the ITA-1 until 2004. Chinese electronics firms, which matured and attained economies of scale in its large domestic market under strategic trade and FDI policies supporting indigenous manufacturers, have subsequently been able to gain massive market shares in India.

Re-routing of imports

If we go by the OECD definition of ICT products, China single-handedly accounted for 63-64 per cent of India's total ICT imports during 2016-17. Altogether, the 16-member RCEP group accounted for as high as 85-86 per centof India's total ICT imports during 2016-17. But this share came down to 74 per cent in 2018, which was due to a massive 15 per cent drop in China's share. While China still accounted for nearly half of India's ICT imports in 2018, this drop seems explainable by a re-routing of Chinese imports through neighbouring countries driven by the heightened US focus on China's ICT technology strength from around 2017. It seems that Chinese exports have been making their way in particularly through Vietnam, followed by Singapore, both of which showed an increase in their shares in Indian ICT imports in 2018.

The shift to Vietnam is especially visible in the consumer electronics and telecommunication equipment segments. China used to account for about 50 per cent of Indian consumer electronics imports during 2015-16, followed by Malaysia and Thailand. However, in 2018, while China's share dropped to 43 per cent, Malaysia's more than halved to 6 per cent and Thailand's share declined to 8 per cent, Vietnam's share nearly tripled from 6 per cent in 2016 to about 18 per cent in 2018. In India's imports of telecommunication equipment, while China's share dropped from around 71 per cent during 2016-17 to 53 per cent in 2018, Vietnam's share jumped four times from about 3 per cent to about 12 per cent between 2017 and 2018.

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The re-routing of Chinese exports through Vietnam has clearly been to help circumvent the sharp US focus on Chinese ICT exports. But for India, the sudden drop in China's share which seems mirrored in Vietnam's rise in shares amidst a significant rise in ICT import value in 2018 raises many questions than answers. Given that Vietnam is a beneficiary under the India-ASEAN FTA, this brings back the focus on compliance with the rules of origin criteria.

If India is going ahead with RCEP negotiations, we must insist on rules of origin mandating significant domestic value addition in the country of the final exporter as well as strengthen bilateral mechanisms for ensuring compliance. Additionally, we need to negotiate availability of firm-level investment data with the RCEP group to understand the nature of Chinese investments in different countries.

Strikingly, the largest re-routing of Chinese ICT exports appears to be through Hong Kong, whose share in India's total ICT imports jumped from less than 3 per cent during 2016-17 to about 14 per cent in 2018. Specifically, between 2017 and 2018, Hong Kong's share increased from 1.5 per cent to 21.5 per cent in electronic components; from less than 4 per cent to nearly 15 per cent in telecommunication equipment; from 0.7 per cent to 7.5 per cent in consumer electronics, and from 1 per cent to 8 per cent in computers and peripheral equipment.

Given that Hong Kong is not part of the RCEP, India also needs an urgent re-look at the non-preferential rules of origin applied on MFN trade, beyond what has been achieved at the WTO.

Safeguarding local industries

It is critical for the government to approach these trade negotiations with foresight, realising the need for coherence with its 'Make in India' and 'Digital India' missions. The electronics industry supplies the devices and equipment required to advance digitalisation. In particular, telecom equipment provides the network connectivity and access layer of the digital infrastructure base. We are moving beyond the simple Internet era into the era of the Internet of Things, with automated controls among connected devices and equipment driven by data intelligence. There is increased merging of the digital and the physical spheres across sectors — including in those critically integral to national security like defence, energy, agriculture, transport, etc.

Apart from the fact that our country can ill afford another wave of import surge in electronics arising from digitalisation, we cannot depend on imported telecom equipment and control devices as the backbone of our critical digital infrastructure. Thus strengthening indigenous capabilities in these high-technology industries is a must for national security.

India must ensure that RCEP's architecture will not undermine those capital-intensive efforts going on among indigenous manufacturers which will help realise the government's target of achieving net zero electronics imports by 2022.

Francis is Consultant at the Institute for Studies in Industrial Development. Kallummal is Professor, Centre for WTO Studies, IIFT New Delhi. Views are personal

Tech advancement The government must ensure its RCEP policy is line with India's own digital missions ISTOCKPHOTO

Defence funding isn't a finance panel's mandate

Asking the 15th Finance Commission to recommend on a security fund may simply be a way to reduce States' share from the pool

GAUTAM SEN

The 15th Finance Commission (FC) has been tasked to examine whether a separate mechanism for funding defence and internal security ought to be set up and, if so, how such a mechanism could be operationalised. This is a unique assignment and in a way tantamount to obtaining a recommendation on the trifurcation of the divisible pool of Central revenues among three sections — the Centre, the States, and defence and internal security. Without spelling it out in so many words, this additional mandate to the FC has been aimed at obtaining a recommendation on the desirability of an earmarked allocation towards overall security of the country.

This new task may involve specifying a threshold or norm for allocation on defence and internal security, which the Central government of the day could use to give precedence over competing demands from civil ministries during Budget allocation. If the FC obliges the Central government, a tendency may also arise to depress the relative allocation to the States from the divisible pool if the Central civil sector programmes are to be allotted their legitimate dues after a normative or minimum threshold allocation for security.

Another possibility is that, using a normative guideline based on the recommendation of the FC, the Central government may get an opportunity to press for retention of a relatively higher ceiling amount for its overall requirement, with a consequent reduction for States. In this backdrop, there is likelihood of the FC recommending a less-than-optimum allocation for States.

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States' objection

While the States as a whole will strongly resist any reduction in their total share from the 42 per cent recommended by the 14th Finance Commission, it is also possible the Centre may use an FC-recommended norm of allocation with built-in earmarking for defence and internal security to deny States' need-based augmentation of their overall share to discharge their legitimate Constitution-based functions.

An argument may be advanced in support of the above-referred additional terms of reference drawing reference to the mandate which the FC has for recommending on disaster management and local bodies — that is, programme-specific recommendations for resource support from the shareable Central pool.

However, obtaining recommendations from the FC on funding defence/internal security and its mechanism cannot be deemed an exercise similar to soliciting recommendation from it on disaster management and the States' local bodies. Local bodies are in the territorial and functional domain of the States. But, as there has been less-than-adequate response and commitment from many States in funding support to this third tier of governance, Finance Commission-based recommendations and the concomitant devolution of shareable funds have facilitated their functionality to an extent.

Constitutional functions

In contrast, the Centre is the best judge of the needs of the defence apparatus, and it is also the Constitution's Union List function assigned to it.

There is, therefore, no apparent need for an FC to recommend on funding of defence expenditure — either as a competing demand from within the overall Central shareable pool of resources or as an *inter se* priority from within the Centre's share from this pool. Under the present Central political dispensation, many institutions are assuming a different role than that originally envisaged. Involving a Central Finance Commission as a surrogate in Budget allocation or inter-ministerial/inter-departmental allocation of funds will be a virtual subversion of its Constitution-mandated functions.

In lieu of the implications of such a move, it may be advisable to allow the FC to concentrate on recommending the formulae and factors to determine the devolution of shareable funds from the Central pool and devise a transparent framework. In the process, the state of the country's economy and the critical needs of governments at different tiers of governance will be taken into consideration. External and internal security are not expected to be lost sight of in such an appraisal scenario. At least, the Central finance commissions have not been oblivious to these needs. There is no reason why the 15th Finance Commission would not live up to this assessment imperative.

The writer is a former Indian Defence Accounts Service officer and has served North-East State governments as 14th and 15th Finance Commission adviser

Defence needs The Centre is apt to judge

LETTERS TO THE EDITOR

Send your letters by email to bleditor@thehindu.co.in or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

Tackling poverty

This is with reference to 'India born MIT prof shares economics Nobel' (October 15). Congratulations to Abhijit Banerjee, Esther Duflo and Michael Kremer for winning the Nobel prize for economics.

The real cause of poverty in India is political power. Freebies and subsidies will never allow people to come out of poverty. Governments have believed in feeding the poor instead of empowering them.

The Centre should gradually do away with freebies, subsidies and instead create jobs by improving health, education, infrastructure and farming. It should also ensure that with every step of economic growth and development, jobs are created and people can be lifted from poverty. Let us not forget that India has a large labour force and this has to be taken full advantage of by increasing productivity and development.

Veena Shenoy
Thane

Economic research

Any research which aims at benefiting people at large and improving quality of life deserves accolades. That Nobel prize for economics has been conferred upon Abhijit Banerjee, Esther Duflo and Kremer for their experimental approach to alleviate global poverty points to an unequivocal message from the Royal Swedish Academy of Sciences that research with a focus on pressing concerns of the people would never go unrewarded. Banerjee and Duflo co-founded the Abdul Latif Jameel Poverty Action Lab and popularised randomised controlled trials (RCTs) to examine the impact of policy interventions on individual behaviour through controlled trials. Through RCTs, they examined government interventions in tackling poverty to see what works and what doesn't in developing countries. In countries like India, a better understanding of the same through tools like RCT to ensure concrete and desirable outcomes cannot be simply overlooked.

M Jeyaram
Sholavandan

Pension for women

This refers to 'Women's welfare: We have a long way to go' (October 15). I would suggest that working women should empower themselves with the three recently introduced pension schemes. We have to see that the three schemes also cater to women as they too work as farmers, on construction sites and manage businesses.

Further, applying the 'nudge theory' by providing ₹3,000 per month for different segments of the unorganised sector — through the PM Shram Yogi Mandhan Pension Yojana for poor women labourers, the PM Karam Yogi Mandhan scheme for women retailers and shopkeepers, and the PM Kisan Pension Yojana for small and marginal women farmers — will go a long way.

NK Bakshi
Vadodara

Credit supply

Apropos 'PSBs disburse ₹81,781 cr in nine days: FM' (October 15). The rapid execution of economic reforms to ease the flow of institutional credit to MSMEs and NBFCs is one of the catalysts to accelerate productive activities, besides growth in employment. The credit being delivered must match with the production of goods and services. The supply of credit that doesn't match the credit absorption capacity of the users is harmful to the lenders and to the economy as a whole. An excessive supply of credit negatively impacts the quality and gives birth to non-performing assets. The thrust by the government on lenders to speed up disbursements of credit facilities is a business opportunity to lenders, and so the latter must be prudent and diligent in the process of credit creation and delivery to ensure quality rather than achieving the set quantity. Resolution and or recovery of the dues are equally crucial to enhance the margins as well as to augment lending capacity. While the government is monitoring the public sector banks to ensure the achievement of the set targets on lending, it must also ensure that the money advanced is not without compromising lending norms.

VSK Pillai
Kottayam

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