THE HINDU BusinessLine
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## Can't resign and walk away

*Company directors, as in RCom, must ensure smooth resolution of the IBC process*

The stand taken by the Committee of Creditors of Reliance Communications in rejecting the resignation of Anil Ambani and four other directors of the company is right, as it ensures that the people who were at the helm while the company was run to the ground are around to ensure the completion of the resolution process; until the dues of the creditors are, at least partly, paid. The beleaguered company had to shut down its mobile operations after being unable to pay dues exceeding ₹33,000 crore. Asking Ambani and other directors to continue with their duties and responsibilities and provide full cooperation in the insolvency resolution is only justified as they would be the most well-equipped to provide information regarding the assets and liabilities of the company.

The rules on handling the resignation of the managing director and members on the board of the corporate borrower are not explicitly spelt out in the Insolvency and Bankruptcy Code. The adjudicating authority accepts the suspension of powers of the board of directors and their transfer to the resolution professional, once the insolvency resolution process begins; however, the board members and the managing director are expected to continue discharging their duties pertaining to the running of the business. The main difference is that while the chief executive functioned under the supervision of the board of directors earlier, he would function under the supervision of the resolution professional once insolvency proceedings commence. This is justifiable, as the administrator is not expected to possess the skills required to run the company and ensure that the creditors get back as much of their dues as possible. The Code can also hold the directors accountable for their actions taken in the 'twilight period', which can be up to two years preceding the commencement of the insolvency proceedings. If the directors are found negligent in containing the potential loss to the creditors, then they are liable to make such contributions to the assets of the corporate debtor as asked by the adjudicating authority. Enforcement of such actions becomes easier if they remain in the organisation.

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While the action of the creditors of Reliance Communications sends a signal that those responsible for the state of affairs at the company cannot just walk away, absolving themselves of all responsibilities, it is doubtful if this action will help the resolution process in a material way. The directors of the corporate debtor can choose to remain taciturn and not cooperate with the resolution professional. It is only when the creditors have exhausted all avenues of making the corporate debtor pay his dues, will they drag the company to insolvency proceedings. It is doubtful if the board can be made to help the administrator. With the IBC still a work in progress, it is hoped that the role of key management personnel can be better elucidated in the future.

## OTHER VOICES

**INTERNATIONAL THE NEWS**

### Kashmir's distress

In Washington and around the world there is greater attention being given to the situation in Indian-occupied Kashmir and the situation of its people. In the US House of Representatives, a Congresswoman of Palestinian origin urged Congress to put a stop to any use of force against Kashmiri civilians by Indian state agencies. She also said that the resolution protecting Kashmir as a state with special status could not be removed without consulting the people of the region. KARACHI, NOVEMBER 27

**South China Morning Post**

### US should rethink its China policy so both can benefit

US President Donald Trump is a divisive figure, but his animosity towards China is shared by many Americans. No matter on which side of the political divide they stand, they perceive the Chinese rise as a threat to the United States' economic and military dominance and seek policies that will keep it in check. A "phase one" agreement in the trade war, while much needed, will therefore not lead to an appreciable easing of tensions. HONG KONG, NOVEMBER 27

**THE STRAITS TIMES**

### After polls, Hong Kong must reclaim its purpose

Barely 48 hours after landmark district council elections in which many voters in Hong Kong appeared to extend moral support to pro-democracy protesters, Chinese e-commerce major Alibaba made a scintillating debut on the city's stock exchange, illustrating in a flash the premise and promise of Hong Kong. What it showed was that one of the world's largest initial public offerings this year could stage a near perfect launch from what remains one of the world's most open economies, despite six months of incessant, disruptive and violent protests capped by a polarising election. SINGAPORE, NOVEMBER 27

# Half full or half empty, the glass needs to fill

The economy may not be in recession, but it is certainly gripped by a recessionary mindset

R SRINIVASAN

ON THE OTHER HAND

It is official. Finance Minister Nirmala Sitharaman has said — that too, in Parliament, to which the government is nominally accountable — that there is no recession in the country. "If you are looking at the economy with a discerning view you see that growth may have come down, but it is not recession yet or it won't be recession ever," she declared on Wednesday, while replying to a debate in Rajya Sabha on, well, the slowdown.

That India will never have a recession is a pretty strong statement to make, but it is a reasonably safe bet. Given its 1.3-billion population — and the fact that our population is still growing, barring short-term dips — it is pretty difficult to imagine a scenario where the real economy contracts sharply, over a sustained and long period of time, which is what a real recession looks like.

The challenge really is the slowdown. Given the size of the economy; given the inequalities within the population; given that in absolute terms, the largest number of the world's poorest are Indians; and given the fact that our demographic profile is sharply skewed towards an young, aspirational population it is not surprising that the projected growth rate for FY20 — anywhere from the RBI's 6.1 per cent to SBI research's 5 per cent (take your pick) — is widely seen as a slowdown. In fact, economist Arun Kumar, an expert on the informal economy, has said that the economy is actually shrinking, since the informal sector, which was flattened by demonetisation, is showing no signs of recovery.

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### Temporary uptick

At this rate, not enough people are moving out of poverty, not enough people are getting jobs (leave alone quality, well-paying jobs) and not enough people have the confidence that things will get better in the future to go out and make big ticket purchases like a car or a home. In other words, there is, very clearly, a recessionary mindset at play in the economy.

That is why I think the Diwali uptick in automobile and high-value durables sales, for instance, is a 'dead cat bounce'. It was a one-off spurred by the deep discounts offered by the automobile makers anxious to get rid of mounting stocks of BS-IV-engined stocks ahead of the looming switchover to BS-VI emission norms. The 'right-pricing' that happened because of this tempted consumers — and Indian consumers have a sharp eye for a bargain — into buying more cars. Temporarily.

A similar uptick has not been seen in that other bellwether sector, real estate, despite stock market indices hitting lifetime highs. Usually, a surging stock market tends to funnel money into real estate as well, but that has not happened this time around. For one, the growth in stock prices has largely been in volatile — and high priced — Index stocks. The rest of the market has been pretty bearish. And two, "right pricing" is yet to happen in real estate. True, prices are falling, but they had been pushed up to such unrealistic highs that there is a long way to go before the average middle class buyer starts to think there is a good deal to be had in the market.

**At a standstill** Nothing's moving, neither men nor material, in the informal economy S ARNEJA

### Growth projection

What about the rest of the economy, you ask? Releasing its latest growth forecast for the economy, India Ratings, while cutting its growth projection for the fourth time this fiscal to 5.6 per cent, had this to say: "Private final consumption expenditure (PFCE) growth is now expected to grow 4.9 per cent in FY20 (previous forecast 5.5 per cent), significantly lower from 8.1 per cent in FY19, slowest since FY13 (new series data is available from FY12). Ongoing agrarian distress and dismal income growth so far, coupled with subdued income growth expectation in urban areas have weakened the consumption demand considerably. Even the festive demand has failed to revive it and this is reflected in the current data of non-food credit, auto sales and select fast moving consumer goods. Even investment expenditure growth, as measured by gross fixed capital formation (GFCF), is expected to moderate to 6.0 per cent in FY20 (earlier forecast 7.0 per cent) from 10.0 per cent in FY19, which will be a five-year low."

Even the '5.6 per cent' number comes with a caveat. The government, India Ratings researchers say, will have to do the "heavy lifting" by way of heavy capital spending to push growth. However, the Finance Minister said in Parliament that the government intends to stick to the planned fiscal deficit target of 3.3 per cent of the GDP. Since tax collections — both indirect and direct — are so far well below target, and the government is yet to announce any fresh borrowing programme to fund a boost in capital expenditure, it is a pretty safe bet that the fiscal deficit target will be met but not the growth target.

Where does it leave us, the ordinary citizens. For starters, with more belt tightening. Unless one is a government employee, average pay hikes are going to be 10 per cent or less come appraisal season, which doesn't put much spending money in our hands. Given the government's tight finances, it seems unlikely — at least for now — that the next Budget will see personal income tax being cut. Corporates have already been given the benefit of a lower tax regime, though it remains to be seen whether the hoped-for surge in investments (domestic and foreign) will happen.

The point is, whether one says the glass is half full or half empty, the fact is that half the volume is not filled up. The government can no longer afford to simply blame past regimes for present problems. It has to get consumer and corporate confidence back, it has to fix the banks and it has to fix the GST. Otherwise, even the glass half full will eventually evaporate.

# Mohalla clinics, a viable primary-care model

Though it needs refinement, the programme's outreach shows promise, and can be adapted across the country

SUBIR ROY

VALUE FOR MONEY

Two relatively new, publicly funded models of healthcare delivery available in India today owe their origin to competing ideological beliefs supported by opposing political formations. This is useful, as it offers a policy choice based on one's beliefs.

One is the BJP government's Ayushman Bharat scheme, which has two components. One is to have in place 1.5 lakh health and wellness centres — essentially by upgrading government-run primary health centres — in four years, delivering primary care. The other is to offer an annual health insurance cover of ₹5 lakh per family to the bottom 40 per cent of the population for tertiary care. This is managed through trusts and health insurance firms, and delivered mostly by private hospitals.

The latter is more glamorous, in the public eye and pushed by policymakers.Progress on the health and wellness centres, on the other hand, has been slow and receives minimal official attention and publicity.

The other publicly funded model for primary care is the *mohalla* clinics innovated by the Aam Admi Party government of Delhi. This has caught the public eye and become a source of political disputation, with BJP sections seeking to shut it down.

If a publicly funded healthcare delivery model is to succeed, it must have strong political baking. The health and wellness centres do not, while the *mohalla* clinics do. Set up in 2015, it is a star programme of the AAP, which will seek to be judged in part by the clinics' performance when Delhi heads for the polls next year.

### Productive growth

Importantly, the *mohalla* clinics have shown some signs of success. The Congress-led government of Madhya Pradesh has decided to adopt the model and set up its own chain of primary healthcare centres, 'Sanjeevani Clinics', for the poor in four of the State's largest cities. Additionally, the *mohalla* clinics seem to have been noticed internationally.

The HT Chan School of Public Health of Harvard University, according to news reports, is likely to study the model and prepare a case study on how primary healthcare can be delivered in urban neighbourhoods through the public system.

**Easy access** Proximity of clinics is a plus

The programme is somewhat akin to the West Bengal government's Kanyashree scheme, which offers financial assistance to growing girls so that they continue with education and not get married too early. This scheme has won a UN award.

It is useful to take a look at the salient features of the *mohalla* clinic to see if this is a workable, low-cost model for State delivery of primary care to the urban poor that can be replicated across the country.

The Union Territory of Delhi, not very large, runs 300 *mohalla* clinics in poor urban neighbourhoods. The aim is to ensure that the poor do not have to travel long distances to get free, quality diagnosis and treatment for minor ailments.

It is only when something serious is indicated that the patient has to journey to a government hospital. Proximity is important for primary care, as having to travel and stand in long queues can mean the patient having to forego one day's wages.

### Improvements needed

According to a survey by IDInsight, many users of services available at *mohalla* clinics found them to be as good or better than at other facilities. Ninety-seven per cent of those who visited the clinics said they would come again. However, there is scope for improving the quality of care and infrastructure. Forty per cent of users felt that regular availability of staff, medicines and diagnostic tests could be improved; as well as infrastructure facilities like drinking water and size of the waiting area.

People must be made more aware about the clinics and better signage should be used to make them easier to locate.

According to another study by research scholars at IIT-Delhi, the clinics are used mainly by people with modest income, and by housewives. Forty-three per cent of patients came with minor ailments, 26 per cent with pains and 21 per cent with chronic ailments. For around 80 per cent of those who visited the clinics, medical and commuting expenditure was brought down. Commuting time was also reduced for 77 per cent; 89 per cent came on foot, taking on average 10 minutes to reach the clinic.

Budgetary allocation for the clinics has gone down by 7 per cent in 2018-19 compared to the previous year, and there are very few facilities available for pregnant and lactating women. Consequently, they make up most of the 8 per cent who did not find the clinics useful. However, 68 per cent felt the treatment they received was effective.

The *mohalla* clinics have a long way to go. The programme is particularly hamstrung by the poor availability of accommodation and, of course, funds. But the clinics are significant and appear to have emerged as a workable model for delivering state-funded primary healthcare of acceptable quality free to the urban poor at an affordable cost to the system.

*The writer is a senior journalist*

## 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.*

**Political scenario**

This refers to 'The 'new normal' in politics' (November 27). As the writer pointed out, voters in Maharashtra watched with dismay the events unfolding before them. However, it seems it is indeed the new normal in India. Politics has over the years been dominated by professional politicians, for whom occupying position of power is vital. If inter-party realignment enables this, so be it.

It was believed that things could be better if professionals from other spheres entered politics. Several such 'non-professional' politicians who entered Parliament failed to make any big impact, and some withdrew quietly. Are we destined to live in the new normal then?

**V Vijaykumar**
Pune

**Pawar's game**

This refers to 'Sharad Pawar, an invincible force in Maharashtra's politics' (November 27). It goes without saying that Sharad Pawar still remains a formidable political force, not only in Maharashtra but at the national political arena too. Moreover, he alone fought the BJP's massive election machinery during the recent Maharashtra Assembly elections and even stunned most political pundits by his outstanding performance.

While the BJP leadership quite tactfully tried to steal the show from the Shiv Sena-NCP-Congress combine by engineering a split in the NCP camp, it was completely outwitted by Sharad Pawar, who not only kept his trump card close but also played it in the manner befitting the occasion. However, notwithstanding these unexpected developments, all may still not be well for the 'Aghadi', owing to their ideological differences.

Mind you, their political journey ahead may not be as smooth as it is presently being made out to be. A case in example could be the Congress-JD(S)'s post-poll alliance in Karnataka.

**Kumar Gupt**
Panchkula (Haryana)

**Mudra loans**

With reference to 'Mudra loans under RBI scrutiny' (November 27). It is important to highlight the growing NPAs under the PM's ambitious Mudra scheme. As per reports, the NPAs of loans under the scheme rose from ₹9,770 crore to ₹16,481 crore between March 2018 and March 2019, ie, an increase of 69 per cent.

The 2017-18 annual report of Mudra seems to be complacent, stating that while gross NPA across all sectors in India crossed 10 per cent, NPAs under the Mudra scheme were only 5.38 per cent. Considering that the scheme was launched just over four years ago, the rising NPAs are alarming and must be tackled in right earnest. Being the government's flagship and populist programme, the quality of lending should be under constant monitoring.

**Navin Bhatia**
Jaipur

**Transgender rights**

The Rajya Sabha on Constitution Day passed The Transgender Persons (Protection of Rights) Bill, 2019. But more is required for the welfare of this group. It is indeed an irony of the system that just 22 transgenders applied for under-graduate courses across thee universities in Delhi.

The Union government should constitute National Transgender Commission. Unrestricted admission of transgenders to any educational institution (private or public) should be made compulsory without reserved quota. Criminal action should be taken against those parents who may disown transgender children. Nothing can improve till effective measures are taken to integrate this gropu into the mainstream society.

Transgenders should not only be given priority and reservation in government jobs, but private institutions should also be encouraged employ them to by providing special subsidy on wages paid. Likewise, seats should be reserved for in legislature fro transgender people.

**Madhu Agrawal**
Delhi

**Manufacturing boost**

After being shut for more than half a decade, Nokia's Chennai plant is likely to resume operations soon, after been bought by Finland-based Salcomp — the world's largest maker of mobile phone chargers and a key supplier for Apple. Reports suggest that this will bring direct employment to 10,000 people and indirect employment to 50,000 people. India can use this boost to introduce favourable regime and become a big centre for mobile manufacturing.

**M Qasmi Nadwi**
Ganeshpur

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