



Unwavering caution

The RBI's decision to hold rates reflects its expectations of faster inflation

For the Reserve Bank of India there is just one economic indicator that dominates its policymaking calculus: price stability. With inflation-targeting as its main mandate – the consensus position that was articulated when the RBI Act was amended in May 2016 was that “price stability is a necessary precondition to sustainable growth” – the Monetary Policy Committee (MPC) has opted yet again to keep interest rates unchanged. It is not hard to follow the rationale. Price gains as measured by the Consumer Price Index had accelerated to a seven-month high in October and the RBI's survey of household expectations for inflation over both the three-month and one-year horizons showed a “firming up”. The RBI's bimonthly policy statement also spelt out the data points and trends that informed its decision-making. For one, the moderation in core inflation in the first fiscal quarter has largely reversed. Price gains excluding the volatile food and fuel categories are particularly at risk from “the staggered impact of HRA increases by various State governments” that could push up housing inflation in 2018 and generate second-order ripples. Given India's reliance on imports for a bulk of its fuel needs, the latest OPEC decision to maintain output cuts to keep global crude oil prices from softening can hardly provide much comfort.

Taking into account all factors, including some that may lend respite, such as the wide-ranging cuts to the goods and services tax rate, the RBI raised its estimate for inflation over the third and fourth fiscal quarters by 10 basis points from its October projection: headline CPI inflation is now expected to accelerate and range between 4.3% and 4.7% in the second half. The MPC is, however, more confident about the prospects for growth, concerns over higher oil prices and shortfalls in kharif crop output and rabi season sowing notwithstanding. The Centre's move to recapitalise public sector banks has won a vote of confidence from monetary policymakers for its potential to revive credit flows. But, stressing the confidence in the economy are the findings in the RBI's survey, which posit an improvement in demand in the services and infrastructure sectors and an uptick in the overall business environment in the January-March quarter. Ultimately, though, the central bank has once again proffered a word of circumspection to fiscal authorities: taken together, the farm loan waivers implemented by some States, the partial reduction of excise duty and VAT on petroleum products and the GST rate cuts could result in fiscal slippage with accompanying consequences for price stability. For the RBI, caution continues to remain its credo.

Island hopping

The Maldives' FTA with China signals a drift in Delhi-Male ties

The announcement of a free trade agreement between the Maldives and China is another sign of Beijing's success in its outreach in South Asia. After its push for maritime linkages across the Indian Ocean, including naval exercises and port projects, and for the enhancement of regional connectivity through the Belt and Road Initiative, China seems to be ready to ramp up business ties across South Asia. China already has an FTA with Pakistan, and is exploring or negotiating FTAs with Bangladesh, Sri Lanka and Nepal. The negotiations with the Maldives took about three years and were completed in September this year; it was ratified overnight by Parliament in Male. The agreement is expected to be signed this week, during President Abdulla Yameen's first state visit to China. While New Delhi has made no public statement, it has reportedly made its displeasure known, particularly on the speed and stealth with which the negotiations were completed. However, apart from the actual FTA, the rapid growth in China-Maldives ties has not been hidden from anyone. This is driven by massive infrastructure projects, including the development of Hulhule island and the “Friendship” bridge connecting it to Male. Apart from investments of \$1 billion, Chinese companies are exploring tourism prospects in the Maldives, leases to resort islands, and reclamation projects.

While this can be seen as a natural outcome of the Maldives' development plans, there are reasons for India to worry. The Yameen government also said this week that it is not satisfied with the working of the FTA with India. That statement, made by the Fisheries Minister at a press conference in Colombo, is likely to be discussed in detail between New Delhi and Male. Second, the manner in which the FTA was rushed through Parliament in a matter of minutes at midnight, with opposition members complaining they had not received enough notice, suggests a haste that would naturally worry India. The move also shows that the Yameen government is not inclined to pay much heed to international concerns over internal unrest. One reason for Mr. Yameen keeping India out of the loop on the FTA talks may be New Delhi's new policy of engaging with the Maldivian opposition, especially former President Mohammad Nasheed. The biggest worry for India is that the FTA will draw the Maldives more closely into China's security net. Although Mr. Yameen has categorically stated that the Maldives will remain a “demilitarised zone”, there are concerns that the PLA-Navy might be looking for a military base in the islands linked to projects in Djibouti, Gwadar and Hambantota. The docking of three Chinese naval warships in Male harbour in August, the first such “goodwill visit”, was significant in this respect. China's growing presence in the Indian Ocean presents a challenge to India as it looks to define its place in the U.S.-led “Indo-Pacific” realignment.

Let us be realistic about the UNSC

If a permanent Security Council seat is unavailable, India must not spurn other proposals on the table



CHINMAYA R. GHAREKHAN

Our recent victory in the hotly contested election to the International Court of Justice seems to have lifted our spirits as a nation. We are justifiably proud of our success and of the skill and determination with which our diplomacy was deployed. It would be prudent, however, not to interpret this in a way as to raise hopes of a permanent seat in the Security Council.

The UNSC election

The two most prestigious organs of the United Nations are the Security Council and the International Court of Justice. While the Security Council has 15 member states, the ICJ has 15 judges. Election to the UNSC is conducted only in the General Assembly and requires two-thirds majority to get elected. Election to the ICJ is held concurrently in the UNGA and UNSC and requires absolute majority of the total membership in each organ. Veto does not apply for election to the ICJ. India has lost elections to both these organs in the past.

Of the two, the UNSC is by far more important from the national interest point of view. It deals with questions of peace and security as well as terrorism and has developed a tendency to widen its ambit into other fields, including human rights and eventually environment. In addition to the Kashmir issue, which Pakistan forever tries to raise, there are other matters in which India would be interested such as the list of terrorists – Hafeez Saeed for example.

Since it is in permanent session, we have to try to be its member as often as possible.

The ICJ is required to represent the principal civilisations and legal systems of the world. The judges sitting on ICJ are expected to act impartially, not as representatives of the countries of their origin. That is why they are nominated, not by their governments but by their national groups in the Permanent Court of Arbitration based in The Hague. To have an Indian judge at the ICJ, when we have an active case on its agenda regarding our national in illegal custody of Pakistan might be of some advantage, though it would be wrong to assume that the final judgment will go in our favour simply because an Indian is on the bench. He will surely act in an objective manner. We will win because we have an excellent legal case and are ably represented by an eminent lawyer.

There are other bodies in the UN that are not as well known but are important enough to be represented on like the ACABQ (Advisory Committee on Administrative and Budgetary Questions) and the Committee on Contributions. The former consists of 16 members elected by the UNGA on the recommendation of the Fifth Com-



mittee of the UNGA dealing with the budget of the UN. Usually, the members are officers of the permanent missions serving on the Fifth Committee. Most often, they are of the rank of first secretary or counsellor; Ambassadors rarely offer their candidatures.

The Committee on Contributions recommends the scale of assessments to the budget and the share of each member. This is a very important function, since the share decided by the UNGA applies to all the specialised agencies, etc. Even a 0.1% change can make a difference of hundreds of thousands of dollars. We have had distinguished persons serving on both these committees, such as G. Parthasarathy, S.K. Singh, as well as our current permanent representative, ambassador Syed Akbaruddin. Some stalwarts have also lost these elections. There is also the Human Rights Council; we have had almost continuous representation on it. The U.S. lost the election to it a few years ago; there is widespread resentment against the P-5's presumption to a permanent seat on all bodies.

The veto question

Primarily at our initiative, the question of Security Council reform, euphemism for expansion,

has been under consideration since 1970s. There is near unanimous support for increasing the number of non-permanent seats. The controversial question is about the increase in the category of permanent seats. The rationale for expansion has been accepted in-principle by nearly all, but the difficulty arises when the actual numbers and their rights are discussed.

India, along with Brazil, Germany and Japan, has proposed an increase of six additional permanent seats, the other two being for Africa. The African group is demanding two permanent seats, recognised as reasonable by every member, but there are at least three and perhaps more claimants for the two seats. Then there is the question of the rights of the additional members. The G-4's initial position was for the same rights as the present permanent members, essentially the veto right. Over the years, they have become more realistic and would be willing to forego the veto right. The firm position of the Africans is that the new members must have the same rights as the existing ones. This is a non-starter.

The larger picture

The P-5 will never agree to give up their veto right, nor will they agree to accord this right to any other country. (France supports veto for additional permanent members.) Also, the general membership of the UN wants to eliminate the existing veto; they will never agree to new veto-wielding powers. Variants of the veto provision have been suggested, such as the requirement of double veto, i.e. at least two permanent members must exercise veto for it to be valid. The P-5 are not willing to dilute their self-acquired right.

Many member-states have been pledging support for our aspira-

tion for permanent membership. This is welcome and should be appreciated; it would come in useful if the question ever comes up for a vote in the UNGA. Several P-5 countries have also announced support. The principal P-5 member opposing us is China. We should not be misled by their ambiguous statements on the subject. It has to be underscored that there is no way that India alone, by itself, can be elected as permanent member. It will have to be a package deal in which the demands of all the geographical groups, including the Latin America and Caribbean group which, like Africa, does not have a single permanent member, will have to be accommodated.

Even if the Americans are sincere in their support for us, they will simply not lobby for India alone; it will be unthinkable for them to try to get India in without at the same time getting Japan also in. It is equally unthinkable, for a long time to come, for China to support Japan's candidature. The P-5 will play the game among themselves but will stand by one another, as was evident recently at the time of election to the ICJ.

So, we should be realistic. If a permanent seat is not available, there are other proposals on the table. One proposal is for the creation of ‘semi-permanent’ seats, according to which members would be elected for six-eight years and would be eligible for immediate reelection. Given India's growing prestige and respect, it should not be difficult for us to successfully bid for one of these seats; it might be a better alternative than to unrealistically hope for a permanent seat.

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Universal health coverage is the best prescription

UHC provides the framework in which the issues of access, quality and cost can be integrated



K. SRINATH REDDY

Three recent incidents involving the health-care sector in Delhi have sparked widespread outrage over the alleged mercenary motives and callous conduct of high-profile corporate hospitals. Two cases involved children with dengue who died soon after leaving these hospitals in a serious condition after their families were presented huge hospitalisation and treatment bills. The third case involved a live premature baby being “declared dead” and handed over to the parents wrapped in plastic.

Distrust and despair

Questions have been raised, and rightly so, about the lack of professional standards in terms of competence and compassion. The medical bills, running into huge figures, also stoked anger at perceived corporate addiction to profit maximisation. The government, the hospital managements and the Indian Medical Association have begun inquiries. Even as these go on, there is deep public distrust and despair over health care in private and public sector hospitals.

Three major issues are involved when we assess health care: access, quality and cost. Each of these needs to be addressed with clarity, and not in isolation. Solutions have to be those that fit into a common system architecture, or a system best designed and delivered as Universal Health Coverage (UHC), now enshrined in the Sustainable Development Goals.

Access to readily reachable, trustworthy and affordable health care is a major challenge before poorly served rural areas and overcrowded urban areas. Also, the inadequacy of organised primary health services here is compounded by a weakness at the intermediate level of care in many district hospitals and nursing homes. While corporate hospitals boast of high quality advanced care and compete with each other for a significant share of medical tourism, they are mostly inaccessible to the rural population and the urban poor. Government institutions of advanced care suffer from low budgets and a lack of managerial talent.

Steps to improving access

The pathway to improving access lies in expanding the network of public sector facilities at all levels. This calls for higher levels of public financing, investment in training and incentivised placements of more health personnel and improved management through the creation of a public health man-



agement cadre. These measures have been envisaged in the National Health Policy, 2017 and need urgent and earnest implementation. Health-care providers in the private and voluntary sectors should be empanelled to fill the gaps through carefully crafted contracting mechanisms that best serve public interest.

Quality of care is determined by the extent to which appropriate care is provided in each clinical context. Here there must be an emphasis on the benefit and safety of tests and treatment, and ensuring that satisfaction levels of patients, families, care providers in the nature of institutional processes as well as human interactions are met. This requires ensuring conformity to accepted scientific and ethical standards. Here, the Clinical Establishments Act is a good beginning, in moving health-care facilities towards registration, ensuring compliance with essential standards of equipment and performance, adopting standard

management guidelines, grievance redress mechanisms, and respecting encoded patient rights.

Managing cost

Cost of care is a major challenge in a system where patients and families have to bear the burden. High out-of-pocket spending on health care leads to unacceptable levels of impoverishment. With high levels of poverty and a very large segment of the working population in the informal sector, both private insurance and employer provided insurance can cover only small population segments. With a small risk pool, these schemes can only provide limited cost coverage to subscribers. Government-funded social insurance schemes do increase access to advanced care. But they have not been shown to provide financial protection as they cover only part of the hospitalisation cost and none of the expenses of prolonged outpatient care which forms a higher percentage of out-of-pocket spending.

The solution lies in doubling the level of public financing to at least 2.5% of GDP by 2019, rather than 2025, as proposed in the National Health Policy, and by pooling tax funding, all Central and State insurance schemes and employer-provided health insurance into a “single payer system”. That can be managed by an empowered autonomous authority which purchases services from a strengthened public sector and, as necessary,

from empanelled private health-care providers. Quality is promoted through audited insistence on implementation of standard management guidelines by all service providers who enter this system, and cost is controlled by the negotiating power of the single payer. Since the risk pool is very large, there is a high level of cross-subsidisation of the sick by the healthy, the poor by the rich and the elderly retired by the young employed. The burden on an individual is greatly minimised.

Implemented piecemeal, these three areas of action will yield only limited results as access alone cannot assure appropriate or affordable care and cost subsidy will be meaningless if there is limited access or undependable quality. The UHC provides the framework in which all three elements can be integrated. The cry for stronger regulation of quality and cost is justified but regulation will fail to deliver needed health care to all if the health system architecture does not adopt UHC. Similarly, the success of UHC depends on effective regulation. Now, there is a disconnect between these two in ongoing health system reforms. It is time to bridge that gap if tragic tales of terrible health care are not to cause recurring lament.

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LETTERS TO THE EDITOR

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A polarisation

The writer's attempt to demonise the majoritarian community while portraying the main minority community as victim is evident (“India's plural soul”, December 6). Gopalkrishna Gandhi cleverly mentions the demolition of the Babri Masjid as an act of aggression but forgets to acknowledge archaeological evidence submitted by the ASI. The mention of Gujarat 2002 is incomplete without mentioning the cause, which in turn triggered large-scale riots and led to large-scale displacement and deaths. Both 1992 and 2002 are two dark chapters in the history of modern India, but attempting to demonise one community and portraying the other as

victim will only lead to further polarisation. The wrongs done by both communities need to be acknowledged.

AVINASH VERMA,
New Delhi

■ Yes, India does have a plural soul, which means the “acknowledgement of a diversity of political systems”. If India had an Ashoka it also had Samudragupta; if it had Akbar, there also existed Maharana Pratap and Chhatrapati Shivaji. If Gandhi was the Mahatma, Vivekananda was the Swami, and if Nehru was a towering stalwart of the Congress, no less were Bose and Sardar Patel. Finally, in authoring the Constitution, Ambedkar was ably assisted by many. The perception of plurality was so far articulated by one

storyteller. Today, that storyteller has changed and so must the story. Tomorrow will come another storyteller and yet another story. If political systems can be deemed to be good, bad and ugly, plurality demands that the existence of all of these be acknowledged. Otherwise, the essence of plurality will lose its relevance.

RAVINDRA RAMARAO,
Bengaluru

Handling crime

Mukul Sanwal's analysis (“Crime and punishment”, December 6) should enlighten the state. Recently, there were reports of considering compensating undertrials acquitted for loss of living for long periods. Prior to Independence, several tribes in the country were branded criminals.

Even today, more African-Americans are in jails in the United States than Americans. Compounding probation and parole are not liberally practised in the country. The appointment of honorary and executive magistrates, with speedy and summary trials should be the order of the day. There needs to be age-wise and cause-wise monitoring of those affected in all courts in order to achieve better crime administration.

G.T. SAMPATHKUMARACHAR,
Mysuru

■ The systemic changes proposed could improve the poor rate of conviction, but the other major source also needs reform. It is corruption and politicisation of the police and the judiciary that vitiates fair investigation and affects

objective judgment. Whatever may be the claim of Chief Ministers about clean administration, the ground reality is otherwise. Barring a few exceptions, whether it is registration of a FIR, seriousness of police investigation, proper use of collected evidence, framing of charges, influencing witness/es, tampering with records, delaying court proceedings and quality of verdict, any one or all of them can be deflected with the lure of money and other “benefits”.

Y.G. CHOUKSEY,
Pune

Prince of acting

No words of thanks can compensate the way *The Hindu* covered the passing of Shashi Kapoor (“Memories rain down on Shashi's funeral”, “Prithvi

Theatre mourns its favourite patron” and Editorial - “With that smile”, all December 6). The range and depth of this great actor's acting skills were brought out lucidly.

S. VIDYADHAR,
Hyderabad

Bad air

Both the Delhi government and the Centre need to act in tandem before a calamity hits Delhi in terms of a health crisis as a result of air pollution. The impact of this pollution is worsening by the day, and highlighted by the way in which the Sri Lankan cricket team has been affected at Feroz Shah Kotla. They are sure to remember the pollution more than a loss on the cricket field.

N. VISVESWARAN,
Chennai

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