Centre for Public Policy Research

COVID 19:
A COLLECTION OF ESSAYS

JUNE 15, 2020

CENTRE FOR PUBLIC POLICY RESEARCH

Image source: The Week

Published in 2020 by Centre for Public Policy Research, Kochi

Centre for Public Policy Research (CPPR)
First Floor, "Anitha", Sahodaran Ayappan Road
Elamkulam, Kochi, Kerala , India-682020
www.cppr.in | E-mail: cppr@cppr.in

Distributed by Centre for Public Policy Research, Kochi

Authors

Dr D Dhanuraj, *Chairman, CPPR*
Dr Vijay Sakhuja, *Hon. Distinguished Fellow, CPPR*
Dr Jose Sebastian, *Senior Fellow (Finance), CPPR*
Cdr Jayakrishnan N Nair (Retd), *Senior Fellow (Defence and Military Analysis), CPPR*
Dr Swapna Jambhekar, *Research Consultant, CPPR*
Dr Harisankar K. Sathyapalan, *Research Fellow (International Law and Dispute Settlement), CPPR*
Rahul V Kumar, *Research Fellow (Market Economics), CPPR*
Nithin Ramakrishnan, *Research Scholar, CPPR*
Nissy Solomon, *Senior Research Associate, CPPR*
Gazi Hassan, *Senior Research Associate, CPPR*
Aiswarya Krishnan, *Project Associate, CPPR*
Angela Cicily Joseph, *Research Associate, CPPR*
Katyayinee Richhariya, *Research Intern, CPPR*
Nila Nair, *Research Intern, CPPR*

Covid Infographs

Dr Rijo M John, *Senior Fellow (Health Economics), CPPR*

INTRODUCTION NOTE

As 196 countries reel under the onslaught of COVID-19, our experts are making sense of how this virus is redefining political, economic and geo-strategic contours in India and the World. We are looking into its impact on governance structures including national, international & state-level policies, federalism and decentralisation, political economy, urban spaces and public transport. We also focus on understanding its impact on Kerala's economy & model of development.

To read articles and infographs related to COVID 19 published by CPPR, visit www.cppr.in/covid19

Image source: The Week

> India possess 24,000 tonnes of gold and account for 25 percent of the global market demand. If we consider the per capita possession of gold in addition to the per capita income, India's total wealth seems to change. Rural India accounts for approximately 60 percent of gold, where people traditionally use it for getting loans from moneylenders and pawnbrokers.
>
> Nissy Solomon

ECONOMY

Image source: World Economic Forum

Remonetise gold to tide over the economic crisis

Nissy Solomon and Dr D Dhanuraj

As the COVID-19 pandemic has pushed global economy into an unprecedented scale of low growth and massive employment loss, the resource mobilisation to revive economic activities is reaching a frantic scale and dimension. In India, the extent of the damage is difficult to ascertain as the rural and informal sectors play a significant role in economic growth.

The government has a herculean task of packaging different essentials and monetary support, with a focus on various segments of society, reflecting the diverse nature of the needs and requirements of the people.

It is worth exploring the possibilities around gold, which is treated as an investment and asset by the majority of Indians. India's official gold holdings, held by the Reserve Bank of India (RBI), coupled with the private stock of gold in Indian households form a significant resource. With 635 tonnes of official stock, India's share as a percentage of the total foreign reserve stands at 6.9 percent.

Reports have assessed that households in India possess 24,000 tonnes of gold and account for 25 percent of the global market demand. If we consider the per capita possession of gold in addition to the per capita income, India's total wealth seems to change. Rural India accounts for approximately 60 percent of gold, where people traditionally use it for getting loans from moneylenders and pawnbrokers.

The appetite for gold consumption in India has pushed the government to restrict its import. The balance of payment, at times, is stretched by the higher import of gold. The internal circulation of gold has been

Official Gold Holdings of Countries (April 2020)

	Tonnes	% of reserves**
United States	8,133.5	78.2%
Germany	3,366.5	74.0%
IMF	2,814.0	-
Italy	2,451.8	69.6%
France	2,436.0	63.6%
Russian Federation	2,290.2	20.8%
China, P.R.: Mainland	1,948.3	3.1%
Switzerland	1,040.0	6.3%
Japan	765.2	2.9%
India	635	6.9%

Source: GWC

restricted, except for sale and exchange through jewellers and informal markets. Even banks have limited options for lending loans against gold on a market transaction basis due to RBI's restrictive guidelines. This has also limited open and transparent information required for a competitive market. The lack of forbearance and acceptance of gold as a commodity have resulted in bank loans, especially those meant for agricultural farmers, landing in the hands of wrong beneficiaries.

Gold And Credit Schemes

In the last decade, the government woke up to the fact that the domestic possession of gold is not leveraged or used for remonetisation. This led to the introduction of different schemes, such as Sovereign Gold Bond, Gold Coins and Gold Monetisation Schemes (GMS). Unfortunately, none of these schemes achieved the desired results, nor are showing any encouraging trend. The GMS was able to garner only 16 tonnes of gold in the last four years as these schemes are not designed keeping in mind the majority who have the metal.

Gold bond schemes are oriented towards the rich and the investors. On the other hand, there is a poor understanding of bonds and this accentuates the challenges to popularise the schemes. Gold coins are meant for investors of the higher-order.

The question is how to tap the market potential of gold in these difficult times to support the ailing economy.

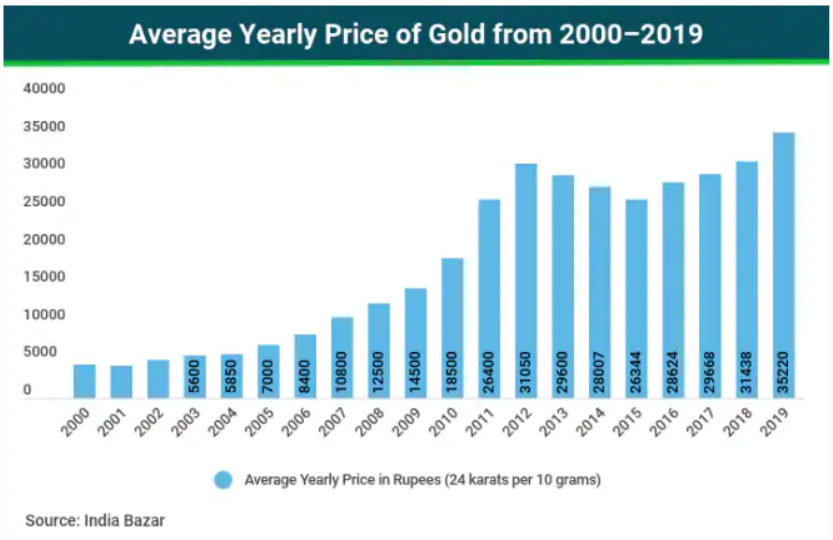
The government should declare a liberal gold policy. As per the World Gold Council (WGC), the estimated value of gold in India is 40 percent of India's Nominal Gross Domestic Product in present value terms. Thus, even if 10 percent of this gold is monetised, it will ensure a liquidity of Rs 13 lakh-crore, which is more than 10 percent of the total budget needed to spend to overcome the crisis.

To improve liquidity in the rural market, gold in the domestic market should be allowed to be monetised. Various mechanisms and channels should be put in place for allowing short- to long-term deposits to avail loans and investments by all sections of society. Those who could access the nearest banks of micro finances (MFs) should be allowed to avail loans without a blanket restriction placed on LTV (Loan to Value).

Weighing The Risk

The obvious risk associated here is that gold loans are exposed to fluctuations in gold prices in the market. An increase in gold prices and a subsequent increase in gold loan borrowings involves the risk of an asset bubble, which may burst when the price trend reverses. This raises the fear of NBFCs facing default. It is, therefore, pertinent to look at the historical figures and the subsequent prudential approach by the regulatory body.

The average price of gold has shown a steady increase in the last two decades with a reversal between 2013 and 2015.



Gold prices skyrocketed in 2011 and 2012. Gold financiers expanded their business, as more people pledged gold for cheaper loans. To contain the risk emanating from the business' vulnerability to price fluctuations, the RBI intervened by capping the LTV ratio to 60 percent.

The prudential approach coincided with a global slump in the price of gold and the combined factors ushered gold financiers into a low-growth phase. The RBI has now revised the LTV from 60 to 75 percent. The cap gives a certain safety margin against the fall in prices, creating creditworthiness in the operations. However, this has also diverted the borrowers from the formal system to the unorganised gold loan market operating without a LTV cap. The fall in lending yields will reduce the profitability of the business.

Considering the fact that the fundamentals of gold remain high and the long-term trajectory continues to show an upward trend, it is good to look at innovative safeguarding practices against reckless lending by encouraging well-capitalised NBFCs to extend credit basis depending on their capacity.

In a liberal market, there are mechanisms to absorb the shocks in price fluctuations. The role played by different players, like banks, NBFCs, MFs, etc. has to be redefined. What is required are more players and enabling a framework for the public to actively participate in the gold market. The gold loan market in India continues to be underpenetrated as a huge quantity of the metal lies idle in households.

The prevailing economic condition will make gold loans more attractive for the borrowers and lenders alike. To reach the right segment and leverage the untapped market potential, there is a need to re-examine the policies and develop gold as an asset class now more than ever.

India Far from Making Online Learning the New Normal

Angela Cicily Joseph

With the unprecedented disruption to the academic activities due to the lockdown followed by the COVID-19 pandemic, the education sector has been thrown into an inadvertent experiment in online learning. As the second-largest market in the world, India's online education sector was poised to balloon up to US$ 1.96 billion by 2021. Numerous big-ticket players like the Chan Zuckerberg Initiative have profoundly invested in the Indian market. Though this makes the future look bright, it is inundated with challenges like high dropout rates, absence of apt broadband infrastructure, lack of standardisation of online courses, etc.

India has been plagued with the challenge to provide affordable, accessible and quality education for all. With a Gross Enrolment Ratio (GER) of merely 26.3 per cent (2019) in higher education, the government is left to plug the demand-supply gap in the system that abandons a large segment of the eligible population unable to pursue higher education.

A report by KPMG on Online Education in India (2017) highlights that with 0.5 million paid users, the "reskilling and online certification courses" is the largest category in the Indian market. This further corroborates Coursera's analysis of its database that states 48 per cent of Indian learners are employed full time. This shows that these online portals are an important medium for reskilling and upskilling. On the other hand, the same analysis by KPMG places 'higher education' as the smallest category in the Indian market with only 55,000 paid subscribers.

Technical modules, notably on Artificial Intelligence, are the most in demand as per Coursera Learner Trends. Coursera India has observed a huge spike in uptake with 3,63,000 new learners and 700 new educational institutions signing up during the lockdown. There has been a significant month-on-month growth in enrolments for public health content. Globally as well, Coursera has received increased enrolments for epidemic or pandemic related modules.

With 0.5 million paid users, it is hard to fathom why India has been so cautious to let online learning flourish. In an attempt to stop fly-by-night platforms, the government banned online degree courses in 2015. While the same predicament exists within the traditional education structure, there have been no bans, only listings by the UGC as "fake university". Distance learning from recognised institutions was allowed but only through extension campuses or learning centres. With some terms and

conditions, this ban was reversed in 2018 but none of the 35 institutions that had submitted applications for a licence got one. Against this backdrop comes the 2020 Union Budget announcement that—further liberalises India's online education policy—based on the National Institute Ranking Framework, the top 100 institutions will be offering full-fledged degree courses online.

A fundamental reason for the failure of the earlier policy was the requirement to set up learning centres in cities where the institution does not have a physical presence. This criterion failed to comprehend the disruptive nature that online learning could yield, instead it tethered distance education with the brick-and-mortar system much like the traditional arrangement. The Draft National Education Policy (DNEP) plans to encourage Type 1 as well as Type 2 institutions in facilitating online learning programmes. With online portals like Study Webs of Active-Learning for Young Aspiring Minds (SWAYAM), ePathshala and eBasta, the government aims to further accessibility for quality education to all. As institutions rush to teach online to push ahead with the academic calendar, the Ministry of Human Resource Development (MHRD) has vigorously promoted its online learning initiatives to help cater to the need. VidyaDaan 2.0, a national programme launched by the government is inviting contributors to develop e-learning content. Is this enough to enable the industry to take off?

MHRD has announced that traffic to its online learning platforms has tripled since the lockdown was implemented. To cater to the abrupt spurt in demand, broadband operators and services providers are proposing new plans. However, it is ambiguous whether the existing infrastructure can cope with this surge in traffic. While government interventions have enabled momentum in the online education industry, lack of accessible broadband infrastructure has been a pestering issue. The Network Readiness Index (2019) positions India at 79 attributable to lacking digital bandwidth. NSSO (2015) found that merely 27 per cent of Indian households have a member with Internet accessibility and only 47 per cent of the said households own a computing device. With the broadband network scarcely connecting 600 corridors, rural India is left with a dismal digital network.

The need of the hour is to increase broadband penetration through interventions like 'Digital India' and 'BharatNet'. The creation of a national IP backbone of this scale requires radical shifts in regulations. Sanjay Dhotre, MoS for Communications, Human Resource Development and Electronics & Information Technology, responding to a query in Lok Sabha, disclosed that merely 2.5 per cent of the goal set by BharatNet project has been achieved (2020). Robust models of a public-private partnership must be pondered upon to create the desired broadband highway.

However, private sector operators have hitherto seen little value in expanding broadband infrastructure beyond the top cities. To enable the creation of the required framework, policies must foremost expand spectrum assets. Optimising its accessibility by issuing unlicensed spectrum, amending existing allocations, permitting sharing and trading of the resource could immensely improve infrastructure creation. With the Defence Ministry releasing some spectrum, India has taken a few steps in the right direction. Nevertheless, it still requires a progressive and comprehensive spectrum policy. Trailing behind numerous emerging markets w.r.t per capita availability as well as the cost of spectrum, policymakers must prioritise maximising spectrum usage. With the new normal, access to the Internet is an essential requirement for all and countries around the globe are trying to tackle this. Millard School District in Delta, US has created hotspots by enabling wireless Internet routers on school buses. This enterprising 'internet-on-wheels' system may just be the solution we are looking for.

Online learning could bring in the much-needed paradigm shift to ensure access to quality higher education. However, with the low Internet coverage and lack of computing device ownership, India is unable to ensure education to its eligible population. Although expanding spectrum assets and amending education policies are welcome moves, these long-term strategies cannot solve the crisis at hand. Therefore, device ownership and access to the Internet must be surmounted at the earliest, without which India cannot learn online.

> The much acclaimed Kerala model of development should be subject to academic discussion; kerala has more than 2.5 lakh households not having TV sets. It reminds me the debate on the provision of toilet complexes in schools of #kerala decade ago.
>
> Dr D Dhanuraj

FOCUS KERALA

Image source: Washington post

COVID-19: How Vulnerable is 'Kerala Model of Development'?

Dr Jose Sebastian

Malayalees have been quite complacent about the achievements of 'Kerala Model of Development'. But the COVID-19 outbreak has exposed our vulnerabilities. While acknowledging and appreciating the massive efforts of our government to minimise the damage, it is also worthwhile to do some soul-searching on the state of our economy and society.

The achievements of the 'Kerala Model' are too well known to be reiterated. We invested our scarce resources in human development in the 60s and 70s which paid rich dividends in the form of remittances. However, the excessive dependence on remittances has exposed Kerala economy to an economic illness called 'Dutch disease'. This disease is manifested in the stagnation of our productive sectors. Why to waste your time and energy in agriculture or small scale industry if you can make more than double the money by working in Gulf countries? This is a crude way of expressing the meaning of the concept of 'Dutch disease'.

'Dutch disease' made our people and policy makers think that Kerala is best suited for the service sector. Information Technology, Bio-Technology and Tourism Industry are touted as the sectors where Kerala's future lies and the State has invested heavily in these sectors. The neglect of agriculture and manufacturing activity has two serious implications—the first being food security, and the second the incidence of life-style diseases. Lifestyle diseases like diabetes, blood pressure and heart disease are observed even among people in their 30s. Malayalees generally have an aversion to jobs involving physical exertion. This is one of the reasons why the State is dependent on migrant workers estimated to 25 lakh.

It may be just a coincidence that this development model has exacerbated the vulnerabilities of Kerala to COVID-19. When we look at the people diagnosed with COVID-19, we can find that most of them are either Non-Resident Keralites (NRKs) or foreign tourists. The State now finds it difficult to manage the situation with so many Keralites travelling back from countries severely affected by the pandemic. Back home, we have more people with compromised immunity to COVID-19. Heavy dependence on other states for food items further aggravates Kerala's vulnerability. We cannot imagine a situation wherein supplies from Tamil Nadu are affected.

State finances is another source of vulnerability. Kerala has been a fiscal laggard for the last 38 years. The State has been consistently running revenue deficits since 1983–84, which indicates that revenue

expenditures like paying salary and pension are met out of borrowed funds. A research by the author has shown that Kerala failed to tap the tremendous potential for public resource mobilisation offered by external remittances. During the last 60 years, the potential for public resource moblisation registered a tremendous increase, thanks to external remittances. But this is not reflected in the fiscal performance of the State. During the first 10 years of Kerala's formation, i.e., 1957–58 to 1966–67, the State accounted for 4.45 per cent public resources mobilised by all states put together. After 40 years, i.e., during 2007–08 to 2016–17, this figure has only marginally increased to 4.5 per cent (see author's article "Kerala's Persistent Fiscal Stress: A Failure in Public Resource Mobilization?" Economic and Political Weekly, June 1, 2019. pp. 32–39).

A state which shirks the responsibility of mobilising public resources should have controlled public expenditure, but that is not Kerala's cup of tea. High levels of educated unemployment which is a fall out of 'Dutch disease' puts pressure on successive governments to accommodate as many people as possible in the government sector. In 2017–18, Kerala spent 62.98 per cent of the total revenue receipts for salary and pension compared to our neighbour Karnataka which spent only 23.83 per cent on this count. Only 33 per cent of the borrowed funds are used for capital expenditure, the rest is used for paying salary and pension.

The Corona Package: A Damp Squib

The vulnerability of the 'Kerala Model' is also reflected in the Corona package announced recently by the Government of Kerala. The COVID-19 outbreak has affected all sectors of the Kerala economy. Thousands of daily wage earners have lost their daily bread. Petty traders, agriculturists, dairy, poultry and fish farmers have suffered heavy losses. One would have expected the government to come out with a package to give an impetus to economic activities across the State. But the Rs. 20,000 crore package announced by the State Government belies such expectations. Free distribution of rice and wheat through the public distribution system, the Rs. 2000 crore employment guarantee scheme to be implemented in April and May and Rs. 2000 crore loan to Kudumbashree fall under this category. There is nothing new in the timely disbursal of welfare pensions announced as part of the package. The single major component of the package is clearing the arrears amounting to Rs. 14,000 crore to contractors, individuals and families, expecting that this amount will come back to the local markets in the form of expenditure and will have some impact on the trade and transport sectors.

The package has completely ignored the class of people who try to take ownership of their life—the self-employed people in the agricultural and industrial sectors. A government whose only concern is keeping the service organisations in good shape

cannot be expected to take drastic measures. What prevented the government from announcing a 20 per cent cut in salary and pensions across the board? This would have saved Rs. 10,000 crores which could have been used for providing support to those in productive sectors. But a government having an eye on the 2021 elections cannot be expected to have that kind of political will.

To summarise, in order to save the very same 'Kerala Model', we have got to have a fresh look at it. The COVID-19 has provided that rare opportunity to all well-meaning Malayalees.

COVID 19: A Time to Rethink Kerala's Liquor Policy

Rahul V Kumar

Liquor dependence is not just a problem of the consumers in Kerala, but a problem of the State government too. Each time, during a crisis, and many times even without a crisis, any policy on liquor has often led to an exhibition of multiple withdrawal symptoms by both the consumers and the State. Just as the State government plans mediation and de-addiction centres for individuals, it also needs to consider de-addicting itself from excessive dependence on liquor. The problem presented by Kerala is simple. Excessive dependence on liquor as a source of revenue by the State has led to the sector being a favoured goose laying golden eggs. In addition, the State had developed a complacency after monopolising the sector and trying to squeeze the consumers with high tax rates. All this turned upside down when ultimately a crisis like COVID-19 challenged this complacency. Time is now ripe for Kerala to develop a policy to avoid panic responses during a crisis.

At present, the State of Kerala is dealing with the unprecedented COVID-19 pandemic on a war footing. The number of tested individuals and the number of cases that are positive in Kerala are one of the highest in India. As of now, two deaths were reported and approximately 250 plus cases were tested positive. The numbers are bound to increase. Amidst this, Kerala is also trying to deal with a financial crisis. The impact on the economy is likely to be severe following the current crisis, considering the additional funds required to wither the pandemic. Sale of liquor, one of the major revenue sources of the State, has also been curtailed given the prohibitory sanctions and closing down of outlets. There are approximately 301 liquor outlets across 14 districts controlled by the State and numerous bars and hotels and beer parlours selling liquor. The revenue from the sale of liquor has been close to Rs 14,000 crore for Kerala during the financial year 2018-19. During the last four years, it was approximately Rs 45,000 crore. This unsurprisingly made the government consider it as an essential commodity during the initial phase of the pandemic.

The government had to revoke its stance and consider withdrawing liquor as an essential commodity amidst protests to shut these outlets during the lockdown. However, what worried policy makers was that the death toll from the lack of availability of liquor (reportedly 9) has been more than the number of people who died from COVID-19 in the State. Most of the liquor related deaths were suicides (although it should be noted that the State has been in the forefront in the reported number of suicides in India). Kerala Mental Health Survey reported that approximately

0.6 per cent of the population in Kerala is liquor dependent. This counts to nearly 2,00,000 people. The suicides reported among the addicts in the present situation are only a very small per cent of the total number of liquor dependents (approximately 0.0035 per cent). This is not meant to reduce deaths to fractions or to make them seem trivial. However, it highlights that the State government's decision to improve liquor availability through medical certificates to dependent adults based on these numbers does not rest on a firm footing. In addition, there are also other prominent health issues faced by individuals which remain forgotten during these discussions.

Given these facts, three questions loom large. Here, an attempt is made to understand these questions and provide possible answers to them.

First, have these sanctions during the pandemic really reduced the availability of liquor in the State? The best hypothesis would be based on an analogy with the State of Gujarat. As in the case of Gujarat, which has apparently been a dry state on paper for so long, the lockdown in Kerala has only produced an impression of liquor unavailability. While production seemed to have stopped, the unsold reserves indicate product availability and hence a black market for these products. Bootlegging is also rampant.

Second, who are the individuals affected by the lack of availability of liquor? It has been reported that black marketers in the State charge exorbitant prices from the consumers. The lockdown has affected the price mechanism where the supplier now decides the price and the demander is obliged to pay. The suicides reported are likely to be extreme cases where the demanders were driven to such a state when their access to liquor was restricted by unaffordable prices.

Third, do we need to prioritise public policy only when a crisis happens or should we take into account the effects of excessive dependence and monopolising of specific sectors by the State even before a crisis occurs? This is a serious question which our State government should consider. The government needs to treat its withdrawal symptoms immediately rather than at a later stage when another crisis pops up. It should slowly withdraw from its over dependence on alcohol and find a better source of revenue. A near-term policy should orient the State towards such an action.

The big question is who needs to free itself from liquor addiction: the individual or the State? If the State is serious about this issue, it needs to create a more competitive environment for business by demonopolising the liquor industry. The State government can do better by enforcing rules which provide affordable and quality products to the consumers in a competitive market environment and allow them to choose. Until this is done, consumers need to be expectant and wary of further knee-jerk reactions from the monopolist (State) in the long-run.

Inward remittances and the upcoming crisis

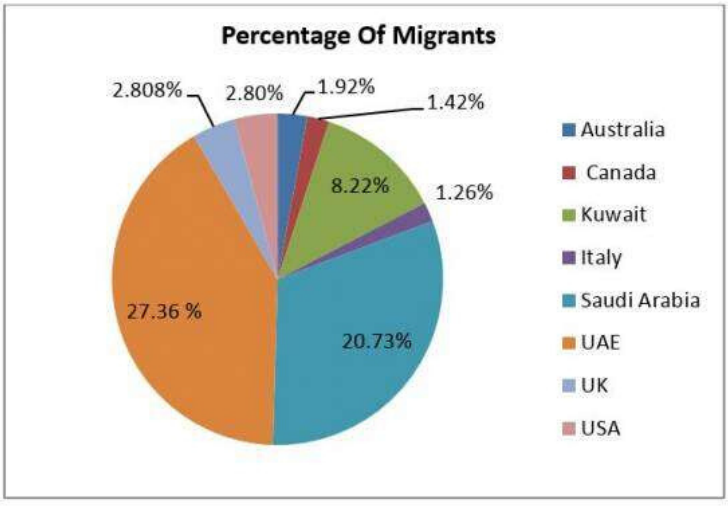
Nila Nair

From the time indentured labourers were sent to Britain during the colonial rule and after the great partition, India has had a long relationship with migration. Today, Indian diaspora is the largest in the world, spread over more than 110 countries. There are 30 million Indians overseas and India was the top recipient of remittances in 2018 with US$ 79 billion inward remittance. These millions of people sending billions of dollars as remittances to their families have helped the developing countries including India as it has become an unavoidable source of their well-being and the national income.

Trends in Migration and Remittances to India

The leading states in India for migration are Uttar Pradesh, Bihar, Rajasthan, Tamil Nadu, Kerala and Andhra Pradesh. These states account for more than 80 per cent of India's total remittances, with Kerala having the highest i.e., 19 per cent. Uttar Pradesh has the most number of migrants followed by Bihar. The increase in migration from these states, which has now surpassed other progressive states like Kerala and Karnataka, can be a result of the sudden surge in their population and increase in the demand for work. The current population of migrants in select countries is given below.

Undoubtedly, the UAE has the largest share of migrants from India, followed by Saudi Arabia. India's relationship with the UAE and the Gulf countries goes long back and the flow of migration from Kerala to these countries during the 1970s and 80s leading to the "Gulf Boom" has strengthened it. Kerala's economy is particularly dependent on foreign remittances and has been in the forefront of the State's economic growth. In



Source: Ministry of External Affairs

2003, remittances were 1.74 per cent higher than the State revenue receipts. Remittances from abroad have proved a better source for the poor than any foreign aids or investments as they directly receive cash for their daily expenses and provide protection against emergencies. Before the Gulf Boom, Kerala was known for its paradoxical state of being with high human development but a low economic growth. This has changed from the 1980s as a result of a large inflow of remittances and economic reforms. It is also argued that the per capita income of Kerala is much higher than the national average mainly because of the remittance flow.

While Indian economy as a whole is not dependent on remittances from abroad, states like Kerala and Punjab are among the most remittance-dependent economies in the world. The migration from Punjab focused on the developed western countries, especially Canada; whereas Kerala was an important labour supplier to the Middle East. Kerala and Punjab show a contradictory pattern of migration. Migration from Kerala tends to be for a limited period with high remittances; whereas for Punjab, most of the people who migrate want to be settled abroad and they do not send home money in the same manner as Kerala. A permanent family migration through the process of chain migration, especially in the case of the Jat Sikhs, has traditionally been the way of Punjab; while about 90 per cent of migrants from Kerala went to the Gulf countries to provide temporary labour.

The construction, manufacturing and retail sectors represent 85 per cent of the unskilled and semi-skilled labour migrants from India, while the rest are focused on healthcare, domestic and unclassified workers. Majority of the migrants from the states of Uttar Pradesh, Haryana, Bihar and Rajasthan are unskilled and work in the construction and retail industries. Their jobs include masonry, carpentry, delivery services, retail clerks, etc. A large portion of the migrants from Andhra Pradesh, Tamil Nadu, Telangana and Kerala constitutes semi-skilled workers employed in the healthcare, retail and manufacturing sectors. Skilled workers from states like Maharashtra and Karnataka, on the other hand, work in the IT sector overseas. The mass migration from India constituted majorly of unskilled and semi-skilled workers for a long time until the IT sector boom in the 1990s. Indian migration to the United States doubled during this time with the use of H1-B visas. Even in Gulf countries, a new class of highly skilled professional Indian workers are increasing today.

According to the World Bank, 82 per cent of the households in India received remittances in cash, 15 per cent as cheques or draft and 2 per cent as money orders. RBI suggests that more than half of such remittances are utilised for family maintenance, 20 per cent as bank deposits and 7 per cent for securing land, property, securities, etc. A study conducted by Grant Thornton has found that in states like Kerala and Tamil Nadu, 25 per cent of the

The top 5 remitters to India and their remittance

Country	Remittance (in billion $)
UAE	13.823
USA	11.715
Saudi Arabia	11.239
Kuwait	4.587
Qatar	4.143

Source: RBI

remittance received is used for debt repayment after household consumption. In Orissa, 11 per cent is used for marriages and in the North-east states and Jammu and Kashmir, 55 per cent of the remittance is used for the purpose of education. Goa, on the other hand, uses 39 per cent of the remittance for savings and investment activities. Thus, the diversity that makes the country unite can also be seen in the migration and remittance trend of different states.

The UAE was the top remitter to India for the past few years followed by the USA. The Gulf countries together contribute more than half of the remittance to the country. India experienced a surge in the flow of remittance after the liberalisation policy of 1991, widely known as India's second independence. This accelerated the integration of India into the world economy opening up vibrant opportunities and jobs abroad. The new economic policy coupled with the establishment of the market exchange rate in 1993 reduced the appeal of sending money through hawala networks. From this point, private transfers and remittances became an important constituent of India's Balance of Payments and since the 1990s, Indians working overseas have been the world's top remitters consistently. Until recently, remittances to India have proven to be one of the most stable forms of economic flows to the country.

The "Great Homecoming" and the Path Forward

The looming global financial crisis in light of the COVID-19 pandemic has already affected the world with the start of a recession. The great lockdown adding to the economic crisis at hand has stranded lakhs of migrants in more than 100 countries worldwide. The Department of Non-Resident Keralites (NoRKs) has already commenced online registration for people stranded abroad due to the ban on international flights. More than 3.4 lakh have already registered within days of its commencement. Majority of the migrant labourers, especially those in the unskilled and semi-skilled sector, will be rendered

jobless. The "great homecoming" of these migrants will adversely affect the economy as unemployment will increase and the economically vulnerable will be pushed into poverty. The World Bank President David Malpass has stated that the recession will take a severe toll on the ability of migrants to send money home and the remittance to India will witness a sharp decline of 23 per cent to US $ 64 billion in this year. Economies dependent on remittances like Kerala will have to face a huge drought in its income as lakhs of migrants are waiting to return home. The internal migrants in the country might face a larger unemployment crisis as they will be returning back to their home states. At the same time, pessimism and uncertainty are looming over the market and will continue to be so for quite some time.

What can be done to help the situation? The most important task at hand is to handle the reverse migration in the country. The returning migrants will be more skilled in terms of their work experience abroad and therefore harnessing their potential can prove to be beneficial for the economy. Along with the registrations to return back to the country, websites can be equipped for profiling the migrants and reviewing their skillsets and past jobs. This portal can be used by private employers in the country and also by the government to mobilise potential job opportunities for the returnees. Most of the unskilled and semi-skilled migrant workers will be returning to their home states like Uttar Pradesh, Punjab, Kerala, etc. The extent of return migration will be different for different states. States like Kerala, where the interstate migrants have dominated unskilled and semi-skilled markets until recently, witnessed a mass exodus of these migrants to their homeland, creating a shortage of workforce in the host state. The overseas returnees can marginally fill this gap. They can also be incentivised in forming self-help groups (SHGs) to find jobs and pool resources. They can also be encouraged to start small-scale businesses and enterprises of their choice.

In order to recover, the government must invest in projects that create more employment, such as an expansionary fiscal policy with increased government spending. Demand revival will be yet another crucial step in this process and for the demand to be improved, people should have sufficient disposable income. Thus, easing the tax liabilities, providing unemployment allowance for poor labourers, strengthening policies like MGNREGA, providing moratorium for repayment of loans and lending to MSMEs will be vital to rejuvenate the economy. The history of migration and remittance to India are taking a huge turn here. The repercussions of this economic pandemic will take a heavy toll on millions of lives unless there is quick and effective actions from both the people and the governments.

> The real concern here is, even if the data is secured by highly sophisticated and centralised mechanisms, the privacy can said to be breached if data is put to inappropriate use. A deviation from the original intent of data collection is a breach of privacy.
>
> Dr Harisankar K Sathyapalan

DATA & TECH

Image source: computerworld.com

Is there a trade-off between life and privacy amid a pandemic?

Dr Harisankar K. Sathyapalan

As we grapple with a global pandemic, governments across the world increasingly rely on information technology to advance their fight against the virus. From contact tracing to quarantining selfies, smartphone applications have started determining the course of public health actions. Naturally, debates on the use (and misuse) of surveillance data have re-emerged in the public sphere. Unlike normal times, where the concerns of data privacy conflict with individual convenience (of using a credit card or Facebook), times of crisis bring pressing issues like national security to the fore. The present controversies relating to the collection and processing of health data to fight coronavirus takes this issue to a different level. It represents a tension between two fundamental rights: the right to life and right to privacy.

Though we may engage in political debates on this conundrum, a trade-off between the two is pointless in terms of the law. As the Supreme Court of India held in the Puttaswamy verdict, the right to privacy is a fundamental right enshrined under Art 21 of the Constitution which guarantees the right to life and personal liberty. Further, in the absence of a defined hierarchy among the two, political arguments championing the protection of life at the expense of individual privacy is problematic. Though governments hold the considerable public authority to keep certain rights (such as freedom of movement) under control during an emergency, keeping a basic human right such as privacy at bay is questionable. The real danger is the 'emergency' track record of our institutions of last resort. Yes, it is challenging to rely on a deferential judiciary to protect a seemingly weaker right at a time of crisis. Sadly, justices of the ilk of H.R Khanna is in short supply these days.

Is a balancing act possible?

For bringing the right balance, the apparent conflict for supremacy among the two rights needs analysis through the prism of political philosophy. More specifically, a re-look at the theory of social contract – that describes the relationship between society (state) and its members (individuals) – and the reasons why individuals consent to forgo some of their freedoms as a trade-off for living in societies will help us to analyse the debate in a structured manner. The claim is not that a theory in itself will settle the conundrum; rather, the right-duty equilibrium that the social contract envisages will help us to resolve it.

Two general aspects of the data protection laws reflect this right-duty framework of a social contract. First, notwithstanding the consent requirement – that data processing is prohibited unless the individual gives a free and informed consent – governments

have a leeway to collect data in an extraordinary situation. While Europe's General Data Protection Regulation uses the idea of 'public interest' to do away with individual consent requirement, India's forthcoming law on data protection is more germane to the present context. According to the Personal Data Protection Bill, when State undertakes legally prescribed functions "to respond to any medical emergency" or "to provide health services during an epidemic," the consent is not required. This power, however, is not absolute. There is a corresponding duty imposed on the State, which is the second tenet of the social contract.

A fiduciary duty – the higher standard of care set by law – binds the State here. This obligation is manifested in the Personal Data Protection Bill when it defines the 'entity (including the State) that determines the purpose and means' of the processing of data pertinently as "data fiduciary". Thus, a government's right to impose restrictive measures and obtain health data, and the corresponding duty of the individual to comply, stems from a trust that individuals place on the government. However, quite unfortunately, we lack the necessary legal framework to ensure this trust.

In search of an ideal framework

Despite all the security measures that governments put in place, privacy can still be said to be breached if a database is put to inappropriate use. For instance, a deviation from the original intent of data collection is a breach of privacy, as the mandate of Aadhar Card as a citizen identity digressed from its primary purpose. If the recorded history of such deviations, known as "function creeps", is to be believed, a presumption that the present COVID-related health data analysis will end with the pandemic is absurd. As evidence shows, the circumstances of function creep could be so disingenuous, even the courts of law may find it uninterpretable. Again, the lack of a robust data protection law makes the scenario even worse.

We need a well-balanced strategy, which can help us create an 'anti-virus' nation and at the same time prevent it from becoming a 'Big Brother'. Such a strategy must envisage data-driven public policies are capable of ensuring both healthcare and data privacy. For that, we require, not just scientists but data scientists, particularly cyber forensic experts, to ensure that the data is not mishandled or disseminated against the purpose for which it is collected. A data science-based framework will not only strengthen the healthcare system but also enable the governments to set the seal on the privacy of health data. It is the knowledge and skill of policymakers in using and decoding the data scientifically that is going to play a vital role in that framework. Thus, instead of prioritizing between health and privacy, we should be able to reinforce the public health system by building the capacity of policymakers in understanding data science and engaging more data scientists in the policy space.

A Review of Personal Data Protection Bill 2019 in the Context of Sprinklr Debate

Nithin Ramakrishnan

Whether the personal data of the citizens, especially the health data, can be transferred without their consent to foreign companies? Is there a necessity for tender procedures when free services are offered to the government in emergency scenarios? These are the main questions related to law connecting the recent Sprinklr controversy, which will be answered within the existing framework of law, in proper forums. However, it is also important to consider this context for reviewing the Personal Data Protection Bill 2019 (PDP Bill 2019), which may soon become a law in the near future. This article attempts to look at the provisions of the proposed Bill in this light. In other words, the attempt is not to justify any side of the issue using a draft bill, which would be redundant.

The Sprinklr issue, in short, is all about the Kerala Government's sharing of information of COVID suspected patients under surveillance with a US-based software company, in order to make sense of the data collected as a part of mitigation efforts. While the opposition parties worry about the serious breach of privacy, the threat of data theft and the territorial jurisdiction over the company, the stand taken by the government is that the physical storage of data is still within India. Also, the government contends that as soon as the government sends notice to stop the services, Sprinklr would erase the data it is handling and there shall be no other use of such data other than for COVID-19 mitigation purposes by the Government of Kerala. Here comes the question, what would have been the situation if the Centre had passed the PDP Bill in 2019? This would be an interesting analysis to get an estimate of the provisions of the Bill and probable consequences.

Firstly, whether any event of sharing of the information of people without their consent by the government to a private business concern is a breach of privacy? The answer is no. According to Section 12(1)(e) of the proposed Bill, personal data may be processed by the government without consent to undertake any measure to provide medical treatment or health services to any individual during an epidemic, outbreak of a disease or any other threat to public health. Further for the purposes of the processing, the government may transfer it to any third-party data processor (Section 31). The only rider to the case presented above is the question of necessity upon which Section 12 rests. In other words, as per the said provisions, the government can share the information in

such emergency situations, provided it proves that it was necessary to process the data for the purpose. Sharing, therefore, is not a concern at all. Now, given the situation, being a pandemic not only affecting public health but also the global economy, the question of necessity may be easily satisfied. But the glaring loophole in the 2019 Bill, which this event reminds, is that there is no regulation as to whom the data may be shared by the government for processing. No provision in the Bill lays down the criteria for choosing a processor for the purposes of the government.

Herecomes the second important question,whether the sharing of the information to a foreign private concern is legal? The answer may come as a surprise—it is legal according to Sections 33 read with 34, although the provision requires the Central Government in consultation with the proposed Data Protection Authority (DPA) to notify specific purposes and transactions for which cross-border data transfer can be undertaken. There is a significant difference between Sections 12 and 33. There is no question of necessity coming into discussion in case of cross-border data transfer provided therein Section 33. Section 33 simply says that subject to the conditions under sub-section (1) of section 34, the sensitive personal data may be transferred outside India, with one condition that such data shall continue to be stored in India. Hence, there cannot be a question based on the principle of necessity whether there was a need to involve a 'foreign' entity in the present case. Precisely, the question why not prefer Indian firms instead is not relevant in view of Section 33. However, it is far-fetched to claim that there should be a specific necessity to transfer data to a foreign processor within the existing proposal.

Another important concern is regarding the anonymisation of the data shared amongst multiple processors and handlers, i.e., had the Kerala Government anonymised the said data, the sharing would have been not a major issue. However, the concern here is what are the provisions of the PDP Bill 2019 dealing with it? Interestingly, anonymisation of data is not found within the identified obligations of data fiduciary and data processor. Data Fiduciary is the entity or person who determines the purpose and means of processing personal data, while data processor is the one who processes personal data on behalf of a data fiduciary (Section 3(13) and 3(15), respectively). In the present case, the fiduciary is Kerala Government, whereas Sprinklr is the processor. It is also worth noting, in this context, that the Bill does not extend statutory liabilities to all those who process, handle or receive personal data. The Bill imposes liabilities only on the data fiduciaries and not on the data processors. This means the liability of the processor according to the proposed Bill is limited by the contract signed by the processor with the fiduciary. The implication of the present case is that any claims of an aggrieved person has to be

primarily directed against the State. The European Union General Data Protection Regulations 2016 (EU GDPR) stipulates that data controllers (fiduciaries in our case) cannot enter into contract with processors which do not meet the responsibilities imposed by the EU GDPR on the controllers. Such a provision is conspicuously absent in the Indian version. It is also important to note that Section 38(1)(b) in the proposed Bill states that the DPA may exempt research, archiving or statistical purposes from the application of any of the provisions of the Act, if satisfied that the purposes of processing cannot be achieved if the personal data is anonymised.

The final question which rings the bell is concerning the dispute resolution between the individuals whose data is shared and the fiduciaries who collect them. The Bill requires the data fiduciaries to appoint internal personnel as Data Protection Officers (DPO) and they will be the primary officers in-charge of handling concerns and complaints filed by the individuals. The Bill provides 30 days for the DPO to take action on any requests or complaints. Only after exhausting this option, an aggrieved person may approach the adjudicator to be appointed by the proposed DPA. Also, if not satisfied with the adjudicator's decision, the complainant may appeal to the Appellate Tribunal proposed in the Bill. However, the Bill forgets to mention the administrative jurisdiction of the adjudicator or the geographical locations of the benches of the Appellate Tribunal. Access to justice is, therefore, a critical challenge to a common man under the proposed Bill. Jurisdiction of the courts is seriously limited under Section 77. Imagine the plight of an individual who will have to travel for hours just to reach the adjudicator's office. Not to mention the absence of the provisional measures pending action from the DPO, in the Bill. This suggests that while a person may be aware of a continuing compromise of her privacy, she may not be able to stop it immediately. Also, users who are not tech-savvy may be left without any reliable and immediate assistance from the law or authorities.

Above all, there is a serious issue of Centre-State relations in the proposed Bill. The powers are concentrated at the Centre and it is doubtful whether state governments get a minimal say in the implementation of the proposed law. The Bill may also raise a concern whether the state governments would have any discretion left to act promptly and swiftly as in the present case. The states and individuals are certainly underrepresented in the Bill. The Joint Parliamentary Committee (JPC) is presently analysing the Bill that was introduced in the Lok Sabha on December 11, 2019 and its report is pending. While the business enterprises and techies are continuing to lobby for changes in the provisions of the Bill and have also successfully created precedents in the COVID-19 mitigation, it is important to discuss what a common man

has in the Bill and what he can expect from the lawmakers. We must persuade the government to expand the access to justice at district or sub-district levels, and to introduce provisional remedies for pending cases with the DPO or DPA. This is the minimum we should demand. Further, we should convince the parliamentarians to establish statutory liabilities on all those who receive or handle data, to establish guidelines on third party processing by the governments and for the decentralisation of powers to the state governments. We must look for guarantees for the above in the proposed legislation and must not compromise on the position that these may be laid down as administrative orders on a later stage. The COVID-19 mitigation and Sprinklr issue are lessons to be learned.

How Geographical Mapping Is Helping India In Its Fight Against COVID-19

Nissy Solomon

From contact tracing to creating buffer zones around #COVID19 clusters, India is using mapping and location-tracking technology to fight the pandemic. Maps have been used to assess and tackle diseases at least since the 1850 cholera outbreak in London. IndiaSpend looks at how mapping the disease data through geographic information system (GIS) can assist policymakers and the authorities during outbreaks, and what privacy concerns must inform such mapping.

GIS is a system designed to capture and analyse data using spatial trends. In the context of disease surveillance and monitoring, it integrates data such as the area of outbreak, population health and available infrastructure in the area to identify the population at risk. In recent years, GIS has been used to study and tackle several communicable and non-communicable diseases.

As of 8.00 a.m. on April 10, 2020, India has detected 6,412 cases of COVID-19, the disease caused by the novel coronavirus named SARS-CoV-2, according to Coronavirus Monitor, a HealthCheck database. While 504 (7.9%) patients have been discharged, 199 (3.1%) have died. Globally, 1.6 million cases have been detected, of which more than 350,000 have recovered and more than 95,000 have died, according to Johns Hopkins Coronavirus Resource Center.

How India is using location data

The Centre has tested the COVID-19 Quarantine Alert System (CQAS), an application that uses telecom data to trigger emails and text-message alerts to the authorities if a person has jumped quarantine, as *The Hindu* reported on April 3, 2020. "The data collected shall be used only for the purpose of Health Management in the context of COVID-19 and is strictly not for any other purposes," the report said, citing the standard operating procedure. "Any violation in this regard would attract penal provisions under the relevant laws."

Earlier, the Kerala State Disaster Management Authority and health department officials had begun collating disease surveillance data separately–with primary and secondary contacts of confirmed patients–traced and identified on a live geo-map, as the news channel NDTV reported on March 12, 2020. This allows officials to identify high-risk zones to activate containment measures. Further, the state is adding layers such as the availability of laboratory facilities and isolation wards in these areas.

On March 27, 2020, the Gujarat

government launched a GIS-based mobile application to monitor the movement of those advised to be home-quarantined. Similar to the Centre's CQAS app, it alerts authorities if the person being monitored leaves quarantine. The Srinagar district had also announced plans to undertake GIS mapping of all cases including suspects, those under surveillance, quarantined and isolated, according to this March 17, 2020, report.

The Telangana government was also deploying geo-location technology to track over 25,000 people under home-quarantine using a COVID-19 monitoring system, according to this April 1, 2020, report in IANS, the news agency, published in the magazine Outlook. The state was already using 'TSCop', an app developed by the Telangana police, to geotag houses of foreign returnees, the report said. In neighbouring Andhra Pradesh, the government is using two tech tools developed by the State Disaster Management Authority to track each person in home-quarantine, and for contact-tracing of positive cases, the report said.

Punjab is also using cellphone data including call records and GPS to enforce lockdown, ensure home delivery of groceries, and for contact-tracing, as The Indian Express reported on April 10, 2020.

Tracking in other countries

Health officials in South Korea retraced patients' movements using security camera footage, credit card records, and GPS data from their cars and cellphones, The New York Times reported on March 23, 2020. Citizens are alerted of new cases, with websites and apps detailing hour-by-hour timelines of infected people's travel. People who believe they may have crossed paths with a patient are urged to report to testing centers. A separate app tracks those under quarantine.

Israel has allowed its intelligence agency to track mobile phones of confirmed or suspected patients. "We'll deploy measures we've only previously deployed against terrorists," the country's prime minister Benjamin Netanyahu said. "Some of these will be invasive and infringe on the privacy of those affected. We must adopt a new routine."

In China, entering one's apartment compound or workplace requires scanning a QR code, writing down one's name and ID number, temperature and recent travel history, as The Guardian reported in March 2020. Telecom operators track people's movements, some cities are offering rewards for informing on sick neighbours, and Chinese companies are rolling out facial recognition technology that can detect elevated temperatures in a crowd or flag citizens not wearing a face mask.

Austria and Belgium are using anonymised data from telecom operators for contact-tracing and monitoring those quarantined.

Healthmap–developed by Boston Children's Hospital–collates data from validated alerts from official sites for surveillance of emerging disease. Data ranging from air-ticketing and online networks tracking

Mapping in past outbreaks

- In 1854, John Snow investigated the source of a cholera outbreak in London using a hand-drawn map. His map overlay the locations of cholera deaths with information on public water supplies. The subsequent removal of the pump handle at a pump in central London's Broad Street reduced incidence.
- In 2013, the African country of Cameroon had a poliovirus outbreak. The Ministry of Public Health's Expanded Programme on Immunisation mapped the poliovirus using GIS to estimate the disease's reach and determine the action required to contain further spread. Officials mapped district boundaries and gathered data on settlements, hospitals and population to visualise the outbreak in its geographic context.
- In 1987, British geographer Stan Openshaw used GIS to analyse paediatric leukaemia clusters in the North of England. In his paper titled 'Investigation of leukaemia clusters by use of a Geographic Analysis Machine', he assessed whether living in close proximity to a nuclear facility posed a higher risk of paediatric cancer. Using geographic information tools alone would not be enough to identify the causes of leukaemia but the visual patterns provide cues for policymakers to undertake further research, he warned.
- GIS was also used during the Eloba and SARS outbreaks for contact-tracing and assessing high-risk zones. The National Aeronautics and Space Administration used GIS to forecast risk by modelling the conditions that create conducive habitats for the aedes aegypti, the virus-carrying mosquito.

disease outbreaks in animals are used to track any unusual events and possible outbreaks. For COVID-19, Healthmap offers an interactive map, which includes a feature to show "outbreaks near me"– informing users about the disease transmission in their vicinity.

Privacy concerns

"The use of surveillance technologies, although necessary during the ongoing pandemic, has again started the long-standing debates on balancing privacy and security," said Kazim Rizvi, founding director of The Dialogue, a think-tank working in the intersection of technology and public policy. "It is important that the surveillance technologies should observe the tests laid down by the Apex Court in the Puttaswamy judgment (2017)."

The judgment permits surveillance provided that it is authorised by law, and its use is necessary and proportionate to the harm expected, he said, adding that a comprehensive surveillance law must keep privacy at the heart.

The use of spatial technologies and mapping for surveillance requires data classified as personally identifiable information. Concepts such as consent and personal data, for instance, are not defined in the Information Technology Act, 2000, rules framed under which (the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules of 2011) regulate data protection in the country.

To rectify this, the Personal Data Protection Bill was introduced in the Lok Sabha (lower house of parliament) on December 11, 2019. It has been referred to a joint parliamentary committee for examination, but falls short in addressing privacy and accountability, Rizvi said. The Bill does not provide for an independent data protection authority that could look into the privacy concerns, he added.

"Authorising unregulated surveillance might lead to data discrimination in which marginalised community (sic) could be further excluded due to non-transparent algorithmic processes," Rizvi said.

> As the number of #COVID19 cases nearing 2 lakhs & growth around 4.6%, it is important to see how stressed healthcare infrastructure in each state would be in terms of number of hospitals & beds (pvt+public). 10K+ daily numbers will be here in less than a week time.
>
> Dr Rijo M John

HEALTH SYSTEMS

Image source: Economics Times

India's Healthcare System and Response to COVID-19

Dr Swapna Jambhekar

The situation has never been so fluid. The number of COVID-19 cases is constantly changing and as new data is collected, responses to the pandemic are evolving. It is still too early to comment on or analyse either the numbers or where this will all end. However, it is certainly a ripe time to look at India's healthcare system as it reveals itself today in the face of the coronavirus emergency.

A TEDx talk by Bill Gates of 2015 is making the rounds on social media. In his talk, Gates describes how health systems need to gear up for future epidemics in an interconnected world. This would be an agile health system which works with military discipline and reaches out to even the most remote corners. The ongoing COVID-19 pandemic has brought into sharp focus the health systems around the world and our health system is no exception.

What is a health system or healthcare system? A health system or healthcare system includes the organisation, financing and provision of healthcare services to a population. This encompasses all the personnel, institutions and resources that are necessary to achieve the desired health outcomes for that population.

Supplementary to these are the policies, regulations and laws that enable and govern the functioning of different components of the system. All countries design and develop health systems that suit their context and available resources.

In India, the health system evolved from the Bhore Committee Report, 1946. The right to life is enshrined in the Constitution of India. It places an obligation on the Government to provide health care to its citizens. It places health in the State list of subjects with the onus on States, but the Centre also spends on health through centrally-funded schemes like the National Health Mission (NHM).

The local self-government institutions are also involved. We have a three-tier public health system for providing primary (first point of contact for the patient), secondary (provided by a specialist on referral from primary care provider) and tertiary (highly specialised medical care) care. The manifestations of this are the sub-centres, primary health centres, community health centres, first referral units, sub-district hospitals, district hospitals and medical colleges.

Private practitioners and hospitals are also a part of the health system and are said to provide 80 per cent outpatient and 60 per cent of inpatient care. This also includes private labs, pharmacies, diagnostic

centres, blood banks, ambulance services, etc. Confounding policies, lack of regulation or overregulation and overlapping authorities have resulted in skewed distribution of healthcare facilities across and within the states, with a shift of focus from primary to tertiary and more. The rural-urban divide is never more pronounced than in healthcare availability, quality and costs. This provides the background for the analysis of India's response to the pandemic.

The initial reported cases were those who had come back after visiting countries where the infection was already assuming epidemic proportions. Naturally, these cases were identified in metro/tier 1 cities wherein multi-speciality hospitals (both public and private) are located, well-supplied by advanced technology including testing facilities, critical care units, ventilators and trained personnel. Contact tracing led to identification of more cases which were still treated in these hospitals where isolation wards were created.

Even in a situation as this, there was significant concern over the lack of hazmat suits or Personal Protective Equipment (PPE) for medical and ancillary personnel dealing with such cases, number of critical care beds, number of ventilators, availability of pulmonologists and treatment modalities. These are genuine requirements that would prove critical in deciding the outcome of the pandemic.

As the number of cases increase, community transmission is an impending threat. If some experts are to be believed, it is no longer just a threat but a reality. This also includes geographical spread from Tier 1 cities to districts, blocks and villages. And herein lies the acid test of our healthcare system. As hundreds of migrant workers are in transit to return to their villages, the risk of spread of infection multiplies further.

The focus now, therefore, has to be definitely on preparing the foot-soldiers. Are the sub-centres, primary health centres and community health centres equipped to handle such cases? How well are the personnel deployed at these institutions trained to identify, diagnose, isolate and treat such cases?

Preparation at the grassroots

A discussion with a colleague who works with a local grassroot NGO in the villages of Beed district of Maharashtra is revealing. Traditional and mass media have created awareness about the pandemic here, but along with information, misconceptions also prevail. There are no trained personnel to dispel the misinformation. The local communities are resisting migrant workers who are coming back from different parts for fear of infection.

Severe summers, prevailing drought-like conditions and hence poor nutrition have been adversely affecting health. COVID-19 is an additional infection. So the NGO roped in willing local private practitioners to inform people and other NGO workers on the precautions to be taken when COVID-19 cases are suspected. Testing and treatment facilities require suspected cases to travel—

a hazard in times of a lockdown.

Any system is only as strong as its weakest link and right now the primary healthcare system (in urban and rural areas) seems to be the most vulnerable. An epidemic of such proportions curtails the possibility of shifting resources including manpower to these centres. Telemedicine has its limitations in terms of outreach and providing treatment modalities. How ready are the foot-soldiers of our health system—the first point of contact between patients and institutional care?

Identifying and empowering the foot soldiers

The ASHA (Accredited Social Health Activist), anganwadi workers and ANM (Auxiliary Nurse Midwife) are the backbone of our health system. Their role in maternal and child health and promoting institutional deliveries is one among their many achievements. And in such a crisis, the independent allopathic and non-allopathic registered practitioners, the local family doctors for most rural and urban poor, could also be counted in the ranks.

Though they may not be able to provide advanced treatment support, their role in identification of cases, contact tracing, quarantine and isolation monitoring, and referrals would prove significant. Their preparedness would depend on their training about the infection and its identification, transmission, diagnostics and treatment support.

The preparedness and efficiency of these workers also depends on the availability of PPE they receive and how effectively they use it. Such training would also help them to design isolation units from the available facilities to ensure that patients/suspected cases need not travel.

Preparedness of ambulance services in cases of emergency is also important as it is estimated from preliminary data that about 5% of the patients may require critical support And all this will have to be done while managing existing cases of non-communicable diseases like diabetes, hypertension, heart ailments, routine ante-natal care, accidents, among others.

The services provided by doctors, nurses, technicians and other hospital-based staff have received justifiable praise. But as the epidemic spreads, more tests are carried out and as cases increase, it will test the mettle of the community-level health workers and individual practitioners. WHO has already released its guidelines for health workers to be followed. Closer home, the Facilitator Guide–COVID-19 released by the Ministry of Health and Family Welfare is a step in the right direction.

The WHO's Failures Are a Red Herring. A 2005 Pact Is the Real Problem

Nithin Ramakrishnan

The WHO has come under widespread scrutiny for a few valid and many invalid reasons. The major criticisms that have been levelled against the organisation are:

1. The WHO is overtly China-centric and is taking a softer approach towards China's delay in acting on the new coronavirus epidemic
2. It has failed to coordinate the procurement of personal protection equipment, diagnostic kits and other medical products
3. It has been reluctant to recommend a ban on international travel and trade, while passively supporting 'stay at home'
4. It didn't declare that the virus's spread was a 'public health emergency of international concern' soon enough.

Scholars have also expressed doubts about the WHO's ability to coordinate its member nations, and US President Donald Trump has since decided to freeze his country's funds for the WHO.

However, where there is a legitimate concern with the WHO, the organisation itself may not be to blame as much as the International Health Regulations (IHR) 2005. Specifically, the WHO's member states should take responsibility for diluting the purpose of IHR 2005 and thus weakening the WHO itself.

Throughout its history, the WHO has used its powers in matured fashion, giving importance to science over diplomacy. Article 2 of the WHO's constitution lists 22 functions, the last of which empowers the WHO to take "all necessary actions" to attain objectives, which is the highest possible level of healthcare. Article 2 also requires the WHO "to stimulate and advance work to eradicate epidemic, endemic and other diseases". Not many international institutions have such an open mandate from their member states.

The WHO's operative mandate on epidemic disease outbreaks like COVID-19 comes from the IHR 2005. Born of global consensus after the SARS outbreak in 2003, the IHR 2005 is a legally binding instrument under Article 22 of the WHO's constitution. It replaced the IHR 1969 and established a new set of rules that require member states to improve surveillance and reporting mechanisms for public health emergencies and regulate the implementation of health measures. The IHR 2005 also authorises the WHO's director-general to declare a 'public health emergency of international concern' (PHEIC) after consulting with the Emergency Committee and state parties in which the event is occurring.

Once a PHEIC has been declared, the WHO can issue time-limited health measures as temporary recommendations under Article 15 of IHR 2005, and which the member states are bound to follow.

Response to COVID-19

Now, the major criticisms against the WHO – about the delay in announcing a PHEIC and the inconsistency between the 'stay at home' measures and the reluctance to impose a travel ban – are both due to a lack of normative clarity in the IHR 2005.

The definition of a PHEIC in Article 1 of the regulations identifies only two characteristic features: international spread of the disease and need for an internationally coordinated response. However, Article 12 and Annex 2 of the IHR account for the risk of interference with international traffic as an important part of determining a PHEIC. So the central concern is what has to be taken into consideration while designing suitable health measures.

Article 12 of the IHR requires the director-general to consider the information provided by the state, to apply scientific principles in assessing the available evidence, to assess the risk to human health and of international spread of the disease, and the risk of interference with international traffic – before announcing a PHEIC. In this process, the director-general is required to use the decision instrument contained in Annex 2 and also consult the Emergency Committee.

So the issue has three important factors: the Emergency Committee's role, the adequacy of evidence, and the final analysis. The committee constituted for COVID-19 has 15 members. All but two states have only one representative; Singapore and Thailand have two each. But the point is that no one nation can exercise disproportionate influence over the committee's decision.

Their consultative process is also among the more dynamic ones at the WHO, transforming a scientific exercise into a political one. And even if an affected state and the committee denies a PHEIC status, the director-general is empowered to overrule them under Articles 12 and 49 of the IHR.

But in the case of COVID-19, the director-general and the Emergency Committee were in agreement. And since the committee was considering the matter, the director-general would have been reluctant to take an independent call. Note that the WHO took an additional 30 days from the day of intimation to declare the novel coronavirus outbreak a PHEIC.

On the question of adequacy of evidence: the Emergency Committee can't make precautionary decisions. Instead, they need to be based on evidence submitted by affected member states and from some other sources. According to the committee, China shared sufficient data and relevant information. The WHO officials even noted in a media briefing, "China's cooperation is at unprecedented levels in the history of PHEIC responses." But to quench all

criticism, the committee should share the minutes of its meeting.

The third factor is the risk to public health, international spread of disease and interference with traffic, especially the last one. In the statement in which the WHO announced a PHEIC, the committee's members expressed wariness about member states taking additional non-recommended measures, thus disturbing international trade and traffic. The committee's chairperson said that a PHEIC declaration allows the WHO to question its member states about such measures, in line with the PHEIC's principal policy objective according to the IHR 2005: to be "avoiding unnecessary interference with international trade and traffic".

This also means the WHO will not declare a PHEIC if such declarations may needlessly interfere with international traffic and trade, despite the fact that the disease spreads internationally and an internationally coordinated response is necessary. The director-general and the Emergency Committee may believe that a PHEIC declaration can trigger panic and disturb the global economy, and hold back. Such a thing happened with the Ebola outbreak.

Article 2 of the IHR 2005, which explains the purpose and scope of the IHR, validates this approach. While the predecessors to IHR 2005 – ISR 1951 and IHR 1969 – were also concerned with minimising interference with international traffic, they had limited presence in the text itself; the word 'trade' itself was used only once in both documents combined. The IHR 2005 reversed this: Articles 15 and 16 deal with temporary measures and standing recommendations respectively, and Article 17 discusses factors to be considered before adopting these recommendations, and mandates the director-general once again to avoid unnecessary interference with traffic and trade.

Article 43, which deals with member-states' capacity to adopt measures beyond the WHO's recommendations, is also limited by a similar clause.

The International Health Regulations 2005 is a classic example of cementing the global rule of transnational capital in the name of public healthcare.

The WHO can't officially move away from the mandate of its member states, which in turn has placed trade interests before public health concerns. The only way out now is to clarify the normative intent and empower the WHO to make evidence-based decisions free from political interference. That is, instead of attacking the WHO, we should focus on revamping the IHR 2005.

Tackling COVID: A Comparison of Healthcare Systems

Katyayinee Richhariya

They say that no man is rich enough to buy his past and indeed every action of today has its roots in yesterday, which even the mightiest of all are unable to change. The losses caused by the COVID-19 pandemic of today can be traced back to the existing healthcare systems of various countries. Even the mightiest bastions of healthcare systems fell apart. The article compares various healthcare systems around the globe.

Italy is the second and third most affected country with a death toll of more than 23,000 and more than 1,75,000 confirmed cases, respectively. Italian government had recognised the right to Human Dignity in the form of Italian National Health service way back in 1978. This is one of the most robust governmental schemes of Italy. According to a 2014 data, the government funds almost 76 per cent of the healthcare expenditure, with private hospitals contributing only 1 per cent. However, states have been given the option of raising their own funds independently which explains the inter-state disparities in the healthcare system. The most important lesson for Italy could be rethinking the highly decentralised healthcare system, although not to transform it into the employer-based, privatised system that existed prior to 1970.

Spain is the second most affected country in the world with 1,95,000 confirmed cases and more than 20,000 deaths. Its per capita health expenditure is lesser than the rest of the OECD (Organisation for Economic Cooperation and Development) countries. The economic downturn of 2008–2009 forced the Spanish government to cut the expenditure on the healthcare system by 0.9 points, but after 2015 an increase was observed which now stands at 8.9 per cent of the total GDP. Spain's capacity of dealing with an emergency crisis was limited because initially the number of beds per person was less than that of the OECD countries—3 per 1000 people as compared to the average of 4.7 per 1000 in the OECD countries. The ICU beds stood at 4545 while the number of critical patients reached 5288. Country's expedited response to this led to the doubling of the ICU capacity within a span of a week, an increase of 75 per cent. There were attempts of creating makeshift hospitals in the worst-affected regions of Madrid, Barcelona, Catalonia because the capacities were getting saturated too quickly and to deal with the situation, large football stadiums were also used to accommodate more people. Spanish government also lacked the initial capacity of testing and was capable of testing only 30,000 until mid- march, which was

substantially increased to testing 15,000–20,000 tests a day and reached 3,55,000 on March 22. The government also allowed Rapid Antibody testing for which the Ministry of Health purchased 6,40,000 testing kits and 4 robots for detecting antibodies which resist coronavirus.

The United States of America is the worst affected country in the world with more than 7,38,000 cases and 39,000 deaths reported so far. A critical patient, while being transferred to a ventilator in Minnesota, uttered his last words—"Who's going to pay for it?" A patient in a country with the largest healthcare expenditure in the world worrying about the cost of treatment rather than life seems paradoxical. The US spends about 17 per cent of its GDP on healthcare but it is excessively privatised costing US$ 5000 per year on health insurance for an ordinary individual. According to an American agency Gallup, 30 per cent of the Americans deliberately try and postpone their medical treatment and only prefer to go to the hospitals only when it is extremely urgent. With unemployment reaching a record high and 16 million Americans stripped off their jobs, the conditions become even worse as 27.9 million people do not have the necessary health insurance and hence the number is bound to increase. The private healthcare has led to the frontline doctors being the most vulnerable precisely because of two reasons—one they are devoid of the earlier facilities like paid work hours; second, they work amidst the threat of infections. The US represents the epitome of healthcare expenditure and the Trump administration has provided an additional US$ 100 billion.

France's health expenditure is covered mainly by public finance. It spends about 12 per cent of its GDP on healthcare, out of which 76 per cent is government sponsored. The government also manages the budgetary allocation of healthcare expenditure to various provinces in France. One of the major drawbacks of the French healthcare system is it being extremely hospital-centric with negligible focus on primary care and telemedicine. There were about 2000 doctors practicing remote consultation up to the end of 2019. But with an increasing risk of the pandemic throughout France, almost 40,000 remote consultations took place in a span of a single week because under the National Health insurance scheme all remote consultations were made completely reimbursable, as opposed to the earlier 70 per cent reimbursement. The unique method of de-stressing the healthcare systems of the most affected provinces like Alsace included creating medicated trains to transport patients to the lesser stressed provinces, creating military hospitals and airlifting of the patients by the military helicopters. France seems to deal with the crisis through cooperation between various provinces and organs of government along with newer methods of decongestion.

The United Kingdom (UK) is also struggling to contain the viral outbreak. The UK

spends 9.9 per cent of its GDP towards healthcare with a major contribution of 79 per cent from the NHS (National Health Service). There was an initial delay in the number of testing, where only 100,000 people were tested in a month which would ideally have been tested in 7-10 days. The UK parliament holds the power to make amendments to the existing NHS along with the Secretary of Health and Department of Health. The Department of Health overlooks the overall health system of the UK, but the day-today responsibility of healthcare lies with NHS England. An amendment to the NHS bill was passed by the UK Parliament on March 26, which called for directing the medical care to those who urgently needed it by obviating the social security clause of the NHS and also allowing the police for detention of symptomatic people. Despite such a robust network of NHS volunteers, the government data reveals that 7,50,000 NHS volunteers were assigned near to 20,000 tasks, which points out to the serious lapses in the implementation of this scheme. The conditions still remain bleak with Dominc Raab extending the lockdown for another three weeks.

China, which was the epicentre of the viral outbreak, spends 5.6 per cent of its GDP on healthcare (2014), majorly financed by the public sector and public health insurances, which was increased by 14 times during the SARS and MERS outbreak in 2012 and 2018, respectively. According to a report of the WHO and World Bank in 2019, the healthcare system in China is excessively dependent on hospitals. After the SARS outbreak in 2012, a 1000-bed hospital got ready in just 10 days which also indicates the resilience of Chinese healthcare system. More than the robustness of the healthcare system, the integration of technology into the medical system was the highlight of Chinese reaction to COVID-19 where apps like Health Code were used to make quarantine decisions.

South Korea's healthcare system was ranked the best among the OECD countries in 2015. The healthcare system of South Korea is the quintessential amalgamation of Private and Public contribution. Although the majority of the hospitals of South Korea are privately owned, 97 per cent of the population is covered under the compulsory national healthcare insurance scheme. A series of transitions from dictatorship and democracy through mass participation was largely responsible for diverting the focus from rapid industrial growth to public services which vouched for public investments in healthcare. The country put to practice the golden strategies of aggressive testing— about 80,000 people were tested during the initial weeks, the then highest in the world—coupled with strict social distancing measures and complete closure of churches and schools. However, the rate of infections stood at 2.5 per cent which resulted in a large number of cases. Recently, South Korea has managed to curtail the number of infections getting added per day into single digits which

speaks for the level of treatment the patients were provided. It is worth noting that South Korea began testing individuals before the first confirmed case and has managed to flatten the curve within 20–25 days.

India, with a population density of 500 living in an area of a square kilometre, spends 6 per cent of the GDP on healthcare which is lower than the other low-income countries, with 69 per cent paid by the households. The largest state-sponsored healthcare scheme Aayushman Bharat was launched in 2018 which provides insurance cover to BPL (below poverty line) families for primary health services. The recovery rate in India remains very high (27.52 per cent). As Health is on the State list, various state governments have seized several private hospitals and hotels for providing quarantine facilities.

The State of Kerala, where the first cases of COVID were detected, applied its decades of public investment on healthcare and lessons from the Nipah Virus outbreak of 2018 to flatten the curve. Similarly, district Bhilwara in Rajasthan, where there were high chances of community transmission with multiple members of the same family getting infected, was reported to control the emergence of new cases. The doctors of Sawai Man Singh Hospital in Jaipur were the first to use a combination of drugs like chloroquine and hydroxychloroquine to cure a couple from Italy. The Government has created platforms for online training of doctors where they can also provide real time consultation to the patients. The Central Government has pledged an insurance of 50 lakh rupees for the healthcare workers.

What this crisis has taught the world unequivocally is that any unforeseen crisis can only be tackled by strengthening institutions. And how much resources a country can afford to invest judiciously in deploying them and adapting according to the nature of the pandemic is the key to sail with minimum losses in the uncharted territory of the current times.

> The effects of deadly COVID-19 outbreak on the geopolitics of one of the most volatile regions has potential to change the nature of the power balance when regional power such as Iran, Saudi Arabia and Israel continue to strive for regional dominance.
>
> Gazi Hassan

STRATEGIC STUDIES

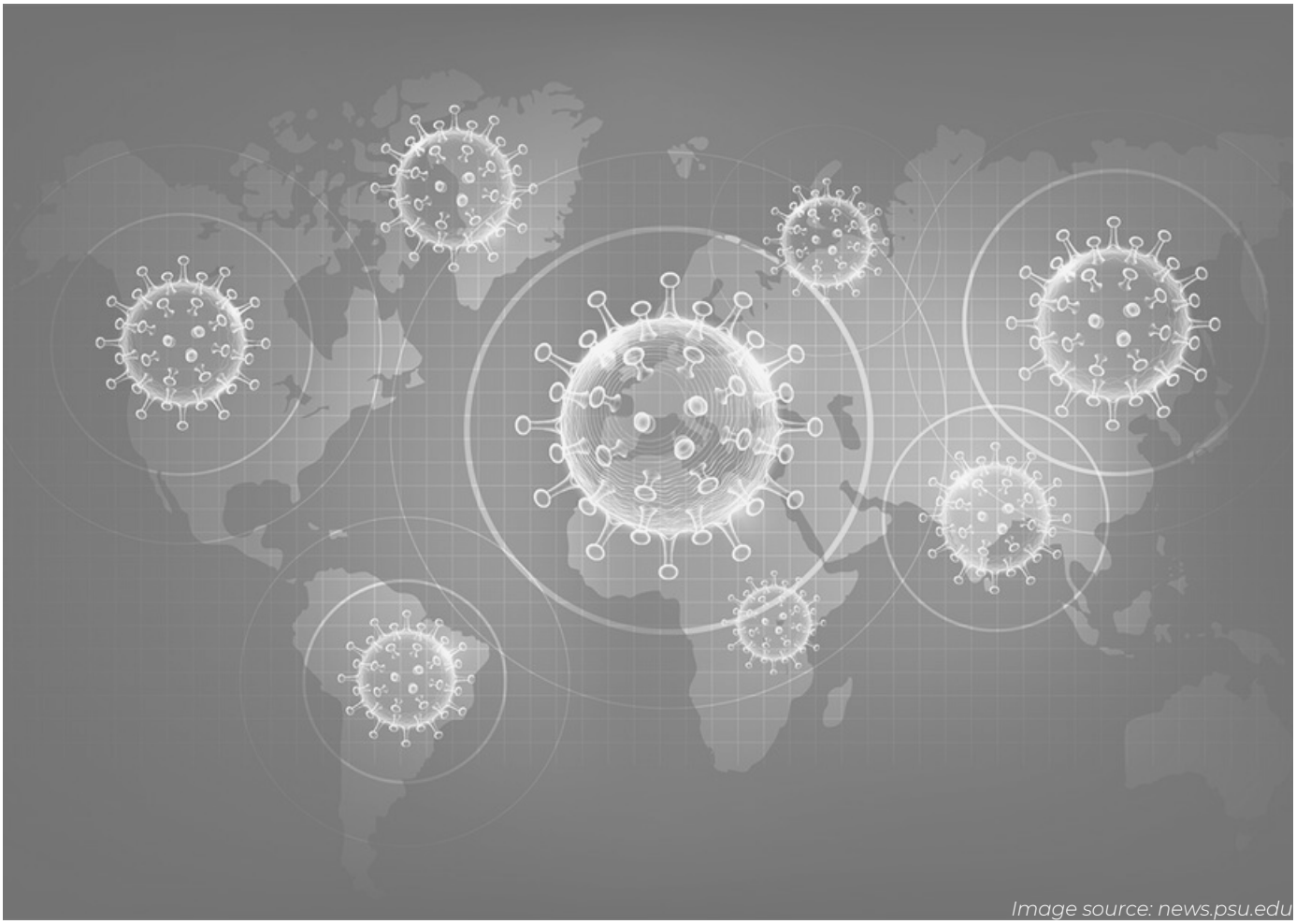


Image source: news.psu.edu

COVID-19: Cruise Industry and its Future

Dr Vijay Sakhuja

In the wake of COVID-19, the US Centers for Disease Control and Prevention (CDC) has extended its March 14 No Sail Order (NSO) for cruise ships operating in waters under the jurisdiction of the United States. The NSO makes note of the health and safety of passengers and crew employed onboard cruise vessels and provides detailed guidance for cruise liner operations.

In Europe, the European Union has issued guidelines for cruise ship operators who have temporarily ceased their operations. Elsewhere too, in Japan, India, Taiwan and the UAE, the governments have instructed local port authorities to either restrict or ban cruise liner arrivals amid the coronavirus pandemic. During the last three months, the cruise liner industry has been in the crosshairs of the COVID-19 pandemic and nearly three dozen cruise ships have been hit.

Some common issues confronted by the cruise liners since the outbreak of the pandemic merit mention. Many vessels were prevented from berthing at ports and passengers were disallowed to disembark for repatriation amid fear of importing the virus through infected passengers and crew. Furthermore, crew change could not take place due to the disembarkation restrictions/lockdown at the ports and they remained stranded on virus-stricken ships. In fact, they continue to be on voyage adding to mental stress and deep psychological impacts.

Besides, there are other major limitations onboard a cruise vessel such as inadequate facilities to manage large scale infections, and quarantining passengers is difficult due space constraints. Perhaps more worrisome is that some cruise line companies have been slapped with class action lawsuits by passengers over lack of transparency of infections and poor management of onboard medical emergencies.

Meanwhile, the World Health Organization (WHO) has issued guidelines for ships to manage/contain corona outbreak onboard ships. Similarly, the International Transport Workers' Federation (ITF), the International Labour Organization (ILO) and the International Maritime Organization (IMO) have also issued guidance and advisory to cruise liners and their companies.

It is true that the cruise liner industry is in the midst of an unprecedented crisis arising from COVID-19 and to be fair was caught unawares. There are 272 cruise ships worldwide which host nearly 30 million passengers annually. The cruise liner industry is the fastest-growing category in the leisure travel market and is valued at about US$ 45 billion.

The industry is now experiencing an adverse impact of COVID-19 on its operations and the financial condition of the sector is marked by widespread losses. The Carnival announced that it needed to raise US$ 6 billion (US$ 3 billion in three-year secured bonds, U$1.75 billion of bonds that can convert into shares and US$ 1.25 billion in newly issued stock) to remain afloat and conduct its future operations. Further, the stock value of at least three publicly traded cruise line companies has plummeted during February and March 2020, i.e., the Carnival stocks may have lost as much as 60 per cent, and the Norwegian Cruise Line and the Royal Caribbean losses are estimated to be over 70 per cent of their value.

The impact of COVID-19 is also being felt by a number of other stakeholders and there are fears that the pandemic could potentially result in job losses and revenues, and sink the industry. In particular, people in small island nations are highly dependent on the cruise liner industry for livelihoods and jobs which provide them with a variety of hospitality services, and ready cash obtained from the tourists and visitors makes small business remain afloat. For instance, the cruise industry contributes annually nearly US$ 2 billion to the Caribbean nations. In the case of St Kitts and Nevis, the cruise industry contributes nearly 5.9 per cent to their GDP.

Many cruise lines are witnessing huge financial losses and may not be able to sustain their operations at least in the short term. Significantly, a few of them have stopped taking reservations for itineraries over the next nine months; likewise, some passengers have chosen to cancel the reservations. However, according to a report, cruise bookings for 2021 are on the rise and the cruise booking site CruiseCompete.com has seen a “40% increase in its bookings for 2021 over its 2019 bookings” in the past 45 days. Similarly, Swiss bank USB has reported 9 per cent more cruises booked for 2021 as compared to the same period in 2019 suggesting “surprising resilience in desire to book a cruise” by people. This is further reinforced by an online poll of more than 4600 people and put out on CruiseCritic.com which notes that “75% of former passengers would continue sailing the same amount or more frequently”.

A cruise industry operator is confident about the resilience of the industry and has argued that it has weathered many such pandemics and health scares including political unrest and wars. It is not surprising that the cruise industry is upbeat about its ability to bounce back while many other sectors of the global economy take a hit, the effects of which will continue in 2021.

How can India Survive on a Low Defence Budget in COVID times?

Cdr Jayakrishnan N Nair (Retd)

Introduction

The defence budget of India has seen a hike of 6 per cent, from Rs 3.18 lakh crore from the year 2019 to Rs 3.37 lakh crore in 2020. Armed forces are less enthusiastic as always since the major chunk of this budget outlay caters to the revenue expenses rather than capital acquisitions. In addition, the Government of India (GOI) has stalled many important acquisitions in view of the ongoing pandemic which would affect the battle readiness of the Force. The Ministry of Finance always targets defence budget whenever an economic crisis arises. Armed forces are now busy redoing their defence preparedness aligning with the new budget outlay. The article tries to explore a few unconventional steps whereby the nation can cope up with a depleted defence budget during the ongoing pandemic.

A Comparison

Since India perceives China as the main adversary in defence preparedness, it would be prudent to draw a parallel with the Chinese. Though India's defence budget has been increasing every year, the outlay is not enough for it to catch-up with China which spends on defence more than triple the amount being spent by India. Beijing's defence budget was US$ 249.9 bn in 2019, while India was at US$ 62 bn. But in terms of GDP, India spends 2.5 per cent of the GDP on defence whereas China spends only 1.9 per cent of its GDP. China's steady ramping up of defence budget outlay over the years is a concern for India. As China considers the US as its main adversary, it may continue to pump more money for defence preparedness in the coming years.

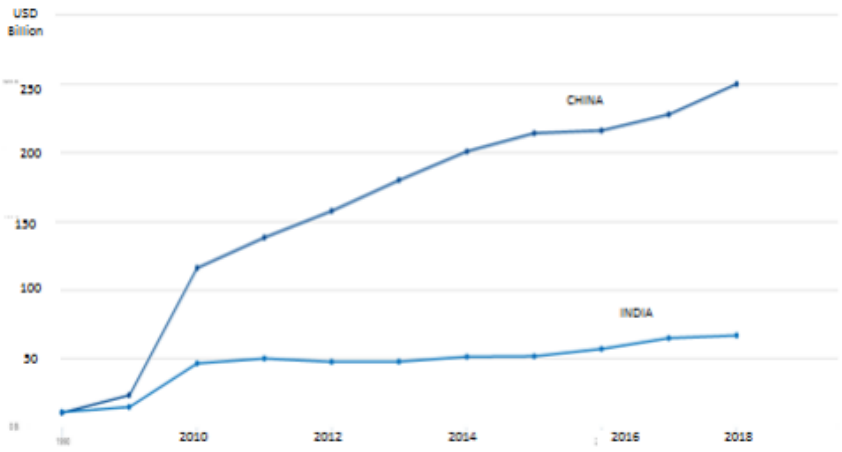
Underlying Trend

The gap between India and China's military spending is widening year after year. A mere comparison with China shows the inadequacy of our defence budget over the years. The imbalance is severe and needs to be attended to avoid a possible military threat from China.

Surviving on a Low Defence Budget

It is a tough call for the armed forces to manage the battle resources with a low budget, where-in the salary for men in uniform cannot be compromised. In addition, armed forces need to extend the life of old weapons and platforms and continue using them till the replacement arrives. Mig 21 of IAF is a classic example of procrastination costing lives of 200 pilots till date. Delay in defence acquisition would not only affect the fighting capability but also the planning behind the recruitment, training and allocation of skilled manpower. While the challenge and

Graph 1: India vs China: Budget Allocation over the Years.



Source: https://databank.worldbank.org/reports.aspx.

responsibility of maintaining battle readiness remains with the armed forces, certain other factors can act as a relief to the economic crisis followed by the pandemic.

1. Keeping Threat Perception Low

The possibility of a confrontation with immediate neighbours has become very remote in view of the present geopolitical milieu of South Asia. Pakistan's economy has touched bottom. There is a slowdown in China which has been aggravated by the corona pandemic. Hegemony enjoyed by India in the sub-continent will continue unabated in the coming years. As long as there is peace, armed forces can delay their acquisition plans.

2. Embracing Technology

The Government of India has given an impetus to the up-gradation of technology and systems along with the replacement of old weapon systems with new ones. The manpower requirement has been trimmed by deploying more automated systems across the board in Army, Navy and Air-Force. Henceforth, the expansion of armed forces will be done without increasing the manpower proportionately. Technology will remain as the biggest enabler for the growth of armed forces and the trend will continue in the future.

3. Reducing Arms Imports

Currently, a large amount of weapons, platforms and systems are imported to keep the force battle-ready. A large chunk of budget allocation goes for acquisitions from abroad. Our indigenous defence production is steadily going up. Delaying procurement plans and sourcing indigenous vendors would be a 'win-win' situation for the Government and domestic manufactures in future. Reduction of arms import can save a huge forex.

4. Tasking CDS for Full-scale Integration

Chief of Defence Staff (CDS) has assumed office and the Department of Military Affairs (DMA) has come into existence under the Ministry of Defence (MoD). CDS can integrate the operations of the Indian Army, Air Force and Navy by cooperating in

operation, logistics, transport, training, support services, communications, repairs and maintenance. This would ensure optimal utilisation of infrastructure and rationalise resources and force deployment, thus help in bringing the military expenditure down.

5. Global Slowdown

The global economic slowdown post COVID-19 will certainly bring down the arms race across the world. China's slowdown is a blessing in disguise and a cut in Chinese defence expenditure can be expected in the coming years.

6. Keeping Close Ties with the US

Though the pandemic has taken a huge toll on the United States, it still enjoys the number one position as a military might. The country still remains as a watchdog of freedom and sovereignty across the globe. A very close relationship with the US would certainly help India survive in the unbalanced unipolar world. Besides, frequent military exercises with the US would help India in the long run. Recent military acquisitions from the US would facilitate interoperability with the US forces and NATO during combat. Visit of the American President Donald Trump to India in February 2020 has cemented a strategic military partnership between India and the US.

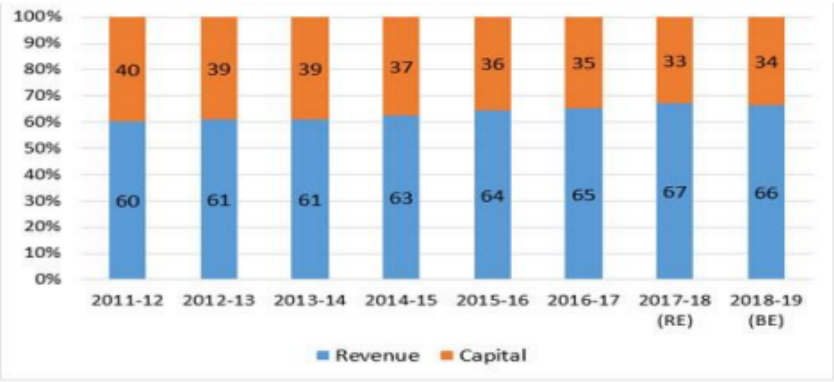
7. Re-focus on Subcontinent and IOR

India should always keep its military ambition within the Indian Ocean Region (IOR) and the subcontinent as our force cannot handle engagements beyond the IOR with the present constraints. As a policy, Indian should focus on using its forces to defend the nation and its interests within the geographical limits.

8. Austerity by Armed Forces

The suggestion for a self-imposed austerity may not augur well with the armed forces. But there is a vast scope for muting some expenditure from the revenue outlay. Graph 2 shows the increasing revenue component over the years. If trimming the revenue expenditure is done judiciously, a moderate amount can be recovered and reallocated to capital budget.

Graph 2: Defence Budget Revenue vs Capital Outlay.



Source: https://idsa.in/issuebrief/defence-budget-2018-19.

9. Networking with New Friendly Nations

India has been very successful in establishing a strategic relationship with friendly nations across the Indian Ocean. This would facilitate getting access to their sea ports and air stripes. The policy of networking with more Foreign Friendly Nations (FFN) from across the Gulf, East Africa and the South East Asian archipelago should continue. The Ministry of Foreign Affairs can work in conjunction with the armed forces towards achieving this goal.

10. Delegating and Subcontracting Tasks

Delegating and contracting a few fringe tasks and responsibilities by the armed forces can help in cost cutting. Armed forces can also explore areas where they can deploy or utilise contracted personnel. Tasks that do not have any direct implications on combat operations can be delegated to them. Training and logistics are the potential areas where a haircut can be introduced.

11. COVID-19 and Military Spending

The COVID-19 pandemic seems to have reduced the enmity between many nations. The military spending across the world has taken a back seat since the pandemic has hit globally. Most of the military acquisitions and associated spending are being aborted by nations due to the paucity of funds. Hence, India can also balance with the potential enemies by managing with a low budget.

12. Deferring New Recruitment

A major chunk of the defence budget is allocated for the revenue expenditure of the armed forces, of which salary is the major sub-component. By reducing the annual intake of soldiers, a good amount of salary and cost to company (CTC) can be reduced. This is a delicate exercise which needs utmost proficiency to carry out without damaging the potency of the fighting force.

Conclusion

Protecting the nation with a depleting defence budget is a challenging task. In order to minimise the spending, there is a need to look for out of the box solutions. While doing this, the requirements of armed forces—critical for the nation's security—should never be undermined. The Government will have to explore unconventional practises with the consent of the armed forces to help the defence sector survive during COVID times.

Will COVID-19 Shift the Power Balance in the Middle East?

Gazi Hassan

The coronavirus, relentlessly spreading and rampaging across the globe, will have an enormous impact on the region of the Middle East which is already embroiled in multiple problems including a series of conflicts, sectarian violence, economic crises, refugee problem and widespread political unrest. The latest figures of COVID-19, as we speak, has already reached more than 1,00,000 confirmed cases, with over 6500 deaths in the region. Iran is the worst affected of all the countries in the region with more than 70,000 confirmed cases and over 4500 deaths. Even the health facilities in many of the countries in the region are not ready to cope with a large influx of patients as either they are at war (in case of Syria and Yemen) or bankrupt (Lebanon and Iran) or unstable (Iraq).

The pandemic will drastically impact economies across the globe, but the effect on the Middle East will be huge and as a result the countries depending upon the remittances from the region will also suffer. The GDP of the region which stands at US$ 3.5 trillion is expected to decline significantly in 2020. This figure could be higher if the compounding effect of low oil prices and the slowdown of economies due to the closure of various public institutions and private sector enterprises do not get the required stimulus from their respective governments.

The COVID-19 crisis has led to a significant decline in oil prices which has cost the region nearly US$ 11 billion in net oil revenues between January and mid-March 2020. During this time, the region's businesses have lost a massive US$ 420 billion of market capital, i.e., about 8 per cent of the total market capital in the region. On the other hand, the tourism sector is also predicting a significant loss as it contributes a major part to the economy of countries like Egypt, Iran, Turkey, Palestine and Israel.

The pandemic is also affecting various key job-rich sectors in the region. For instance, tourist cancellations have reached 80 per cent in many of the countries, while the sectors such as hospitality and retail have also been adversely affected. As the pandemic ravages economies and businesses, the crisis could cause job loss of more than 1.7 million people in the region at an alarming pace with unemployment to spike above 1.2 per cent. With a large number of people employed in the service sector, there is a fear of an increase in unemployment due to lay-offs. This situation is particularly perilous for low-income migrant labourers who could be left impoverished without any governmental support. Although the charities have stepped in to fill the gap, the prospect of job losses will also affect other economies

as they contribute billions of dollars in remittances. The amount of money sent home by migrant workers is as high as US$ 70 billion to US$ 75 billion and in many estimates double of the official number. This forms a major part of the economy in various South Asian and South East Asian countries.

According to the International Monetary Fund (IMF), the economic outlook for the Gulf States this year looks bleak. The GCC is expected to post deficits in 2020 and will possibly slide into recession. The fiscal deficits of GCC is projected to reach 10-12 per cent of GDP in 2020, implying an additional financing stimulus of around US$ 150 billion to US$ 170 billion.

Unless the GCC nations choose to intervene, the crisis will lead to the collapse of small and medium enterprises (SMEs) in the region where they constitute a critical component of the economic future. Saudi Arabia and the UAE have started following the Chinese model in setting up stimulus packages for their SMEs, but many countries like Egypt, Jordan and Lebanon have much difficulty in providing these businesses with the support they need to weather the crisis.

The aggregate economic impact is likely to be very large, with the most recent data suggesting the global economic impact will be comparable to the 2008–2009 recession, in which GDP was reduced by more than 2 per cent worldwide and in the Middle East by more than 11 per cent. The comparison with the recession of 2008 gains importance because despite the dramatic economic slowdown, the Middle East economies performed well and did a decent job of weathering that crisis. The combination of a looming recession coupled with an unprecedented health crisis in these countries, given the terrible state of their health systems, will be a disaster.

The consequences as a result of collapse in crude oil price could stretch well beyond the economic fallout and have the potential to undermine the stability of systems where the political and the social consensus rely directly on the redistribution of revenue generated by the oil exports. While it is hard to predict the political, economic and social ramifications of this pandemic, from a geopolitical perspective it will lead to a shift in the regional balance of power, with China playing a major role. Beijing has replaced the US in providing timely assistance to the countries in the region. It has been proactively lending support to governments across the region from Algeria to Tunisia and from the Palestinian National Authority to Iran supplying necessary medical equipment and sharing scientific knowledge and medical expertise. With its mask diplomacy, Beijing has donated more than 2,50,000 masks to Iran and other countries in the region.

Therefore, the effects of this deadly outbreak on the geopolitics of one of the most volatile regions in the world are playing out on various levels. While the regional power struggles between Iran, Saudi Arabia and Israel continue to evolve, the question arises how COVID-19 is going to change the nature of the power balance.

> The existing public transport sector is facing serious threats due to the pandemic, like the fear among the users to travel in public vehicles, poor financial situation of the operators etc. This when combined with the mobility needs of the people can result in a surge in the use of private vehicles—a nightmare to a sustainable vision for transport.
>
> Praseeda Mukundan

CITIES & INFRASTRUCTURE

Image source: World Economic Forum

Transfer powers of DMs to mayors to solve urban issues

Dr D Dhanuraj

One of the conditions laid down by the Centre for the state governments to increase their borrowing limit is to 'bring in reforms to streamline the revenue of urban local bodies (ULBs)'. Though this has been in the discussion since the 74th amendment, nothing has changed for the majority of the ULBs. Now, this has been taken up by the Centre and there is a hue and cry about the imposition and infringement of the federal principles by mandating reforms.

It is worth exploring the role of the ULBs in the investment strategies of both the State and the Centre, especially when we are going through the toughest times for the economy, mostly due to the COVID-19 pandemic.

The ULBs still remain one of the weakest links in the administrative and political economy in India, though we have been trying to implement decentralisation, and thus impart more power to the ULBs through various initiatives in the past few decades. While our urbanisation has been in an upward trend for the last two decades, the capacity building and power transfer have been ad-hoc and limited to the schemes announced by the Centre from time to time.

Lame Duck ULBs

Globally, mayors and councils are glorified as the panacea for the urban challenges faced in the 21st century; however, in India, they lack autonomy, authority and the powers to solve the most basic local issues, which still remain under the Centre and the State. The administrative wing of the ULBs lack upgrading, up-skilling and one-upmanship. The ULBs depend on the State or the Centre for funds, and approvals for their decisions.

The discussion doing the rounds now, in the times of COVID-19, is about the possibilities of attracting companies operating from China to shift to India. For this, the Centre has talked about special economic zones, industrial corridors, parks and townships, and clusters. How can the Centre expect that by setting up a large piece of the land made available and managed by the state bureaucracy, investors would be happy to invest? The companies will still have to deal with the challenges faced at the local level (panchayat or municipal), in addition to liaison with state and central governments.

The ecosystem that is expected to support and facilitate investment in urban areas is not with the ULBs, but it is under the

control of the state. The confusion could increase if the big-ticket investment comes straight from the Centre to the urban area.

China's Empowered Mayors

One of the major attractions for investment in China is the power enjoyed by the local administration, especially the mayor, in deciding on various factors related to the opportunities available. A mayor in China has more say in setting up or ensuring the local support system — which, sadly, is not the case with mayors in India. The investments in Indian cities are primarily driven by the proximity to the power centres in the state, such as capital cities, so that the Chief Minister or the departments concerned can oversee the developments from close quarters. The other set of cities, which have attracted investments in India, are those developed as industrial towns in the past. There again, the state or Centre plays a significant role. In the ease of doing business lexicon, the role of a mayor or city council is forgotten.

Indian cities are not always known for conducting 'vibrant city summits'. Rather, they are infamous for filthy drainage systems and poor air quality compounded with traffic snarls and frequent power outages.

It is often witnessed that states oppose the diktats from the Centre—but, what about cities opposing diktats from the state bureaucracy or the Centre? Why aren't cities allowed to compete for investments or publish reports on their health?

The CEO Mayor

Most of the urban issues can be solved if the power is transferred to the ULBs. There is also a need to transfer the decision-making powers over land and labour to the city councils based on the Centre or state guidelines. The mayor should enjoy CEO status and should be directly elected by the locals. The mayor's election manifesto can also include the kind of investments and health she envisages for the city.

A huge change can be expected if the powers enjoyed by the district magistrates during the lockdown are transferred to the mayors. A composite index of the cities, in turn, would encourage the towns to improve the services and conditions at the local level not only for the benefits of the investors but also for its citizens. The set of objectives for the 74th amendment shall be amended again to suit the present day requirements such as investments, and GST at the local government level. It is time for us to think about the city-state economies rather than the nation-state economies, keeping the federal spirit intact.

What the Kerala government can do to revive inter-state bus service sector

Aiswarya Krishnan

For many people, bus travel is the go-to option for last minute inter-state travel. But with the spread of coronavirus resulting in the national lockdown, the inter-state bus service sector is caught between a rock and hard place.

There is no specific definition for 'inter-state' buses in the Motor Vehicles (MV) Act, 1988. As per Section 66 of the Act, a stage carriage permit/contract carriage permit is mandatory to operate any bus service. A stage carriage permit allows buses to pick up and drop off passengers at various stages of the journey between the origin and destination, whereas a contract carriage permit allows passengers to be picked up from the origin and dropped off only at the destination point without stopping to pick up or drop off passengers anywhere in between.

The Kerala State Road Transport Corporation (Kerala SRTC) runs 566 stage carriages while more than 600 private-run contract carriages operate as inter-state services. Only Kerala SRTC is issued stage carriage permits to provide inter-state services on the basis of the inter-state agreements formed between the Kerala government and other neighbouring state governments. The private buses operate on contract carriage/all India permit for providing inter-state services.

Recently, the Central government had issued a notification to amend Section 66 of the MV Act, exempting the AC deluxe luxury buses (with body code AIS-052 having carrying capacity of more than 22 passengers) from taking permits to provide services. This means that buses operated by private players complying with the specified body code can operate without any permit. If the notification gets implemented, it will improve the ease of doing business which will benefit private players and thus more services could be operated, thereby increasing the revenue for the state government in terms of tax.

In spite of this fact, the state government has opposed the notification foreseeing a possibility of the road transport sector, which was earlier monopolised by Kerala SRTC, to be overtaken by the private entity. Section 66 also mentions: "Provided that a stage carriage permit shall, subject to any conditions that may be specified in the permit, authorise the use of the vehicle as a contract carriage." Hence, buses with stage carriage permits can operate as contract carriage and not vice versa.

Earlier, heavy fines were imposed on private operators by the Motor Vehicles department for permit violations, but as per the current amendment there is ambiguity on how the department would exercise its powers in regulating the inter-state services provided by private players. The

reasons for permit violations could be low patronage or insufficient revenue generation to sustain the business. If the notification gets implemented, inter-state buses run by private players too can operate as stage carriage services.

However, considering the current COVID-19 situation, Kerala SRTC has estimated that its fleet can ply only 5.5 lakh km per day in the post-lockdown period against its usual coverage of 16.5 lakh km per day. With the practice of physical distancing and the possibility of the virus spreading in public transport, one of the major strategies followed by other countries is limiting the number of passengers on board.

Considering the number of daily inter-state/inter-district commuters in Kerala and the existing number of operational services, there is a need for well-thought-out policy changes in the sector based on data. As working from home is becoming the new normal, there is a need for conducting surveys in collaboration with online bus booking platforms having traveller data for forecasting the number of commuters who will use public buses and to determine the fleet size. These surveys can be used to assess the confidence level in the public in using public buses over private vehicles in the future. The revival of the sector needs measures that favour both the players. The implementation of the inter-state agreements as well as the provision for nationalisation of routes shall be nullified considering the coronavirus outbreak, so that both the players can operate services as required on all routes.

The state government, instead of favouring the loss-making Kerala SRTC, has to adopt measures to encourage business and competition in the sector. When considering the economic loss due to investments in the sector, it is the private operators who have to bear the brunt than Kerala SRTC, which has the hand-holding of the state transport department.

Kerala SRTC has been exempted from single point tax payment till 2021 by the state government. On the other hand, to provide inter-state services private operators have to pay heavy double tax based on the tax rates per seat charged in different states. After the Kallada issue and 'Operation Nightriders', it was reported that there was a considerable decline in the number of services run by private players due to lack of revenue. Considering the present crisis, there is the possibility of a large number of operators withdrawing from the business even after the lockdown is lifted. This is due to the requirement of heavy investment in the operation and maintenance as well as disinfection of buses to continue services.

As an immediate strategy, in a bid to revive the sector, the Kerala government can consider exempting or subsidising the tax rate for private players for a certain period. The government can also consider waiving off loan payments by private bus operators taking into account their investment loss.

In the long run, in order to improve the safety of public buses, a strategy of restructuring the bus infrastructure could be adopted, but that too will be possible only with funding support from the state government.

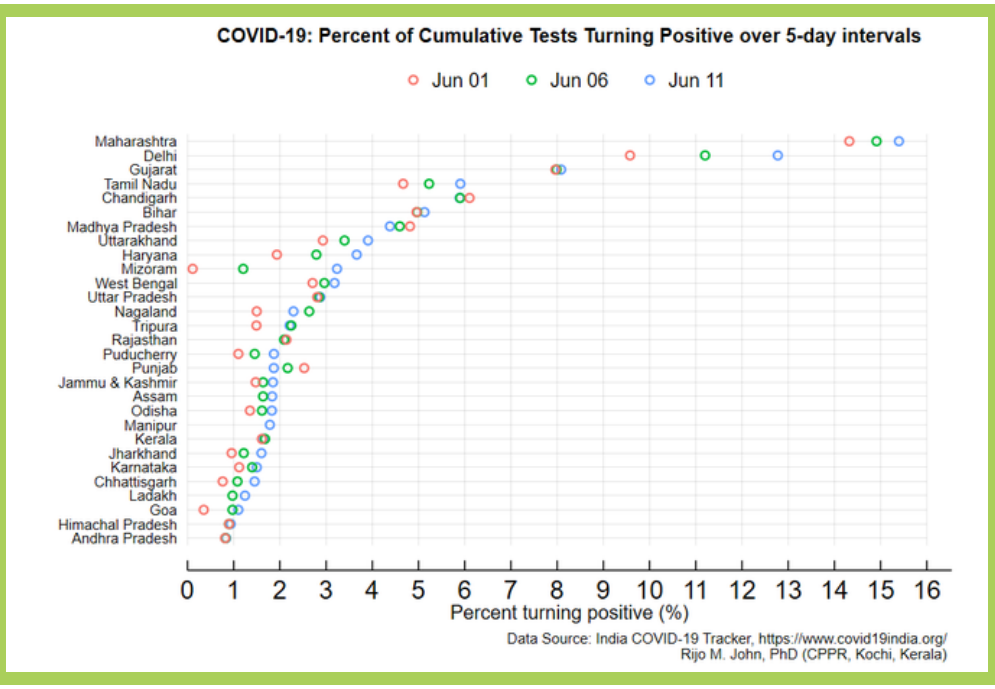
COVID INFOGRAPHICS

Created by
Dr Rijo M John, *Senior Fellow (Health Economics), CPPR*

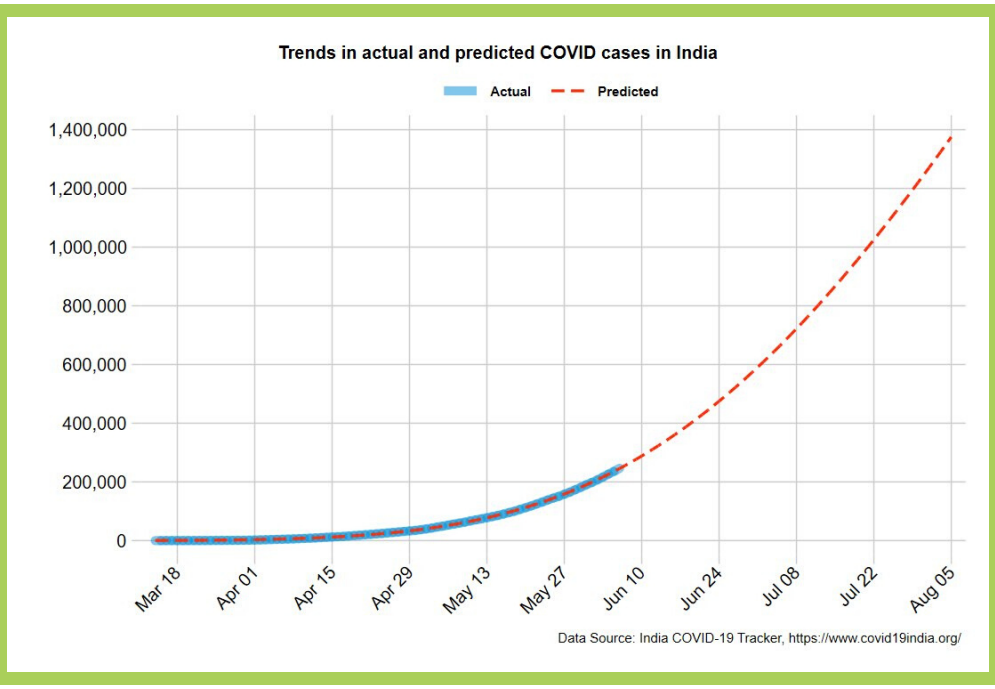
To view all the infographs on COVID visit
www.cppr.in/covid19

Image source: World Economic Forum

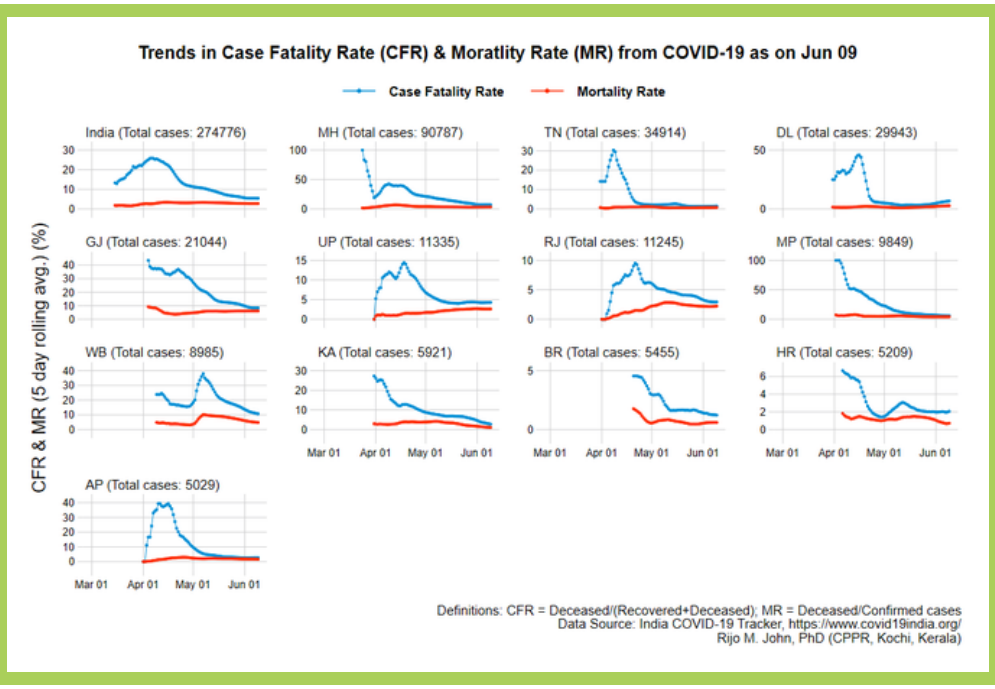
COVID-19: Percent of Cummulative tests turning positive over 5-days intervals on June 12, 2020



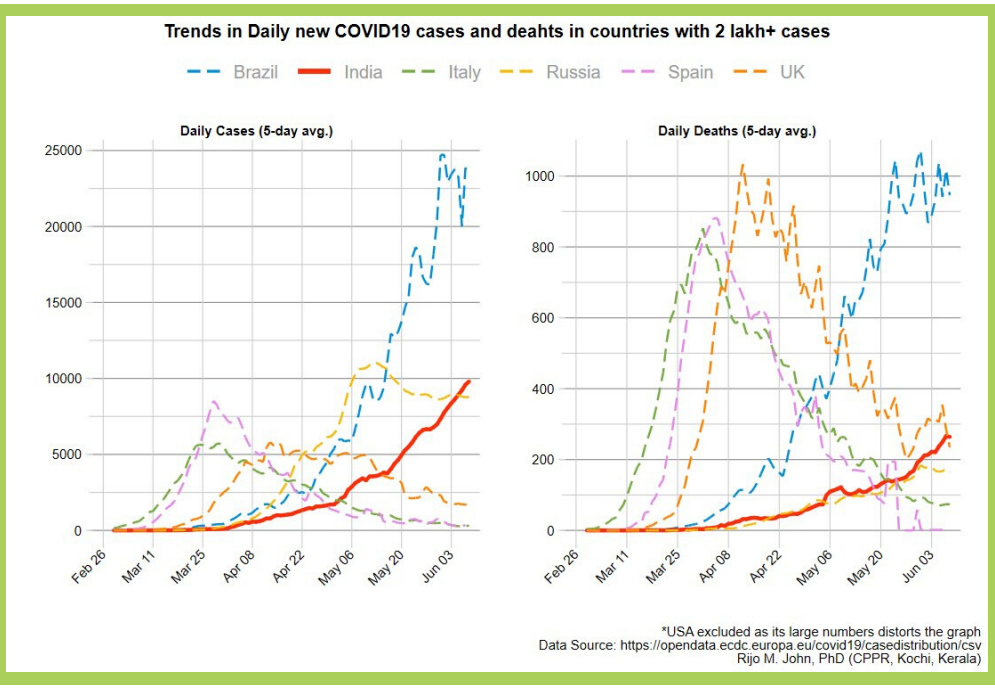
Trends in actual and predicted COVID cases in India as on June 9, 2020



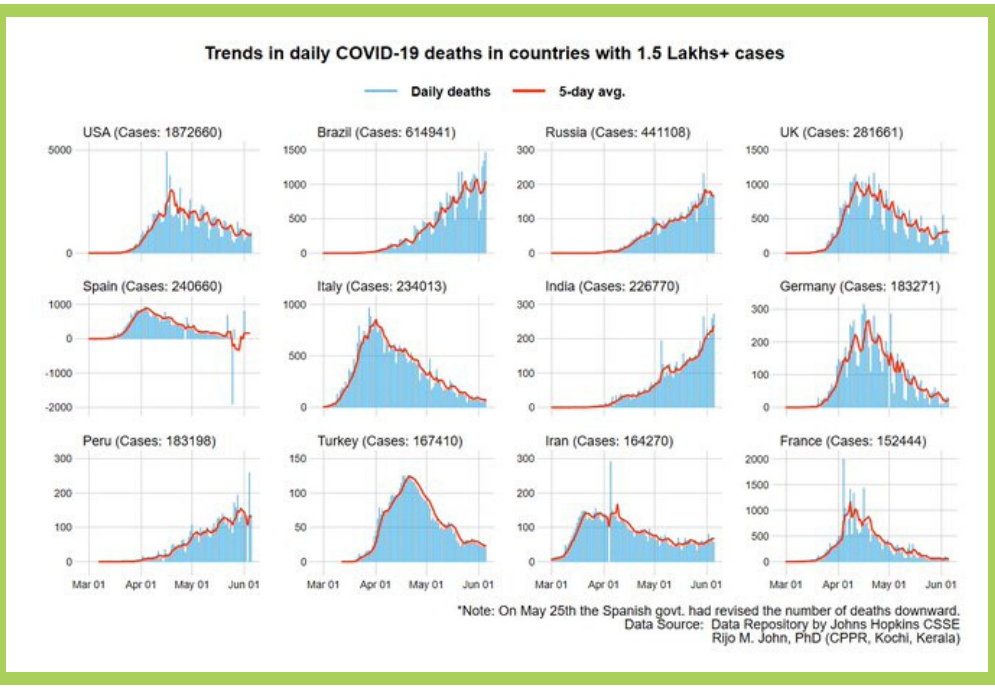
Trends in Case Fatality Rate (CFR) and Mortality Rate (MR) from COVID-19 as on June 9, 2020



Trends in daily new COVID-19 cases and deaths in countries with 2 Lakhs+ cases as on June 9, 2020



Trends in daily COVID-19 deaths in countries with 1.5 Lakhs+ cases as on June 5, 2020



Progression of COVID-19 cases in India as on May 30, 2020