

For Favour of Publication

Patna, 8 December. Speaking on the second day of the International Conference titled 'Public Finance: Theory, Practice and Challenges' organized by Centre for Economic Policy and Public Finance (CEPPF), ADRI, Patna, Stuti Khemani, Senior Economist of the World Bank, said that politics is an inextricable part of building state capacity and highlighted the role of apolitical, non-partisan, international development partners in helping reform leaders solve their delivery and implementation challenges. Khemani added that weak incentives and lack of professional norms are the most challenging constraints in the problem of state capacity in developing countries. She further observed that the capacity can be designed to fit the context leveraging available resources.

Chairing a session on the status and prospects of Ayushman Bharat in Bihar, Sanjay Kumar, Principal Secretary (Health), Government of Bihar, observed that new policies are made and abandoned after a point of time. There is a need to create appropriate health eco-system to cater to the needs of the common people at the grass-root level. The Government of Bihar is trying hard towards this pursuit and health indicators have shown significant improvements over the years. Only 6.2 per cent of Bihar's population is covered under health insurance. The state spends only 1 per cent of its GDP on healthcare. Among Indian States, Bihar has the highest dependence on private healthcare provisions. In this context, Ayushman Bharat's effective implementation will have a far-reaching impact on Bihar's healthcare and insurance performance.

Speaking at the session on 'Leveraging Public Finance in Mainstream Climate Change', Paul Steele, Chief Economist at IIED, UK observed that households are the most crucial sectors in terms of climate expenditure like farmers buying drought-prone seeds and urban population building houses which can resist certain disasters. Another panelist Purnamita Dasgupta mentioned that climate financing involves changes in the status quo in the distribution of funds across sectors and stakeholders. Kenneth MacClune, another panelist, mentioned that mitigation projects receive vast majority of funds while little fund goes for adaptation. He further observed that the scale of funding required to address climate change can be large and national and international funding are both critical.

Sugata Marjit, RBI Chair Professor of Industrial Economics at Centre for Studies in Social Sciences (CSSSC), Kolkata said that without distortion Distribution Neutral Fiscal policy (DNFP) is always feasible and unique under balanced budget conditions. He observed that low inequality countries may find it difficult to contain inequality through fiscal policies where high inequality nations are in a better position to neutralize the growth or trade impact on inequality.

Arindam Das-Gupta, Professor, Goa Institute of Management, raised doubts about the sustainability of GST for India. He pointed out that reforms are still going on despite over a year having been elapsed since GST's introduction.

Santanu Ghosh, Professor, Maulana Azad College, Kolkata, analyzed the recent trends in public finances in West Bengal. Recent trends show that financial health of West Bengal has improved in the last three years.

Speaking on the challenges and opportunities in financing health coverage in India, University of Melbourne Professor Ajay Mahal said that money for the Ayushman Bharat scheme could be found by relying on private health insurance sector, but the problem is that the IRDA is not particularly geared towards looking at the issue of health insurance. The health insurance sector is not well-regulated even though the rate of growth of beneficiaries in the private sector is very high. He said there is both public as well as private health insurance in Australia.

In another presentation on health chaired by Dipak Kumar Singh, Principal Secretary (Labour Resources), Government of Bihar, Vikash R Keshri and Saswata Ghosh of the Centre for Health Policy, ADRI observed that a large section of the middle class in India are being kept outside the purview of the Pradhan Mantri Jan-Dhan Yojana health insurance scheme. The coverage for health insurance in India is only about 25 percent of the population, with employer-provided and community-based health insurance being particularly low. Pranay Kotasthane of the Takshashila Foundation spelt out that central transfer for health did not help the poor states much.

Anjani Kumar Verma

(Anjani K Verma)