Gist of EPW January Week 3, 2022

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1. The National Disaster Management Plan, 2019

Context

Background

- The National Disaster Management Plan (NDMP) was first released in 2016. The primary aim of the plan is to make India disaster resilient and drastically lessen the damage caused during and in the aftermath of disasters, natural and man-made.
- The plan was updated in 2018.The NDMP serves as a document or guideline for the government agencies to act in all phases of disasters.
- It is based on the Sendai Framework, which is a United Nations framework, for substantially reducing disaster risk, and losses to lives and livelihoods.
- The NDMP is also as per the Disaster Management Act, 2005 and the National Policy on Disaster Management, 2009.

National Disaster Management Plan 2019

- The National Disaster Management Plan, 2019 provides a framework and direction to the government agencies for all the phases of the disaster management cycle.
- The plan is identified as a "dynamic document," which is to be periodically improved, keeping up with the emerging global best practices and knowledge base in disaster management.
- The plan focuses on building disaster resilience. As per the United Nations Office for Disaster Risk Reduction, resilience is defined as the ability of a system, community or society exposed to hazards to resist, absorb, accommodate, and recover from its effects in a timely and efficient manner.
- The building of a resilient society goes a step further than merely reducing disaster risk. It includes enhancing the capacity of the community in addition to identifying and reducing hazard risk.
- Disaster Resilience Responsibility Frameworks provide the list of key agencies responsible at the center and state and relevant time frames.
    - Recurring/regular
    - Short term
    - Medium term
    - Long term

- The DRRF also highlights the key thematic areas which includes Understanding Risk, Inter-agency coordination, Investing in DRR—structural measures, Investing in DRR—non-structural measures, Capacity development and Climate change risk management.
- The DRRF provides limited clarity as a guidance document for the central ministries identified as nodal agencies to meaningfully carry out the tasks assigned to them.
- The ministries further have scientific administrative organizations to manage disaster risk.
  - Scientific Administrative Organizations are designed to demonstrate their utility to serve the broader vision of their parent ministries.

Concern Areas In The Disaster Resilience Responsibility Frameworks

- In the framework, several ministries are clubbed together at the central level for each task.
- But it is not clear as to which agency under the respective ministry is being called upon to collaborate with the nodal SAO.
- There is no guidance or blueprint for inter-ministerial coordination.
- The role of the state and district authorities are essentially to support central agencies in accomplishing their tasks and they do not have independent space to take charge of the initiatives on the ground.
- Also, regarding the clubbing of the ministries, there is no explanation provided for why these specific ministries are clubbed together for understanding disaster risk.
- The National-level research and technical institutions generalized grouping of institutions with no guidance regarding collaboration are referred as the responsible agencies for disaster risk research.
- There is no discussion about all the existing working modalities and operational epistemologies of these ministries.
- The lack of this discussion is a serious impediment in mainstreaming DRR within the nodal ministries identified as responsible agencies under DRRF.

Suggestion To Increase the Effectiveness of the Plans Of DRRF

- A proper guidance is required to bring about the paradigm shift envisioned by the Disaster Management Act, 2005 and policy (2009).
- The potential of the NDMP can be explored by outline the vision and mission for each individual natural hazard.
- Knowledge space is a learning programme for nodal agencies that is currently missing in the plan.
- Creation of knowledge space can be done for the ministries by generating funding support for nodal agencies to create learning programmes where they become aware of their own requirements for carrying out the assigned DRR tasks.
  - The most significant step towards facilitating a creative and innovative learning space is by encouraging international collaborations with institutions that are doing similar work in other countries.
  - The nodal agencies should be given the freedom to outline their approach for carrying out the task assigned to them in a ministry/institutional-level sub-plan.
  - Creating new knowledge spaces in order to mainstream DRR within the nodal agencies requires an understanding of the existing institutional landscape of DRR research.

  - An in-depth mapping of the institutional landscape informing DRR research and policymaking in the country is a prerequisite to the national disaster management planning process.

Conclusions

- The DRRF framework deals with each natural hazard separately under six sub-themes with specific tasks assigned to a bunch of ministries at the national level and a set of governing bodies at the state and local levels.
- The nodal ministries identified at the central level have not been provided sufficient guidance to engage with DRR and that remains the main problem area.
- The knowledge Space can be potentially instrumental in improving the efficiency of the DRRF Plans and performances of the responsible ministries.

2. Skeletal Health Services Cannot Resist Pandemics

Context

The waves of the pandemic affecting the public in the country once again brought back into focus the overall shortages of the health sector.

Details

- The current framework of healthcare facilities that offer minimal protection from diseases is one of the major causes of the high poverty levels in India.
- Reports suggest that the shortfall in health facilities and the burden of healthcare expenditure are the reasons for around 3.9 crores people falling below the poverty line each year.
- The huge out-of-pocket health expenditures also have implications for the economic state of the households.

Annual Health Index

- Track the health systems and outcomes in the states in India.
- A recent report reveals that the health facilities are grossly inadequate and also pointed out that there are wide disparities between the states.
- **NITI Aayog** recently released the fourth edition of the **State Health Index** for 2019–20, titled "**Healthy States, Progressive India**",
- The Index ranks states and Union Territories on their year-on-year incremental performance in health outcomes as well as their overall status.
- The annual health index uses 24 indicators to make three separate indices for large states, small states, and union territories.
- These indicators cover three major areas namely:
  - Health Outcomes
  - Governance and Information
  - Key inputs and Processes

Key Findings of Annual Health Index, 2019-20

- Among the 19 large states, Kerala topped with a composite index score of 82.20.

- Uttar Pradesh was ranked the lowest with a composite score of 30.57.
- Among the smaller states, Mizoram was the best performer and Nagaland was at the bottom.
- Among the union territories, Chandigarh was on top, while Puducherry was the worst overall performer, according to the Niti Aayog report.

	Overall Performance		
Incremental Performance	Aspirants	Achievers	Front-runners
Not Improved (0 or less)	–	–	Chandigarh DH & DD
Least Improved (0.01-2.0)	Andaman & Nicobar Puducherry	–	–
Moderately Improved (2.01-4.0)	–	–	–
Most Improved (more than 4.0)	Delhi Jammu & Kashmir Lakshadweep	–	–

Categorization of UTs on Incremental Performance and Overall Performance

Image Source: PIB

Incremental Performance	Overall Performance: Aspirants	Overall Performance: Achievers	Overall Performance: Front-runners
Not Improved (0 or less)	Rajasthan	Chhattisgarh Haryana Himachal Pradesh Karnataka	–
Least Improved (0.01-2.0)	Bihar Odisha Uttarakhand	Gujarat Punjab	Andhra Pradesh Kerala Tamil Nadu
Moderately Improved (2.01-4.0)	Jharkhand Madhya Pradesh	–	Maharashtra
Most Improved (more than 4.0)	Assam Uttar Pradesh	–	Telangana

Categorization of Larger States on Incremental Performance and Overall Performance

Incremental Performance	Overall Performance: Aspirants	Overall Performance: Achievers	Overall Performance: Front-runners
Not Improved (0 or less)	Arunachal Pradesh Manipur	Goa Sikkim	–
Least Improved (0.01-2.0)	–	–	Tripura
Moderately Improved (2.01-4.0)	Nagaland	–	–
Most Improved (more than 4.0)	Meghalaya	–	Mizoram

Categorization of Smaller States on Incremental Performance and Overall Performance

Key Concerns

- The difference between the top and the bottom states is around 50 index points.
- Only 10 out of 19 large states have crossed the 50 point mark to the maximum potential composite score of 100.
- These include the five major states in the south: Karnataka, Andhra Pradesh, Telangana, Tamil Nadu, and Kerala. Two in the west: Gujarat and Maharashtra. Three in the north: Chhattisgarh, Punjab, and Himachal Pradesh.
- The deficits are still large even in the better performing states.
    - For example, Kerala has to improve its scores by 20% to reach the maximum potential score of 100, while Chhattisgarh has to almost double its score.
- The number of states where the composite score is still below the 50 mark has seen a very minimal decline from nine in 2014–15 to eight in 2019–20.
    - Such slow improvement in the composite indicators means that it will take decades to provide even the most basic healthcare facilities in many states.

Way forward

- **Increased budgetary allocation-** The amount spent by the state for the allocation of healthcare remains very low at 5.5% of their total expenditure. This is significantly less than the prescribed 8% by 2020 in the National Health Policy.
- **Focus on quality of spending, governance abilities, and capacity-building-** Apart from the amount spent, factors like the quality of spending, governance abilities, and capacity-building also affect health outcomes.
- **Empowerment of the state and local authorities-** the state government spending on healthcare is being influenced by the programmes of the union government. Such centralisation affects state priorities and adds to the resources crunch in basic services. Hence greater involvement of the state and local authorities in policy formulation is needed.
- **Improve the availability and affordability of healthcare facilities**.

Read more about – Affordable Healthcare

Conclusion

- The huge shortfall in universal health services in India is a result of distorted policies.
- India's index value of effective universal health coverage is only 47 as compared to 54 in Bangladesh, 65 in Brazil, 66 in Sri Lanka, 70 in China, 82 in the United States, and 96 in Japan.
- There is a need for urgent remodeling and revamping of the healthcare policies to help build the required infrastructure and provide universal healthcare.

Read about- Booster for Health Infra

3. The Renewed Fear of Bad Debt

Context

Even though the evidence shows a decline in the non-performing assets (NPA) ratio in India's banking system pointing towards an improvement in the health of banks, the problem of recurrence of the rise in the NPA ratios still looms.

Decline in gross NPA ratio

- The gross non-performing assets (GNPA) ratio of scheduled commercial banks peaked at over 11% in March 2018.
- It reduced to 8.2% in March 2020.
- Further reducing to 7.3% in March 2021 and expected to have reduced below 7% in September 2021.

Reasons for the decline

- **Large-scale write-offs**
  - Since 2017–18, about 20% of the reduction in NPAs was due to write-offs.
  - In 2020-21 write-offs accounted for 23.1% reduction in NPAs.
  - According to the Reserve Bank of India (RBI) – 2.08 lakh crores were written off by banks in 2020–21.
- **Moratorium on loan repayments**

- A one-time restructuring scheme for standard advances was first announced by the RBI in August 2020.
- As a result, what may have been bad debt would have been included under the moratorium, allowing the loans involved to be treated as standard assets.
- The share of "restructured" standard assets in total standard assets increased from 0.4% in March 2020 to 0.8% in March 2021.
- That figure rose sharply to 1.8% by September 2021, due to the second restructuring scheme announced for retail loans and micro, small and medium enterprises (MSMEs).

- **Emergency Credit Line Guarantee Scheme (ECLGS)**
    - The government's decision to incentivise lending to MSMEs through ECLGS was announced in May 2020.
    - Under the scheme, MSMEs with outstanding loans of up to 50 crores and turnover of up to 250 crores in 2019–20 could be provided additional credit of up to 20% of their outstanding debt, for the additional amount the government would provide 100% guarantee.
    - As a result, outstanding credit to the micro and small industries sector had reduced from 4.4 lakh crores to 4.38 lakh crores between March 2019 and March 2020.
    - The corresponding figures in the case of the medium industry were 1.24 lakh crores and 1.12 lakh crores.

The threat of a rise in NPAs

- The write-offs are enabled by the provisions that banks have made, by setting aside a part of their profits or incurring losses to cover NPAs.
    - This means a loss for bank capital since loan recovery has been poor.
- Recently, the decline in recovery has been attributed to the government's announcement of the suspension of fresh insolvency proceedings for a year till March 2021, under the Insolvency and Bankruptcy Code (IBC).
    - NPAs recovered through channels like the Lok Adalats, the Debt Recovery Tribunals, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act and the IBC, which fell from 1,52,597 crore in 2019–20 to 64,228 crore in 2020–21.
    - Of the decline, 87% was on account of a fall in recoveries through the IBC route.
- Though the outstanding credit of MSME industries saw a decline between 2020 and 2021, the figures show that the outstanding credit grew to 4.73 lakh crores in March 2021 and a high of 5.42 lakh crores in September 2021 for the micro and small industries sector.
    - Accordingly, the figures for medium industry rose to 1.88 lakh crores and 2.06 lakh crores
- Due to the second wave, there has been a rise in distress borrowing by MSMEs resulting in the rise in outstanding credit.
- The share of the priority sector in total bank NPAs rose from 32.8% in March 2020 to 40.5% in March 2021, with the MSMEs contributing as much as 45% of that increase and agriculture around 30%.

Possible solutions

- The problem can be mitigated to an extent by the invoking of government guarantees.

- Push to privatise public sector banks and get the private sector to buy bank equity to handle defaults and sustain credit flow.
- Efforts to resolve private banks through measures such as mergers and takeovers.

Conclusion

The pandemic has elevated the decade-long crisis of NPAs in India's banking sector that remained quiet because of public ownership. This could lead to a dilution of public ownership as well as heightened fragility in the banking sector and requires urgent interventions by the government and the RBI.

Read previous EPW articles in the link.