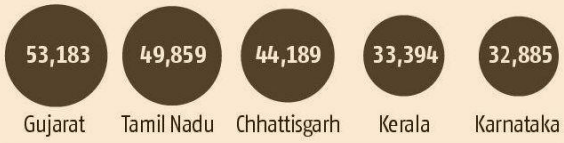
AYUSHMAN BHARAT – A DECENT START BUT CHALLENGES AHEAD

AYUSHMAN BHARAT

The Centre's ambitious insurance scheme to provide secondary and tertiary health care saw the light of day in September 2018. A ₹500,000-insurance cover scheme was rolled out for those who feature in the socio-economic caste census as against an earlier plan of a ₹100,000-scheme. Ayushman Bharat will provide health care insurance cover for 500 mn people. But there have been teething issues, such as difficulties in on-boarding govt hospitals. A study by India Infoline suggested that according to early estimates, govt spend per admission is in the range of ₹10,000 to ₹12,000, while private hospitals' revenues are at least 4.5 times higher. IIFL analysts also said that funding the scheme is likely to get challenging for the Centre that aims to cut down fiscal deficit to 3 per cent of GDP in the medium term.

COMPILED BY VEENA MANI

TOP FIVE STATES BY CLAIMS SUBMITTED*

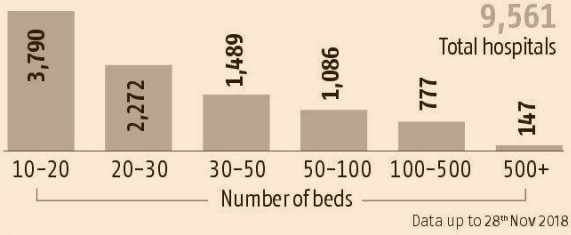


TOP 5 PACKAGES BY NUMBER OF CLAIMS*



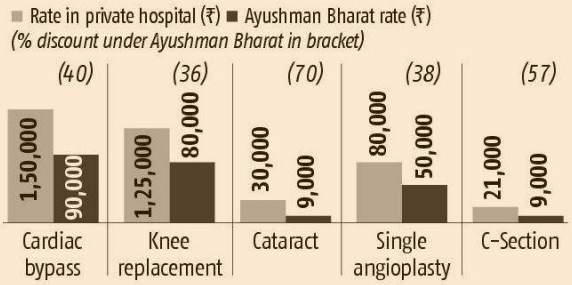
*Data up to 24th Nov 2018

HOSPITALS EMPANELLED BY BED STRENGTH



Data up to 28th Nov 2018

COST DIFFERENCE PER ADMISSION



Source: Ministry of Health and Family Welfare, Government of India; IIFL research

REDUCTION IN KEROSENE USERS, BUT RETAIL PRICES HIGH

In the past few years, the government has come up with many reforms, mainly in the areas of gas and product pricing, new exploration policy, and fresh rounds of small field and open acreage auction. On the consumer front, the number of cooking gas consumers has doubled, and there has been a sharp reduction in the usage of polluting kerosene. Despite the rise in consumption of all key products, import dependency on crude oil has increased from 78.3% in 2014–15 to 83.3 % now, and the target to reduce imports by 10% by 2022 looks tough. In terms of natural gas, too, import dependency rose from 36.2% to 47.2 % in four years.
This has led to a rise in the import bill and retail prices.

SHINE JACOB



LPG penetration in India (in%)

2016	61.9
2017	72.8
2018 December	89.5

SOURCE: MOPNG

Import dependency rising (Crude oil)

YEAR	Domestic crude oil production (MT)	Consumption (MT)	Import dependency (%)
2014–15	37.5	165.5	78.3
2015–16	36.9	184.7	80.6
2016–17	36	194.6	81.7
2017–18	35.7	206.2	82.9
2018–19 (April–Sep)	16	104.4	83.3

Natural gas

YEAR	Net domestic availability (MMSCMD)	Consumption (MMSCMD)	Import dependency (%)
2014–15	89.6	140.4	36.2
2015–16	85.1	143.5	40.7
2016–17	84.5	152.1	44.5
2017–18	86.9	159.1	45.3
2018–19	86.7	164.2	47.2

Crude oil fell, but Centre and states didn't pass benefits to consumers

MMSCMD: Million metric standard cubic meter per day, MT: Million metric tonne,
SOURCE: PPAC

Contribution of petroleum sector to exchequer (₹/TRILLION)

Year	Contribution to central exchequer	Contribution to state exchequer	Total contribution of petroleum sector to exchequer	Average crude oil price ($/barrel)
2014–15	1.72	1.61	3.33	84.16
2015–16	2.54	1.60	4.14	46.17
2016–17	3.35	1.90	5.24	47.56
2017–18	3.44	2.09	5.53	56.43
2018–19 (April–Sep)	1.57	1.15	2.72	73.69

"Contribution to central exchequer: Tax/ duties on crude oil & petroleum products + dividend to government/income tax etc. ", "Contribution to state exchequer: Tax/ duties on crude oil & petroleum products + dividend to government/direct tax etc. ",
Source: MoPNG

Imports rising consistently

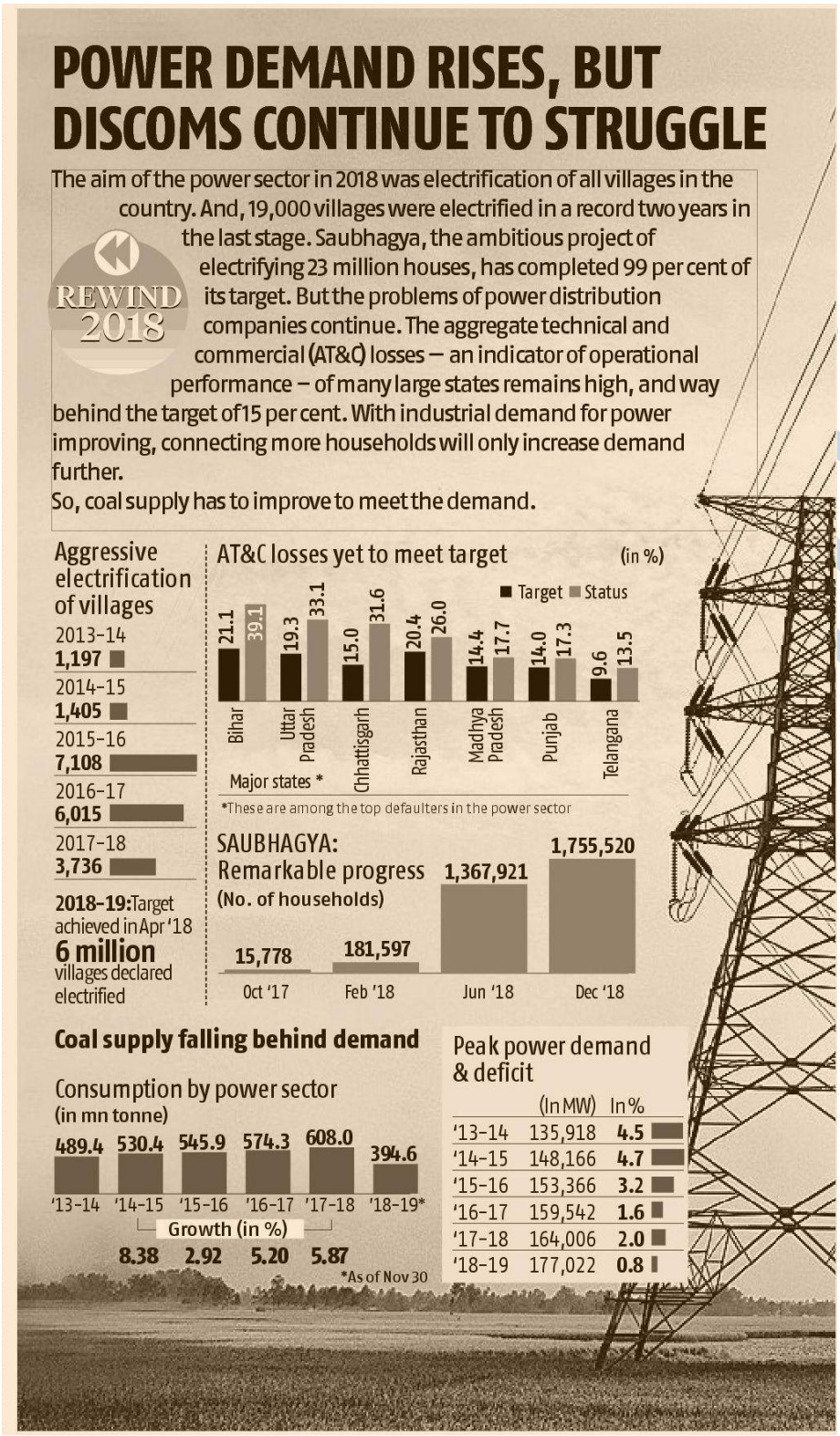
Import	2014–15	2015–16	2016–17	2017–18	2018–19 (P)*
Crude oil imports (MT)	189.4	202.9	213.9	220.4	228.6
Value (₹ trillion)	6.87	4.16	4.7	5.66	8.81
Total import (MT)#	210.73	232.3	250.21	255.89	172
Value (₹ trillion)	7.62	4.81	5.41	6.54	$89.5 bn*
Petroleum product exports (MT)	63.93	60.53	65.51	66.8	41.7
₹/Trillion)	2.88	1.76	1.94	2.25	$27.5bn*

Crude oil + other petroleum products, * PPAC has given provisional numbers in dollar terms,
SOURCE: PPAC

Usage of polluting kerosene replaced by other products

Consumption of petroleum products (mt)	LPG	Petrol	Diesel	ATF	Kerosene
2014–15	18	19.1	69.4	5.7	7.1
2015–16	19.6	21.8	74.6	6.3	6.8
2016–17	21.6	23.8	76	7	5.4
2017–18	23.3	26.2	81.1	7.6	3.8
2018–19 (Apr–Sept)	12	14	40.8	4.1	1.8

SOURCE: PPAC

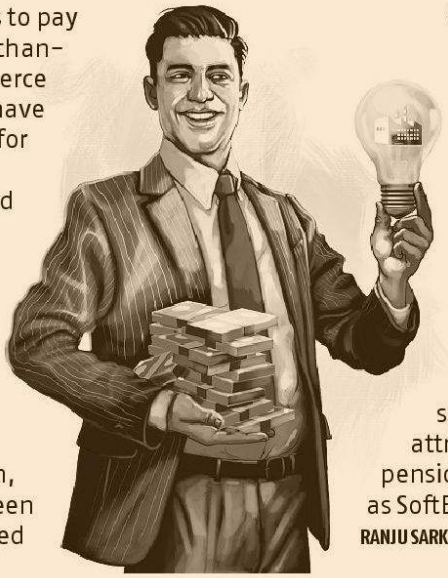

POWER DEMAND RISES, BUT DISCOMS CONTINUE TO STRUGGLE
The aim of the power sector in 2018 was electrification of all villages in the country. And, 19,000 villages were electrified in a record two years in the last stage. Saubhagya, the ambitious project of electrifying 23 million houses, has completed 99 per cent of its target. But the problems of power distribution companies continue. The aggregate technical and commercial (AT&C) losses – an indicator of operational performance – of many large states remains high, and way behind the target of 15 per cent. With industrial demand for power improving, connecting more households will only increase demand further.
So, coal supply has to improve to meet the demand.
REWIND 2018
Aggressive electrification of villages
2013-14 1,197
2014-15 1,405
2015-16 7,108
2016-17 6,015
2017-18 3,736
2018-19: Target achieved in Apr '18
6 million villages declared electrified
AT&C losses yet to meet target (in %)
Target Status
Bihar 21.1 39.1
Uttar Pradesh 19.3 33.1
Chhattisgarh 15.0 31.6
Rajasthan 20.4 26.0
Madhya Pradesh 14.4 17.7
Punjab 14.0 17.3
Telangana 9.6 13.5
Major states *
*These are among the top defaulters in the power sector
SAUBHAGYA: Remarkable progress
(No. of households)
15,778 Oct '17
181,597 Feb '18
1,367,921 Jun '18
1,755,520 Dec '18
Coal supply falling behind demand
Consumption by power sector
(in mn tonne)
'13-14 489.4
'14-15 530.4
'15-16 545.9
'16-17 574.3
'17-18 608.0
'18-19* 394.6
Growth (in %)
8.38 2.92 5.20 5.87
*As of Nov 30
Peak power demand & deficit
(In MW) In %
'13-14 135,918 4.5
'14-15 148,166 4.7
'15-16 153,366 3.2
'16-17 159,542 1.6
'17-18 164,006 2.0
'18-19 177,022 0.8

FOR START-UPS, A YEAR OF TRANSFORMATION

REWIND 2018

If it were not for notices to pay angel tax and a less-than-favourable e-commerce policy, 2018 would have been a perfect year for Indian start-ups.

"There has been record capital raising, bumper exits, and positive investor sentiment," said Ashish Sharma, chief executive officer at venture debt provider Innoven Capital. Funding has been good, especially for late-stage category leaders such as Swiggy, OYO, Byju's, PayTM, and PolicyBazaar. Early-stage funding, however, has been tough, as is Series-B funding. Exits have also been good. "The Flipkart-Walmart deal showed that Indian start-ups can attract billions," said K Ganesh, serial entrepreneur and start-up investor. Digital products and services have been popular, not only in urban areas but also in rural markets, thanks to low bandwidth rates.



There has been better distribution of funding as well, and more companies are looking for global expansion.

"This reflects increasing ambition," said Sharma. Start-ups are also attracting more private equity and pension funds, besides big investors such as SoftBank, Alibaba and Tencent, writes

RANJU SARKAR

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