Opinion

THURSDAY, DECEMBER 12, 2024



ON FAKE NEWS

Union electronics & IT minister Ashwini Vaishnaw

"These are the issues where freedom of speech comes on one hand and accountability and having a proper real news network getting created, on the other hand. These are things which need to be debated

Change course

The economy's capacity is constrained, Budget must unveil consumption booster and more

INDIA'S ECONOMIC GROWTH capacity seems to have settled around 6-6.5%, a far cry from over the 8% annual expansion required for it to meet the $35 trillion economy target by 2047, the 100th year of Independence. To become a "developed nation" with per capita income (PCI) above $13,000 by 2047, the PCI must grow at a daunting rate of over 11% a year. To be sure, between the second quarters of FY20 and FY25, the gross domestic product (GDP) grew by an annual average of just 4.87%, and between the first quarters of those years, at an even lower rate of 4.59%. The 8.2% GDP growth reported in FY24 was more a statistical bump caused by the pandemic abyss than being reflective of an economic resurgence. Nothing less than a policy overhaul will suffice for the economy to regain its lost growth capacity and avoid a middle-income trap that looks increasingly real. Domestic levers will have to be predominantly used to create the incremental growth, since the external world only seems grimmer by the day. The question that hangs over the Narendra Modi government as it prepares the Budget FY26 is whether it will veer off the beaten path and undertake the policy shifts needed to spur the economy.

In fact, through his recent comments, chief economic adviser V Anantha Nageswaran has set the stage for the Budget and the overall economic policy restructuring that looks imperative. He lamented how (while the economy is being formalised) a "creeping informalisation" of the workforce (more contract jobs rather than regular ones) exerts a "downward pressure" on consumption. The CEA also noted that Corporate India (despite being the singular beneficiary of the post-pandemic economic churn) is using micro, small, and medium enterprises (MSMEs) as a "source of finance" for it, while it should be the other way around. The economy's travails are manifested in assorted ways: subdued consumption, reluctant private investments, heavily leveraged households, struggling MSMEs, long-stagnant wages, lack of net gains from foreign trade, and a jobs crisis. The post-pandemic period has also seen a curious trend of ever-rising demand for premium products while the overall consumption demand is rather tepid.

The government will have to revisit the strategy of foregrounding investments and aid job creation in MSMEs with effective policy intervention. It must also arrest the shift to centralisation when it comes to allocation of fiscal resources and policy-making. Apart from statistical reasons, the dip in growth in the first half of the current financial year has also to do with the limitation of employing public investments, just 10-11% of the GDP, as a growth driver for long years. The need for a solid consumption booster is evident from the fact it topped the wish-list of economists as well as industry chambers in their recent pre-budget meetings with the finance minister.

The demand from MSMEs for a waiver from capital gains tax speaks volumes (they are selling assets to cut debt and stay afloat). More public monies must be made available with state governments without riders. Even as the tax-GDP ratio is still a few percentage points lower than where it should be, the undue tax burden on the middle class must be eased, along with concrete steps to boost employment and income. The issue of lopsided credit policies of primary lenders must be resolved, and market powers dispersed. Measures taken in this direction in the last Budget appeared half-hearted; it's time to go the whole hog.

From TikTok to Nvidia, the tech war gets uglier



CATHERINE THORBECKE
Bloomberg

BYTEDANCE LTD.'S OPTIONS for TikTok in the US are looking increasingly desolate, as the tech war between Washington and Beijing boils over. The mutual distrust and tit-for-tat animosity lays bare the new reality, where more firms will be pinched from both sides.

China's market regulators are now targeting Nvidia Corp. in a probe stemming from a deal Beijing approved years ago. The move against the Santa Clara-based chipmaker follows other recent escalations; Beijing halted exports of certain minerals with tech applications to the US after Washington intensified chip curbs to China last week. China is also cutting off drone supplies to the US and Europe that have become a vital part of Ukraine's defense.

And on Friday, a US federal appeals court upheld a law forcing TikTok to divest from Chinese parent ByteDance or face a ban. This makes Nvidia an especially interesting fresh target for Beijing, in part because it exposes how interconnected supply chains still are. ByteDance has become Nvidia's largest customer in China, and amid the TikTok uncertainty it has been reportedly going all-in on AI ambitions in search of its next growth engine.

ByteDance is wise to start thinking beyond its short-form video app. The US saga that has raged for years has now put the Chinese company in an impossible position. When founder Zhang Yiming first publicly explored the possibility that TikTok would have to be sold to a US buyer or face a ban in 2020, he was dragged on Chinese social media and called a traitor and a coward. Beijing changed its export laws to be able to block the sale of TikTok's algorithm, with state-backed media labelling it as "institutional plunder."

Stateside, ByteDance received no reprieve, either. TikTok was able to navigate this first round of scrutiny unscathed after a court challenge. But President Joe Biden signed a law earlier this year — with bipartisan support — to once again force TikTok to divest from the parent or face being prohibited to operate in the US. It's now looking more likely than ever that the platform's days in the US are numbered, despite President-elect Donald Trump campaigning on saving the app. TikTok filed an emergency motion seeking to stop the law until the case could be heard by the Supreme Court. But Beijing making clear that it would oppose a sale leaves few good options for ByteDance.

The appellate court judges on Friday sent a clear message to the Chinese tech industry that its commercial successes are not welcome in the US. The ruling doubled down on the government's national security concerns for apps from China's private sector. The judges argued that the national security risks—such as Beijing influencing content and collecting sensitive US user data—outweigh free speech arguments and the livelihoods of US TikTok creators.

At a time when other Chinese tech firms are looking abroad for growth amid tightened spending domestically, this sends a chilling message not to make it too big in the US. And Beijing has shown that it is willing to retaliate. Nvidia still gets about 15% of its revenue from Chinese customers, despite Washington barring the company from selling its most-advanced equipment in the market. Other technology firms that still have exposure to China should start bracing for a fallout.

Blocking Chinese tech companies and budding entrepreneurs from launching consumer products in the US will not only let Big Tech titans expand their power, but will also lead to less vibrancy and creativity. ByteDance weathered a 2020 TikTok ban in India, which was then its biggest user base. This spurred major growth for Instagram and YouTube there, but something special was lost for consumers, especially for small-time creators and niche communities. A US ban would be devastating for ByteDance, but also for the more than 170 million Americans on the app.

Finding a compromise for TikTok could be a first step toward de-escalation of this tech war. US lawmakers should focus on comprehensive social media regulation that prevents any apps from potential security risks. In the meantime, this battle is only slated to get uglier. Companies will be forced to choose sides with costly results, and consumers will feel the crunch.

DIGITAL SOVEREIGNTY

TO ENSURE LONG-TERM RESILIENCE, IT IS IMPORTANT FOR INDIA TO TRAIN ITS OWN LLMs

Building LLMs: a strategic necessity



AMITH SINGHEE
Director, IBM Research India and CTO, IBM India & South Asia

SHOULD INDIA BUILD its own large language models (LLMs) or adapt existing ones? This debate is more than academic—it strikes at the heart of India's digital future. Some argue that homegrown LLMs are vital to serve India's unique linguistic and cultural diversity, while others see greater value in leveraging established models to save time and resources. But framing this as an either-or question misses the point entirely.

The real issue is strategic autonomy. Just as India's decision to develop indigenous supercomputers bolstered innovation and reduced reliance on foreign technology, mastering LLMs is not a luxury—it is a necessity. In an increasingly digital world, self-reliance in critical technologies is not optional; it is the foundation of sovereignty and progress.

Get the ball rolling

Numerous applications for developing LLMs will emerge, and we must leverage internationally available technologies and methodologies to build our own models, rather than waiting for proprietary technologies. Existing large models based on Generative Pre-trained Transformer (GPT) and techniques like Self-Supervised Learning are readily accessible and can be implemented to advance our efforts.

These advanced models can be used to train smaller, specialised models, along with efforts in Indian data curation and synthetic data generation such as InstructLab, which can be integrated into various applications within the country to enhance their capability of comprehending Indian languages and cultural nuances. Many notable initiatives exist in this domain, like BharatGen, the first government-funded Multimodal LLM project focused on creating efficient and inclusive artificial intelligence (AI) systems for Indian languages. Sarvam 1, developed by Indian gen AI startup Sarvam, and Dhenu 1.0, an LLM concentrating on agricultural solutions, are among many other such Indic LLM efforts. These initiatives span across startups, research groups and non-profits, focusing on creating LLMs for Indian language use cases essential for India. These would serve a population of over 1.4 billion, with 22 official languages and innumerable regional dialects. Recently, many of the key stakeholders in the AI ecosystem in India came together as members of the AI Alliance to develop models, data tools and responsible AI solutions in the open.

India has a large pool of computer scientists developing LLMs, both in multinational corporations and startups

As AI continues to evolve, its profound impact on nations and communities will establish it as a vital national digital resource. Imagine a future where advanced AI powered by large models becomes ubiquitous for a variety of use cases that cannot be addressed at high quality by smaller language models. If these large models are owned and served by other countries, and stay optimised for global languages, a significant portion of India's population will be unable to fully leverage this foundational technology. A part of the population using foreign models across consumer, government, and industry use cases in India would rely on other nations for access to these strategic digital resources. To ensure long-term resilience and self-reliance, it is important for India to develop the capability to train its own large models when needed, reducing dependencies and enhancing our digital sovereignty.

Where is the data source?

The insufficient data availability for training LLMs within the frameworks of Indian culture, languages, and nuances is a challenge. This can be effectively addressed with the right investment and time. By engaging local communities, we can either synthesise data or source it from various regions across the country. India has abundant cost-effective human resources, making it feasible to generate and curate a significant volume of data through such initiatives. Efforts like the 10 Trillion Token project from People+ai are already working toward these objectives.

While specific large models extend to hundreds of billions or even trillions of parameters and efforts to build smaller models (<10 billion parameters) are already underway, a notable opportunity exists within the 20-70 billion parameter range. This range is a starting point for undertaking essential data programs and identifying business use cases that can justify the required investment. Once proficiency is achieved in this range, scaling up to hundreds of billions of parameters will become significantly more manageable.

Our cultural and linguistic diversity makes it increasingly important to address the challenges associated with data and artificial intelligence. By leveraging AI, we can bridge language and cultural barriers, unlocking significant value in the process.

Tap the talent

India has a large pool of computer scientists developing LLMs, both in multinational corporations and startups, ensuring the availability of the necessary skills and capabilities. These computer engineers and scientists are well-versed in artificial intelligence's fundamental principles and proficient in high-performance and parallel programming. These professionals can access the latest libraries and tools to develop effective strategies for scaling up our capabilities.

Quick rundown

The development of LLMs is crucial for national pride and to establish strategic self-reliance. More importantly, we have much to gain from the profound positive impact that AI can have on communities, societies, and nations. Adopting a phased approach to scale up LLMs is essential. Meanwhile, we should identify the value that will justify the substantial investments required. We must take proactive steps towards this journey and leverage the government's ambitious initiatives such as Digital India and the IndiaAI Mission to support India becoming a global leader in the digital and AI ecosystem.

Whither universal health coverage in India?



ALI MEHDI
Founder and CEO, UHC360

India's Universal Health Coverage policy should focus on the reduction of inequalities in our core health outcomes

DECEMBER 12 IS Universal Health Coverage (UHC) Day. According to World Health Organization (WHO), UHC means that "all people have access to the full range of quality health services they need, when and where they need them, without financial hardship" (*bit.ly/3ZkKMJC*).

Quality, defined as "the degree to which health services for individuals and populations increase the likelihood of desired health outcomes", is a core dimension of UHC. "Access without quality can be considered an empty universal health coverage promise" since "even if the world achieved essential health coverage and financial protection, health outcomes would still be poor if services were low-quality and unsafe", argues a WHO, OECD, and World Bank report (*bit.ly/3OFZJ4c*).

India's journey towards UHC started around Britain's social security reforms. William Beveridge, born in India in 1879, presented a report on Social Insurance and Allied Services to the British government in 1942, which became the basis for its National Health Service (NHS) Act of 1946. In India, BP Adarkar, who Sardar Vallabhbhai Patel referred to as 'Chhota Beveridge', was appointed in 1943 to develop a plan for industrial workers. Beveridge was also approached for the same, but refused—he felt the focus should be on 'the greater part of the Indian population' and not industrial workers alone (bit.ly/4ipgrT5). Adarkar presented an integrated plan of health, maternity and employment injuries insurance to the Indian government on August 15, 1944, which became the basis for the Employees' State Insurance (ESI) Act of 1948. It offered multidimensional social security for industrial workers. The ESI Scheme (ESIS) was inaugurated on February 24, 1952. Two years later came the Central Government Health Scheme (CGHS), followed by the Ex-Servicemen Contributory Health Scheme (ECHS) in 2003, the National Rural Health Mission (NRHM) in 2005, Rashtriya Swasthya Bima Yojana (RSBY) in 2008, and Ayushman Bharat in 2018.

How has India done in its 70-year journey (1948-2018) towards UHC?

1) During 2019-21, only 41% Indian households had a usual member covered by a health insurance / financing scheme, ranging from 1.8% in Andaman & Nicobar Islands to 87.8% in Rajasthan (National Family Health Survey [NFHS] 2019-21).

2) Half of Indian households do not generally use a government health facility—48% of them due to poor quality of care. The latter figure varies from 17% in Mizoram to 62% in Bihar (NFHS).

3) 60% of Indian women had at least one problem in accessing health care when sick (NFHS).

4) 32% of Indian women (15-49 years) had contact with a government health worker over the past three months. This figure ranged from 11% in Chandigarh to 54% in Karnataka (NFHS).

5) 49% of the households that sought OPD care and / or hospitalisation faced catastrophic health expenditure (HE) and 15% fell below the poverty line due to out-of-pocket HE. HE pushes 32-39 million Indians below the poverty line every year (*bit.ly/3ZzSpx7*).

The situation is equally worrisome as far as the quality of health services is concerned vis-à-vis 'desired health outcomes'.

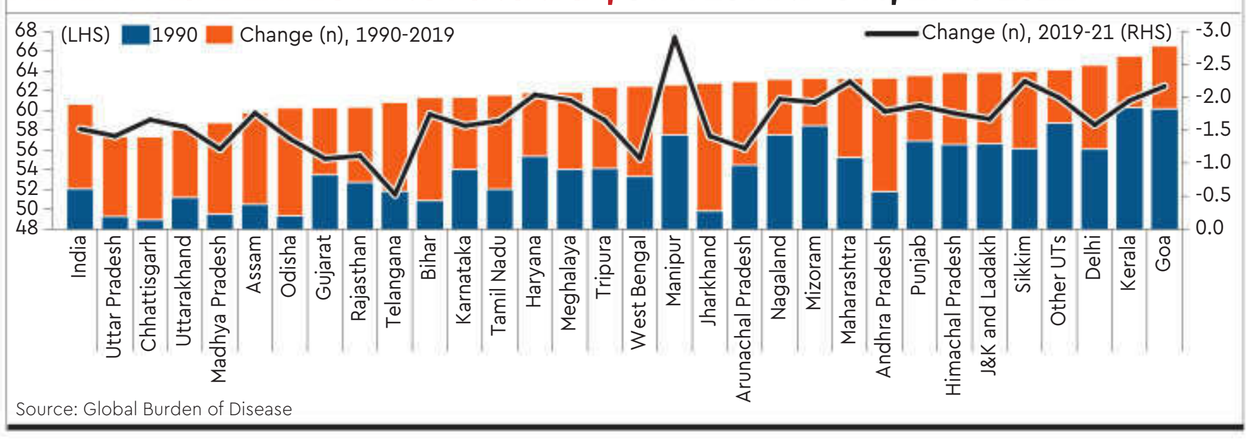
1) India's total fertility rate (TFR) declined from 5.7 to 2.0 during 1950-2023 (*World Population Prospects: The 2024 Revision / WPP*). It ranged from 1.1 in Sikkim to 3.0 in Bihar (NFHS).

2) India's infant mortality rate (IMR) came down from 176 to 23 during 1950-2023, but it was still the world's largest contributor to infant deaths in 2023 (5.25 lakh) (WPP). IMR, according to the NFHS, was 35 in India during 2019-21 and ranged from 3 in Puducherry to 50 in Uttar Pradesh.

3) India's healthy life expectancy (HALE) went up by 9 years over a period of 29 years (1990-2019), coming down by 2 years over the two Covid-19 years. Its HALE was 61 years in 2019, with a variation of 10 years between its states (67 years in Goa and 57 in Uttar Pradesh).

UHC is based on the core principles of quality and equality. India's UHC policy should focus on the reduction of inequalities in core health outcomes. The TFR target should be 2.1 (replacement level fertility), while the IMR target should be zero for all states and socioeconomic groups. Inequality should be measured and policy priority assigned vis-à-vis the distance from these. As far as HALE is concerned, we should aspire for the highest in the world—76 years in Singapore—as well as the reduction of inter-state and inter-group differentials to ensure aggregate as well as distributive growth. If our economic aspiration is to be the world's third largest economy, our social aspiration should be to be the healthiest country.

HEALTHY LIFE EXPECTANCY IN INDIA, STATES AND UTs, 1990-2021



Source: Global Burden of Disease

LETTERS TO THE EDITOR

Fruits of toil

While most major economies are grappling with inflationary trends, China finds itself in a state of deflation. Its economy has long been driven by external consumption, which has now tapered down in volatile geopolitical realities and supply chain disruption. Export prices of 60% of its major products have fallen, from industrial materials to integrated circuits and food. On top of this, due to a sluggish economy at home, Chinese companies are redirecting excess inventories to export into other countries .As a result, our steel exports are going down and our imports are increasing. Raising tariffs on Chinese imports may be a limited solution.
—R Narayanan, Navi Mumbai

Parliamentary chaos

The current chaos in the Parliament poses major worries about the future of democratic dialogue. Why are the ruling National Democratic Alliance (NDA) regime and the opposition Indian National Developmental Inclusive Alliance (INDIA) unable to join in honest debate on critical issues like the Adani charges? The ruling party's hesitation in discussing several topics is worrying. Parliament should see health debates. Let us hope all parties work together to ensure that all subjects are discussed in a constructive manner. This is important for the proper functioning and governance of our economy.
—Anshu Bharti, Begusarai

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