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Health Care Does Not Need the PPP Route

Context

- Public policies are shaped by the objectives they prioritise, whether equity, efficiency, fiscal sustainability, or political symbolism.
- In medical education, these choices have far-reaching consequences for access, quality, and public health outcomes.
- The proposed **public-private partnership (PPP) model** for medical colleges in Andhra Pradesh illustrates how **policy design reveals true objectives**.
- A close examination shows serious concerns regarding equity, risk allocation, system efficiency, and the long-term viability of public healthcare.

Expansion of Medical Education and the Shift Towards PPPs

- Andhra Pradesh has rapidly expanded medical education infrastructure. Government medical colleges increased to 17, alongside 19 private colleges, with plans for 10 more.
- Each new college was designed with 150 seats and attached to a 650-bed district hospital, financed through public funds, NABARD loans, and central schemes.
- To address fiscal pressures, a **three-tier fee structure** was introduced, effectively commercialising half the seats even in government colleges.
- The newer proposal pushes this trajectory further. Under the **PPP model** promoted by NITI Aayog, private investors would receive land and district hospitals on long-term leases at nominal rates, along with viability gap funding, assured bed occupancy, and regulatory clearances.
- In return, they would construct and operate medical colleges while providing limited free services.
- This marks a decisive shift, as the **PPP model shifts welfare to market**, prioritising investor viability alongside public objectives.

Unequal Risk Sharing and Incentive Distortions

- A central weakness of the proposed framework lies in how risks are distributed.
- Private investors face delayed reimbursements, mandatory free outpatient services, and capped package rates under public insurance schemes.
- These pressures may encourage **undesirable practices** such as informal fees, faculty shortages, compromised care quality, or selective denial of services to redirect patients to paying beds.

- At the same time, the government assumes **long-term systemic risks**. Handing over district hospitals for up to 66 years reduces public control over essential health infrastructure.
- If the private partner underperforms or exits, judicial remedies are slow and uncertain.
- This arrangement reflects how **unequal risk sharing distorts incentives**, undermining both efficiency and accountability.

Impact on Access, Equity, and the Public Health System

- The PPP proposal has generated widespread opposition due to fears of privatisation of public assets.
- **Affordable medical education** opportunities for middle- and lower-income students may shrink, while employment pathways in public hospitals could narrow as private operators are not bound by reservation or recruitment norms. Patients who currently receive free care may increasingly face out-of-pocket expenses.
- Beyond individual access, the model threatens the coherence of the public health system.
- District-level PPP hospitals fragment service delivery and **weaken coordination** between primary, secondary, and tertiary care.
- Effective health systems depend on seamless referral pathways and continuity of care, particularly for chronic diseases. The proposed structure risks exactly the opposite, as **fragmentation weakens integrated public health**.

Structural Weaknesses and Governance Constraints

- Andhra Pradesh's health system already struggles **with chronic underfunding**, infrastructure gaps, and severe shortages of specialists, especially in rural areas.
- Commercialisation of medical education is likely to intensify these problems, as graduates **burdened with high fees** tend to prefer urban, private-sector, or overseas employment.
- Instead of selling seats at high prices, the state could expand subsidised education linked to service obligations, building a stable public health workforce.
- Moreover, PPPs require a strong regulatory state capable of enforcing contracts and standards.
- Past experiences with weak enforcement of health regulations and fragmented primary care contracts indicate limited institutional capacity, making large-scale privatisation of health assets especially risky.

Quality, Sustainability, and the Future of Medical Education

- Medical education in India faces a broader crisis marked by faculty shortages and uneven quality.
- Rapid expansion without adequate teaching staff risks repeating the collapse seen in engineering education after unchecked growth.
- Simply increasing the number of colleges does not guarantee better outcomes. What matters more is ensuring competent faculty, robust clinical exposure, and equitable access.
- In this context, **quality and equity trump expansion**. The PPP approach, focused largely on financial and infrastructural metrics, fails to address these foundational concerns and does little to strengthen the public health mission of medical education.

Conclusion

- The proposed PPP framework for medical colleges in Andhra Pradesh prioritises financial expediency over **evidence-based health system**
- By ceding long-term control of public hospitals, exacerbating inequities in education and care, and **weakening system integration**, the model risks undermining both medical education and public health outcomes.
- In a sector as critical as healthcare, policies must be guided by long-term system strengthening, equitable access, and **quality of care rather than short-term fiscal** or symbolic considerations.

Health Care Does Not Need the PPP Route FAQs

Q1. What does the design of the PPP policy in medical education reveal?

Ans. It reveals the government's priorities regarding equity, market orientation, and control over public health assets.

Q2. Why is the risk-sharing arrangement in the PPP model problematic?

Ans. The risks are unevenly distributed, placing long-term systemic responsibility on the government while incentivising cost-cutting by private investors.

Q3. How could the PPP model affect access to medical education?

Ans. It could reduce affordable opportunities for middle- and lower-income students due to increased commercialisation.

Q4. What impact might district-level PPP hospitals have on the public health system?

Ans. They may fragment care delivery and weaken integration between primary, secondary, and tertiary health services.

Q5. Why is rapid expansion of medical colleges considered risky?

Ans. Expansion without sufficient faculty and regulatory capacity can compromise education quality and long-term sustainability.

Source: **The Hindu**

Decoding Air Pollution Concerns in Delhi-NCR

Context

- Air pollution in Delhi's National Capital Region (NCR) has reached critical levels, with vehicular emissions being the dominant contributor to fine particulate matter (PM2.5) and toxic gases such as carbon monoxide, benzene, and nitrogen oxides.
- Despite this, responsibility for Delhi's worsening air quality has frequently been placed on seasonal stubble burning by farmers in neighbouring Punjab and Haryana.
- This selective attribution obscures the complex, multi-source nature of air pollution and raises concerns regarding fairness and accuracy in environmental liability.

The Polluter Pays Principle and Its Legal Foundations

- The **Polluter Pays Principle (PPP)** assigns the cost of environmental damage to those responsible for pollution.
- In *Vellore Citizens Welfare Forum v. Union of India* (1996), the Supreme Court recognised PPP as part of Indian law, later reinforcing it through statutory recognition under the **National Green Tribunal Act, 2010**.
- PPP aims to internalise environmental costs and prevent polluters from externalising harm onto society.
- However, PPP faces serious limitations in cases involving multiple point and non-point pollution sources.
- Air pollution, unlike land or water pollution, is diffuse, cumulative, and often transboundary.
- Determining precise causal links becomes difficult, weakening the effectiveness of PPP when applied in isolation and without coordinated inter-state or regional mechanisms.

Proportionality and the Limits of Farmer Liability

- The *Standley* judgment (European Court of Justice, 1999) introduced **proportionality in pollution liability**, holding that liability must correspond to actual contribution.
- In that case, farmers challenged restrictions imposed under the EU Nitrates Directive, arguing that industrial pollution was also responsible for nitrate contamination.
- The Court accepted that imposing disproportionate liability violated fairness principles embedded within PPP.
- Applying this reasoning to India, seasonal stubble burning cannot be held singularly or excessively responsible for Delhi's air pollution when vehicular and industrial emissions account for a substantial share.
- Assigning blame without **proportional assessment** undermines both legal integrity and environmental justice.

Transboundary Air Pollution and International Precedents

- Air pollution is increasingly recognised as a regional and global phenomenon rather than a purely local issue.
- The **Trail Smelter Arbitration (1941)** established that states are responsible for environmental harm caused beyond their borders.
- Scientific research, including findings by Q. Zhang et al. (2017), demonstrates that PM2.5 pollution linked to international trade produces significant transboundary health impacts, often exceeding those caused by atmospheric transport alone.
- International agreements reinforce this understanding. The Convention on Long-Range Transboundary Air Pollution (CLRTAP, 1979) and the ASEAN Agreement on Transboundary Haze Pollution (2002) recognise long-distance pollution movement.
- The 2012 amendment to the Gothenburg Protocol explicitly included PM2.5, confirming its capacity for long-range dispersion.
- These developments highlight the inadequacy of addressing air pollution solely through localised liability frameworks.

From Polluter Pays to Government Pays: The Indian Experience

- Despite formal recognition of PPP, Indian courts have struggled to operationalise it effectively.

- In cases such as Indian Council for Enviro-Legal Action, Vellore Citizens Welfare Forum, and S. Jagannath, the judiciary prioritised compensation for victims and environmental restoration over precise cost internalisation by polluters.
- This approach aligns more closely with **corrective justice over cost internalisation**.
- Consequently, India has witnessed a gradual shift towards a government-pays model.
- Through the Water Act (1974), Air Act (1981), Environment Protection Act (1986), and constitutional mandates under **Articles 48A and 51A(g)**, the state has assumed primary responsibility for environmental regulation.
- Specialised authorities possess extensive powers, including industry closure and enforcement directives.

The Role of an Activist Judiciary and Its Limitations

- Regulatory authorities frequently suffer from administrative inefficiencies, prompting an increasingly activist judiciary to intervene.
- Courts often require governments to bear the primary costs of pollution monitoring and control, while polluter liability is imposed secondarily.
- This judicial stance reflects **judicial welfarism protecting vulnerable victims**, recognising that affected populations often lack the resources to litigate against polluters.
- While this approach enhances access to environmental justice, it weakens the deterrent function of PPP.
- Pollution prevention costs remain inadequately internalised, and long-term accountability is diluted.
- Moreover, environmental discourse in India continues to emphasise **rights over duties**, with limited engagement on individual environmental responsibility.

Conclusion

- Delhi's air pollution crisis exposes the **shortcomings of simplistic blame** narratives and the limitations of unilateral liability frameworks.
- While PPP remains a cornerstone of environmental law, its effective application requires proportionality, scientific attribution, and regional cooperation.
- India's reliance on a government-pays approach and **judicial intervention provides immediate relief** but undermines sustained accountability.
- A balanced framework integrating PPP, administrative efficiency, transboundary cooperation, and **individual responsibility is essential** for durable environmental justice and improved air quality governance.

Decoding Air Pollution Concerns in Delhi-NCR FAQs

Q1. What is the primary source of air pollution in Delhi's NCR?

Ans. Vehicular emissions are the primary source of air pollution in Delhi's National Capital Region.

Q2. What does the Polluter Pays Principle aim to achieve?

Ans. The Polluter Pays Principle aims to ensure that polluters bear the cost of environmental damage they cause.

Q3. Why is it difficult to apply PPP to air pollution cases?

Ans. It is difficult because air pollution has multiple diffuse and transboundary sources.

Q4. What legal principle did the Standley case introduce?

Ans. The Standley case introduced proportionality in assigning environmental liability.

Q5. How has India shifted away from strict application of PPP?

Ans. India has shifted towards a government-pays approach through judicial activism and state-led regulation.

Source: **The Hindu**

SHANTI Act - Liberalising India's Nuclear Sector for Climate, Security and Growth

Context

- The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Act represents the most significant reform of India's nuclear sector since the Atomic Energy Act, 1962.
- It marks a decisive shift from a state **monopoly to a regulated**, licence-based framework enabling private and foreign participation.
- It is crucial for achieving India's climate commitments (**Net Zero 2070**), energy security, and technological self-reliance, especially in Small Modular Reactors (SMRs).

Key Features of the SHANTI Act

- **End of State monopoly:** It opens civil nuclear power generation to private sector participation, introduces a **licence-based regime** for nuclear activities, and aims to attract long-term domestic and foreign capital.
- **Independent nuclear regulation:** It grants statutory backing to the Atomic Energy Regulatory Board (AERB). Positions AERB as the sector regulator, enhancing credibility and predictability.

Reform of Civil Nuclear Liability - A Breakthrough

• Background - CLND Act

- Influenced by the Bhopal gas tragedy, the Civil Liability for Nuclear Damage (CLND) Act (2010) allowed **operator recourse** against suppliers for defective equipment/services.
- This deviated from global norms under the Convention on Supplementary Compensation (CSC), creating a major deterrent for US, French and Japanese OEMs (Kovvada, Jaitapur stalled).

• Changes under SHANTI Act

- Operator recourse against suppliers allowed only when explicitly provided in contract, or in cases of intentional acts to cause nuclear damage.
- It aligns India with international nuclear liability architecture, enhancing investor confidence and supplier participation.

- **Remaining gap**

- No statutory definition of “supplier”.
- Earlier proposals suggested categorising manufacturers of systems/components, designers providing specifications, and quality assurance/design service providers.
- Lack of clarity leaves **residual liability uncertainty** in the supply chain.

Regulatory and Institutional Concerns

- **Ambiguity in key terms**

- Undefined terms include –
 - “Sensitive” activities (non-patentable),
 - “National security implications” (may bypass AERB),
 - “Strategic” activities (may trigger separate regulators).
- **Risk** –
 - Start-ups, especially in SMRs, may face expropriation of IP.
 - Could deter R&D investment and innovation.
- **Multiple regulators (Section 25):**
 - Allows creation of additional regulatory bodies for “strategic” activities. Open-ended provision creates regulatory uncertainty.
 - **Need:** Clearly defined circumstances in rules, or procedural safeguards before jurisdiction shifts.
- **Independence of AERB:**
 - AERB member selection committee constituted by the Atomic Energy Commission (DAE).
 - Best practices (e.g., Financial Sector Legislative Reform Commission [FSLRC] model) suggest independent experts, retired judges, and limited executive dominance.
 - Section 17(5) allows rules to strengthen structural independence while safeguarding national security.

Pricing of Nuclear Power - A Major Policy Challenge

- **Section 37 - Centralised tariff control:** It vests pricing authority for nuclear electricity in the central government, overriding the Electricity Act, 2003.
- **Issues with administered pricing:**
 - Electricity is fungible — no justification for treating nuclear power differently.
 - The Electricity Act ecosystem supports tariff discovery, open access, power exchanges, and captive generation.

- Nuclear power's high cost makes mandatory procurement burdensome for financially stressed DISCOMs.

Way Forward - Market-Based Nuclear Expansion

- **Enable private-to-private transactions**

- Encourage captive nuclear generation, natural buyers (data centres, industrial clusters, SEZs, GCCs, power-intensive commercial consumers), and SMRs (ideal for 24x7 clean baseload demand).

- **Learn from renewable energy models**

- **For example**, in offshore wind proposals, generators find their own C&I (commercial and industrial) buyers. Similar models can drive scalable nuclear adoption.

- **Reform Section 37**

- **Legislative amendment:** To remove administered pricing.
- **Alternative:** Exempt private-to-private contracts via notification. Retain tariff control only for PSUs and DISCOM-linked transactions. Ensure non-discriminatory grid access.

Conclusion

- The SHANTI Act is a landmark reform.
- However, clarity in regulatory scope, market-driven tariff mechanisms, etc., will determine whether India can truly harness nuclear power for clean energy transition, energy security, and industrial growth.
- The success of this reform lies not just in legislation, but in its implementation architecture.

SHANTI Act FAQs

Q1. How does the SHANTI Act mark a departure from India's earlier nuclear energy framework?

Ans. It ends the state monopoly by introducing a licence-based regime with private sector participation and an independent statutory regulator.

Q2. Why was reform of civil nuclear liability essential for India's nuclear expansion?

Ans. Because aligning liability norms with international standards removes a key deterrent for foreign suppliers and long-term private investment.

Q3. In what way does the SHANTI Act address concerns arising from Section 17(b) of the CLND Act?

Ans. It limits operator recourse against suppliers to contractual provisions or intentional acts, harmonising India's framework with the CSC.

Q4. What regulatory uncertainties under the SHANTI Act could affect innovation in SMRs?

Ans. Undefined terms such as “sensitive” and “strategic” activities may deter R&D by creating uncertainty over IP ownership.

Q5. Why is centralised tariff control for nuclear power under Section 37 of the SHANTI Act considered problematic?

Ans. Because it overrides the Electricity Act, 2003, discourages market-based pricing, and risks burdening financially stressed DISCOMs.

Source: **IE**

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