CHANGING TRENDS IN THE HEALTHCARE SECTOR IN INDIA

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ABSTRACT
The healthcare sector in India has come of age. There has been a tremendous amount of growth in terms of physical size, investments, expenditures and utilization of healthcare services. However, health planners and policy makers have failed to take a holistic picture of the health services in the country. There was no attempt in post-independence period to radically restructure healthcare services. Health sector is complex with multiple goals, multiple products and different beneficiaries. In recent times, Privatization and liberalization characterize the new economic policies being pursued in the country. This research paper attempts to study the decline of the public health facilities and uncontrolled expansion of the private health sector since the adoption of economic reforms programme in India.

Keywords: Health; Government; Public; Private

INTRODUCTION
Health is a priority goal in its own right, as well as central input into economic development and poverty reduction. The experiences of many developing countries which have embarked upon a process of macroeconomic reforms shows that accentuation of reforms leads to reduction in public spending on basic services and programmes directly related to social sector development or human resource development (Gupta and Sarkar, 1994; Mahbub ul Haq, 2001). Under Structural Adjustment and Stabilization Policy the State’s intervention in the health sector in India, too, declined.

In India, provision of health care services is complex. It is provided mainly by the public and the private sector. The public sector provides health services through the central government, state government, municipal corporations and other local bodies. The private health sector consists of 'not-for-profit' and the 'for-profit' health sector. The not-for profit health sector which is very small includes various health services provided by non-government organizations (NGOs), charitable institutions, missions, trusts, etc. Healthcare in the for-profit health sector is provided by various types of practitioners and institutions. The 'informal' sector consists of practitioners not having any formal qualifications, like the tantriks, faith healers, bhagats, hakims, vaidyas and priests who also provide healthcare. The private sector is a large and important constituent in the country's healthcare delivery system. It has expanded greatly in the post-independence period, especially in the 1980s.

OBJECTIVES OF THE STUDY
1. To understand the decline in public health expenditure in India in the backdrop of economic reforms.
2. To examine the growth of the private sector in the healthcare market.
3. To study the role of government in promoting private health sector.
REVIEW OF LITERATURE

The Medico Friend Circle conducted a public survey to understand patient’s experiences, views and perceptions on the private healthcare system. The findings bring out various aspects of the private practitioners functioning in terms of waiting period, treatment provided, reasonability of charges among others (Medico Friend Circle, 1990). A study conducted in 1963-64 by the Institute of Applied Manpower Research showed that out of a total of 1,00,189 doctors 39 per cent of them were in government service and 61 per cent doctors in the private sector of the allopathic system of medicine. Out of those in private sector 88.4 per cent were self employed and 11.4 per cent were employed in the private health establishments (Jesani and Ananthraman, 1993). A study conducted in Madhya Pradesh showed that of all those treated by private facility, 52.24 per cent of the illness episodes in rural areas, 17.83 per cent in urban areas were treated by licentiates/Registered Medical Practitioners (George, Shah and Nandraj, 1993). Nanda and Baru (1993) conducted a study to know the trends, characteristics and services offered by the private medical sector in Delhi. This study provides insights into the heterogeneity in provisioning of services and plurality in utilization patterns. The heterogeneity and haphazard growth of the private sector clearly points to the need for some planning, which would include registration and regulation. A listing of heath establishments and practitioners in Ahmednagar district, Maharashtra, was done by Foundation for Research in Community Health (FRCH) in 1994. This study identified a total of 3060 doctors in the district belonging to all systems of medicines and 92% of them were found to be practicing in the private sector (including a very small percentage in the voluntary sector). Of the total doctors identified 51% were in urban areas and the rest in rural areas. Kakade, Narendra’s (1998) study explores the distribution of health services in the urban slums of Bombay. The findings of the study are that there is an overall decrease in the expenditure on health by Bombay Municipal Corporation (BMC). The major part of the expenditure is on big hospitals i.e. teaching hospitals rather than dispensaries and healthcare centres. Of this, a large proportion is spent on establishment than on diet or other equipments for patients. BMC pays more attention to the curative services than preventive care. Another study (Pinto and Udwadia, 2010) cited reasons like poor quality with a general lack of trust in government services, lack of attention offered to patients, long waits, poor hygiene, suspected quality of drugs and lack of privacy, for non preference of public sector hospital. Only a nominal portion (3%) considered free services as a reason for preference of public sector.

Decline of the Public Health Sector

The State’s insufficient commitment to provide healthcare for its citizens is reflected not only in the inadequacy of the health infrastructure but also in declining support to various healthcare demands of the people. There has been a declining trend since 1991 in social sector expenditures, especially by the Central government and this is best reflected in compression of grants to the states for social sector expenditures (Tulasidhar, 1992 and Duggal, 1995). Healthcare expenditures too have been affected both in quantitative terms (declining real expenditures) and qualitative terms (increasing proportion of establishment costs and declining proportion on medicines, equipment, maintenance and new investments). Public health infrastructure is far from satisfactory as the delivery of services is hampered by several policy and management constraints (Mavalankar, Ramani and Shaw, 2003) of particular concerns being non-availability of staff, weak referral system, recurrent funding shortfalls, lack of accountability for quality of care and poor logistics management of supply of medicines and drugs. At the same time the new political economy has failed to strengthen the welfare role of the State (Duggal, 2004).

Privatization of the Healthcare Sector

The thrust, to growth of private sector hospitals, was another impact of the enforcement of neo-liberal reforms enforced by World Bank and other international financing institutions in the 1990s, which forced the governments of developing nations to reduce public expenditure on social sectors including healthcare (Jilani, Azhar, Jilani & Siddiqui, 2009). In the absence of a state-funded health
infrastructure providing free care, citizens have no option but to seek out private facilities. As a result, in India we have a burgeoning private healthcare sector, unregulated and often exploitative (Ananthakrishnan, 2008). The crucial transition in the orientation of the healthcare has been from ‘service delivery mode’ to ‘profit making mode’ due to immense development in technology and decline of the public sector vis-a-vis growth and boom of the private sector (Patel, 2006).

**Government Incentives for the Promotion of the Private Health Sector**

Healthcare being treated as a ‘commodity’ has attracted increased interest of the corporate sector, which has jumped into the healthcare business in a very big way. In the 1990s, a number of corporate hospitals sprung up on land allotted to them by the government in prime urban locations, in exchange for their providing a proportion of their services free to the poor (Baru, 2000). The reduced subsidies on medical care services and government’s withdrawal from social sector resulted in market segmentation, which in turn resulted in an increased demand for quality medical care services by the upper and middle class segments in India. This factor made it attractive for private investors to operate profitable healthcare operations (Chakravarti, 2009), which resulted in increased private investment in healthcare. Several hospitals were set up, under the banner of trusts and charitable institutions to cater to healthcare services. Besides, a number of government policies have actually aided the further expansion of the private healthcare sector. Some instances highlighting this point are as under:

- A paradigm shift at policy level resulted in market segmentation, whereby government resources were to be used only for the deserving section of the society (National Health Policy, 2002), while the affording population was expected to purchase medical care services from the private sector.

- As per industry experts over 50% medical devices and equipments are imported (National Institute of Pharmaceutical Education and Research NIPER, 2010). Most of the equipments have to be purchased in foreign exchange, in a medical equipment market which is highly fragmented. This puts a considerable strain on hospital resources (Bhat, 2006).

- Similarly, to facilitate financial flexibility to healthcare institutions, the GOI increased the depreciation rates for essential equipments and consumables from 25% to 40%. This in turn allows considerable amount of tax savings while computing the tax returns for the hospitals and healthcare institutions (Jain, 2006).

- The affordability for medical care increased with advent of several private sector healthcare insurance companies, post liberalization (Ahuja, 2004). The introduction of Third Party Administration, under the Insurance Regulatory and Development Authority IRDA Regulation, 2001, increased focus on managed care (National Commission for Macroeconomics and Health, 2005), which allowed cash-less service payments. Further, with the introduction of the Rastriya Swasthya Bima Yojana, in 2008, a government insurance scheme, for underprivileged and economically backward sections, the affordability of BPL population for quality medical care services also increased.

- Hospitals and Healthcare Institutions were conferred with Infrastructure Status in the Union Budget 2002-03, which made long term capital and loan cheaper for most of the private healthcare Institutions (Income Tax Act, 1961).

In addition, various state governments designed special packages to promote private investment in the creation of healthcare infrastructure and medical colleges across the country. The benefits include land allocation on subsidized rates, partial or complete wavier on stamp duty, electricity duty, conversion duty, etc. Thus, due to the new policy regime after 1991 and the supportive policies of the state the private sector has been able to considerably flourish in India.
CONCLUSION

The broadest possible platforms should be created for bringing in some amount of change in the health sector. The underfunding of medical services is matter of serious concern. The need for more resources and greater decentralization has to be taken up on a priority basis. The WHO report on Investing in Health for Economic Development by Jeffrey Sachs (2001) suggests that for developing countries like India health policies should focus on:

- Scaling up financial resources (public-private partnership), and
- Tackling the non-financial obstacles in service delivery (eg: logistics, HR and governance issues).

There is hardly any regulatory intervention or interference of the government in the private health sector. There is an urgent need for regulation and monitoring of the private health sector. Large sections of the population have become pauperized due to the large sums of money spent on private healthcare. In view of the existing health situation and health problems and the context of commercialized practice, regulation of those who provide the nation’s healthcare is an urgent necessity. To achieve universal access to healthcare and relative equity, the State has to play the lead role. This is perhaps the only alternative available at present in order to ensure the healthcare facilities to the population.

REFERENCES


21. National Health Policy (NHP) (2002), Section 1.2 (IV) and Section 2.2.3.


