# Healthcare in India needs urgent injection of funds

## India's per capita health expenditure remains among lowest in the world

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With the world's largest poor population, India's low public health spending has serious implications. Besides low funding, poor infrastructure and shortage of doctors, the shortcoming for India's public healthcare system are too many.

In her budget proposed on February 1 by India's finance minister Nirmala Sitharaman, the funding for healthcare for the year starting April 1, 2020, remained abysmally low at INR 690 billion (USD 9.7 billion) or around 0.33 pc of the country's GDP. Despite repeated pledges, India's public funding of healthcare has remained one of the lowest in the world and very far away from the target of 2.5 pc of the GDP, set way back in 2010.

Over the years, the extremely low spending by the government has led to a severe lack of medical facilities as well as poor healthcare coverage for a very large section of the Indian society, notably those living in the rural and remote areas.

According to a survey on social consumption, conducted by the National Sample Survey Office (NSSO) of the Ministry of Statistics and Programme Implementation between July 2017 and June 2018, only about 10 pc of the poorest one-fifth of Indians in rural (10.2 pc) and urban India (9.8 pc) had any form of private or government health insurance. Lack of coverage means that the poor are routinely forced to dip into their savings, borrow, delay treatment or receive poor quality care. This also leads to millions of deaths every year, many of them could be prevented with proper medical

care. A report by the medical journal *The Lancet* says that every year around 2.4 million Indians die of treatable conditions, the worst among 130 nations covered by the British journal.

Currently, India accounts for 20 pc of the global disease burden with a high infant mortality rate of 40 deaths per 1,000 live births. More Indians die of poor-quality care than due to a lack of access to healthcare. With the rising prosperity there has also been a rise in "dual-disease burden", a continuing rise in communicable diseases and a spurt in non-communicable or "lifestyle" diseases, which accounted for half of all deaths in 2015, from 42 pc in 2001-03. According to a latest World Health Organisation (WHO) report, one in 10 Indians will develop cancer during their lifetime, and one in 15 Indians will die of cancer.

Lack of public funding and absence of health insurance coverage forces the uninsured, almost all of them poor, to incur heavy out of pocket expenses for serious illnesses or hospitalisation. According to a 2017 World Bank report, India's catastrophic expenditure is high – one sixth (17.33 pc) of India's population spends more than 10 pc, and 3.9 pc of the population spends more than 25 pc of their income on health costs. Once again, here too, India fares very poorly compared to the rest of the world.

High health care cost is one of the major public health challenges in developing countries like India. While the household remains the major source of financing health care, the extent of poverty, impoverishment and indebtedness due to high out-of-pocket expenditure (OOPE) is on the rise. In 2011-12, out-of-pocket health expenses drove 55 million Indians into poverty as IndiaSpend reported in July 2018. Some 38 million Indians were impoverished by expenditure on medicines alone.

Rural poverty grew by 4 pc points between 2011-12 and 2017-18-pushing 30 million people below the poverty line–according to one estimate based on the same NSSO household consumption survey.

The impact of rising health costs on poverty cannot be estimated because the government has withheld the latest nationwide consumer expenditure report and the raw data due to “quality issues”, as per news reports in November 2019. This consumption survey was India’s 75th and was conducted in 113,823 urban and rural households covering every district in the country. Another report points out that nearly 26 pc of the households in urban India met their health expenditure by borrowing from different sources and 5 pc depended on selling of assets and livestock.

In India, 65 pc of health expenditure is out-of-pocket and such expenditures push some 55 million people into poverty each year. The high out-of-pocket expenses in India stem from the fact that 76 pc of Indians do not have health insurance and 7 pc fall below the poverty line just because of indebtedness due to health expenses. The WHO estimates that as a result of having to pay out of pocket for healthcare, 150 million people are at risk of becoming poor.

In India the healthcare system is mainly characterised by co-existence of public and private health centres, poor public health infrastructure, high healthcare costs and low insurance coverage. With the poor conditions of public health care centres and low insurance coverage, the middle class move to private health centres that lead to OOPE and the below poverty line individuals are left with no choice.

**Insufficient budget and inefficient schemes**

Not only are the government’s budgetary provisions completely inadequate to meet the requirements of the people, the public health schemes run by the government are highly inefficient and even the funds allocated for many of the schemes remain unspent.

In 2018, Prime Minister Narendra Modi stewarded a high-profile launch of the Centre’s flagship health insurance scheme Pradhan Mantri Jan Aarogya Yojana (PMJAY) that promised health insurance to nearly 500 million people in the country. However, since its launch the scheme has faltered

and its funds remaining grossly under-utilised. The programme was projected as an answer to solve the healthcare misery of the poor in India, but inbuilt design flaws have seen the scheme falter early on.

Revised budgetary estimates for last year show that as against the promised INR 64 billion for the scheme, only INR 32 billion were spent last year, pointing to a severe problem in deployment of the scheme.Officials running the programme said that under-utilisation of the fund is on account of four key states — West Bengal, Odisha, Telangana and Delhi — opting out of the scheme and inability to trace nearly 30 pc of the intended beneficiaries as per the Sociology — economic and caste census data, 2011 — that was to serve as database to identify the beneficiaries.

Another problem with the scheme could be the lack of proper treatment facilities in the vicinity of the ill. Though India has seen hundreds of new hospitals, many of them private, spring up, most of them are in and around the metro areas, leaving large swathes of rural India dependent on rickety primary health care centres that are perennially out of medicines and almost never have proper medical staff on roster.

The Economic Survey 2018-19 has already revealed the miserable state of the rural health sector in India. It said that about 60 pc of the Primary Health Centres have only one doctor while 5 pc have none. Only 20 pc meet the norms of Indian Public Health standards, which are anyway much lower than those in the developed economies. There is also an acute shortage of human resources in secondary health institutions.

**The doctor may not see you now**

Lack of funding and absence of adequate and well-distributed healthcare facilities are not the only challenges in India. Absence of doctors and nurses is an equally important issue. According to a study conducted by the Centre for Disease Dynamics, Economics & Policy (CDDEP), India has a shortage of an estimated 600,000 doctors and two million nurses. In

terms of availability of doctors and the number of hospital beds, India lags behind the prescribed WHO standards. While the WHO recommends 1 physician for 1000 people, India has India has 0.7 physicians per 1,000 people. Most of these doctors are in urban areas and the ratio is worse in rural areas. In terms of hospital beds, India has 0.9 when the WHO requires 1.9 beds per 1,000 people. Studies have found that lack of properly trained staff in administering antibiotics is preventing patients from accessing live-saving drugs.

The majority of the world's annual 5.7 million antibiotic-treatable deaths occur in low- and middle-income countries where the mortality burden from treatable bacterial infections far exceeds the estimated annual 700,000 deaths from antibiotic-resistant infections."Lack of access to antibiotics kills more people currently than does antibiotic resistance, but we have not had a good handle on why these barriers are created," said Ramanan Laxminarayan, director at CDDEP.

Since private hospitals are costly than the government ones, patients often opt for the latter. However, the mortality rate is much higher in government hospitals because patients on average are poorer, malnourished and arrive at the hospital in later stages of illness.

**Invest in health**

As the demographic curve of the country moves from predominantly young to older population, India needs to invest billions of dollars each year in upgrading its creaking healthcare system. The number of persons above 65 years of age is rising sharply each year, implying millions of more patients needing long-term hospitalisation or treatment for age-related illnesses as well as other forms of medical care.

According to a 2015 study by Pricewaterhouse Coopers (PwC), the country will need 3.5 million beds, 3 million doctors, and 6 million nurses by 2035. This means a potential investment of nearly USD 245 billion in the traditional healthcare delivery infrastructure over the next two decades.

The government should not leave all of this for the private sector, which has become ruthlessly profit-driven and hence out of reach for almost 9 out of 10 Indians. Proving access to quality and timely healthcare is one of the fundamental duties of the government and it’s time it stopped shirking this responsibility.