

# Economic Burden and Health Care in India – A Review

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### Abstract

*Good health is both the wealth and last part of development. A healthful population will be a prerequisite for economic growth, in turn, this income growth would be channeled to improve human lives through the provision of a decent education, good governance and all other requirements for human well being. Health is one of the important indicators reflecting a value of human life. Good health is a major resource for social, economic and human development and significant dimension of quality of life. The public health investment in India over the years has not only been low but also as a percentage of GDP is continuously on the decline. The declining implies that public health spending accounted for less than what it would have been on the health sector. According to the study conducted by the world health organization (WHO) poor health, in the form of disability, reduces wages by as much as 12% and has negative consequences on labor productivity. The vision for India in the area of health should be faster a healthy society through the provision of quality health through health education and health care services. Creating awareness of health problems and their consequences, health services available in the government sector and private sector is most important to take own decision to choose their choices for caring them self.*

**Keywords:** Health, Economic, Public Health, awareness

### Introduction

Health is a fundamental human right, and for this right the individual, the community, the nation and the government, all have to play their respective roles collectively and actively in a constructive manner. Health restoration becomes more imperative than health maintenance, where social responsibility is paramount. Health is one of the most difficult terms to define. Health can mean different things to different people. For instance, to some, it may mean freedom from any sickness or disease, while to some it may mean harmonious functioning of all body systems. World Health Organisation (WHO) defines "Health is a state of complete physical, mental, social well being and not merely an absence of disease or infirmity."

Good health is a crucial part of well being, but spending on health can also justify on purely economic grounds. Investment in health contributes directly to a nation's economic growth. The most direct effect of improved health is regarding improved productivity and reduced absenteeism. Health is one of the primary indicators reflecting the quality of human life. Article 25 of the Universal Declaration of Human rights that clearly state that the preservation and promotion of health is one of the most basic human rights. India despite being a signatory to the 'Alma Ata' declaration (1978), which aimed at health for all by 2000, is still logging quite far from realizing this dream even in the year 2006. The public health investment in India over the years has not only been low but also as a percentage of GDP is continuously on the decline.

This public health investment has to be increased by every budget for improving individual health by providing necessary health awareness programme. The health awareness programme may be the assets of the nation to prevent health issues and challenges and reduce the burden of individual and community health. The public health investment also makes strengthen the public-private partnership in all the health-related issues and programmes.

### **Health care and health economics**

#### **Health economics**

In general health, economics is regarded as an applied field of economics. "It draws its theoretical inspiration principally from four traditional areas of economics finance and insurance, industrial organization, labor and public finance. Some of the most useful work employs only elementary economic thought, but it requires detailed knowledge of health knowledge and institutions. The research related to policy plays a major role to prepare many policy-relevant articles which published in journals to read by physicians and other with direct involvement in health" [Fuchs (1987)]. The impact of health economics on the economics profession has been immense. It has introduced the common currency of economists (opportunity cost, elasticity, the margin, production functions) into medical parlance (indeed, established health economists are as likely to be as heavily cited in the scientific literature as in economics). Economic is a science which studies human behaviors as a relationship between given ends and limited resources which have alternatives uses. (Lionel Robbins). Health economics is a branch of economics that is concerned with the utilization and allocation of the resources in health systems. In all the levels of health care, health economics is exerting an influence on decision making. Health economics seeks to make possible decision making by offering an unambiguous decision-making framework based on the principle of competence. The increase in health spending and its share in Gross Domestic Product (GDP) is a phenomenon which is continuously the subject of comments and discussions among politicians, administrators and academics in many countries. One approach to finding out this issue is international comparisons of health

expenditure. There are considerable differences in health expenditure across the countries, irrespective of the regions.

#### **Importance of Health Economics**

Health economics is providing a significant view to analyze and understand:

- The economic weight of the health economy to a nation's overall economy
- The concerns with a national policy that arise at an individual level with the affordability of health
- The financial components that accompany national health issues

#### **Size of Health Economy in Global Level**

The Global Health Economy is growing rapidly than the Global Gross Domestic Product. Overall global expenditure on health care was 2.6 trillion and increased as 5.1 trillion in 2005. Escalating health expenditure was 197 billion dollars between the year 1999 – 2000 and from 2000 – 2005 it was greater than before as 330 billion dollars. It shows that periodically the allocation of a fund is amplified for a health-related matter. In 2000 the global Gross Domestic Product was 8%. In 2005 it was increased as 8.6%. However, expenditure on health as measured as % of national GDP is not at all similar among nations. When India compare with another country 3.5 -5% has spent on the health care matters.

#### **Features distinguish health care in the realm of economics**

##### **Government Intervention**

The government has a vital role as steward of the health sector

- Creates guidelines for private and public health sectors
- Measures competency and qualifications of health care workers
- Drives specific economic behaviors amongst health providers by dictating prices and specifying practice locations
- Helps the education of potential providers (e.g., student scholarships)
- Conducts research (e.g., National Institute of Health, Canadian Institute of Health Research)

## Uncertainty

- **Level of the Patient** - Patients often enter the health system uncertain about their current state of health
- **Level of the Provider** - Chosen interventions used for a specific illness can vary widely depending on the provider and their preferences

## Asymmetric Knowledge

- Consumer - Insurer Relationship
- Patient - Physician Relationship

A physician has much more medical knowledge about the patient's illness and treatment options than the patient

A patient is willing to reveal all his or her personal experience about the illness to the doctor for care

A physician should disclose all known knowledge to patient BUT financial incentives or personal emotions can influence the physician's action and information may be withheld

## Externalities

- The expenses and benefits which arise from an individual's action effects on other people
- Positive Externalities – impose benefits on others
- Negative Externalities – impose costs on others

## Health care

In 1947, the world health organization (WHO) had presented a different and comprehensive definition of health by considering a different aspect of an individual's life. According to the organization "Health is a state of complete physical, mental, social well-being and not merely an absence of disease or infirmity." According to the definition, a healthy person must be physically fit, mentally well, and socially adaptable so that he can maintain a wholesome productive and happy life in the society.

According to Johns "Health is the quality resulting from the total functioning of the individual that empowers him to achieve a personally satisfactory and socially useful life and health is not a momentary state. It must have some continuity and permanency by which an individual can live healthy for a prolonged period of life meaningfully, both for

him and for his society. Health is a significant factor, which deals with many activities of the living being. The health of the population is a dissimilar issue in public policy discourse and often determining the development of the society and the country. Hence every developing country faced challenges like poverty, AIDS, Malaria, Tuberculosis, Hepatitis B, Ascariasis, cholera, Dengue, Leprosy, Lymphatic Filariasis, and Dracunculiasis. Goods and services that are provided to promote health, or prevent, alleviate or eliminate ill-health of an individual.

## Health scenario in India

From the date of independence, India has prepared a lot of progress in the field of science and technology and has achieved a place of prominence among the developed countries in some respects. But in the field of health sector particularly in rural health, the picture is gorgeous grim. The long gestation period for health also cannot justify slow outcomes in the health sector, as rural health is still a far-away vision even after 71 years of our independence. Belief in superstitious, mystical power for curing various ailments still exists. But there are many reasons to be hopeful that public health will receive more attention shortly.

## The progress of health care

Organized and planned rural health care activities are vital for preventing ill effects of historical, political and social-economic changes. Since the independence, India made significant progress in improving the health status of its people through national programmes. Health is a most important development, and it can play a critical role in the formation of the new world. Everyone has right to a standard of living, adequate for the well being and his family. Providing health care for all is a challenging task for the health care providers. But the health care is available only in metropolitan cities and even not in all cities and town.

## The Indians are spending as below for the items

Food and beverages	42%
Transportation and Communication	15%
Rent, Fuel, and Power	12%

Miscellaneous	11%
Health care	8%
Clothing and footwear	5%
Furniture and fixture	4%
Recreation and education	3%

The quality of life has resulted in India being ranked 126th among 177 countries in the latest UNDP's human development Index. That is a rank up from the last year but way behind countries like China (81), Malaysia (61), Thailand (74), Indonesia (108) and Vietnam (109). India is barely a leg up over Cambodia which is ranked at 129. The policies of our government concentrate only on the growth of the economy and it has widened the gap between urban and rural and haves and have-nots. About 75% of health infrastructure, human capital in medical areas and other health resources are concentrating in urban areas where 27% of the populations live.

### Financial allocation

According to a Fact Checker analysis of Budget data funds for health, education and sanitation programmes in Budget 2018-19 appear to be the highest over the last three years—a 13 percent rise from the previous year—the money set aside has declined from actual allocations of 2017-18. With an eye on the 2019 general elections, it was announced the world's largest national health insurance programme, scholarships for 1,000 doctorate engineering students at the Indian Institutes of Technology and Indian Institute of Science. It also planned to construct 18.8 million toilets by the end of the year 2019. The estimated budgetary expenditure on health, education and social protection for 2018-19 is now Rs.1.38 lakh Crore comparatively 13 percent increase more than the estimated expenditure of Rs.1.22 lakh Crore in 2017-18.

### However, an analysis shows

- 2.1 percent turn down in the allocation towards the national health mission
- India's largest programme for primary health infrastructure
- 0.23 percentage-point decline over 2017-18 in the Union Budget's share of funding to the Human Resource Development (HRD)

- ministry, making it the lowest since 2014-15; 7 percent cut in allocation for the Swachh Bharat Mission Budget from 2017-18's revised estimates

### A budget for India's primary health infrastructure

In the Budget speech, the finance minister focused on the health sector and introduced a new national health insurance scheme and he declared it was "the world's largest" to insure 100 million households for Rs 500,000 per family per year. This "National Health Protection Scheme" is the latest avatar of the Rashtriya Swasthya Suraksha Yojana (RSSY), which was formerly called as the Rashtriya Swasthya Bima Yojana (RSBY) under the Ministry of labor. There are 30 million more households have been included than the RSBY recently. This had been renamed as the RSSY in 2017-18 and again it was renamed as the National Health Protection Scheme. However a 2.7 percent increase in allocations to the health sector, from Rs 53,198 crore in 2017-18 (revised estimates) to Rs 54,667 crore (Budget estimate) to meet these ambitious targets. Once the financial year gets underway, some ministries may need more funds than were allocated to them under the 'Budget estimates' these are then reflected as "revised estimates." Spending on the health the Ministry has declined to 2.1 percent of the total Union Budget from 2.4 percent in 2017-18. In fact, according to the National Health Policy, the Health expenditure should be 2.5 percent of Gross Domestic Product (GDP) by 2025.

The Finance Minister announced that the world largest scheme by government funded for health care programme on the title National Health Protection Scheme to cover nearly ten crore poor and vulnerable families (approximately 50 crore beneficiaries) for providing insure up to 5 lakh rupees per family per year for secondary and tertiary care hospitalization. He also committed Rs 1200 crore for the National Health Policy for the year 2017, with 1.5 lakh Health and Wellness Centers for providing health care system closer to the dwelling of people. Apart from this the Government also decided to allocate additional Rs.600 crore to provide nutritional support to all TB patients at the rate of Rs.500 per month for the duration of their treatment.

### Health spending

Year	Ministry of Health & Family Welfare Budget (In Rs crore)	Total Central Budget (In Rs crore)	A share of total Central Budget (In percent)
2014-15	33121.42	1794891.96	1.8
2015-16	30626.39	1777477.04	1.7
2016-17	37671.3	1978060.45	1.9
2017-18*	51550.85	2146734.78	2.4
2018-19**	52800	2442213.3	2.1

**Source:** Union Budgets; \*Revised estimate, \*\*Budget estimate

In additional, there has been a 2.1 percent decline in the allocation for the National Health Mission for national health programme that funds utilized to provide infrastructure for primary health care and decreased from 31,292cror in 2017 -18 to 30,634 crore

On a positive note, the budget for the National Nutrition Mission programme that seeks to reduce stunting, undernutrition, anemia and low birth weight of babies, under the Ministry of women and child development raised over three times, from Rs 950 crore in 2017-18 (revised estimates) to Rs 3,000 crore in 2018-19 (budget estimate). The main reason for restores the government's commitment to the improving nutrition status among Indian children, after the programme's budget was cut in the revised estimate for 2017-18. From an allocation of Rs 1,500 crore, the revised estimate came down 36.6 percent to Rs 950 crore for that year.

There are two schemes introduced under the Ayushman Bharat Initiative they are the national health protection scheme and the 'Revitalizing Infrastructure and Systems in Education (RISE) by 2022' programme. The main aim oof these programme is to improve infrastructure for medical education and health, with a provision of Rs 1 lakh crore over four years. "The Ayushman Bharat will build a New India 2022 and ensure enhanced productivity, well being and avert wage loss and impoverishment". "These schemes will also generate lakhs of jobs, particularly for women." The government also proposed a set up 24 new medical colleges and hospitals and upgrade existing district hospitals in the country.

#### Investments for health include

- Rs 600 crore has been allotted for nutritional support to all tuberculosis patients and for the treatment period Rs 500 per month per patient for 10 months was fixed
- Rs 1,200 crore was allotted for the National Health Policy, 2017 with 150,000 health and wellness centers, which hopes to address an increasing tide of non-communicable diseases, such as diabetes and cardiovascular ailments.

As per the India Spend reported on 31 January 2018 it was found that inadequate sanitation, management of human excreta, improper solid waste and drainage India losses Rs 2.4 trillion (\$53.8 billion) every year due to health, damage to drinking water and tourism costs. In keeping with this point, India's mission to make India open-defecation free by 2019 and the finance minister reiterated the government is focused on toilet construction. In 2018-19, the government proposed to construct 18.8 million toilets under the Swachh Bharat-Gramin (Clean India-Rural) scheme, will create employment of 170 million person days." This will raise the total number of toilets to 147 million from 127 million which the 89 percent of the targeted 164 million toilets under the programme. Also, it was planned to get reduce the practice of open-air defecation with in another 20 months therefore before October 2019 is the deadline of making India open-defecation free. According to a FactChecker analysis of Budget data while Budget estimates for the Swachh Bharat Mission in 2018-19 are the highest from commencement in 2014, actually the present government has cut allotment

to the mission by 7 percent—to Rs 17,843 crore in 2018-19 from Rs 19,248 crore in 2017-18 (revised estimate). As the India Spend reported on 31 January 2018 of the total allocation for the scheme, only 4 percent of funds have been spent on information and education and it indicates less than recommended 8-12 percent. The Budget for information, education and communication activities under Swachh Bharat-Gramin (rural) is down to 6 percent, therefore, Rs 300 crore in 2018-19 from Rs 318 crore in 2017-18

### **Budget 2018: Insufficient allocation for the health sector**

The Government has determined National Health Policy 2017 may remain a promise if the budget allocation for the health sector during the year. National Health Policy aims to double the government expenditure from the existing 1.15 % of the GDP to 2.5 % by 2025. The budgetary allocation of Rs 52,800 crore for health in 2018/19 is only 5 percent higher than the revised estimate of Rs 50,079.6 crore, in 2017/18. It is estimated that to meet the objectives of the policy by the both central and state governments together should add to their total allocation towards health to Rs 800,000 crore, up from the current Rs 200,000 crore by the year 2025. To achieve that, the central government health budget alone should increase at least 20 percent by every year for the next seven-eight years. While the budgetary allotment meant for the previous year, 25 percent higher than Rs 37,671 crore spent in 2016/17, indicated the government's significance in implementing the policy proposition. Even if one goes by the budgetary allocation of Rs 47,352 crore for 2017/18 (and not revised estimates), the increase in this year's budget is 11 percent that half of what is needed. "The present Rashtriya Swasthya Bima Yojana (RSBY) provides annual health care coverage only Rs 30,000 to poor families. Several state governments have also implemented or supplemented health protection schemes by providing through different coverage scheme. The government of India has announced to launch a flagship National Health Protection Scheme to cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) by providing coverage up to 5 lakh rupees per family per year for secondary and tertiary care hospitalization".

### **Conclusion**

Development in health care sector is the toughest challenges for the Union Government since this sector face quite a lot of problems such as vast population, scarcity of resources and non-availability of reasonable health care to the poor. It needs to strengthen and develop the traditional care such as Unani, Ayurveda and yoga systems, harmonies them with modern systems and develop an incorporated model of the affordable health care for the poor. Improvement of the health status of the people is one of the major thrust areas for the social development programmes of the country. Considerable progress has been achieved in the health area since independence. But the situation is far from the satisfaction. Health is to be considered as a unique form of human capital. The health economy is vital to the development of an overall global economy but is differ from other economic sectors due to the interaction of certain other characteristics.

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