A Longitudinal Study of Healthcare Expenditure in India

Master of Business Administration (MBA)

in

Pharmaceutical Management

by

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Under the Supervision and Guidance of

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2022

DECLARATION BY STUDENT

I hereby affirm that this dissertation titled **A Longitudinal Study of Healthcare Expenditure in India** is the genuine documentation of my original research work. I affirm that it has not been presented to any other college or institution for the grant of any degree or certificate. Information resulting from the available or unpublished work of others has been duly recognized in the text.

Shahween khan

Name of Student.

Date:

CERTIFICATE

This is to certify that the project entitled "A STUDY ON LEVEL OF KNOWLEDGE, AWARENESS AND ATTITUDE TOWARDS DEPRESSION IN THE STUDENTS OF IIHMR University, Jaipur, Rajasthan, INDIA" submitted in partial fulfillment of the requirement for the degree of Master of Business Administration in IIHMR, Jaipur embodies the original work carried out by SHAHWEEN KHAN under my supervision at School of Pharmaceutical Management, IIHMR University, Jaipur. The works has not been submitted in part or fill for the award of any other diploma/degree in any other university in our knowledge.

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ABBREVIATIONS

- "CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- GOI: Government of India
- ICT: Information & Communications Technology
- IMF: International Monetary Fund
- NHRM: National Rural Health Mission
- R& D: Research and Development
- API – Active Pharmaceutical Ingredients
- DCGI – Drug Controller General of India
- DOP – Department of Pharmaceuticals
- EPA: Externally Aided Projects
- FDI – Foreign Direct Investment
- FPP's – Finished Pharmaceutical products
- GDP – Gross Domestic Productivity
- FY: Indian Financial Year (April to March)"

TABLE OF CONTENTS

ABSTRACT

"Health policy is a pillar of human welfare. Unfortunately, the evidence shows that public spending on healthcare in India is exceptionally low and out of pocket spending by people is more than four times the government is actually spending on the citizens."

"The National Health Accounts is the most authoritative & comprehensive source of health expenditure information in India, which is highly infrequent. The subsequent use of partial data sets available on public health expenditures leads to defective policymaking and less than desirable public health outcomes."

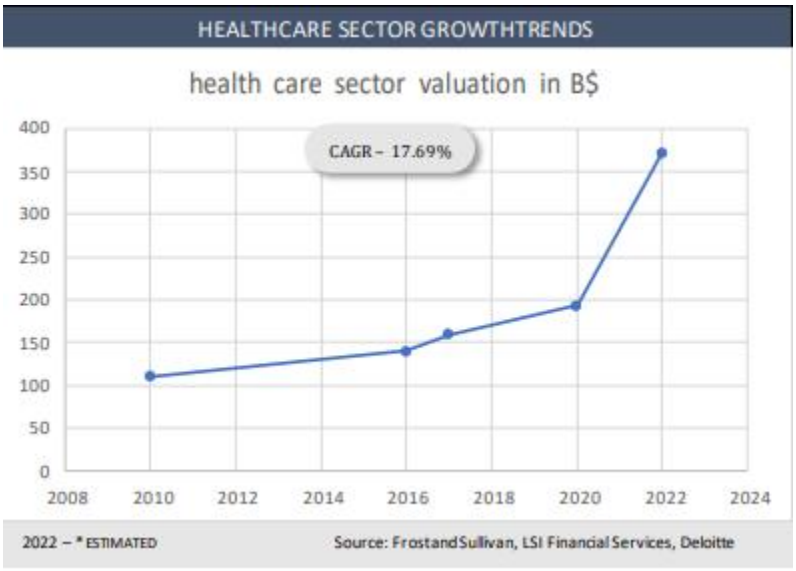
"The Study's objective is to compile a comprehensive dataset of public expenditure on health and related areas at Union and State levels as well as in different States over the time-period 2000 to 2019-20. The study will also outline challenges in data collection and data comparability so that further research in this area can improve on the estimates of public health expenditure."

"The study was done to examine the trends, composition, and rate of growth regarding Government Expenditure on Health in India during the "period of 2001 to 2015". The study focuses on the expenditure incurred by the Central Government on health sector in India. It covers the period from 2001 to 2015. Further the study peruses the "Annual Financial Statements" of Union Budget of years available at the website of "Ministry of Finance," Bank of India, Government of India as the chief source for analyzing the expenditure incurred by the Government on Indian Health Sector"

INTRODUCTION

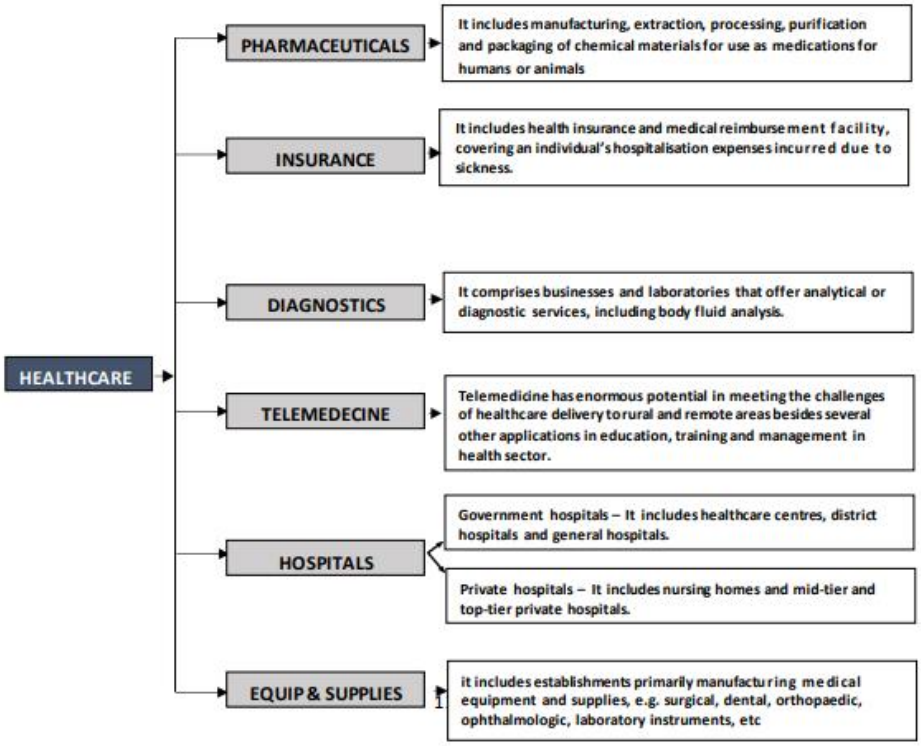
1) **THE HEALTHCARE SECTOR**

“Healthcare is the prevention, treatment, management, and maintenance of physical & mental health through services provided by medical professionals. According to the WHO, health care includes products and services designed to promote health, including "preventive, curative, and palliative interventions for individuals or communities." It will be. India's healthcare industry includes medical devices, hospitals, clinical trials, telemedicine, health insurance and medical devices. Healthcare has grown into one of largest sectors in India in terms of both revenue and employment. The industry's growing at an astonishing pace due to increased coverage, increased services, and increased spending from public and private players. Between 2016 and 2022 the market is expected to record a CAGR (Compound Annual Growth Rate) of 17.69%. The total size of the industry will be US $ 193.83 billion in 2020 and is expected to reach US $ 372 billion by 2022.”

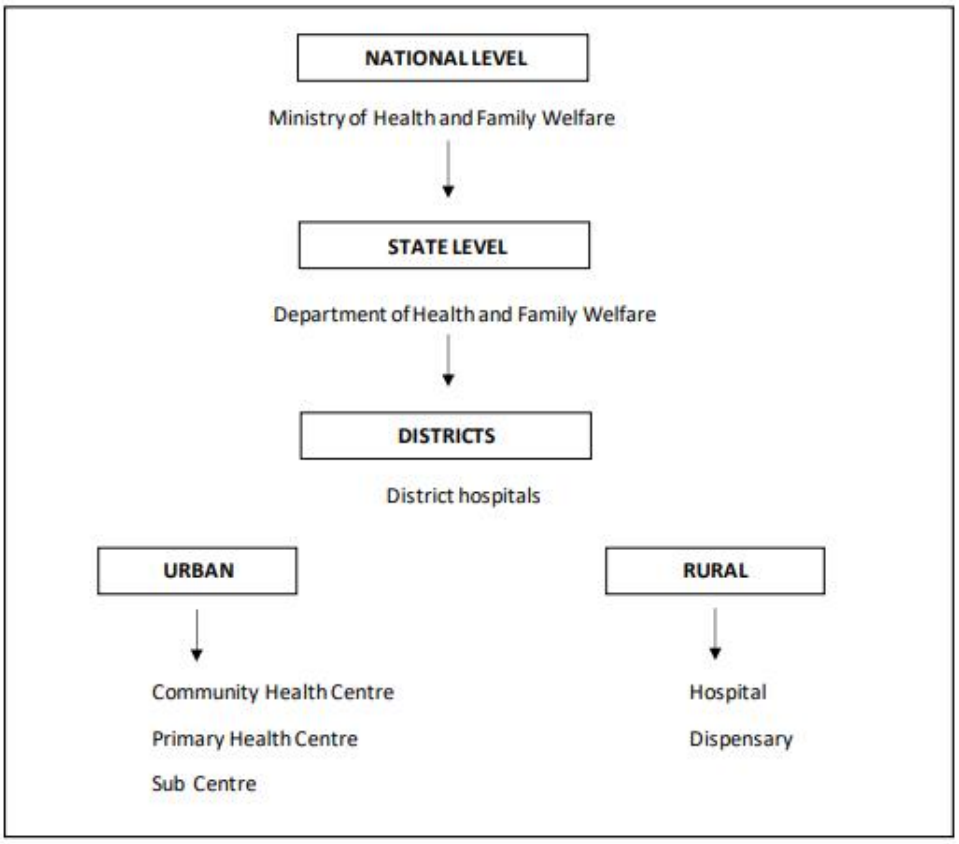


The Healthcare sector in India broadly includes:

- The Hospitals & Diagnostic Services
- Telemedicine
- Medical Equipment and Supplies
- Pharmaceutical Companies
- Medical Insurance
- Medical Tourism



The Heath Infrastructure of India



"The Ministry of Health and Family Welfare is instrumental and liable for execution of different projects on a public scale in the space of Health and Family Welfare, counteraction and control of major transferable illnesses and advancement of customary and native frameworks of prescriptions."

The Ministry likewise helps States in forestalling and controlling the spread of occasional illness episodes and pestilences through specialized help. Service of Health and Family Welfare causes consumption either straightforwardly under Central 15 Schemes or via awards in-helps to the independent/legal bodies and so on and NGOs. Notwithstanding the 100 percent halfway supported family government assistance program, the Ministry is executing a few Worlds Bank helped programs for control of AIDS, Malaria, Leprosy, Tuberculosis and Blindness in assigned regions.

The Ministry of Health & Family Welfare comprises the following departments, each of which is headed by a Secretary to the Government of India: -

- Health & Family Welfare
- AYUSH
- Department of Health Research
- Department of AIDS Control

Health Infrastructure

"Health Infrastructure is an important indicator to understand the healthcare delivery provisions and mechanisms in a country. It also signifies the investments and priority accorded to creating the infrastructure in public and private sectors. The health infrastructure in India is spread over the different systems of medicine such as allopathic, Ayurveda, siddha, Tibetan medicine, umami and homoeopathy, and can be categorized as follows":

a) Physical infrastructure

b) Human resources

Physical Infrastructure

"The physical infrastructure consists of health facilities in the public sector and those provided by the private sector. Public health services consist of a network of subcentres, primary health centres (PHC), community health centres (CHC) and district hospitals. The infrastructure in the private sector provides at least 80 per cent of health services in the country and can be classified asfollows:"

• Private dispensaries

• Private hospitals

• Charity hospitals, including medical centres managed by NGO

Human Resources

India has 20.6 wellbeing laborers per 10,000 individuals, a review in view of Public Example Study Association uncovers. While it is not exactly the World wellbeing Association's base edge of 22.8, the numbers have expanded from 19 wellbeing laborers for every 10000 individuals in 2012

NOTABLE TRENDS IN INDIAN HEALTHCARE SYSTEM

- Shift from communicable to lifestyle diseases
- Emergence of telemedicine
- Rising Adoption of AI
- Increasing penetration of health insurance
- Expansion to tier ii and tier iii cities
- Technological Innovationms

LITERATURE REVIEW

- **"Ministry of Health, KPMG, Deloitte, Medical Tourism Association, LSI Financial Services:** In this paper, the author reviews the role and impact of the medical tourism industry, about the Superior quality healthcare coupled with low treatment costs in comparison to other countriesis benefiting Indian medical tourism, and in turn, has enhanced prospects for the Indian healthcare market."
- **"Indian Healthcare Industry Analysis, Healthcare, report, India Brand Equity Fund, IBEF, healthcare industry:** This paper focuses on the correlation between current healthcare scenario and healthcare funding in India. The healthcare sector in India is highly privatized and relies mostly on out-of-pocket payments. India is populated by the majority who suffer a hand to mouth existence, and this direct payment system imposes an enormous economic burden on them to avail of medical services. The standard routes of funding of the health system in India apart from OOPare the public sector, private sector, private insurance, and social insurance."
- **Prof. Sudhakar Patra, PATTERN OF HEALTHCARE EXPENDITURE IN INDIA page no:** In this article, the author analysed both public and private healthcare expenditure patterns in India based on secondary sources of information from the Reserve Bank of India and the National Sample Survey Organisation. An attempt has been made here to piece together various studies conducted relating to health status, health expenditure and its financing, etc. in order to view the problem from a wider perspective.
- **Priya Gautam, Public Health Policy of India and COVID-19:** Society and public policy have been remained interwoven since the inception of the modern state. Public health policy has been one of the important elements of the public administration of the Government of India (GOI). In order to universalize healthcare facilities for all, the GOI has formulated and implemented the national health policy (NHP). The latest NHP (2017) has been focused on the "Health in All" approach. On the other hand, the ongoing pandemic COVID-19 had left critical impacts on India's health, healthcare system, and human security

- **“seilan anbu, healthcare system in India; an overview:** India’s health scenario currently presents a contrasting picture. While health tourism and private healthcare are being promoted, a large section of Indian population still reels under the risk of curable diseases that do not receive adequate attention of policymakers. India’s National Rural Health Mission is undeniably an intervention that has put public heath care upfront. Although the government has been making efforts to increase healthcare spending via initiatives like the National Rural Health Mission, much still remains to be done.”

1. NEED FOR THE STUDY

The medical care area has arisen as a field requesting consideration since the previous 10 years. The substantial abundance of a country is its kin. A sound medical services framework is essential to keep them solid and just a solid country can rise the mainstays of thriving and achievement. In any case, the medical care area in emerging countries isn't promising, sadly. One of the significant supporters of the breaking down state of the medical care framework is the funding sources. General wellbeing use is one of the significant parts for the provisioning of wellbeing offices, which further outcome in better wellbeing results. India is by all accounts off-track in accomplishing the greater part of the Thousand years Improvement Objectives (MDGs) targets. India is the second most broad nation of the world and has changing financial examples that have been attracting worldwide consideration ongoing years. Regardless of a few developments situated strategies took on by the public authority, the enlarging differences are presenting difficulties for the wellbeing area in the country. One of the clearer marks of the deficiency of general wellbeing spending in India is the tiny measure of such spending comparative with Gross domestic product.

Objectives of the Study

2.1 Primary Objective: The objective of the paper is to analyze accessing the healthcare system in India and the pattern of healthcare expenditure on health sector in India.

2.2 Secondary Objective: To Provide Diversified and comparable data on healthcare expenditure in India and its trend over the last decade in per capita terms. Data evaluation on central government spending on health as a fraction of GDP & Union government expenses.

Research Methodology

3.1 Type of research

Exploratory method was used to carry out this study. It provided a better understanding of the various sources that are used to fund the healthcare facility of a 27 nation and their delivery system. The present paper is based on Secondary sources of information such as the data required for analysis have been taken from the various issues of economic survey, Government of India.

3.2 Methods used

The secondary research method was used to collect information for the study. The data was collected from various websites, articles, journals, databases, and, and analyzed for the study.

4. Source of the collected data

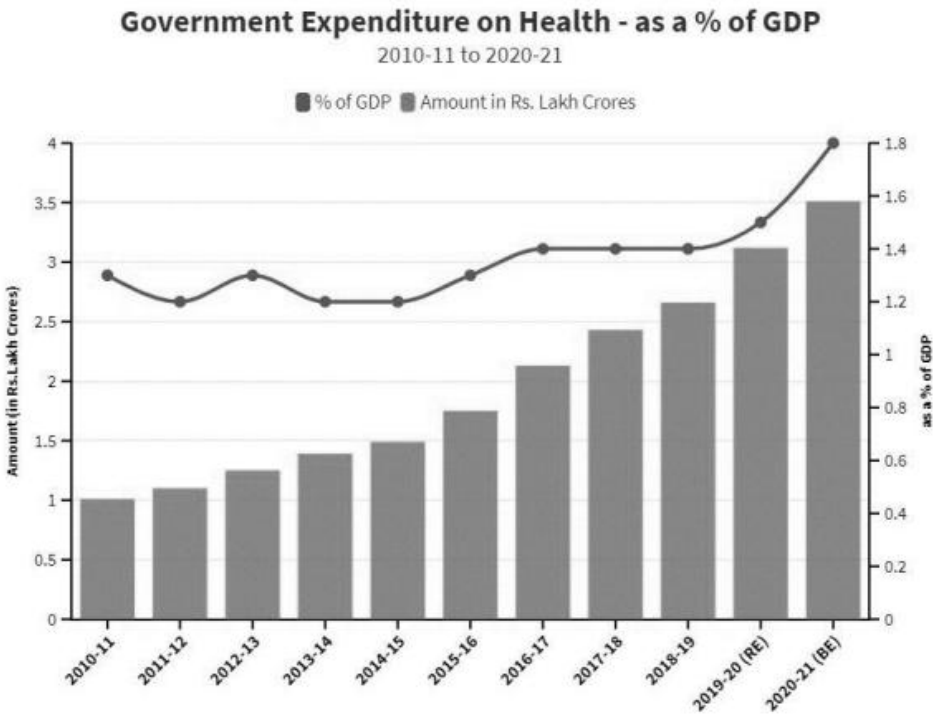
The data to carry out the study was assembled from the following sources:

- The website of the WHO
    - National Health Accounts (NHO)
    - Ministry of Health and Family Welfare (MHFW)
    - World Bank Database
    - Reserve Bank of India

DATA ANALYSIS & INTERPRETATION

HEALTHCARE EXPENDITURE (%OF GDP) INDIA

"India's general wellbeing consumption has been consistently ascending over the course of the past ten years to take care of its developing populace. In financial year 2018, the worth of general wellbeing use by states and association domains together added up to around 1.58 trillion Indian rupees."

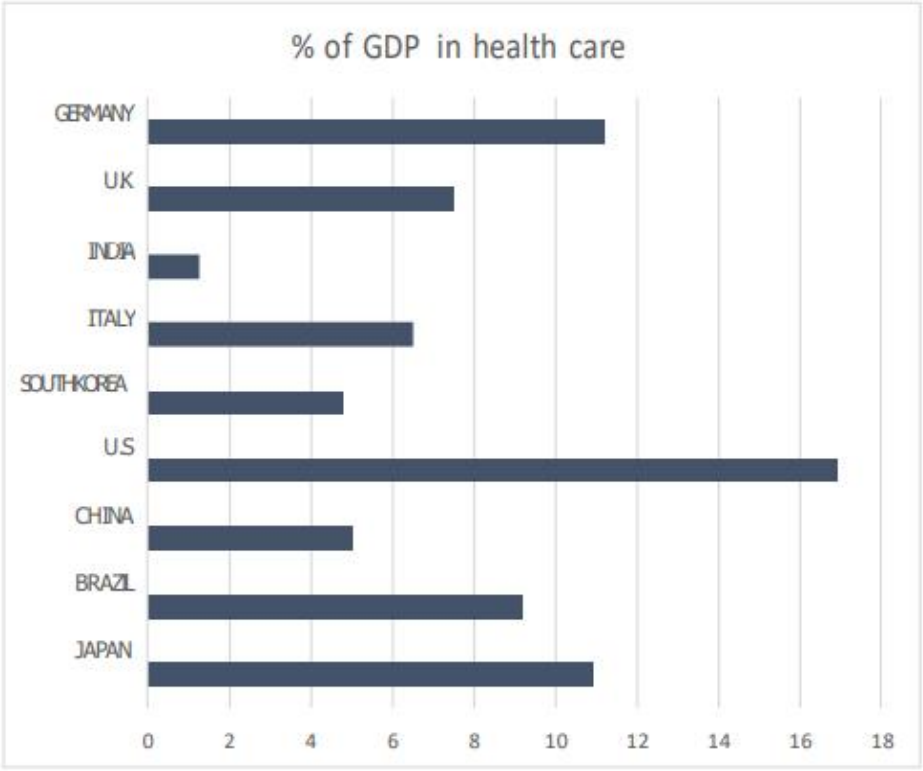


India's total healthcare spending at 1.8% of GDP, asper Economic survey of India, is way lower than that of other countries.

This is considerably more obvious when the absolute spending on wellbeing is estimated with respect to Gross domestic product. In 2010-11, the general spending on wellbeing shaped 1.3% of the Gross domestic product. From that point forward, the general spending on wellbeing drifted between 1.2% and 1.3% in the following a long time until 2016-17. The spending expanded to 1.4 % of the Gross domestic product in 2016-17 and continued as before for the following couple of years. The RE for 2019-20 and BE for 2020-21 stake the portion of generally spending on wellbeing at 1.5% and 1.8% of the Gross domestic product separately. The expansion in 2020-21 is because of the additional spending in view of the pandemic. Whether the expanded spending supports before very long is not yet clear.

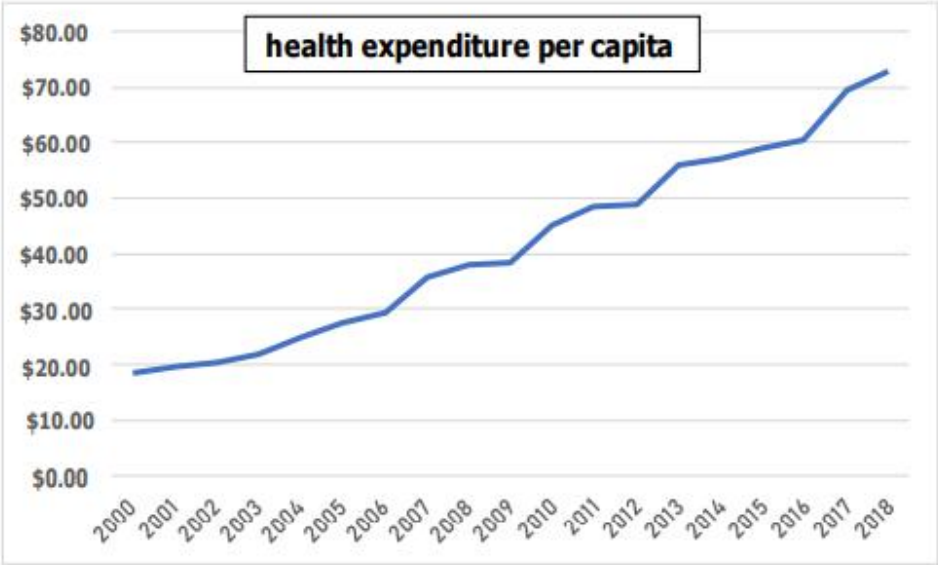
"The average for countries in 2018 was 8.8% of GDP. Developed nations—the US (16.9%), Germany (11.2%), France (11.2%) and Japan (10.9%)—spend even more."

“India spends the least among BRICScountries: Brazil spends the most (9.2%), 30 % of GDP in health care GERMANY U.K INDIA ITALY SOUTHKOREA U.S CHINA BRAZIL JAPAN 0 2 4 6 8 10 12 14 16 18 followed by South Africa (8.1%), Russia (5.3%), China (5%). With public healthcare infrastructure stretched, out-of-pocket expenditure in urban centers is high in India.”



Health expenditure per capita

“In 2018, health expenditure per capita for India was 73 US dollars. Health expenditure per capita of India increased from 25 US dollars in 2004 to 73 US dollars in 2018 growing at an average annual rate of 8.10%.”



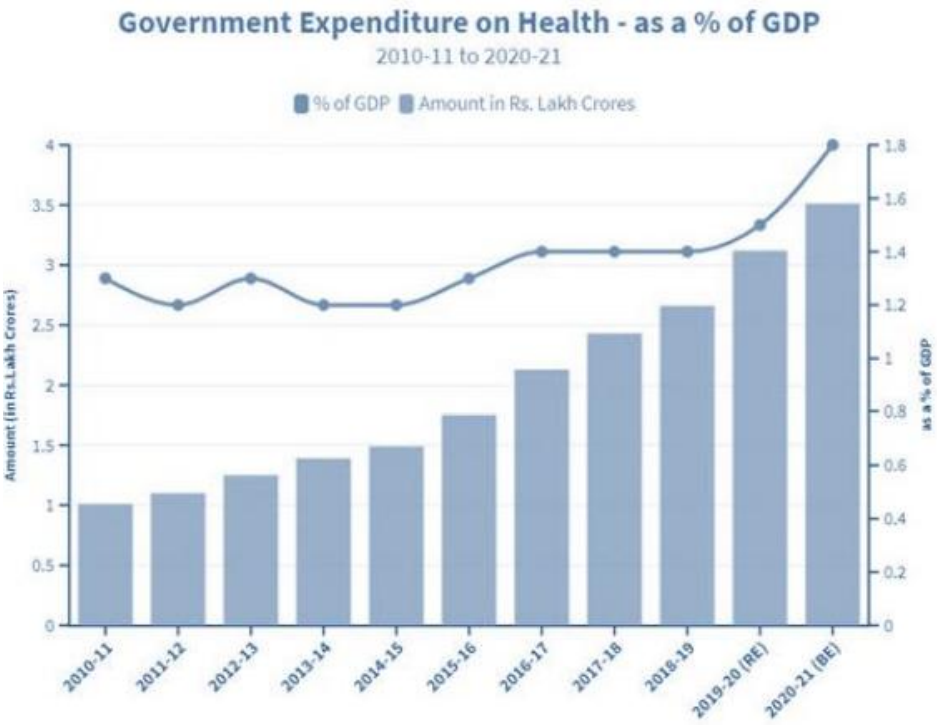
Government initiatives in healthcare sector

- PMJAY
- Tax incentives
- National Nutrition Mission
- National Health Mission(NHS)
- Incentives in medical travel industry
- Tele-medicine initiatives
- Medical institutions
- PMSSY
- Ayushman Bharat

- Aatmanirbhar Swasth Bharat Yojana

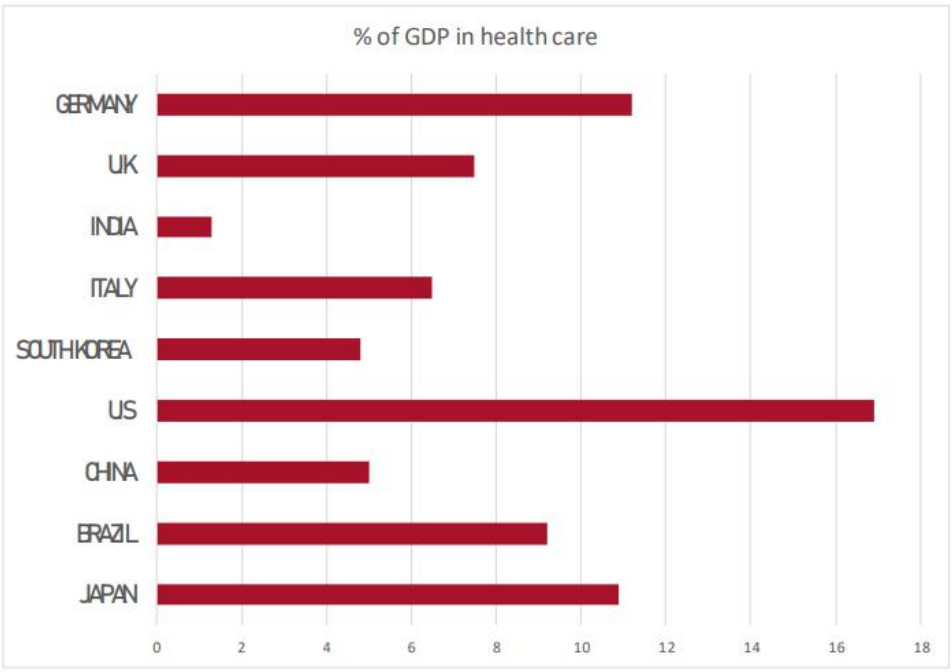
HEALTH EXPENDITURE AS % OF GDP AND COMPARISION WITH OTHER NATIONS

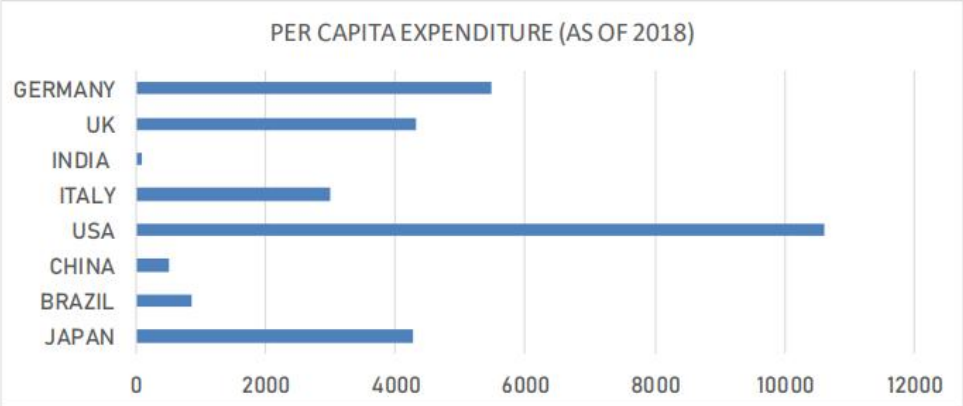
"India's public health expenditure has been steadily rising over the last decade in order to cater to its growing population. In fiscal year 2018, the value of public health expenditure by states and union territories together amounted to around 1.58 trillion Indian rupees."



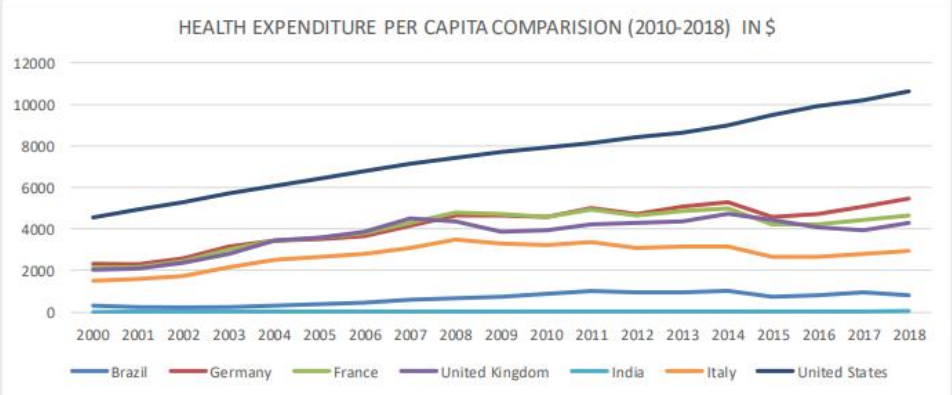
HEALTH EXPENDITURE COMPARED TO OTHER NATIONS

“The average for countries in 2018 was 8.8% of GDP. Developed nations—the US (16.9%), Germany (11.2%), France (11.2%) and Japan (10.9%)—spend even more. India spends the least among BRICS countries: Brazil spends the most (9.2%), followed by South Africa (8.1%), Russia (5.3%), China (5%). With public healthcare infrastructure stretched, out-of-pocket expenditure in urban centers is high in India”



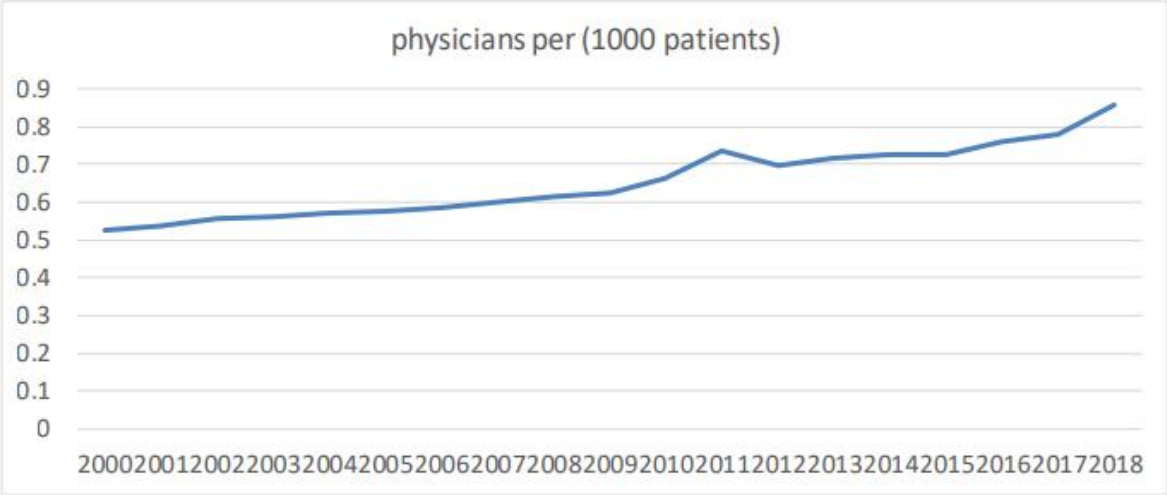


HEALTH EXPENDITURE PER CAPITA COMPARISION FROM 2010-2018



DOCTORS PER 1000 PATIENTS

“There is one doctor for every 1,445 Indians as per the country's current population estimate of 135 crore, which is lower than the WHO's prescribed norm of one doctor for 1,000 people. When we focus on government sector there is only 1 govt doctor per 10926 people”



SWOT Analysis of healthcare system

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Buildings and Infrastructure	Locational advantage of all healthcare buildings in the government sector	A skewed distribution of healthcare infrastructure, poor regulation marketing of devices and equipment	Commitment of the government to improve the present situation	The government has not been able to maintain its buildings
Human Resources	Very large workforce of volunteers	Absence of a uniform and effective HR Policy	Large population engenders massive domestic demand for healthcare services	Private sector, lucrative in terms of salary and work environment, is very inviting for the medical and allied health workers to shift out of government healthcare setups
Drugs	Production of generics at low cost; strong manufacturing sector with domestic	Poor supply chain management in the public sector	massive growth of domestic as well as international market	Increasing uncontrolled high out-of-pocket expenditure, most of which is on account of purchase of drugs
Environment Strength	Near adequate number of existing laws	Poor enforcement of laws	Rapid economic growth	Low levels of literacy
Finance and Insurance Strength	Presence of a large network of all kinds of banks, financial institutions	Low budget allocation/inadequate public spending on health	Availability of funds in the NRHM	Growing corruption and its expanding domain in handling of finances
Education Strength	Numerous medical colleges provide huge potential for pursuing research	Regional imbalances in distribution of colleges	Low doctor to patient ratio presents considerable scope for employment	Brain drain; qualified people are moving out to other countries for greener pastures
Administration Strength	Elaborate and functional structure and system at all levels for the administration of healthcare services	Unreliable, biased, or perfunctory appraisal of employee performance	Policy of the government towards decentralization presents the potential for bringing about the desired changes	Political interference

INITIATIVES TAKEN BY STATE GOVERNMENTS

SCHEME	STATE	BENEFITS
CHIEF MINISTER'S COMPREHENSIVE INSURANCE SCHEME	Tamil Nadu Government	One can claim for hospitalization expenses up to Rs. 5 lakhs under this policy. Select government and private hospitals are a part of this scheme. People residing in Tamil Nadu earning less than Rs. 75000 annually are eligible for this scheme.
KARUNYA HEALTH SCHEME	Kerala Government	Karunya Health Scheme is directed towards providing Health Insurance for listed chronic illnesses. It is a Critical Illness plan for the poor and covers major diseases such as Cancer, Kidney Ailments, Heart-related medical issues, etc.
MAHATMA JYOTIBA PHULE JAN AROGYA YOJANA	Government of Maharashtra	Farmers from select districts and people below and around the poverty line across all districts are eligible for this scheme. It is a family cover with a benefit of Rs. 150000.
MUKHYAMANTRI AMRUTUM YOJANA	Government of Gujarat	This scheme offers a cover of Rs. 3 lakhs for a year on a family floater basis. Treatment can be availed in different types of hospitals such as public hospitals, private hospitals,
YESHASVINI HEALTH INSURANCE SCHEME	Karnataka State Government.	The beneficiaries can avail health care through network hospitals.

WEST BENGAL HEALTH SCHEME	Government of West Bengal	This cover is for an individual as well as the family members and the sum insured is Rs. 1 lakh. The policy covers OPD and surgeries as per the terms and conditions.
BHAMASHAH SWASTHYA BIMA YOJANA	Government of Rajasthan	Another important aspect to remember is that this scheme has no upper limit when it comes to a policyholder's age.

IMPACT OF COVID ON HEALTHCARE SECTOR

"With the Coronavirus testing more evolved medical services universally, the groundworks of India's medical care Substructure have normally likewise been shaken. The general reaction to the pandemic saw both the private and government area working pair. The confidential Indian medical care players adapted to the situation and have been offering all the help that the public authority needs, for example, testing, disengagement beds for therapy, clinical staff and gear at government Coronavirus medical clinics and home medical services."

"India's confidential medical services area has contributed fundamentally and represents 60% of long term care1. Mostly confidential offices started their arrangements because of the Coronavirus pandemic &furnishing the office with appropriate clinical supplies and extra labor force. Moreover, emergency clinics and labs saw a sharp decrease in income because of deferred clinical the travel industry and elective cycles."

EFFICIENCY IMPACT OF COVID-19

Cost to health system

"COVID-19 came as an unprecedented shock to the already parlous Indian economy. The gross domestic product (GDP) growth rate for India for the full financial year of 2019-20 had been slower (4.2% growth) than the previous years.15 The severity of this health crisis, global economic decline due to COVID,

the disruption of demand and supply chains, along with the imposed nationwide lockdown had acute as well as long lasting impact on this GDP and on the healthcare industry of India”

KEY FINDINGS AND RECCOMENDATION

KEY FINDINGS

“The primary backbone of the Universal Health Coverage is Public Financing or Government Funding. The primary source of public financing is through taxes revenues and social insurance, whereas voluntary insurance forms the basis of private financing. India being 2 Nd largest country by population only spends as little as 1.2% of its total GDP whereas developed countries like USA spends 17% of the GDP. Insufficient allocation for the health sector pushing 7% of Indians below the poverty line and about 23% of the sick can't afford healthcare major part of the India depends on the governmentschemesfortheireffective treatment and which are not much effective”

Limitation of the Study

All the data collected for the study was limited to secondary research only with noninvolvement of primary data collection. The comparative study was restricted only to the healthcare expenditure source of India. The bifurcation of States was not taken into consideration for the study

Recommendation

The accompanying measures are recommended to further develop wellbeing use and medical care status in India 1. To address, the issue of low open spending, obviously the all-out expense for medical care needs to increment both at public and state levels. Besides, monetary allotment made for the health care coverage conspire forward poor. Rastriya Swasthya Bima Yojana (RSBY)should additionally be expanded to permit more recipients to be covered. 2. Administrative changes including upgrading the restriction of Unfamiliar Direct Venture (FDI) is important to animate confidential area endeavors in working on monetary admittance to medical care. 3. Giving expense motivating forces to managers and families to take up health care coverage would likewise help the development of this area. 4. Making abroad structure for public-private organization (PPP) model to fulfill the need supply hole in medical care. 5. The public authority ought to concentration to advance the benefit of the confidential area by giving assessment impetuses, especially for present day medical care innovations.

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