

# Privatization of Health Sector: An Indian Perspective

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## Opinion

Ever since independence in the August of 1947, the healthcare landscape of India has shown a remarkable and drastic transition. The healthcare setups in India can be broadly classified into: Public Health Sector and Private Health Sector. Health services under the direct control of the government comprise the public healthcare sector. These include secondary and tertiary level institutions that provide state-of-the-art medical care. However, the key focus area of the public health delivery system in India aims at addressing basic health care demands and bridging health gaps through Primary Health Care Centers or PHCs, now known as Health and Wellness Centers under the Ayushman Bharat Program. As part of the National Health Policy 2017 that focuses on Comprehensive Health Care, all the existing Subcenters and Primary Health Centers have to be converted into Health and Wellness Centers in India [1].

Until the mid-1970s, the healthcare system in India was basically a public entity with the private health sector providing only 5-10% of total patient care [2]. Post mid-seventies, the health sector showed a steady and gradual change owing to the realization that a high gradient existed between demand and supply of healthcare and that an active intervention to address the problem was needed. This was done by incentivizing private health setups and luring them schematically into the scene by such incentives as duty exemptions from imports and concessional land tax or tax breaks on setting up private hospitals. Fiscal space is the ability of the government to expand its budgetary allowances to provide additional resources for the desired purpose without jeopardizing its long-term financial goals [3]. The 1991-1992 fiscal crises in India added fuel to the growing fire, further shrinking the allocation of resources to the public health sector due to the structural adjustments and economic reforms that took place post the crises. A wave of transition in the form of privatization of the health sector followed.

Until the Millennium Development Goals, there was little insight in Public Health regarding the importance of fiscal space but generating additional fiscal space for the health system so as to achieve universal health coverage became the foremost objective of the United Nations Sustainable Development Goals in 2015 [4]. The preamble of the 2030 agenda for sustainable development under the WHO states: "To promote physical and mental health and well-being, and to extend life expectancy for all, we must achieve universal health coverage and access to quality health care. No one must be left behind" [5]. Though the public healthcare sector has shown some fruitful advancement in the recent past with various new initiatives and schemes to benefit the patients, the private sector has made impressive strides in the field of healthcare in India over the past few decades. Today it accounts for 58% of inpatient expenditures, 40% of institutional births, and 82% of outpatient visits [2]. While it's a laudable feat on part of

the government and the private firms to reach such astounding results in such a short span of time, the public health care system is slowly crippling due to a lack of proper policies and adequate revenues. Despite being one of the fastest growing sectors in the field of healthcare in the world, the average healthcare spending per person in India remains one of the lowest in the world. According to a WHO report, India ranks 184<sup>th</sup> out of the 191 countries in terms of GDP% spent per person on healthcare, which stands at 1.15% of the gross domestic at present [6].

In order to promote the privatization of healthcare to meet the growing needs of the population, the government has come up with the National Health Policy 2017 and the National Digital Health Mission 2020 [7,8]. The National Health Policy, 2017 laid the groundwork for strategic purchasing of healthcare from private firms using public money. The key mechanism involved in strategic purchasing is insurance. According to the fifth National Family and Health Survey (NFHS) data the percentage of Indian households where at least 1 member has been covered under a financing scheme/health insurance has significantly increased to 41% in contrast to 28.7% according to the NFHS-4 data [9]. While co-dependence between the health industry and the market is a productive step as it will help in the efficient allocation of resources, the level of dependence on the market should be kept in check as certain factors such as information asymmetry and externalities inherent in the market, influence market behavior.

The average mandate as set by WHO is 4.45 healthcare workers per 1000 people [10]. This mandate has been popularly broken down in India into a ratio of 1 doctor to 3 nurses, or 1 doctor to 2 nurses and, 1 Auxiliary Nurse and Midwife (ANM) per thousand population. India has already crossed the 1.3 billion population mark and although according to recent reports, its doctor-patient ratio and the nurse-patient ratio have raised to 1.17per 1000 people and 1.96per 1000 people, respectively, the report clearly states that it has included the 5.6lacs indigenous physicians (here known as AYUSH doctors, which is short for Ayurveda, Yoga and Naturopathy, Unani, Siddha and, Homeopathy) in the list [11]. The WHO mandate, however, does not include traditional doctors in the list as this would make the global statistics incomparable. Hence from a global public health perspective, India still lags behind in terms of both resources and service delivery. Here arises the need for privatization of health services as the available manpower and infrastructure are both unable to cater to the growing health-related needs of the population, thus rendering the government incapable of providing comprehensive health services to the citizens. With privatization, more medical colleges and hospitals will come up thus addressing the above need. Also, the integration of private setups will ensure the efficiency and effectiveness of healthcare delivery.

The way forward once ubiquitous privatization of healthcare sets in, in India, would mean considering both the pros and cons of Privatization of Healthcare and addressing problem areas, as and when they are identified. Privatization will definitely lead to

quality-oriented and systematic delivery of services as the private units have vested interests both in customer satisfaction and financial gains. Better quality of care will lead to improved quality of life of the patients. Most public hospitals are understaffed and lack basic infrastructure. The scenario in government hospitals is such that the bed availability is insufficient in catering to the patient load and as a result, long lines of makeshift beds span the alleys of these hospitals with patients being forced to seek treatment in unsanitary conditions. Another problem is the low doctor-patient ratio in public hospitals which is not the case in private setups.

Private health setups provide better comprehensive care as they try to incorporate all their services under one roof which saves critical time as all the investigations and referrals are done more efficiently. The public sector is often influenced by political entities that lead to a biased approach towards patient care and service delivery which shall not be the case when it comes to private hospitals. Also, since privately run hospitals are accountable to their owners and shareholders, they have to meet certain standards in service delivery for the generation of profits, and as a result the quality patient care will be their priority. Post privatization, the financial burden on the government will decrease and the market will become more competitive. This will indirectly provide the necessary boost to the public health sector in meeting up to the growing needs and expectations of the population [12]. Privatization of health in India shall beyond doubt, promote medical tourism, thus helping in revenue generation [13]. India has a rich supply of highly trained medical personnel and healthcare in India is also cost-effective when compared to its peers in the rest of Asia or the western countries. The cost of healthcare in India is one-tenth of that in the United States or in Western Europe. Privatization shall lead to cost-effective and comprehensive medical care for those who can afford it, thus backing medical tourism in the country [14].

Privatization shall rapidly integrate the Information and Technology industries with the health care industry. The recent boost to Telemedicine and e-pharmacy apps are examples of how the incorporation of two very different sectors can help facilitate efficient health service delivery and outreach programmes to the remotest parts of the country. The private sector due to the added advantage of better management skills, intensive strategies, and a strong resource base, can help bridge health gaps through its advanced and innovative approach. With the incorporation of IT industries with the health setups, a competent electronic record keeping of patient information in the database shall ensure the smooth operation of medical procedures, from history taking to investigations to treatment. It will also strengthen doctor-patient confidentiality and promote easy referrals. The overall result shall be the development of a digital health ecosystem under the roof of which healthcare in India shall flourish.

While the advantages of a privatized health ecosystem need to be celebrated, one cannot overlook certain problem areas that it might create. One of the most infamous disadvantages of increased privatization of the health sector is that the services provided by

these setups are expensive and unaffordable to the poor sections of society [15]. Since these setups have to be accountable to their owners and stakeholders, a standard amount of revenue generation that has been previously set becomes the priority of the entire hospital. This in turn leads to expensive medical care, often to the extent of unnecessary tests and prescriptions. This further leads to distrust towards the medical community which adversely affects patient care and service delivery. The high cost of medical care also affects the health-seeking behavior of the people belonging to poor communities who cannot afford such high-end facilities. With privatization, there is fear of inequitable distribution of health resources. As the private players are profit-oriented, more and more such firms will crop up in the urban areas where the population is high and the rural areas will be overlooked leading to increased health gaps. Privatization may lead to a rise in patient discrimination based on income or medical coverage. To reduce the risk of medical casualty private firms may screen patients based on their health status and chances of recovery leading to further discrimination. This shall pave way for wider health gaps. Private firms are more prone to corruption as there is a lack of a proper regulatory body to look into their internal actions and they are not accountable to the outside world<sup>15</sup>. This increases the risk of consumer exploitation.

Extensive privatization runs the risk of converting health into an economic commodity thus proving to be perilous for a developing country like India as it may widen the existing health gaps between rich and poor by making the distribution of health services inequitable [15]. The State shall have to step in and act as a regulator and not merely a facilitator for health care delivery through the private sector. Manpower and human resources should be deployed by the government for vigilant resource mapping, planning, and monitoring of both the public and private units. States should form a Health Advisory Committee which comprises experts from the field of public health, health administration, state health departments, and non-profit organizations which are particularly dedicated to healthcare. Monthly reviews of the reports from the state health departments should be done [15]. The NGOs can help collect the data on client feedback and help measure the level of consumer satisfaction with the available health services.

Such kinds of joint reviews of the entire state shall help in better identification of health gaps and minimize duplication of efforts [16]. Minimum standards of health-related indicators should be set for all health setups, public and private alike, thus making them more accountable. Secondly, health needs to be proclaimed as a fundamental right by an act of the parliament to prevent the risk of consumer exploitation at the hands of private firms [17]. It is also very important to keep the human resources motivated and hence incentivization based on performance should be promoted, which means promotions, study leaves, and increments. Hence, privatization of healthcare can prove to be either a boon or a bane to society, depending upon how its resources are delivered and utilized. The way forward should be to incorporate it in a productive

and regulated manner, gradually in phases and strategically. At the same time, over-reliance on the private sector shall lead to inequitable distribution of health resources thus widening the existing health gaps prevalent in the country.

The private health sector should be supported and promoted but not at the cost of the public health sector. The government should unleash its spending on basic health care while giving the private sector enough push to provide advanced healthcare. When used in synchronicity, with a humble recognition of the special powers that lie in the hands of each of them, the public and private health setups can weave magic, thus making the Indian health landscape an exemplary feat for the whole world.

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