

HEALTHCARE SECTOR IN INDIA: PROBLEMS AND CHALLENGES

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Abstract:

Since its independence, India has made enormous strides in inclusive growth, cementing its status as one of the biggest economies. Despite the fact that India's economic power is expanding, the country is still ranked among the bottom five in terms of public health expenditure. The Indian healthcare industry is still struggling from underinvestment and bad administration, which has resulted in significant disparities in basic health-care delivery. While India's health spending has increased little in recent years, the government intends to raise it. India's current health expenditure per capita is near to 72.834, implying that the country has spent fewer public funds on health than most advanced nations.

1. Introduction

Healthcare has grown to be one of India's most important industries, both in relation to income and jobs. Hospital, diagnostic implants, drug testing, offshoring, telehealth, health tourism, medical insurance, and hospital instruments are all part of healthcare (Praphulla, 2017). The Indian healthcare system is expanding rapidly as a result of improved coverage, expanded services, and increased spending by both public and private entities. By 2022, the healthcare market might triple to Rs. 8.6 trillion (US\$ 133.44 billion). In Budget 2021, India's public expenditure on healthcare was calculated as 1.2 percent of GDP.

An increasing middle-class population, along with an increase in the prevalence of new illnesses, is driving greater demand for medical insurance. With rising demand for inexpensive and high-quality healthcare, health care insurance coverage is expected to rise in the future years. Gross direct premium income guaranteed by health insurance firms increased 13.3 percent year on year to Rs. 58,572.46 crore (US\$ 7.9 billion) in FY21. The health segment is estimated to account for 29.5 percent of total gross written premiums generated in the nation. Recent advancements. The Indian medical tourism business was worth \$2.89 billion in 2020 and is predicted to grow to \$13.42 billion by 2026. According to data given by the Department for Promotion of Industry and Domestic Trade, Inflows of FDI into the medications and pharmaceuticals industry totalled US\$ 18.12 billion between April 2000 and June 2021. (DPIIT). The fast popularity of mobile phones, with their promise of ubiquitous connection, gives validity to expectations that the next era of ICT infrastructure would promote significant favourable changes in health-care organisation. The purpose of this article is to add to discussions on the present state of healthcare sector in India, challenges face by healthcare sector and various measures for its improvement. This article will discuss that national authorities may impact the implementation of different

mechanisms such as ICTs, federal regulation, and institutional strengthening to improve access to safe, effective, and cheap treatment of common illnesses, particularly for the poor. It is based on the work of several analysts who have demonstrated how the implementation of these measures may upset the way a sector is structured and, eventually, lead to a shift to a different pattern with new firms, new types of partnerships, and new regulatory structures

2. Key Indicators of Healthcare Sector

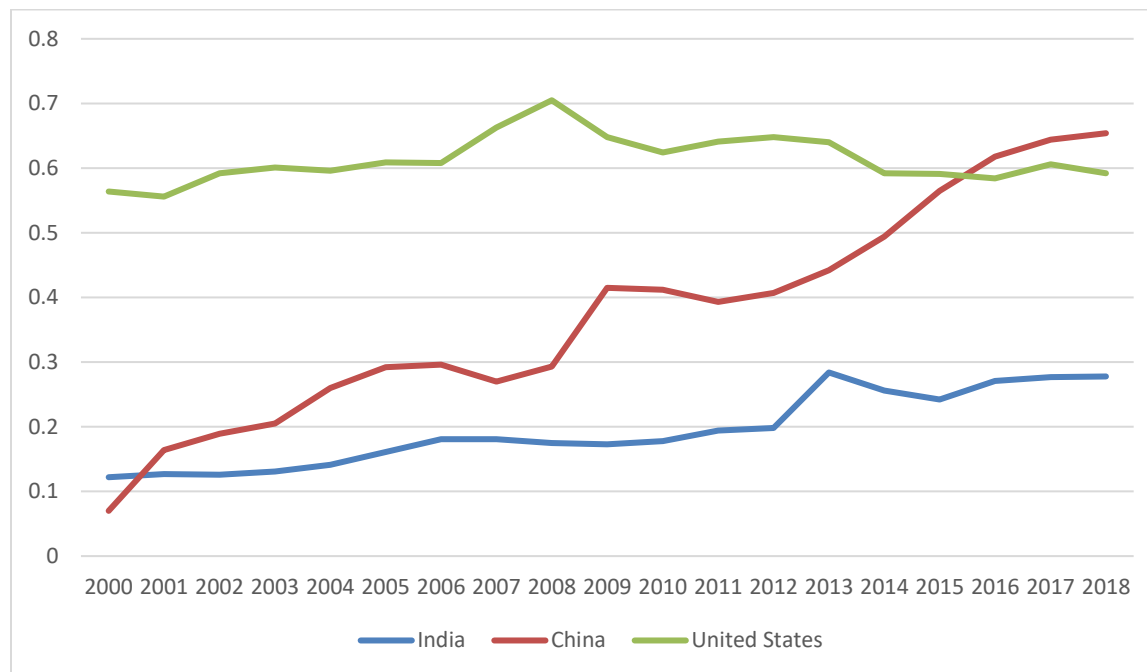
a. Capital health expenditure

Over the last 18 years, Indian capital healthcare expenditure as a proportion of GDP has increased at a CAGR of more than 4.68 percent, which is greater than the US but lower than China. This low investment reflects India's neglect of its healthcare industry by failing to invest adequately in infrastructure development, while the focus is on transforming it into an IT-enabled organization.

Table 1: Capital health expenditure (% of GDP)

Year	India	China	United States
2000	0.122	0.070	0.564
2001	0.127	0.164	0.556
2002	0.126	0.189	0.592
2003	0.131	0.205	0.601
2004	0.141	0.260	0.596
2005	0.161	0.292	0.609
2006	0.181	0.296	0.608
2007	0.181	0.270	0.663
2008	0.175	0.293	0.705
2009	0.173	0.415	0.648
2010	0.178	0.412	0.624
2011	0.194	0.393	0.641
2012	0.198	0.407	0.648
2013	0.284	0.442	0.640
2014	0.256	0.494	0.592
2015	0.242	0.565	0.591
2016	0.271	0.618	0.584
2017	0.277	0.644	0.606
2018	0.278	0.654	0.592
CAGR	4.68%	13.22%	0.27%

Source: World Development Indicators

Figure 1: Capital health expenditure (% of GDP)

Source: World Development Indicators

b. Current health expenditure

Current healthcare spending in India as a proportion of GDP has been dropping at a CAGR of -0.72 percent, which is lower than that of the United States but higher than even China. In 2018, India's current health spending was 3.54 percent of GDP. China's proportion of current spending has steadily increased, going from 4.47 percent in 2000 to 5.35 percent in 2018, whereas the United States has achieved the present level, climbing from 12.54 percent in 2000 to 16.88 percent in 2018.

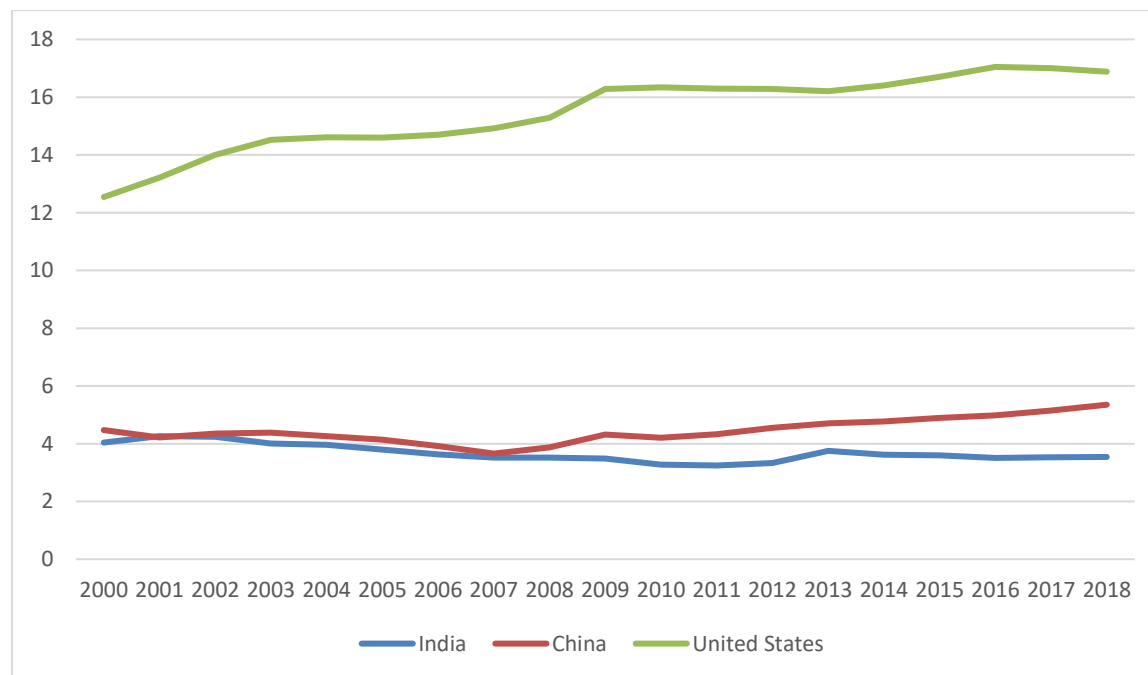
Table 2: Current health expenditure (% of GDP)

Years	India	China	United States
2000	4.034933	4.473414	12.54208
2001	4.262781	4.220351	13.21919
2002	4.240168	4.348251	14.00746
2003	4.008481	4.380324	14.52158
2004	3.957392	4.256896	14.60988
2005	3.791162	4.142215	14.60568
2006	3.634778	3.91871	14.70216
2007	3.517542	3.658685	14.91859
2008	3.514681	3.877228	15.28626

2009	3.485379	4.321824	16.28372
2010	3.272119	4.207992	16.34538
2011	3.246342	4.325513	16.29983
2012	3.329353	4.549399	16.28529
2013	3.749442	4.710022	16.21042
2014	3.619565	4.773228	16.40645
2015	3.59566	4.888723	16.71075
2016	3.510983	4.981881	17.04898
2017	3.535007	5.151192	17.00361
2018	3.544245	5.35108	16.8853
CAGR	-0.72%	1%	1.66%

Source: World Development Indicators

Figure 2: Current health expenditure (% of GDP)



Source: World Development Indicators

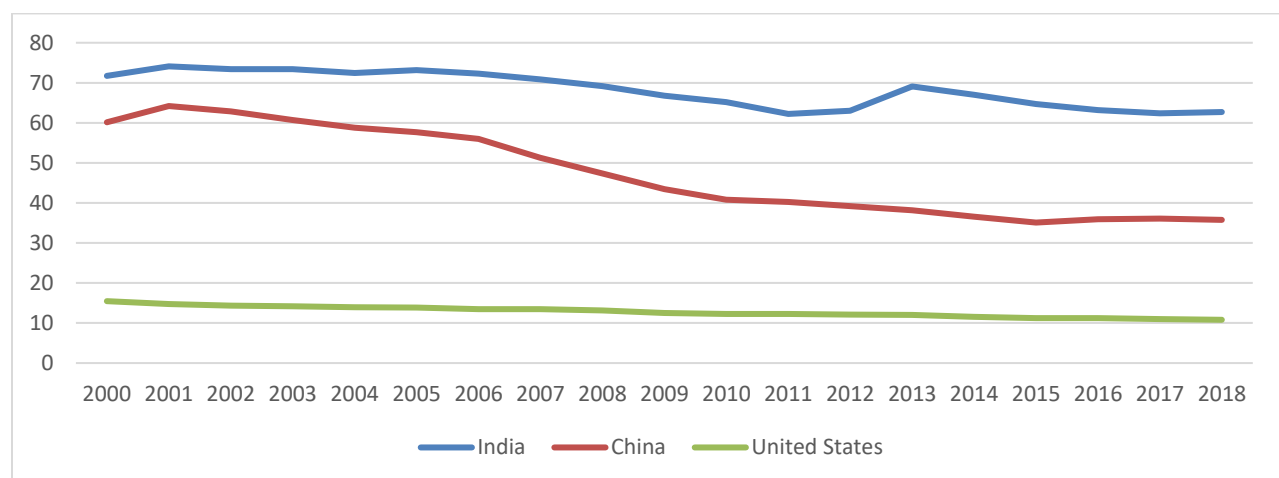
c. Out-of-pocket expenditure

Because the government does not allocate an adequate investment in the development of healthcare infrastructure, customers must pay a large amount out of pocket. In 2018, India's current health spending was 62.66 percent of GDP, far greater than that of China and the United States. China's proportion of current spending has been steadily declining, falling from 60.12 percent in 2000 to 35.75 percent in 2018, whereas the United States has approached the present level, falling from 15.46 percent in 2000 to 10.80 percent in 2018.

Table 3: Out-of-pocket expenditure (% of current health expenditure)

Year	India	China	United States
2000	71.70203	60.12534	15.46723
2001	74.10621	64.19144	14.74088
2002	73.37396	62.85082	14.31371
2003	73.42475	60.71777	14.16149
2004	72.48267	58.76868	13.92586
2005	73.14937	57.68999	13.85522
2006	72.25708	55.99118	13.47143
2007	70.81673	51.29121	13.4684
2008	69.14794	47.36825	13.14216
2009	66.75775	43.45622	12.50274
2010	65.18477	40.80001	12.25147
2011	62.2249	40.26554	12.25356
2012	63.00014	39.23459	12.10266
2013	69.07304	38.15952	12.0131
2014	67.014	36.56483	11.53733
2015	64.66441	35.08929	11.22008
2016	63.2062	35.90619	11.19552
2017	62.40067	36.05041	11.00359
2018	62.66708	35.75066	10.80886
CAGR	-0.75%	-2.85%	-1.97%

Source: World Development Indicators

Figure 3: Out-of-pocket expenditure

Source: World Development Indicators

d. Domestic general government health expenditure

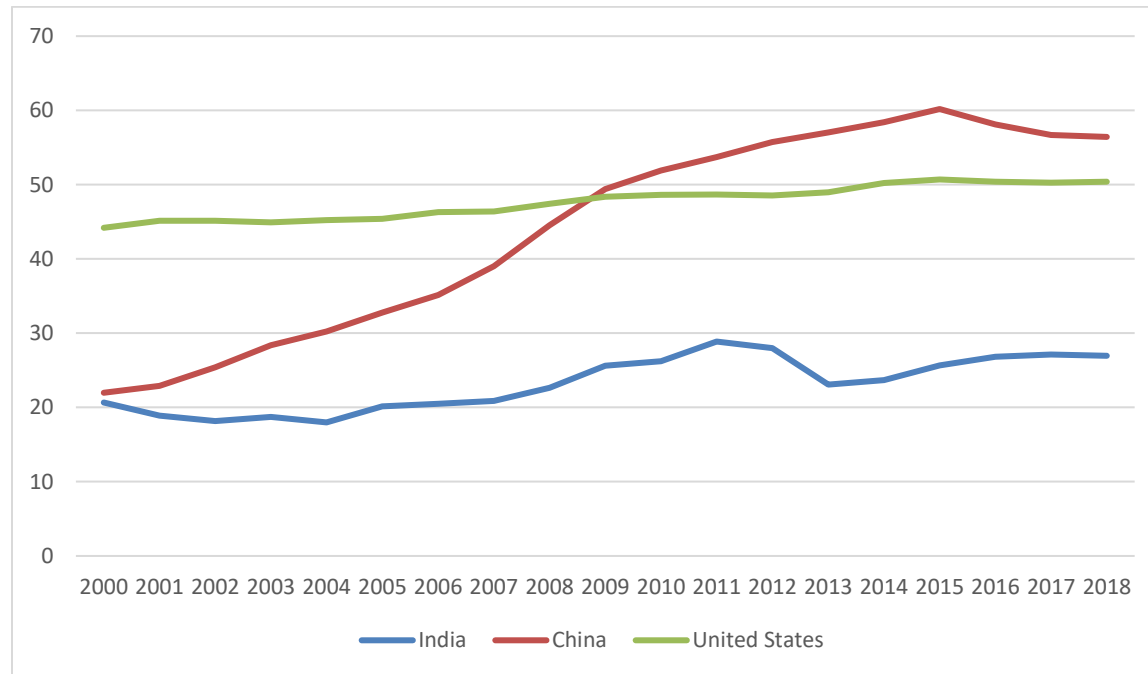
Government health spending as a proportion of current health spending is 56.41 percent in the United States and 50.41 percent in China. In India, the ratio is about 26.95 percent, illustrating the predicament of patients who must wait in long lines for medical evaluation and treatment in hospitals and labs. In terms of government participation in healthcare, India lags considerably behind China and the United States.

Table 4: Domestic general government health expenditure (% of current health expenditure)

Year	India	China	United States
2000	20.68014	21.97529	44.19009
2001	18.87691	22.91764	45.15036
2002	18.16442	25.38584	45.13131
2003	18.7164	28.37374	44.91452
2004	17.98241	30.24401	45.24657
2005	20.12673	32.75774	45.39051
2006	20.50616	35.1399	46.31615
2007	20.89889	39.02609	46.40945
2008	22.62735	44.5224	47.44251
2009	25.6102	49.39832	48.38543
2010	26.20631	51.90623	48.63797
2011	28.87309	53.72209	48.67469
2012	27.98948	55.73525	48.55211
2013	23.07122	57.05029	48.96592
2014	23.66404	58.41549	50.20535
2015	25.64013	60.18101	50.69923
2016	26.83841	58.10143	50.38728
2017	27.13165	56.67335	50.2542
2018	26.9535	56.41642	50.41287
CAGR	1.48%	5.38%	0.73%

Source: World Development Indicators

Figure 4: Domestic general government health expenditure (% of current health expenditure)



Source: World Development Indicators

e. Domestic private health expenditure

The private sector's health spending as a proportion of current health expenditure in the United States is 49.58 percent, whereas in China it is 43.58 percent. The ratio for India is about 72.35 percent, indicating that the private sector plays a significant part in current health expenditure.

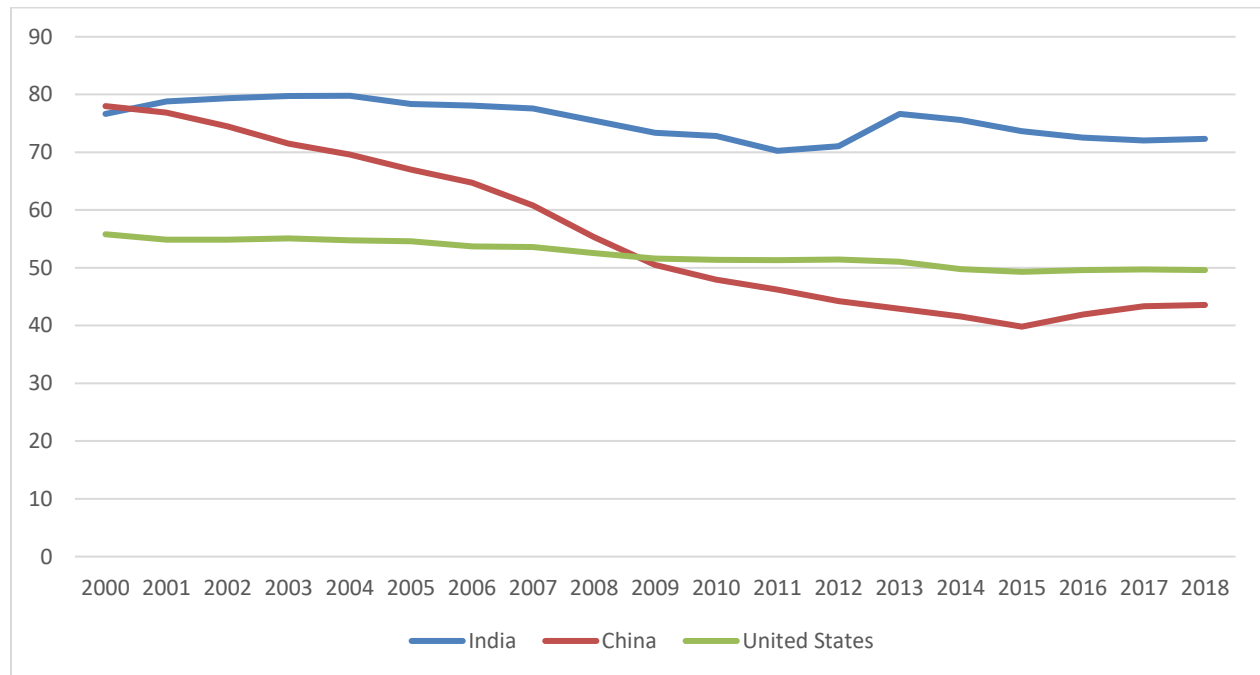
Table 5: Domestic private health expenditure (% of current health expenditure)

Year	India	China	United States
2000	76.63829	77.99924	55.80991
2001	78.79404	76.86102	54.84964
2002	79.38268	74.46868	54.86869
2003	79.76471	71.4986	55.08548
2004	79.78323	69.63255	54.75342
2005	78.34147	67.03217	54.60948
2006	78.05872	64.71517	53.68384
2007	77.58826	60.7932	53.59055
2008	75.50202	55.32194	52.55749
2009	73.3713	50.49613	51.61458

2010	72.82318	47.97203	51.36203
2011	70.25713	46.20241	51.32531
2012	71.06796	44.20846	51.44789
2013	76.65865	42.89426	51.03408
2014	75.58838	41.55433	49.79465
2015	73.64811	39.81039	49.30077
2016	72.51978	41.89695	49.61272
2017	72.06219	43.32621	49.7458
2018	72.35106	43.58293	49.58713
CAGR	-0.32%	-3.18%	-0.65%

Source: World Development Indicators

Figure 5: Domestic private health expenditure (% of current health expenditure)



Source: World Development Indicators

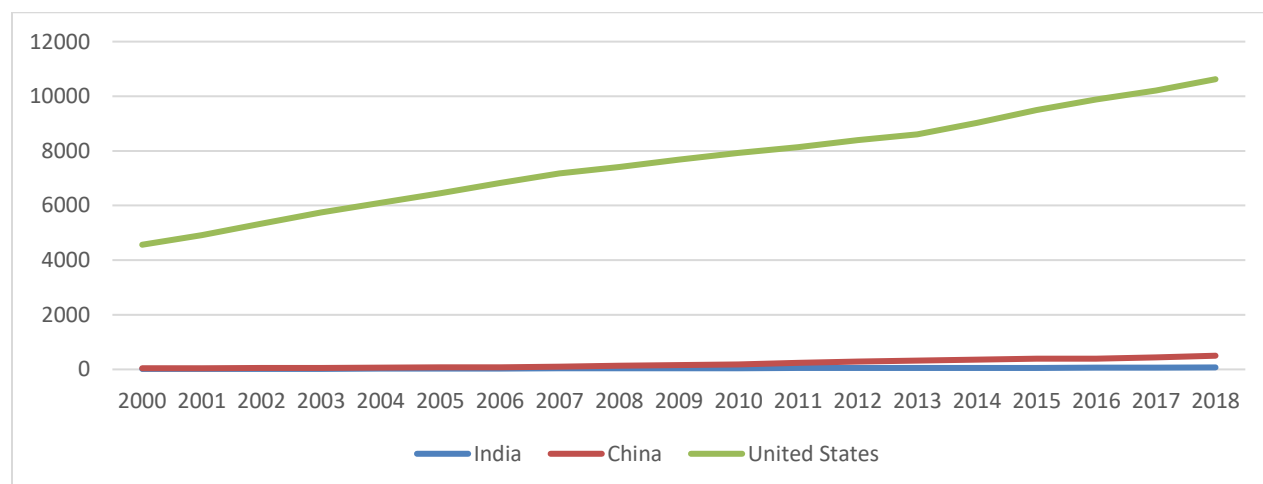
f. Current health expenditure per capita

Another issue of the Indian healthcare industry is that health expenditure per capita is quite low. The level is at 72.83. On the other hand, the broad situation places the United States and China far ahead of India, with current spending per capital in the United States and China standing at 10623.85 and 501.05, respectively. According to the numbers, the Indian government does not devote adequate cash for the development of healthcare facilities.

Table 6: Current health expenditure per capita (current US\$)

Year	India	China	United States
2000	18.50239	42.1124	4564.455
2001	19.79768	43.66368	4914.94
2002	20.23548	49.14167	5332.493
2003	21.9978	55.65108	5741.299
2004	25.06458	63.26199	6103.584
2005	27.66702	71.86442	6454.683
2006	29.56234	81.22816	6821.107
2007	35.85624	97.0793	7172.166
2008	37.88212	131.8873	7410.701
2009	38.30339	162.6176	7681.248
2010	45.12977	186.4915	7930.151
2011	48.6039	236.3749	8130.756
2012	48.94622	281.6772	8399.239
2013	56.1184	326.0416	8599.527
2014	57.07432	359.3093	9023.611
2015	58.9169	390.1041	9491.091
2016	60.60255	395.36	9877.871
2017	69.32008	437.2567	10209.63
2018	72.83453	501.0594	10623.85
CAGR	7.91%	14.75%	4.8%

Source: World Development Indicators

Figure 6: Current health expenditure per capita (current US\$)

Source: World Development Indicators

3. INDIAN HEALTHCARE SECTOR: CURRENT CHALLENGES

- **Patient Monitoring & Tracking:**

It is one of the most significant burdens on the Indian healthcare industry. Although various efforts have been undertaken as pilot schemes for patient monitoring in the recent past, there has never been a strategy for broad deployment. Several patients waste resources by misplacing or losing their papers (Alexandru, Radu & Bizon, 2018). These reports cannot be retrieved because they are not preserved in electronic format. The lack of digitalization has also hampered the potential of tracking patients' travels throughout institutions.

- **Government's Healthcare Spending:**

The Indian government has spent less on healthcare and provides just a small portion of total healthcare costs. This low investment results in little building infrastructure, stifling the overall expansion of the healthcare system.

- **Disease Burden:**

India is now dealing with a dual incidence of contagious illnesses and chronic noncommunicable diseases (NCDs) such as Cardiovascular Disease (CVD), diabetes, cancer, and Chronic Obstructive Pulmonary Disease (COPD). With approximately 61 million diabetic sufferers, India has the world's second highest diabetes incidence. The diabetes population is predicted to hit 100 million by 2030. There is no appropriate surveillance or tracing of patients, and the government's financing for healthcare building infrastructure is insignificant. Premature deaths and avoidable diseases cost India more than 6% of its GDP each year.

- **Doctors and Hospital Beds per 1000 Population ratio:**

The Indian health sector is both weak and overburdened. The prevalence of physicians and hospital beds is 0.59 doctors/1000 people and 0.7 hospital beds/1000 population, correspondingly, much below WHO recommendations. Due to a lack of adequate amenities, structure, and qualified rescuers, patients endure the torture of standing in lengthy lines around government hospitals/PHCs/dispensaries and seeing their illnesses progress to the point where they can no longer be treated.

- **Awareness, Accessibility & Affordability in Tier 2-3 Cities/Rural Areas:**

Almost 72 percent of the nation's population residing in rural regions, where there is clearly a lack of a modern infrastructure for health services. In a population of 1.21 billion people, 26.1 percent live in poverty. For those living below the poverty line, income levels range from INR 781.00 in rural regions to INR 965.00 in urban areas (BPL). Furthermore, the low literacy rate in such communities produces a bubble of ignorance, which aids people's apathy toward immunisation, cleanliness maintenance, good living habits, and improved treatment possibilities.

Such reasons are helping to rebuild the country's care system, which is on the edge of collapsing (Cresswell & Sheikh, 2015; Wani, Taneja & Adlakha, 2013).

- **Sanitation and Hygiene:**

Due to a complete lack of basic infrastructure, infectious illnesses and water/vector transmitted diseases are common in Tier 3 cities and rural regions. Inadequate waste management and lifestyle choices also contribute to sanitation challenges, which exacerbates a variety of health-related issues. These difficulties are then poorly addressed as a result of insufficient healthcare facilities and financial constraints. All of these reasons contribute significantly to the country's healthcare system becoming overburdened.

4. Discussion and Suggestion

- **Imposing Stringent Government Regulations:**

To promote the introduction of ICT in the Indian healthcare sector, the government must enact laws and regulations requiring the use of ICT over time. After enacting the legislation, the government should also proceed down the path of rewarding paramedics/medical institutions for boosting the use of ICT in hospital management, or strongly penalising them if they are impeding ICT adoption in any way.

- **Creation of Data Repositories:**

For better use of ICT in healthcare, the government should establish an increasing number of directory listings repositories.

- **Capacity Building:**

The government, in collaboration with private enterprises, should place a greater emphasis on capacity creation in order to address the sustainability dilemma.

- **Technology Adoption:**

Workers' reluctance to accept any novel technological tool provided in the workplace is all too prevalent. The introduction of ICT in the healthcare industry is suffering the same problem, with clinicians despising IT tools since they require training to understand how to use them.

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