



35 *Landmark*

SOCIAL Developments

for UPSC IAS/ IPS Prelim & Main Exams

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- Background & Overview
- Objectives & Challenges
- Social/ Economic impact
- Way Forward
- Flowchart/ Mindmap

35 Social Issues -
Development & Challenges

Ajit Kumar Jha

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SAMPLE

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16. Commercialization of Healthcare in India

110-118

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COMMERCIALIZATION OF HEALTHCARE IN INDIA

BACKGROUND

The failure of the Indian state in providing adequate services to its citizens has been one of the main causes for the rise of capitalism in the country. One of the most basic amenities which millions of people across the country lack are access to basic healthcare services remains a distant dream. The condition of government hospitals in most places is deplorable. From hygiene issues to lack of adequate doctors or nurses, these hospitals depict the apathy of the system which has to be dealt with by ordinary citizens.

The slow and steady deterioration of government hospitals, as well as the constant queues outside them, ensured the entry of private players who are looking to exploit these circumstances. Hence, the commercialisation of the health sector has been on a rise in India. Although there have complaints and people have opined those private hospitals are charging customers exorbitantly but these have not only increased access but also helped millions of people with quick and effective treatments.

Only 22 per cent of the health expenditure is public-funded in India as compared to 44 per cent in the US, or 95 per cent in countries like Sweden or 75 per cent in all the market economies of the world taken together.

OVERVIEW

A heterogeneous private sector dominates healthcare provision in many middle-income countries. In India, the contemporary period has seen this sector undergo corporatisation processes characterised by the emergence of large private hospitals and the takeover of medium-sized and charitable hospitals by corporate entities. Little is known about the operations of these private providers and the effects on healthcare professions as employment shifts from practitioner-owned small and medium hospitals to larger corporate settings.

In India, the post-reform era shows gross neglect of the health scenario. Investment in the health sector yields only long-term gains which seem to be at odds with short term political gains which our politicians always tend to seek. Under the Structural Adjustment Programme funded by IMF-World Bank, the government's share in total health has not shown a commensurate rise with the increase in

population. Due to poor access and quality of service, the rate of utilization of public facilities has shown a decline over the years as per the report of the National Sample Survey Organisation. It has also been observed that whatever public facilities are available they are utilized more by the rich sections.

The share of the richest 20 per cent for in-patient bed days is about 6 times more than that of the poor. In monetary terms, less than 10.2 per cent of total government investment in health services goes to the poor and 31 per cent to the richest by comparison. The poor spend disproportionately higher per cent of their incomes on health services.

More than 30 per cent of their income goes for treatment for minor ailments, infections and communicable diseases. The neglect of preventive health care in public health policy is the chief cause of this situation. Out of the total government expenditure, only 13 per cent is spent on primary care, 25 per cent on public health research and a whopping 60 per cent for secondary and tertiary health care. Due to this, 55 per cent of rural primary care is sought from private practitioners, of whom many are unregistered and another 24 per cent from private clinics or nursing homes. Against this backdrop, the issues of traditional medical systems and their usage appear to be of great importance in India.

Another unexpected trend needs to be mentioned. Although market-based reforms in health care are advocated in almost all the developing countries, the state continues to play a major role in the delivery of health care services in developed countries, especially in America, West Europe and Australia. However, the degree of commercialization of health care services as measured by the spending of the private individuals varies from country to country.

The results of commercialization of health care, considered generally, and not with specific reference to India have not been very encouraging. The observations made in this regard show that countries with better health outcomes have significantly lower commercialization in health care services; better care at birth is associated with more of GDP spent by the government on health, but not with more private health spending to GDP; higher commercialization at primary health care is associated with greater exclusion of children from treatment when indisposed.

It is quite evident that the introduction of private competition and user charges in public health discriminates against the sick and the poor. The condition of the health care system in all big and small cities in India shows that the poor have no or little access to health care facilities. The public hospitals are all full of patients; beds are not available wherever we go. The medicines are always short in government hospitals. The situation in remote areas of the country and most of the villages leaves much to be desired. On the other hand, the rich have access to health care everywhere. In cities, private clinics, hospitals and diagnostic centres are in every part. They welcome patients who can afford expensive treatment. The commercialisation of healthcare is certainly against the policies of social equalities which India aims to bring. It has also led to many undesirable practices.

Private clinics often subject the patients to conduct many tests which are not necessary. They admit patients who do not require admission. This is done to earn more money. Operations are performed at times when they are not required or are bad for the patient's health. However, some hospitals and clinics keep a strict code of conduct and do not adopt such unscrupulous practices. Their high charges are justified because of the high cost of inputs.

The fact cannot be denied that the commercialization of health care has supplemented the public facilities in this regard. It has rather helped the government to maintain a high level of health care in the country. In all major and small cities and towns, private health centres are open day and night and are ready for any emergency. They are saving the lives of thousands every day. The private hospitals and clinics have employed lakhs of doctors, nurses and other staff across the country. The government is earning huge revenue in the form of taxes.

These clinics, diagnostic and treatment centres have also created a huge demand for health care products, instruments and medicines. This industry has flourished to become the fourth-largest health care industry in the world. The economy owes a lot to this commercialization. Today, India has a strong and sophisticated tertiary health sector where people from outside the country come for medical tourism. Given this situation, India can take advantage of its indigenous medical system to ensure cheap, accessible and capable medical care for its population, particularly the poor. India has many systems like Ayurveda, Unani, Siddha, etc. which it has developed since the ages. These systems need to be expanded and exploited for the improvement of the general health of the people.

In the latest phase of commercialisation of healthcare, development finance and private equity investments have together fueled the growth of corporate hospitals in low-income and middle-income countries (LMICs). Large multispecialty and super-specialty private hospitals offer a new model of care provision but beyond that, as we argue in detail elsewhere, corporate ways of working also impact the management and operation of medium-scale hospitals and charitable trust hospitals within the private provision sector. In line with the global push to expand the healthcare industry supported by the World Bank's International Finance Corporation and other development financing institutions, healthcare is being viewed as providing potentially lucrative business opportunities. However, a recent Lancet series highlighted how little is known about the operation of private providers and the difficulty in assessing their effects on healthcare.

This reorientation of healthcare also has significant implications for the working lives of those in the workforce of healthcare organisations. Various writers on transformation in the private healthcare sector have recommended more research on its effects on doctors and medical practice. The literature on the effects of healthcare corporatisation on employment practices in high-income countries emerged in the 1970s and 1980s and has been subject to renewed interest in the last few years.

Commercial Surrogacy

Surrogacy is an arrangement between a woman and a couple or individual to carry and deliver a baby. Women or couples who choose surrogacy often do so because they are unable to conceive due to various reasons. In past, it was generally confined to close relatives or friends in altruistic mode but with growing demands payment of money to surrogate mothers have become a norm which is known as commercial surrogacy. India is the main destination for surrogacy and Indian surrogates have been increasing.

In Favour

- Private hospitals spend vast amounts of money to buy necessary equipment.
- Private hospitals keep their hospitals clean and take more care of their patients.
- The government itself can't invest more money in hospitals. So, it's better to give responsibility to private people.
- Because of the commercialization of health care number of doctors is increasing.

In Against

- Private hospitals recommend tests and medicines unnecessarily, just for their profit.
- Not everyone can afford treatment in private hospitals.
- There are many cases of unnecessary surgeries in private hospitals.

Causes of Increased Commercialization of Indian Healthcare

Health care is one of the most crucial sectors in our nation. But unfortunately, people have made this too a source of income rather than thinking of offering a genuine service. Commercialization is a word which in simple terms means making a profit out of something. But to the saddest part, in India now health services have also become a profit-making sector because of corruption.

Government Corruption

Government-run hospitals are established to make sure that proper medical treatments are provided to people below the poverty line without any hindrance. It is run to provide social service to poor people who cannot afford the expenses of paying the fees of a doctor and buying medicines. But unfortunately, nowadays this is not the case. The plight of the government-based hospitals is known to all. Indiscipline and irresponsibility have taken a toll there. There are no decent doctors available, the hygienic condition of the hospital is bad and there is a lack of space to accommodate people. A hospital is a place where hygiene is given utmost importance. But in government hospitals, it is not so. Just because they treat the patients for free or for very little cost, they do not pay heed to such things. Because of irresponsibility and lack of diligence towards duty, the number of

patients dying has also increased. Proper treatments are not provided to them due to which they are not able to survive. Because of these malpractices and corruption, only a few government hospitals function normally as they are supposed to. The rest all are a disgrace to society.

Private Investors' Profit Motive

On the other hand, we have private hospitals which are hygienically very clean. They have ample space to accommodate patients, have qualified doctors and the best possible treatments available in their hospital; but for all of this, they charge exorbitant prices. They have made this health sector a commercial business, where they charge a high amount of fees to their patients for checkups and treatments. They are driven by profit motives and view it as a source of heavy income.

Many times, the doctors in these hospitals make wrong suggestions to the patients just in a hurry to make a quick buck.

With an Indian population of more than 22% below the poverty line, commercialization of the health sector needs to be immediately checked upon. With such practices going on in the country, the rate of decrease of the population will increase at an alarming rate. People will die due to a lack of diagnosis of their diseases and deprivation of medical facilities.

Unnecessary Stress to the Doctors

The whole model of incentivising doctors for tests and procedures has just too many problems.

Many doctors have started resisting this model. Some companies are being formed that are changing the model to show that doctors can still make money (nothing wrong with that!) but by ensuring better care. The US's WellMed has a model where "if a doctor improved the quality of care, this would save on costs, and WellMed would share those savings with the doctor in the form of bonuses." This is where healthcare should be moving towards.

Doctors should be incentivised, no doubt. They should be allowed to make money. After all, they spend years learning medicine, spend lakhs of rupees getting their education. What is wrong with them trying to recover those costs and lead a comfortable life? Aren't they entitled to a good life as well? Of course! The only issue is that this should not be at the patient's expense. This should happen only if they ensure that their patients do well! Outcomes-based incentives are the way to go.

Despite people cribbing about corporate hospitals, these hospitals are the ones that have brought quality healthcare to the Indian population. Walk into a government hospital today and you see the difference. Many of these hospitals are very badly run. They just do not have the infrastructure to cater to the large volume of patients. The only way patients have got access to quality is due to these corporate hospitals. There's no denying that the latest technology has been made accessible to patients in India only due to the corporate hospitals.

Many doctors are also becoming increasingly frustrated with the system that accuses them of various unethical practices but glosses over the constraints they are operating under. This led to a doctor saying he would never advise his child to become a doctor in India.

What needs to be done is to turn the model on its head and make sure that corporate hospitals remain profitable, doctors continue to earn a decent income and yet patients don't have to undergo unnecessary procedures and tests. I'm sure the MBAs and consultants that are managing these hospitals can figure this out!

A great beginning has been made by the SLIM (Society for Less Investigative Medicine) initiative started by some Indian doctors. This society aims to reduce the number of investigations and interventions for patients. An article about the initiative says, "Doctors from across the country and non-medical professionals 'frustrated by the sheer avarice on display in the entire field of medicine' have expressed their desire to be part of the SLIM initiative."

One suggestion to SLIM - give people who are part of this initiative a certificate or a poster they can proudly display in their clinics and increase awareness about this initiative. When patients go to SLIM empanelled doctors, they can be sure that they would not be subjected to unnecessary medical expenses.

FACTS YOU NEED TO KNOW

- The decade of the '90s saw several state governments restructure their secondary level hospitals with loans from the World Bank. This project is being implemented in Punjab, Karnataka, Andhra Pradesh, West Bengal, Maharashtra and Orissa under the aegis of the Bank's state health systems project. As a part of the restructuring exercise, a considerable amount of money has been invested in the renovation of buildings, purchase of equipment and supply of strip packaged drugs. The restructuring exercise also involves the introduction of user fees as a source of revenue to finance the secondary level hospitals.
- During the late '80s, a majority of the hospitals and nursing homes had a bed strength ranging from 5-100 beds. Located in urban areas these facilities were owned by doctors in single owner or partnership enterprises. In some states, the smaller enterprises had spread to towns and even villages.
- The growth in imports of medical technology has made health care a profitable business venture. Since the late '80s, there has been a steady increase in the import of medical equipment.

KEY TERMS

Commercialization of Healthcare: It means a good hospital with having better facilities, nursing care, technology and provide better accessibility to the people. It means private owned hospitals.

IMPACTS

Economic

The commercialization of healthcare facilities in India is leading to a drain of wealth. The big branded hospitals are trying all the methods to financially exploit the people. Even the doctors are forced to look at the patient as a customer, not as a sick, needy person. Only the rich can afford it because they have health insurance but the poor are getting poorer and cannot afford the treatment. The health sector is gradually transforming into an MNC with the doctors being forced to become its corporate employees.

Political

The health sector is today being influenced by the politics of the country. The political leaders and other lobbyists put force to pass the laws that are in favour of the profits of the corporate hospitals. The common people look at this thing as the government is biased towards the corporates and the private hospitals.

Sociological

The commercialization of healthcare facilities in India is leading to an increase in the rich and poor divide. The rich can afford the treatment but the poor cannot. The rich are almost disease-free but the poor succumb to it. The mortality rate is high among poor people.

Many times, the poor do visit the doctor or fear to visit them, because they fear that they would not be able to afford the treatment. The poor lose everything, their house, their wealth and even sometimes, they commit suicide also, as they might not be able to pay their medical bills.

Because of the commercialization of healthcare, the general public has today developed a concept that doctors are not God, they have become the thieves, who are there to loot you, the doctors are the front face of the hospitals, not the hospital authorities.

WAY FORWARD

- Must accommodate a minimum number of states referred patients who are eligible to avail NCD services for cashless treatment of their ailments (To avoid commercialisation).

- Common entrance test all over the country to award seats to meritorious students to reduce commercialisation of medical education. The NMC bill raises concerns about the commercialization of medical education as private medical colleges have been provided with the freedom to fix fees for 60% of the seats.

India is a land full of opportunities for players in the medical devices industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of the population. Besides, Indian medical service consumers have become more conscious of their healthcare upkeep.

The Indian healthcare sector is much diversified and is full of opportunities in every segment, which includes providers, payers, and medical technology. With the increase in the competition, businesses are looking to explore the latest dynamics and trends which will have a positive impact on their business. The hospital industry in India is forecast to increase to Rs. 8.6 trillion (US\$ 132.84 billion) by FY22 from Rs. 4 trillion (US\$ 61.79 billion) in FY17 at a CAGR of 16–17%.

The Government of India is planning to increase public health spending to 2.5% of the country's GDP by 2025.

India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New Drug Application (ANDA) approvals. India also offers vast opportunities in R&D as well as medical tourism. To sum up, there are vast opportunities for investment in healthcare infrastructure in both urban and rural India.

CONCLUSION

Commercialization of healthcare results in bringing better facilities and infrastructure to the healthcare system. But this should not lead to high costs that are not affordable to many. To provide universal access to healthcare, the government should improve the quality of treatment in government hospitals.

The government is responsible for this action. It must ensure that every citizen of the country gets access to good health care. The government should make sure that's its hospitals run efficiently and it should regulate the prices of the medical treatments. It should also motivate private investors to regulate their prices keeping in mind their profit motive. Only by such steps, the population of India will be able to live a healthy life.

ADVANTAGE INDIA

Strong Demand

- Healthcare market in India is expected to reach US\$ 193.83 billion by 2020 and US\$ 372 billion by 2022, driven by rising income, better health awareness, lifestyle disease and increasing access to insurance

Attractive Opportunities

- The Government of India aims to increase healthcare spending to 3% of the Gross Domestic Product (GDP) by 2022
- Two vaccines (Bharat Biotech's Covaxin and Oxford-AstraZeneca's Covishield manufactured by Serum Institute of India) – medically safeguarding Indian population and those of 100+ countries against COVID-19

Rising Manpower

- Availability of a large pool of well-trained medical professional in the country.
- The number of doctors with recognised medical qualification (under I.M.C Act) registered with state medical council/medical council of India increased to 1,255,786 in September 2020 from 827,006 in 2010.

Policy and government Support

- In Union Budget 2021, the government allocated RS. 35,000 crore (US\$ 4.80 billion) for COVID-19 vaccines in 2021-22
- In March 2021, the Parliament passed the National Commission for Allied, Healthcare Professions Bill 2021, which aims to create a body that will regulate and maintain educational and service standards for healthcare professional

