

A healthier future for India

Affordable care, preventive medicine, and healthy behavior must be the pillars of India's health care reform.

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**Article
at a
glance**

India must improve its health care system to realize its economic potential. The problems facing the system are large—but not intractable if business, government, and civil society work together to solve them.

A lack of qualified medical personnel is one serious problem. Public-private collaboration will be required to open up new opportunities for training and to ensure that employment programs like the National Rural Health Mission succeed.

Subsidizing health care and insurance for India's poorest people will be necessary to improve the general level of health, as will campaigns to improve preventive care and promote healthful behavior.



Over the past four years of historic economic growth, leaders in India have come to realize that to emerge as a global economic superpower, the country must invest in its social fabric—in particular, education and health care. These investments are all the more necessary, as India is expected to become the world’s most populous country by 2035. It is already the youngest: home to 20 percent of the world’s people under 24 years of age. Without a doubt, this realization is a big step forward, but it isn’t enough.

India should also develop innovative approaches that will enable its leaders in all corners of society—business, government, and civil society—to help build an educated workforce and a healthy country. Having spent much of my life in a dialogue among business, government, and civil society, I truly believe that when they work in partnership, intractable issues are addressed more successfully, to the benefit of all. The Public Health Foundation of India (PHFI), which I helped set up, illustrates the effectiveness of this collaborative approach.

India is well positioned to tackle its health care challenges for two fundamental reasons. First, it has the privilege of learning from and avoiding the costly errors of the advanced economies. Second, it has an opportunity to create new models that draw upon the strengths of every sector of society: the organizational agility of business in mobilizing resources and delivering services, the philanthropic character of the nonprofit sector in caring for India’s needy millions, and the legitimizing role of government in balancing society’s egalitarian impulses with the economy’s demand for the effective delivery of services.

Unquestionably, designing ways to strengthen the health care system will challenge the ingenuity of India’s government officials, business executives, academics, and nonprofit leaders. The task will require leadership skills that can mobilize all Indians behind a grand national purpose.

An India ready for such leadership must increase the availability of quality care and access to affordable health care services and, still more important, create an awareness of the benefits of preventive measures—all in a way adapted to the country’s social structures. Concerted efforts in this direction should be the cornerstone of health care reform in India. By focusing on these three factors, India can overcome a significant part of its enormous health burdens: high infant mortality; low overall life expectancy; malnutrition; chronic outbreaks of preventable diseases, such as cholera, malaria, pneumonia, and tuberculosis; the growing incidence of diabetes, cardiovascular disease, and cancer; an HIV/AIDS epidemic that has afflicted over five million people; and the limited availability of clean water and basic sanitation.

As the foundation of the effort, India should significantly augment its health

infrastructure. A scan of the provider landscape reveals a chronic shortfall: the country has only 1.5 beds per 1,000 people, for instance. That is much lower than the average—three to four beds per 1,000 people—in developing economies such as Brazil, China, South Africa, and Thailand and way behind developed areas (like the United States and Western Europe), which have four to eight beds per 1,000 people. Moreover, with 0.6 doctors and 0.08 nurses per thousand people, India has significantly fewer of them than the world average: 1.2 doctors and 2.6 nurses per 1,000 people, according to a recent World Health Organization report.

In a country where 70 percent of the population lives in rural areas and the poor rely on the public system for preventive and inpatient care, such shortages pose a significant challenge: public institutions handle 93 percent of immunizations, 74 percent of prenatal care, 66 percent of inpatient bed days, and 63 percent of delivery-related inpatient bed days. Such challenges are worrisome because, according to current estimates, government spending on hospital infrastructure will probably increase at a rate of only 2 percent a year over the next decade—lagging far behind society’s needs.

Several measures should be undertaken to augment the pool of medical professionals and trained workers. The system needs stewardship at all levels: strong policies and institutions that foster public-private partnerships, encourage the private sector to invest in rural areas, and strengthen the resource pool so that flagship programs (such as the National Rural Health Mission) can succeed. In particular, policy reforms that address talent shortages and the creation of institutional providers must at least meet the nation’s basic infrastructure needs.

Access to affordable health care services is equally important and has been widely and thoroughly discussed in recent years. Yet here too, adequate reforms have not been implemented. India spends scarcely 1 percent of GDP on health care—and less than a quarter of that sum on the actual delivery of health care programs. So, it’s little surprise that about 80 percent of the health care expenses are funded out of pocket by individuals, and a mere 1 to 2 percent is covered by private insurance, which is predominantly employer-funded. It is unfortunate that even today people have to borrow money or sell assets to pay for inpatient care and as a result often postpone or do not avail of care.

Action on three fronts, among others, is vital. First, a series of policy reforms will be needed to provide subsidized health insurance for the country’s poorest citizens. A successful approach could leverage institutions such as large cooperatives and self-help groups to broaden their reach, attract participation from nongovernmental organizations and the private sector to supply needed services, and promote a central data institution that enables systematic health economics and publicizes such information for continuous improvement. Efforts to encourage

competition among health insurance services and to extend them to lower-income citizens would also be beneficial.

Second, innovation in products is essential. Today, most of them offer only limited services, limited reimbursements, or both and don't cover preexisting conditions or outpatient expenses. To cover more people, insurance firms need to design products that cater to several income classes and age groups, cover alternative therapies, and provide more comprehensive coverage. Third, a regulatory environment that recognizes health insurance as distinct from other lines of business is necessary to boost the sector's growth.

For a nation that depends largely on reactive measures to control disease, promoting awareness of prevention may be one of the most critical components of reform. Most people do not understand the importance of preventive or wellness measures, which are critical to avoid the lifestyle diseases that become significantly more common as economies grow richer. Consumer spending on health care is likely to rise by more than 8 percent annually until 2025—particularly on medical services, equipment, and pharmaceuticals. Initiatives such as education campaigns, which can shift spending to preventive measures, are vital, since a majority of India's population is illiterate and thus difficult to educate about health priorities.


Campaigns to improve awareness of disease prevention and the early treatment of illness will require the well-organized deployment of large networks of public-health workers to communicate dangers such as the abuse of tobacco and alcohol, unhealthy diets, and environmental pollution. Unfortunately, India does not fully recognize public health as a discipline—each year, it produces only some 500 professionals in the field, about what each public-health school in the developed world does. This lack of formal structures was one of the key reasons for the establishment of the Public Health Foundation of India, which aspires to create institutions that will impart a quality education in public health, to establish accreditation standards in public-health education, and to conduct policy-shaping research, all governed by the underlying objective of improving public health in India. Similar efforts to inform Indians about ways of gaining access to health care services should also be undertaken, since the nation as a whole is significantly underinsured.

To reiterate, three essential priorities—increasing the availability of care, access to affordable care, and awareness of healthy behavior and of the health care resources available to Indians—can be addressed successfully only if all sectors of society work together. All too often, government planners, business executives, and nonprofit organizations have operated at cross-purposes and failed to coordinate their efforts in ways that would achieve shared goals.

About the Author

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Public-private cooperation to confront an array of challenges—including the need for better insurance coverage, more widespread health education, and better disease prevention—can improve the health of Indians in the long run. Sustainable economic development in India will require more than just a growing economy: It also requires a healthy workforce, nurtured by a society that invests adequately in broad-scale health initiatives. Investments in human capital and in keeping Indian society as a whole safe from potentially large-scale health threats will help the country to maximize the potential of its most productive resource: the ingenuity and creativity of its people. 

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