Investing in health is investing in India’s growth story. It is not a cliché and there is a body of evidence that suggests that investment in health reaps dividends in growth and development.

India’s growing economy
India’s GDP per capita has doubled between 2000 and 2014. India’s current economic growth, estimated at 7.6 per cent, places the country at a higher growth trajectory than any other large economy, including China, which grew 6.9 per cent in 2015. This trend in economic growth in India is expected to continue in the coming years. Economic growth has created an opportunity for the health sector in India. With an emerging upper middle class in India, new segments of the Indian population are demanding access to affordable and quality healthcare.

Healthcare is one of the fastest growing sectors in India. The country is a leading destination for medical tourism for quality healthcare at a relatively low cost. India is also recognised as the pharmacy of the world, manufacturing and exporting low-cost quality drugs and vaccines.

Healthcare Sabha 2016

Higher priority given to health has clear positive economic consequences. The reverse is equally true. While many in India have been lifted out of poverty due to economic growth and opportunities, around 60 million Indians are pushed into poverty due to high out-of-pocket health expenditures.

Dr Henk Bekedam, WHO Representative to India urges the country to step up investments in public healthcare as it would be pivotal to sustaining India’s economic growth.
Economic growth poses health challenges too

A growing economy, urbanisation and a burgeoning middle class are leading to an increase in sedentary lifestyles, changing diets and higher burden of NCDs. India has seen an explosion of NCD risk factors and diseases such as diabetes, hypertension, cardiovascular diseases and cancer. From a current estimate of 60 million diabetics, it is projected to at least double by 2030. GDP growth needs more energy. India relies heavily on coal for its energy. This has accelerated air pollution in India’s cities to one of the highest level in the world and is a major cause of cardiopulmonary, chronic obstructive pulmonary diseases and cancer.

India healthcare budget 2016-2017

Advocating for investing more in health is crucial, but which areas to invest in is an equally critical question. Three strategic directions are important for improving health of the entire population:

- Investing in public health – promotion, prevention, and protection;
- Improving services, especially in rural areas, and
- Setting up a system that people do not go into poverty when they fall ill.

The 2016-17 health budget suggests positive developments with an overall increase by around 13 per cent in comparison to the previous one. The budget includes opening a further 4000 generic medicine stores across the country and building and improving centres for kidney dialysis. In addition, the proposed National Health Protection Scheme, which will provide coverage up to Rs 1 lakh per family and additional coverage of Rs 30,000 for senior citizens, is an excellent opportunity to move further in the direction of ensuring that every Indian citizen is covered through Social Health Insurance.

However, the not so good news in the budget is that there seems no clear indication of increasing investment in public health, which is much needed for elimination of diseases (kala-azar, lymphatic filariasis, malaria, leprosy), increasing immunisation coverage, tuberculosis and NCD challenges.

UHC and starting the journey

Notwithstanding the encouraging steps in the budget, more needs to be done. It would entail accelerating progress towards Universal Health Coverage (UHC) in India. The current scheme, Rashtriya Swasthya Bima Yojana (RSBY) is arguably not fully realising its potential as it is merely a safety net for the poor; and not covering other vulnerable groups or others. However, RSBY set up is nationwide and can be strengthened and a good basis for social health insurance in the states.

The principle of universality is critical to achieve UHC. The proposed National Health Protection Scheme should not only be the insurance for the poor but for everyone, allowing pooling of funds and cross-subsidisation where the rich subsidise the poor; the young subsidise the old, and the healthy subsidise the sick. This is also an important step to make the scheme sustainable in the long run.

The Social Health Insurance model also offers great opportunities through their purchasing function to get better value for money in general and connect with the private sector, which in the Indian context treats the majority of the patients.

For progressing towards UHC, we know from experiences of other countries that you do not have to be rich to begin the journey. Extending health insurance coverage to the entire population will need to be a long-term goal, introduced step by step and relying on strategies that focus on the informal sector and the most vulnerable population groups. One practical example of such a step-by-step approach is to start with universal coverage for smaller packages, such as NCDs and maternal and child health, as a priority public health intervention.

As India continues on its path of economic growth, the package can be expanded and financial protection increased so that all Indians have access to all the needed health services without suffering from financial hardship.

This is clearly a journey for which more investment in both public health and social health insurance is needed. Therefore, it is important to define and agree on the vision and goals for 2030. This involves agreeing on a process for developing such a vision. This entails development of a national framework and roadmap that defines the roles of the Centre and the states, besides that of both public and private sectors.

Investing in such a journey is investing in India’s human capital, which is critically needed for India to sustain its remarkable economic growth in the future.

Economic growth has the attention of the policy makers, but sustained investment in health should get similar attention.