



## State of India's Health Sector

**For Prelims:** Fifteenth Finance Commission, Concurrent list, National Health Mission Ayushman Bharat, Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), National Medical Commission

**For Mains:** Healthcare Sector in India and related issues

### Why in News?

Recently, [Fifteenth Finance Commission](#) chairperson N.K. Singh addressed the **Confederation of Indian Industry (CII)'s 19<sup>th</sup> Health Summit 2022** and highlighted various issues in the sector.

- The CII **works to create and sustain an environment conducive to the development of India**, partnering industry, Government, and civil society, through advisory and consultative processes.

### What are the Recommendations/Issues Highlighted?

- **Inclusion of Health in the Concurrent List:**
  - Under the Constitution, the **term 'health' should be included in the Concurrent List.**
  - Also made a **pitch for universalising health insurance** to capture **'the missing middle'**.
    - **The Missing Middle:** People who are not rich enough to buy private health cover nor poor enough to qualify for government schemes.
- **Increasing Public Outlays:**
  - There is a **need to enhance public outlays** [on health] to 2.5% of GDP by 2025.
  - This would entail a **major jump over this year's Budget numbers and require States to target 8% of their Budgets** towards the health sector, which is 'a daunting challenge'.
- **Inter-State Variations on Health Spending:**
  - The need is to **recognise the large inter-State variations on health spending and outcomes.**
    - For instance, except Meghalaya, states are spending less than 8% of their Budget on the health sector, with the average being at 5.18% in 2018-19.
    - The per capita health spending of Bihar, Uttar Pradesh and Jharkhand is about half that of Kerala and Tamil Nadu.
- **Development Financial Institution:**
  - The **Finance Commission chief also suggested setting up a development financial institution for the health sector.**
    - Development Financial Institutions are **specialized institutions set up primarily to provide development/ Project finance** especially in developing countries. These are usually majority-owned by national governments.
- **Restructuring CSS:**
  - Additionally, it was suggested that [Centrally Sponsored Schemes \(CSS\)](#) should be restructured to make them more flexible for states to adapt and innovate.

## What is the Scenario of the Healthcare Sector in India?

### ▪ About:

- The healthcare industry comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment.
- India's healthcare delivery system is **categorised into two major components - public and private.**
  - The government (public healthcare system) comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of **Primary Healthcare Centres (PHCs)** in rural areas.
  - The private sector provides a majority of secondary, tertiary, and quaternary care institutions with major concentration in metros, tier-I and tier-II cities.

### ▪ Potential of the Indian Health Sector:

- India's competitive advantage lies in its large pool of well-trained medical professionals. India is also **cost competitive compared to its peers in Asia** and western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe.
- India has all the essential ingredients for the exponential growth in this sector, including a large population, a robust pharma and medical supply chain, 750 million plus smartphone users, **3<sup>rd</sup> largest start-up pool globally with easy access to VC (Venture Capital Fund)** funding and innovative tech entrepreneurs looking to solve global healthcare problems.
- India will have **about 50 clusters for faster clinical testing of medical devices** to boost product development and innovation.
- The sector will be **driven by life expectancy, shift in disease burden, changes in preferences**, growing middle class, increase in health insurance, medical support, infrastructure development and policy support and incentives.
- As of 2021, the **Indian healthcare sector is one of India's largest employers** as it employs a total of 4.7 million people. The sector has generated 2.7 million additional jobs in India between 2017-22 - over 500,000 new jobs per year.

## What are the Related Initiatives?

- [National Health Mission](#)
- [Ayushman Bharat](#)
- [Pradhan Mantri Jan Arogya Yojana \(AB-PMJAY\)](#)
- [National Medical Commission](#)
- [PM National Dialysis Programme](#)
- [Janani Shishu Suraksha Karyakram \(JSSK\)](#)
- [Rashtriya Bal Swasthya Karyakram \(RBSK\)](#)

## Way Forward

- There is an **urgent need to improve the infrastructure of public hospitals**, which are overburdened as a result of India's large population.
- The government should encourage private hospitals because they make a significant contribution.
- Because the difficulties are severe and cannot be tackled just by the government, the private sector must also engage.

[Source: TH](#)

