

## A STUDY ON IMPACT OF GOVERNMENT SOCIAL SCHEMES IN THE HEALTH CARE SECTOR IN INDIA – CRITICAL LITERATURE REVIEW

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### ABSTRACT

Agency research vouches for an overwhelming marketing opportunity in the Indian health care sector. They have highlighted the fact that a major chunk of the population is still uninsured despite the cost of health insurance in India is one of the lowest. There is a clear agreement that the current awareness level and penetrations are pretty low particularly in the rural and semi-urban areas. A research exploring the macro and micro impacts of different government social schemes on the Indian Health Care sector was undertaken. Impact on overall market penetration, customer segmentation, consumer behaviour, supply-side factors like prices and problems with the current products/services were to be assessed. Before undertaking the main study a literature review was carried with a special focus on Agency research. This article presents this review along with review of articles on impact of government social schemes with reference to health care sector. It also shows the research gap.

**Keywords:** Government Social Scheme, Literature Review, Health Care Sector, Management of schemes

### Introduction

Health-care sector in India is projected as a big market. Thanks to the continuously exploding population, health-care services have continued to face a huge demand vis-à-vis a scarce supply. At the same time the service is something that is subject to social dimensions. Hence the role of the Government is an important aspect affecting the entire marketing ecosystem for such a service. Health-care system in a society must be created around the term of equity so that every individual should have equivalent opportunities for maintaining good health, but human societies are portrayed by unevenness at each perspective, and it has even not spared the health-care system. Agency research vouches for an overwhelming marketing opportunity in the Indian health care sector. They have highlighted the fact that a major chunk of the population is still uninsured despite the cost of health insurance in India is one of the lowest. There is a clear agreement that the current awareness level and penetrations are pretty low particularly in the rural and semi-urban areas. A research exploring the macro and micro impacts of different government social schemes on the Indian Health Care sector was undertaken. Impact on overall market penetration, customer segmentation, consumer behaviour, supply-side

factors like prices and problems with the current products/services were to be assessed. Before undertaking the main study a literature review was carried with a special focus on Agency research. This article presents this review along with review of articles on impact of government social schemes with reference to health care sector. It also shows the research gap.

### Materials and Methods

Agency research has more credibility of genuine research and hence the same has been given a priority in the review. Following literature materials from agency research were reviewed –

1) CII and Deloitte (2018) in their report have observed “India’s population is anticipated to touch 1.35 billion by 2020, with the life expectancy of 74 years. The life insurance sector is expected to comprise 35% of the total savings by the end of this decade. In spite of being the second most populous nation, India currently accounts for less than 1.5 per cent of the world’s total insurance premiums and about 2 per cent of the world’s life insurance premiums. The Indian insurance market has the potential to grow exponentially, if leveraged properly would prove to be a huge business opportunity.” In their conclusion the report says “Insurance company leaders have a

lot on their plates. Political and regulatory upheavals around the world are changing some of the ground rules about how carriers may operate. An accelerating evolution in the way business is conducted is being driven by innovation and higher customer expectations, while disruptive newcomers are looking to take market share from incumbent insurers. Insurers must take advantage of growth opportunities, technologies, innovations operational improvement, and expense reduction in the coming years to overcome a host of internal and external obstacles standing in their way” (Page 3).

2) FICCI and EY (2016) have published its findings on the Indian health insurance sector. One of the interesting things they have said about the state of affairs is that “Indian health care is a story of great contradictions: it has one of the lowest cost health care systems in the world, yet it is unaffordable to the large majority of its population.” In its foreword the report says “We have seen a 15 % growth in CAGR for health sector since 2011, which is expected to reach USD 280 billion by 2020. However, providing access to quality healthcare for 1.2 billion plus population is a huge challenge that the country has to deal with. Our total health spend is only ~4.7% of GDP and out of pocket expenditure (OOP) is 62% of the total health spend. This is very high when compared to other countries such as Brazil 25%, China 32%, South Africa 6%, USA 11%, UK 9%.” They have further added – “We would need a completely new approach for achieving these reforms, which should involve three pillars: people, process, and technology” (Page 1).

3) CII and PWC (2015) have reported the highlights of the healthcare status in India–

- i. “30% Indians do not have access to primary healthcare facilities.
- ii. 39 million Indians fall below the poverty line each year because of healthcare expenses.
- iii. 70% of India’s healthcare infrastructure is limited to the top 20 cities.
- iv. 30% people in rural India do not visit hospitals fearing the expenses.

- v. India accounts for 21% of the global disease burden.
- vi. NCDs constitute 63% of overall disease burden in India and shall impact the economy to the extent of 23,000 crore INR within a decade.
- vii. India needs to add at least 6,50,000 beds by 2017, requiring a capital investment of 1,62,500 crore INR by 2017.
- viii. Medicines constitute the highest share in consumer expenditure ~64% in public and 34% in private sector.
- ix. Rural India accounts for 70% communicable diseases and over 50% non-communicable diseases.
- x. Healthcare needs of 47% of rural India and 31% of urban India are financed by loans or sale of assets”(Page 7.)

4) Expert Committee of IRDA (2013) in their special report on health insurance came out with the following recommendations – “The Committee members have made a number of recommendations towards the following objectives:

- a. To increase Health insurance penetration and tap the potential for growth
- b. Level playing field amongst all the insurers
- c. Categorization and Innovation of products
- d. Improve the standardization guidelines
- e. Regulator to prescribe Protocols and processes for Hospitals
- f. Reserving and Solvency reforms to strengthen insurers offering Health insurance products
- g. Additional capital instruments (apart from Equity) to meet medium term and short term capital needs” (Page 55).

Additionally some individual researcher’s literature on impact of government social schemes with reference to health care sector were reviewed as under –

1) Shreedevi (2014) conducted a study on ‘Evaluation of Rajiv Aarogyasri Scheme in Andhra Pradesh and survey of patients’ opinion’. This investigation captures the objective, achievements, functioning and impact of Aarogyasri. The investigation was led for the period April 2007 to Dec 2013 based on patient data. A concise investigation

of the scheme based on officially available data and media reports from a public health perspective revealed that 87 % of population of Andhra Pradesh was covered under the scheme. From the sample study, it was discovered that males had 40 % higher use than females under the scheme. The cost benefit ratio of insurance mode was 81 % when compared to 91 % for Trust mode.

2) Mallikarjuna (2014) studied on 'Health Care Policy and Administration: A Case Study of Rajiv Aarogyasri Health Insurance Scheme in Andhra Pradesh'. He stated that Aarogyasri model is a holistic approach to Healthcare, ensuring that individuals are given free health check-ups by the network Hospitals & 24 hour Helpline, operated by 100 Doctors & 1,600 paramedics that handle around 53,000 calls per day. 108 and 104 Ambulance services will always accessible to the patients at their doorsteps with a simple phone call by the individuals.

3) Goel (2014) in his article 'Health Insurance: An Empirical Study of Consumer Behaviour in Rohtak District of Haryana', abridged that health insurance is fast rising as an important mechanism to funding health care needs of the individuals. The examination has conducted in Rohtak district of Haryana and based on primary data collected from a sample size of 150 respondents by means of questionnaire method. The outcomes have shown low level of awareness and eagerness to participate in subscription of health insurance.

4) Yadav, et.al (2014) viewed that 'Health Insurance Portability is a regulation set by IRDA where an individual is permitted to switch between insurers at their own choice without agonizing about their no claim bonus and pre-existing diseases cover'. The investigation inferred that it has been more than two years since health insurance portability came into force yet because of its complex nature, lack of interest of insurance agents, inappropriate correspondence and lack of customer's awareness, it isn't that much popular in health insurance services.

5. Kumar et. al. (2013) inspects 'The Indian medical coverage showcase by exactly watching the supplier's discernments and its association with the safeguarded, the safety net

provider and the Third Party Administrators (TPAs)'. The investigation attempts to discover the mindfulness level among the guaranteed populace and their frame of mind towards treatment cost. Aside from contemplating the supplier's observations, it additionally attempts to take a gander at a portion of the proof of good risks and that of fake movement.

### Observations

- 1) Agencies have concluded that there is a tremendous scope for health care in India. "Indian health care is a story of great contradictions: it has one of the lowest cost health care systems in the world, yet it is unaffordable to the large majority of its population."
- 2) Health insurance is really a small player in the Indian health ecosystem.
- 3) The market trend and penetration level of health insurance business are changing over a period of time.
- 4) The premium level and index of awareness about the benefits of health insurance has been steadily increasing.
- 5) The growth rate and market share of private health insurance has been increasing and public health insurers has been decreasing, due to number of increasing private health insurers, competition compulsions and coverage of rural areas with new and innovative products.
- 6) The recent advances in Internet enabled mobile devices had paved the way for remote patient monitoring applications.
- 7) Legal enactment has to some extent strengthened the regulatory environment for the health care sector.

### Discussion and Conclusion

- Exact reasons for untapped market potential have not been thoroughly investigated especially in the light of impact of Govt. Schemes
- Why such contradictions like "It has one of the lowest cost health care systems in the world, yet it is unaffordable to the large majority of its population!" are observed has not been studied in depth.
- A detailed study investigating the role of various government social schemes as a

major enabler in the Indian Health Care sector is not seen on record.

Thus there is a clear scope for a comprehensive marketing-oriented study based on the impact

of Government social schemes on the health-care sector.

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