

## Challenges and Prospects of Health Sector in Post-Covid India

Sanjaya Kumar Ghadai<sup>a</sup>, Damodar Jena<sup>b</sup>, Satya Narayan Misra<sup>c</sup>

<sup>a</sup>Research Scholar, Kalinga Institute of Industrial Technology (KIIT) Deemed to be University, KIIT School of Management

<sup>b</sup>Ph.D. Chairperson, Kalinga Institute of Industrial Technology (KIIT) Deemed to be University, KIIT School of Rural Management

<sup>c</sup>Dean, Kalinga Institute of Industrial Technology (KIIT) Deemed to be University, KIIT School of Management

**Corresponding author:** <sup>b</sup>damodarjena@gmail.com

### Abstract

Covid 19 has unleashed unprecedented challenges in terms of sharply dwindling employment and health care vulnerability in India, as never seen before. The closest parallel is Economic Depression of the 1930s. The Government of India has announced a series of fiscal stimulus to resuscitate the most vulnerable sections of Indian economy like peripatetic migrant laborers, Ministry of Micro, Small and Medium Enterprises (MSMEs), street vendors, small farmers and unskilled MNREGA workers. This paper specifically looks at the likely impact of Rs.41000/- crore additional allocations to by Finance Minister in April 2020 MNREGA in mitigating disruption caused to about 80 million migrant workers. It also takes stock of allocation to National Health mission; its poor impact on Human Development Index (HDI), high Infant Mortality Rate (IMR), Maternal Mortality Rate (MMR) compared to global trends and suggests a way forward.

The paper makes a strong case to eschew populist moves like relying on doles and Universal Basic Income (UBI), but instead opt for a strong push to neglected public sector investment in merit goods like good primary health care and quality grassroots education, sanitation and skilling. It makes a strong pitch to make right to health care a fundamental right and change our public policy discourse in health care from insurance based to building adequate health infrastructure, as is in vogue in NHS (National Health Scheme) of UK

**Keywords:** Covid 19, Human Development Index, IMR, MMR, MNREGA

### 1. Introduction

Covid 19 has unleashed an unprecedented challenge in terms of serious economic recession, and large scale unemployment, cutting across both developed countries like USA and emerging market economies like India. It is apprehended that the present crisis could be far more debilitating and uncertain than the economic depression of the 1930s in the USA. The Finance Minister has accordingly unleashed a number of measures by way of fiscal stimulus to sectors like Ministry of Micro, Small and Medium Enterprises (MSMEs), migrants, street vendors, guarantee for loans and great momentum to privatization in sectors like coal, policy reforms in agriculture sector and defence production.

This paper specifically looks at the additional allocation of Rs. 41,000 crores to the flagship MGNREGA programme, with a view to creating additional Rs. 300 crores man-days for workers. The Centre for Monitoring Indian Economy (CMIE) has reported that the unemployment has swelled to 21%, and the Indian Council of

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Agricultural Research (ICAR) has assessed the likely dip in Quarter-1 of 2021 fiscal to be of the order of 24%. Since MGNREGA is the most significant employment generating program in the country, generating nearly 900 crore man days of work, the additional allocation has injected a whiff of hope for the migrant workers who have been the most troubled component of the Indian economy in the enforced economic recession of COVID pandemic. It is assessed that around 8 crore migrant workers are in a state of flux and it would be interesting to analyze how this announcement of additional allocation will usher inclusive justice to the most vulnerable section of the society. The paper also looks at the fragile health infrastructure of the country, and suggests a long-term road map to resuscitate it, where every Indian citizen receives reasonable health care at affordable cost.

### 2. The Constitutional Provisions

The Indian constitution in its preamble has resolved “to secure to all its citizens social, economic and political justice in a democratic environment”. In Article 41 of the Constitution which is by way of a goal set before the government, “Right to Work, Right to Education and to public assistance in cases of unemployment, old age, sickness and disablement” has been set up as a template for implementation. There are supplemental articles like raising level of nutrition (Article 47) living wage for workers (Article 43) and protection of environment (Article 48A) in order to realize the vision of socio economic justice for all its citizens.

While the historic right to education introduced in 2009 provides the fundamental right to all Indian parents to avail of free education of their children in the age group of 6-14, Right to work has remained a wistful directive for the state. All the same, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 (MGNREGA) which sprung to full steps by 2008 is by common consent “the largest and most ambitious social security and public works program in the world.” Even the free market ideology of the World Bank considers MGNREGA to be ‘a stellar example of rural development’ (MGNREGA, 2005).

#### The MGNREGA Programme

The Programme can be succinctly described as a demand driven employment initiative to unskilled manual workers of 100 days of wage employment, in rural areas. Most of the works involved in MGNREGA is for water related projects like building water bodies, wells, aquifers (more than 50% of fund) and for building roads, temporary houses etc. The programme has a high labour component of 60% in terms of cost. There has been very few assessments the extent to which it has created durable assets. But the report given by UNDP, based on studies by IIMs in 2013 shows that during the 11th Plan period (2007 - 2011) nearly 5 crore household were provided employment per year, involving \$5 Billion outgo per year benefitting 51% Schedule Caste (SC), Schedule Tribe (ST) and 47% women, far exceeding the target of 33%. The architect of this programme Jean Dreze believes that any programme which has brought down nearly 150 million people from poverty line in the last 10 years should not be caught up in the cross fires of market economics. Inclusive justice should not be derided as waste of public money (Drèze & Sen, 2013).

All the same, after the NDA government came to power in 2014 the scalpels of neo classical economists like Jagdish Bhagwati and Arvind Panagariya called upon the present Government to trim this programme significantly as they considered it as “inefficient instrument to shift income to the poor”. Panagariya suggested for providing Rs.500/- education voucher to people below poverty line, as a choice driven opportunity to the poor to have the benefit quality education with paltry pocket of Rs. 500 per month (Bhagwati & Panagariya, 2012). To the credit of Narendra Modi, it must be said that with the huge political mandate he had, he did not want to be dubbed as anti poor. For him, neo classical economics is not necessarily good politics. The Republican Presidents carried on the legacy of social security legislation, inked by FDR, the Democrat and activist labor secretary Frances Perkins. Alan Greenspan alludes to this in his book ‘Age of Turbulence’. To the credit of this government it must be said that it has never scuttled allocation to this empathetic programme but has certainly tried to review the effectiveness of this programme so that it craves better assets and the seepage of funds is minimal. With the Jan Dhan-Aadhaar-Mobile (JAM) trinity in place, the swirling corruption allegation has been substantially laid to rest (Greenspan, 2008).

#### An Objective Assessment of the Programme

The performance audit of Comptroller and Auditor General of India (C&AG) during the 11<sup>th</sup> plan “2007-2011” clearly shows low rates of completion compared to targets (30%), poor planning, poor institutional capacity to carry it out effectively, but high on inclusiveness but low on creating durable asset creation.

There are also legitimate criticism that workers are not available during harvesting and sowing season, percentage of young workers dwindling from 14% to around 10%. On the other hand, the adherence of MGNREGA believe that since most of the skilled workers do not get more than Rs. 70-80 per day, most of the

time during the year, increasing the duration of assured work to 150 days and increasing their wage to Rs. 300 would be a more definitive step to reduce glaring inequity and bolster demand in the rising economy like India. Mr. Nitin Gadkari as the Minister in 2014 had brought up a sensible amendment to the MGNREGA Act by changing the labour-material ratio from 60:40 to 51:49. Though it made eminent sense, in the cacophony of pandering to populism the amendment was not approved.

### **The Present Move**

Economic liberalization in 1991 has surprisingly united political parties with a different ideology to embrace the path of liberalization, globalization and privatization. This remarkable pragmatic realization that the state should be an enabler and not a controller of economic activities has taken India out of the trap of 3.5% “Hindu growth” to 7% “secular growth” from 2007 to 2017. Despite the dip in the growth during the last two years, it must be said that it has nothing to do with a change in the ideology of the NDA Government which has been pro-reform, private sector driven and pragmatic. In this backdrop, Nirmala’s well-timed bounty of Rs. 41,000 crore is a timely response to the carping critics that this government does not care for the poor and is pro corporate.

However, there are some genuine concerns how exactly the leitmotif of MGNREGA is to be freshly inked. Nirmala Sitharaman has applied the first stroke by increasing the minimum wage from Rs. 173 to Rs. 201. However, there is need to change the definitional scope of workers in the MGNREGA Act. Dr. M.S. Swaminathan, the father of green revolution, in a perceptive article has mentioned that the scope of worker should be amplified from unskilled to include the skilled workers. Besides it must provide coverage to the urban workers who have been subject to the biggest upheaval during the economic pandemic. The migrant workers are the best manifestation of this human tragedy.

There has been no reliable Census on the number of migrants that India has, except the NSSO Survey of 1998 which put the number as 120 million. Being a highly volatile, fluid and peripatetic category, their numbers change but possibly not their vulnerability. Close to 50% of them are in the booming construction sector while the rest are engaged in brick kilns, petty manufacturing, hawking, household health and seasonal work as in case of harvesting. They fill-up skill gaps in many states in areas like carpentry, plumbing, tiling etc. Caste and religion gets subsumed in the common denominator of low economic class, which is in perpetual pursuit of higher wage away from home. Amendments to the MGNREGA Act are urgently called for so that the skilled workers can create durable assets and infrastructure. The economic crisis of the pandemic has dealt a body blow to the neo classical approach to handle livelihood challenges of most vulnerable sections of the Indian society.

### **From Doles to Employment**

Banerjee and Esther (2020) in their article ‘on how economies can rebound’ have suggested that its time that the government should unleash the UBI scheme and provide Rs.1000/- per head to every poor person. They have also complimented the government for their “One Nation, One Ration” scheme. While technology should hopefully transcend the hiccups in this area, particularly for migrant workers who do not have a permanent ration card or identity, the government has to keep in mind the serious dislocation to food entitlement of the poor as brought out by Drèze et al., (2019) in their perceptive study at Jharkhand. Right to life through Right to food cannot be snuffed away by the vagaries of technology or indifference of venal government officials. Steadfast political will is the only bulwark against corrupt and unaccountable government machinery.

The dole economy as proposed by the Nobel laureates is most regressive in character though they may appear to be most progressive on paper. History is the best guide to the future. Mention maybe made of economic depression in the 1930s when a booming US economy was witnessing a slump in GDP and employment by around 27% by 1932. Taking over from Herbert Hoover, Franklin D’ Roosevelt (FDR) found out that that classical economic law of J.B. Say “supply creates its own demand” has fallen flat on its face. The Cambridge economist (John Maynard Keynes, 1936) in his magnum opus “General theory of Income and Employment” advised that it’s time for the government to step into public investment and not leave people to the mercy of private investment and vagaries of the market. Keynes said that, “in the long run we are all dead and what matters in the short run is employment, effective demand and eschewing fiscal conservatism”. The dogmatism of balanced budget gave way to deficit financing where government as a prime mover of employment will prime the pump for unwilling private sector to join in for economic revival of the economy. The two “New Deal Programmes” (Roosevelt, n.d.) that FDR unleashed creating Tennessee Valley Authority (TVA), a multipurpose hydel project, which created enormous job opportunities. He also unveiled a slew of social security measures moved by his activist Labour Secretary, Frances Perkins, through which the government introduced Right to food stamps, health and shelter. They are shining testimony to FDR’s enduring image as the most impactful politician of the 20<sup>th</sup> century. The USA by 1944 had improved its share of global wealth to 40% and unemployment down to 2%, becoming the lone behemoth of world politics. The economics of FDR

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was not predicated on doles to the poor but by providing durable employment, buffeted by social security for those who are most vulnerable. MGNREGA is in a sense Jean Dreze's replication of Keynesian vision of creating public employment and FDR's New Deal programs in the USA.

### 3. The Dismal Health Scenario

There is consensus that apart from doing firefighting to combat the COVID-19 crisis by providing ration to the migrant workers up to June 2020 without insisting upon the Ration Card, the Finance Minister has also promised that the government would ramp up its grass root health infrastructure. It has also promised to make an additional allocation of Rs. 15,000 crore over and above its budget allocation of Rs. 65012 crore.

Health is state subject and the combined allocation of the states and the center constitute roughly 1.3% of India's GDP. The global picture in terms of the share of health expenditure and overall Human Development Index (HDI) are given in Table 1.

**Table 1** Global trend in HDI & public allocation to health

<i>Country</i>	<i>HDI</i>	<i>Expenditure On Health (% of GDP)</i>
Norway	0.953	10
UK	0.939	7.6
Germany	0.936	11.2
USA	0.924	16.8
Japan	0.909	10.9
S. Korea	0.903	11.1
China	0.752	8.5
India	0.64	1.3

*Source:* (Conceição, 2019)

It would be seen that there is a huge difference in the health allocation between USA (17 %) and UK (7.6 %), though in terms of healthcare their record has been largely similar. This is largely because of the fact that UK follows the National Health Scheme whereas the USA follows the free market Health Insurance Model which is manifestly more expensive.

The Bhole Committee (Bhole) had suggested that India should build up a credible primary healthcare system in every village and town so that every Indian has the benefit of reasonable healthcare for basic ailments at affordable cost. While the villages have been dotted with the dispensaries and districts with hospitals, the health infrastructure availability of adequate number of competent doctors, paramedics and diagnostic facilities have suffered both in terms of financial support and political will. Economic liberalization in 1991 has unleashed a number of private players in the health sector. They are not affordable for the poor and lower middle class, constituting nearly 70% of India's (1300 million) people. They are entirely driven by a profit motive, with an eye to fully utilize the insurance coverage of the patient. Credible healthcare at affordable cost has therefore been a prime casualty during the pandemic. Kiran Mazumdar-Shaw has bemoaned the fact that the private healthcare providers are being hand twisted by the government for admitting COVID-19 patients without compensating them adequately. However, the truth lies somewhere in between.

The vital problem is the inadequate public health infrastructure in India and the paltry allocation by the Centre to National Rural Health Mission and National Urban Health Mission, Table 2.

**Table 2** Health budget by schemes in India

<i>Scheme</i>	<i>2018-19 (in Rs. cr.)</i>	<i>2019-20 (in Rs. cr.)</i>	<i>2020-21 (in Rs. cr.)</i>	<i>Change over previous year (%)</i>
NHM	31046	33790	33400	-1
NRHM	25495	27834	27039	-3
NUHM	868	950	950	No change
Ayushman Bharat	1998	3200	6400	+100
Total Health Allocation	52954	62659	65012	+3.75

*Source:* Budget Document, Government of India (Sen, n.d.)

It would be seen from the above how 1.5 lakh sub health centers which are the first level contact between population and health system are severely underfunded, both in the rural and urban segment. The Ayushman Bharat Yojana which was unveiled by Mr. Modi to provide 5 lakh health insurance to 10.7 crore families has been the most significant new health policy of the government. As per information provided to a parliamentary

question, around 1.36 crore families have been benefitted by this scheme, with medicines accounting for 52% of the expenditure, hospitals 25% and 10% by the diagnostic centres.

The target of the National Health Mission was to reduce infant mortality rate (IMR) to 25 (per 1000), Maternal Mortality Rate (MMR) to 100 (per 1 lakh) and total fertility rate (TFR) to 2.1. In contrast, it stands at 44 (IMR), 174 (MMR) and 2.3 (TFR) (Table 3). The Millennium Development Goals (MDGs) have been half fulfilled in this regard.

**Table 3** Global scenario of IMR & MMR

<i>Country</i>	<i>MMR (1 lakh)</i>	<i>IMR (per 1000)</i>
India	174	44
USA	14	09
Germany	6	07
China	27	17
Norway	5	06

Source: (Conceição, 2019)

It would therefore be seen that India needs to rethink on its health policy and the two concrete initiatives required in this regard would be to upgrade all the primary healthcare centres significantly by December 2022 as targeted and forge PPP with the private hospitals and provide for viability funding. The finance minister mentioned this during her last budget speech.

#### 4. Discussion and Conclusion

Victor Hugo had said, “No army can stop an idea whose time has come”. Economic liberalization in 1991 witnessed such an idea to strike roots; to free market of the asphyxiating state control, and the state embracing its role as a regulator of economic operations rather than being a controller and meddler. An unexpected fall out of end of Nehru-Indira romance with socialism has been the coalescence between left of centre ideology of Congress and Right of centre rhetoric of the BJP to continue with market reforms in line with Washington Consensus. Ideology has given way to pragmatism. While Right to Education has been institutionalized as a fundamental right, other constitutional provisions like right to work and right to health remain outside the fold of fundamental right. The left leaning economists seem to believe that the right to doles is the way forward. However the liberal voice of Keynes and his successors like Thomas Piketty and Joseph Stiglitz put greater premium on Right to Employment and sharing the pie of prosperity and closing the chasm of economic inequality (Stiglitz, 2013; Thomas Piketty, 2014). MNREGA as a major flagship program needs to be revamped in order to make it both demand driven and supply sensitive, by creating durable assets. The economic pandemic as a crisis can be an opportunity to provide what Bhore had visualized, good primary health care and affordable primary health care to everyone. Reasonable employment through appropriate skilling and social security to the most vulnerable has to be the perennial signature tune of any welfare oriented society. The present government should initiate the process to introduce the next amendment to make fundamental right health care as a new Article 21B, as the inseparable twin to right to education. India must revisit its health policy and make a midway course correction to move away from a high cost insurance model to a reasonably expensive National Health Scheme of UK & Canada. Providing enough budgets for these merit goods will ensure a minimum floor of human dignity for all, and take firm strides in our march to improve human capability development on a sustainable basis and ensuring socio economic justice for all Indian citizens in the critical areas of health care, stemming IMR and MMR.

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