Abstract

Indian healthcare sector can be characterized by low level public healthcare spending across states (around 1% of GDP), high out of pocket healthcare expenditure (around 75% to 80% of total healthcare expenditure) and consequently poor health outcomes. Despite the rapid economic growth, India’s ranking in health according to Sustainable Development Goals (SDG) index is 143 out of 188 countries, just below Comoros and Ghana. Recent literature suggests that public financing is the key to achieve Universal Health Coverage and better health outcomes are associated with public health financing. On the contrary, private voluntary insurance do not have any impact on health indicators and greater share of “out of pocket expenditure” is associated with higher mortality rate.

Average private healthcare cost was around 4.5% of monthly consumption expenditure in 1993 but it has increased to 7% of monthly consumption expenditure in 2011. During this period (from 1993 to 2011) government healthcare expenditure was hovering around 1% of net state domestic product across all Indian states. To reduce private healthcare expenditure to 2% of monthly consumption expenditure and keep the total healthcare expenditure (public plus private healthcare expenditure) at the current level government must increase its healthcare expenditure from 1% to 3%.

The appalling situation of low level public spending on healthcare is not likely to change, unless public healthcare becomes political demand and electoral issue. In earlier days, public healthcare was not an agenda of political leaders to win election. The situation took a turn for the better post 2000 as several political parties have started giving healthcare spending its due importance. Although increase in healthcare spending in most countries is driven by economic growth and technological progress but political pressure and competition shifts the composition from voluntary private spending to compulsory public spending. Continuous changes in the economy, technological change and political dynamics challenge equitable access to healthcare even in countries with universal health coverage (UHC). So, the debate on how much political engagement is necessary for healthcare is never-ending. Therefore, in a country like India with poor healthcare condition where universal health coverage (UHC) in reality is a dream, political engagement and debate over healthcare is quite inevitable.

Are there any hints of political will to change this situation? Yes, there are few state government initiatives to reduce the out of pocket payment and also there are some schemes and policies to improve the healthcare outcomes in Indian states. The impact of such schemes and policies are limited given the 1.3 billion of population of India. Is there any political instrument which can stimulate a government to implement such policies which can increase public healthcare expenditure, reduce out of pocket expenditure and improve health outcomes? It is understood that a democratically elected government is accountable to deliver the basic public good like health, education, etc. to benefit its common people.

Does political competition ensure this accountability as proxied by delivery of public goods e.g. healthcare, education or by regulating the unregulated private player in these areas? It has been argued in literature that intense political competition makes the democratically elected government more accountable for their actions and regulate the unregulated private companies in these areas. Intense political competition induces a government to work towards the majority rather than serving interest group (organized lobby). Therefore, according to the literature, political competitiveness among the political parties in electoral battle can be such instrument which can induce a government to implement such policies.
This thesis explores the above hypothesis, whether political competition truly affects the public healthcare expenditure, out of pocket healthcare spending and health outcomes. This thesis theoretically and empirically establishes that political competitiveness among political parties in electoral battle helps to increase the public healthcare expenditure and also helps to reduce the out of pocket healthcare expenditure. Consequently, intense political competition improves the health outcome of the Indian states. Simple theoretical models are presented in this thesis in order to show the relationship between political competition and health outcome which was earlier missing from the literature and finally, this theoretical findings are validated by some analysis in Indian context.