

# Healthcare Economics – Development, Growth and Constraints with Reference to the Indian Economy.

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## Introduction

Health economics is the study of how scarce resources are allocated among alternative uses for the treatment of sick people and the promotion, maintenance and improvement of health standards in the economy, including the study of how healthcare and health-related services, their costs and benefits, and health itself are distributed among the various segments of a society. It can, broadly, be defined as ‘the application of the theories, concepts and techniques of economics to the health sector’. It is, thus, concerned with such matters as the allocation of resources between various health promoting activities, the quantity of resources used in health services delivery; the organization and funding of health service institutions, the efficiency with which resources are allocated and used for health purposes, and the effects of preventive, curative and rehabilitative health services on individuals and society. Thus, health economics is the application of the principles of economics to healthcare sector. The World Development Report (WDR) of 1993 views health as a basic human right and stresses the necessity of providing cost effective healthcare for the poor and that it can contribute towards alleviating poverty. Hence, understanding of health economics is essential for policy makers and for those guiding them. The scope of health economics includes relationship between health status and productivity, financial aspects of health care services, economic decision making in health and medical care institutions, planning of health development and such other related aspects. The distinguished features of health economics as a discipline are – health and medical care as economic goods, health as a private or a public goods, measurement of quality of healthcare system, stock of health issues, investment aspects of healthcare industry, loss due to ill health, burden of diseases, resource costs of different diseases, effects of health and medical care provision, planning of health and medical care, choice of technology in health care system, etc. Health economics addresses the problems in healthcare sector both in positive and normative ways. The normative issues relate to what should be, for example, what should be the appropriate budget allocation for HIV/AIDS control. The positive branch of health economics applies all modern micro economic theories in health care/medical care. Demand for health care, factors that affect the demand for healthcare such as income of individuals, their tastes and preferences, elasticity of demand for health problems, urgency of treating a disease, preference for public and private healthcare, supply of healthcare, etc., are the subject matters of positive health economics.

There is a direct correlation between the “Economics of Health” and “Economics of Healthcare”. The inter-connection between the health status of an individual (or the entire population) and usage of medical services builds the link between “Economics of Health” and “Economics of Healthcare”. Health is a state of well-being enjoyed by an individual or population of a country at a point of time or over a period of time. Healthcare refers to all types of services rendered by professionals or para-professionals which have a bearing on the health status of an individual or entire population of a country. Healthcare system is a formal structure of health service providing agencies, whose finance, management, scope and content is defined by laws and regulations. Such system provides for services to be delivered to people to contribute to their health ... delivered in defined settings such as homes, educational institutions, workplaces, public places, communities, hospitals, clinics, etc.

### **Significance of Health Economics:**

Health economics is a branch of economics which deals with the application of the principles and theories of economics to healthcare sector. It addresses the issues such as the demand for healthcare services in the economy, allocation of resources for the development of healthcare facilities, their supply through public and private sector agencies and the gaps that exists between the demand for and supply of healthcare services in the economy. Healthcare services are limited in supply and the demand for healthcare services is ever-increasing and unlimited. Again resources to meet the demand for healthcare services are limited in supply. The demand for healthcare is a derived demand in the sense that it derives its demand from the state of health and awareness among the population of the country about significance of good health. Healthcare services are demanded by people as a means by which people achieve good health that builds the standard of human capital of a nation. Unlike other goods and services which are demanded for consumption, healthcare services are demanded for both consumption as well as for ensuring good health. Thus, health is a capital as well as consumer good. Economic analysis, if applied properly, can often help to clarify what choices are for health policy, how to choose among different health services, how to decide what to buy and how to pay for it, and how to evaluate the end results of such consumption. The indirect effects of good economic thinking, when dealing with such questions as the best use of taxes, insurance and out-of-pocket payment, or the best way for governments to intervene in health, may affect a population's health and welfare more than decisions about how to combat particular maladies or risk factors.

Thus, the main functions of a health economist include:

- (1) To identify the present and potential areas of health demand,
- (2) To draw valuations in terms of market demand for health services,
- (3) To calculate the cost of delivering health services,

(4) To estimate the real costs of acquiring health services in terms of time, loss of working days and wages, travelling cost and cost of travelling the distance to seek health care in terms of money as well as cost of not receiving timely treatment due to distance'; and

(5) To suggest right health policies in terms of cost benefit analysis to the government. For example, a health economist can study the effect of levying user-charges in government hospitals on utilization of health services and accordingly may recommend the government and planners the effective allocation of financial resources to the health sector and improving the health care delivery system.

Although there is no satisfactory measure of health benefits derived from the health service expenditure a number of factors such as (i) assessment of productivity from good health, (ii) allocation of financial resources to healthcare sector on the principles of equity and (iii) application of basic principles of economics to healthcare sector, may help to assess the contribution made by healthcare sector expenditure to national productivity and national income. A critical study of health economics may bring in certain pertinent solutions to the problems faced by the health sector. There is a strong correlation between increased healthcare expenditure and poverty reduction and long term growth. The burden of diseases and poor health acts as barriers to economic growth in developing countries. Thus, good health is the single most important need essential for formation of human capital and growth of an economy. Therefore, the most important task before health economists is to address issues related to good health to facilitate health sector reforms to achieve equity in health care for a country's population. Health economics is becoming a subject of increasing significance particularly in the developing countries primarily because of:

- (1) An economic climate where resources are extremely scarce and decisions on priorities are crucial but difficult;
- (2) A growing appreciation among health professionals and policy-makers that health economics and economists can help them formulate policies and make decisions;
- (3) The increasing maturity of the sub-disciplines of health economics; and
- (4) The growing of interest among economists and others in applying their economic skills to health issues.

### **Conceptual Background of Health:**

Health is a multifaceted concept and thus it is very difficult to define it precisely. General notion about health is the absence of illness due to physiological and organic deficiencies. It is mainly concerned with an individual body's mechanical ability and functioning of basic parts and organs of human body. The broad definition of health, however, does not mean mere absence of disease but it encompasses the whole range of personal,

physiological, mental, social and even moral well-being of a person. The constitution of the World Health Organization's (WHO) defines health as "a state of complete physical, mental and social well being and not merely the absence of disease or infirmity". However, the definition has been criticised by several scholars. Health in actual sense is the adequacy of physical and mental capacity of a person to enjoy life to the fullest possible extent and to reach his maximum level of productive capacity. According to Richard Doll the above definition is a fine and inspiring concept but health is a relative concept and differs from communities to communities and from time to time. According to Saracci Rodolfo such a definition is too wide and not amenable for any meaningful economic analysis or for any resource allocation. Besides there are many others who have raised objections to the word 'complete' in the definition of health. Therefore, health has to be defined from a practical point of view.

Good health indicates the state of tuneful functioning of the body and mind of a person in relation to one's physical and social environment that enables a person to live contented life and to achieve maximum productive capacity. Reddy K. N. has proposed that practically health should be defined in terms of various health indicators such as life expectancy, infant mortality, crude death rate, etc. The lower life expectancy rates in developing countries are largely attributable to infant and child mortality rates which are many times higher than those in developed countries. Human development index includes life expectancy as one of the components to assess quality of human life in an economy. Good health is very important for improving life expectancy of people.

In fact, health is a function of number of variables such as medical care, income, education, age, sex, race, marital status, environmental pollution and also certain personal behavior like smoking habits, exercise and the like. Health status is often used to explain wages, productivity, school performance, fertility and the demand for medical care. The results are quite sensitive to the particular measures of health that are used but the direction of the effect generally confirms a priori preconditions. Thus, health does not mean just doctors and hospitals, but everything that influences the well-being of a human being.

The health of a population can itself influence economic progress. Healthcare products primarily better health for the citizens of a country, who are productive human resource of an economy. Health programmes have therefore come to be seen as part of a comprehensive strategy aimed at improving the social and economic welfare of population. Thus, there is a need to design programmes which improve health services and the provision of other infrastructure such as water and sanitation and also the actions aimed at improving nutritional health most efficiently. People want to improve their health status to earn better living, so they expect good health care. The reason they want better health is presumably because of the desire to enjoy life, in all its

consumption and production aspects, to a fuller extent than would be the case with less health. It is extremely difficult to measure the specific contribution each activity makes to health.

The relationship between a health service and health status is reconciled by a host of environmental and behavioral factors, which are in turn influenced by almost every aspect of the social and natural systems. It is, therefore, clear that the complexities of the interrelationships between health and economic development are neither well researched nor documented nor well understood, and much work remains to be done. Absence of health care and poor and timely access to the health care render people sick and inefficient. Further illiteracy of population leads to superstition and ignorance and aggravate the health problems. Further poverty and unemployment have a direct bearing on health. Poor nutrition and imbalanced diet and bad environmental sanitation adversely affect the health of the people. Poor patients do not have the capacity to meet medical expenditure from their own resources and faces treatment at the cost of financial and social wellbeing. To seek medical treatment households curtail spending on food, children are pulled out of school and/or forced to devastating consequences such as denial of treatment, incomplete treatment, or work and people are made to work longer and harder leading to deterioration of health. In such situations, access to healthcare becomes a double-edged sword. Not having it amounts to a denial of one's rights, but having it, under these conditions, is detrimental to the wellbeing of the household.

### **Good health – a fundamental right:**

The preamble to the Constitution of the World Health Organisation (WHO), states that “the enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition”. Good health and human rights are inextricably linked. Violation of human rights can have serious health consequences. Therefore, the States should take all steps to reduce exposure to ill health by taking steps to protect the right to freedom from discrimination, right to health, right to education and right to housing. Thus, there is a need to introduce human rights based approach to health care policy.

In recent years there is increased recognition in the public health community that human rights provide a useful framework for ensuring the conditions in which people can be healthy. It is mandatory for the Governments to introduce Schemes to meet the basic needs, which are basic human rights, such as employment, health, education and housing. Social sector expenditures, particularly on health and education are complementary in nature and if put together do produce large individual as well as social benefits. In Henry Shue's term, “Basic rights” of people are basic because they precondition the enjoyment of all other rights. “Basic rights” include basic needs, i.e. food, clothing, shelter, clean water, healthcare and minimum standard of education.

Health is one of the fundamental rights of every citizen. According to Article 21 of Indian constitution, the State should ensure good health and nutritional wellbeing of its entire people. Entry 6 in the State List (List II)

in the Seventh Schedule of the constitution of India reads: “Public health and sanitation, hospitals and dispensaries” in the State List. Thus, public health is a State subject in India. According to the Directive Principles of State Policy laid down in the Constitution, raising the level of nutrition, and the standard of living and the improvement of public health are among the primary duties of the State.

Low-income countries, including India, bear a disproportionate burden of disease due to lack of clean water, food, shelter, employment and education, which are their basic rights. Vulnerability to ill health can be reduced by taking steps to protect such rights. In this context, provision of health services is one of the most important welfare responsibilities of the Government of India and the various state governments. A number of committees established in the post-independence period in India have emphasised directly or indirectly the recognition “Right to Health” as a fundamental right in order to ensure highest standard of health and sanitation for Indian people. The Bhore Committee in 1946, promised healthcare to all irrespective of individual’s paying capacity. However, even the most efficient health system cannot fulfil this promise unless it is supported by the basic welfare measures like sanitation, availability of food and nutritional status, safe drinking water supply, housing, basic education employment and gender equality. World Health Assembly, 1977 adopted a resolution which said that the main social target in the coming decades should be the attainment by every citizen of the world of a level of health that will permit to lead a socially and economically productive life. The Assembly had set the year 2000 as the target date for achieving the objective. Subsequently, the Conference on Primary Healthcare held at Alma Ata declared that primary health care is the key to attaining this target as part of development, and in the spirit of social justice. Since then, many countries have adopted primary health care as the main instrument for achieving the goal of health for all. A vast network of institutions at primary, secondary and tertiary levels has been established for this purpose. Although, India too made commitments to recognise health as a fundamental right but the same has not been achieved even after a completion of a decade since the commitment of “Right to Health” which was to be achieved by the year 2000 A.D.

### **Significance of Good Health:**

Health has a great significance from economic point of view. Healthy population is an asset for an economy while ill and aged population is a burden. From the point of view of an individual, health performs dual functions. On the one hand, good health represents a value of its own, a target that needs to be reached as closely as possible. On the other hand, there are other aims in life as well such as good health gives good income in labour market. Therefore, the significance of health has been strongly emphasized by a number of international organizations. The World Development Report, 1993 stressed good health as a crucial part of well-being and strongly justified health spending on purely economic grounds.

According to the Report, improved health contributes to economic growth in 4 ways:

- (1) It reduces production losses caused by workers’ illness;
- (2) It permits the use of natural resources that had been totally or nearly inaccessible due to disease;

- (3) It increases the enrolment of children in schools and makes them capable of learning; and
- (4) It makes alternative uses of resources that would otherwise have to be spent on treatment.

Although Adam Smith opposed to state intervention in the economy, he welcomed state investment in infrastructure like transport and communications, education and health services. Well built transport and communication system will help the formation of national market removing the regional barriers, Investment in education and training will supply literate and trained work force to industry. Thus, investment in social infrastructure like education and health can initiate development in underdeveloped and developing countries. Status of health shows the development of the society. This health status is influenced by different indicators like employment, income, educational attainment, social groups, level of awareness, accessibility to health care and availability of health services. Poor health leads to deficiency in human capabilities and it also shows the level of deprivation among the people. There is a close linkage between health and poverty and health and development but the relationship is very complex. Hence, poor health is considered to be a major constraint of development. Health being the basic rights of all individuals, they are entitled to have quality health care service, safe drinking water, sanitation and so on. It becomes the obligation of the government to care for the health condition of the people.

### **Economic Implications of Health:**

Good health contributes to the nation's economy in the following four ways:

(1) **Enhanced Workers' Productivity:** The most obvious gains from healthier workforce are savings of workdays, enhanced workers productivity, greater better-paying job opportunities and longer working lives. A study on lepers in urban areas of Tamil Nadu concluded that if deformities with them are eliminated then the expected annual earnings of those with job will enhance by more than three times. The study also concluded that if deformity of all 645,000 lepers in India is eliminated, it would add an estimated \$130 million to the country's GNP

(1985). As per the World Bank, 1993 estimates, leprosy accounted for only 1% of the country's disease burden in 1990. If elimination of 1% of the disease burden of leprosy can boost India's GNP by such a huge magnitude, then it would be interesting to estimate the effect of complete elimination or near to complete elimination of disease burden in India on India's GNP. There is strong link between poverty and ill health. Ill health creates immense stress even among those who are financially secure. Onset of a long and costly illness can drive the economically well-off into poverty. Hence, it is essential to prevent the non-poor from falling into poverty trap and reduce suffering of those who are already below poverty line. Though productivity is not everything, a country's ability to improve its standard of living depends on its ability to raise its per capita

productive capacity that depends on one's physical well being. Health is both an end of development and means to it.

(2) **Improved Utilisation of Natural Resources:** Health investment also contributes to better utilisation of economic resources of a country. Many developing economies waste huge sum of money on treatment of various diseases rather than their prevention. This leads of wastage of resources. In Sri Lanka, *for example*, the near-eradication of malaria during 1947-77 is estimated to have raised national income by 9 per cent in 1977. Over the period of three decades, the cumulative cost of such an initiative was \$52 million as compared to the cumulative gain in national income of \$7.6 billion, implying a spectacular benefit-cost ratio. Eradication of malaria has also led to effective land use in Sri Lanka. Areas, which were previously blighted by mosquitoes, were freed for human settlements and other productive purposes. This also released more space for migrants who ultimately contributed to the national output. Eradication of diseases also enhances labour productivity. The investment made in treating disease can be diverted to other productive uses. Thus, health spending contributes to improved use of factors of production, *viz.* land, labour and capital. The challenges of increasing urbanisation with rapid growth of slums and low income families in cities have raised the need for health care facilities in and around urban slums. The Eleventh Five Year plan has focused on accessibility of health services in closer proximities of urban slums and in the areas where 20% or more of population are SC/ST or other minorities are concentrated.

(3) **Multiplier Effect of Health Expenditure Extending to Next Generation:**

Poor health conditions, inadequate sanitation and nutrition adversely affect the benefits of schooling, primarily in three ways: (i) decreased enrolment resulting in increased illiteracy, (ii) poor ability to learn resulting in high dropout rates, and (iii) limited participation by girls either due to poor health of self or others in family. Good health at the initial stage of life, *i.e.* among children from 1-6 years of age is a pre-requisite for future development of these children. A child who is physically and mentally fit at the age of 5 or 6 years is more likely to enroll for school and will develop a strong foundation through active learning and regularity in class. A study conducted in Nepal concluded that the probability of attending school is only 5 per cent among nutritionally stunted children as compared to 27 per cent for those at the normal level.

Again it is a well established fact that a healthy and educated individual certainly generates more income than an uneducated and stunted individual, thereby making contribution to the national income of the country. A study suggests that four years of primary education boosts farmers' annual productivity by 9 per cent, on an average, and workers who do better at school earn more. Studies in Ghana, Kenya, Pakistan, and Tanzania indicated that the workers who scored 10 per cent above the sample mean in various cognitive tests had a wage advantage ranging from 13 to 22 per cent. In a study conducted in Nepal, it was found that farmers with better mathematical skills were more likely to adopt new crops which were more profitable'.

(4) **Long run Reduction in Cost of Medical Care:** Health spending in short run prevents and reduces the incidences of diseases in long run and results in huge savings in treatment costs. For some diseases, the expenditure pays for itself even when all the indirect benefits – such as higher labour productivity and reduced pain and suffering – are ignored. Polio is one such example. As per some estimates made in America in certain region, prior to the eradication of polio showed that investing \$220 million over 15 years to eliminate the disease would prevent 22,000 cases and save between \$320 million and \$1.3 billion (depending on the number of people treated) in annual treatment costs. The programme's net return, after discounting at even as much as 12 per cent a year, was estimated to be between \$18 million and \$480 million.<sup>23</sup> Thus, money spent on healthcare in short run results in multiple gains in terms of improved health and cost savings in long run.

### **Significance of Health Expenditure:**

According to eminent scholar Duggal Ravi, *“Health outcomes are a function of poverty but more importantly poverty levels are closely associated with public health investment, and hence again public financing of healthcare becomes critical even for poverty.”* There is a direct correlation between increase in health expenditure and economic development of a nation. Healthy and well educated population is a driving force for the growth and development of nation. Prof. Harbison writes *“human resource constitutes the ultimate basis of production; human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organisations; and carry forward national development. Clearly, a country which is unable to develop the skills and knowledge of its people and to utilise them effectively in the national economy will be unable to develop anything else”*. Prof. Harbison emphasises health as essential component for economic growth and stability of a nation.

Human resource is the only active factors of production that activates the other factors. The resources of the economy may remain idle without a well educated and well developed human capital. It is the responsibility of the state to ensure high standards of health and education for its population. Improvement in health standards such as increase in life expectancy, reduction in infant and maternal mortality and access to health services with equity has been one of the major thrust areas in social and economic development programmes of developing countries. Health is a very peculiar asset because unlike almost anything else, including even some other forms of human capital, it is almost entirely inalienable. One can donate blood or even a kidney to improve someone else's health, but “health” itself cannot be transferred and one must have some state of health, however poor he may be Thus, health has great value-in-use but no value-in exchange, as good health cannot be purchased from any source through money or any other means.

According to the Endogenous Growth Model developed by Lucas, the labour can be devoted either to production or to the accumulation of human capital that is, acquiring of new skills and knowledge. Acquiring of new skills and knowledge will not only make a worker more productive but also increase the productivity of capital and other resources in the economy. Thus, any efforts undertaken to develop human capital through whatever means, will have a multiplier effect. Each new knowledge or skill makes the next idea possible and so the knowledge can grow indefinitely. Therefore, improvement in the knowledge and skill of a labour requires improvement of economic well-being of labour in the economy. Improvement in knowledge and skills also makes individual aware about significance of good health and means of achieving same. It also makes people aware of their right to enjoy good health. People learn to exercise pressure on the government to increase healthcare budget and ensure health for all with equity in the economy. Thus, health and education go hand in hand. Health and quality of life as essential components of economic development. Today, economic development involves increase in economic well-being as well as good quality of life for the people in terms of education, health and good living conditions.

World Health Organisation's (WHO) constitution defines health as *"a state of complete physical, mental and social well being and not merely the absence of disease or infirmity"*. The concept of health is not restricted to absence of diseases but it consists of complete well-being of all individuals in the country. Thus, the above definition increases the responsibilities of the government manifold. The governments today are not obliged to provide only health services to their citizens but should also ensure that these services are made available to all without discrimination and should contribute to social and mental developments of individuals in addition to their physical well being.

Amartya Sen writes *"economic growth cannot be sensibly treated as an end in itself. Development has to be more concerned with enhancing the life we lead and the freedoms we enjoy"*.<sup>30</sup> Thus, every citizen has a right to lead socially and economically productive life. It is the moral responsibility of the government to transform the society where people enjoy long and diseases free life with high values. This can happen only with the continued commitment of the government to spend on physical, mental, educational and emotional development of a child who is a prospective human capital of the country.

Achievement of health objectives involves much more than curative or preventive medical care. Many communicable diseases can be prevented through a combination of health and non-health interventions such as safe drinking water and sanitation which directly contribute in reducing the burden of communicable diseases. Besides high levels of air pollution, unhygienic living conditions combined with malnutrition may cause respiratory problems and other communicable diseases. An onslaught of new diseases such bird flu, swine flu, Japanese fever etc. is taking heavy toll of population in developed and developing countries. Slum population is more prone to communicable diseases due to unhygienic living conditions due to improper sewage and solid waste management system coupled with overall ignorance of personal and environmental hygiene.

### **Public Health and Economic Growth:**

As a convention labour quality in the form of human capital contributes significantly to economic growth. Most cross-country empirical studies identify labour quality narrowly with education. The central argument is that this practice ignores strong reasons for considering health to be a crucial aspect of human capital, and therefore a critical ingredient of economic growth. Healthier workers are physically and mentally more energetic and robust. They are more productive and earn higher wages. They are also less likely to be absent from work because of illness (or illness in their family). Illness and disability reduce hourly wages substantially, with the effect especially strong in developing countries, where a higher proportion of the work force is engaged in manual labour than in industrial countries. A research paper by David E. Bloom, David Canning and Jaypee Sevilla concluded that health has a positive and statistically significant effect on economic growth. It suggests that a one year improvement in a population's life expectancy contributes to a 4 percent increase in output.

Health is not only an important element of well being, it is also an important component of human capital, and is of major importance for economic growth and development. In poor countries, where physical jobs tend to be in abundance, health is more important than education in determining labour productivity. More than 80 developing countries of the world face problem of malnutrition. These countries bear huge economic burden of poverty and malnutrition. If the burden of malnutrition and poverty is so high, how can these economies think of progressing and achieving moderate rate of growth? Undernourishment prevents not only physical and mental growth of an individual but it also prevents an individual's economic progress. A malnourished and unhealthy child is a burden not only for a nation but the world economy as a whole. People suffering from malnourishment are less intelligent and less able to learn than others are. This results in poor productivity in their workplace. Greater physical health and strength may enable a person to carry out tasks more efficiently than an undernourished person. Over a billion people suffer from micronutrient malnutrition and 180 million pre-school children, nearly a third of all pre-scholars in developing countries, are stunted by under nutrition. For families, malnutrition has tragic human costs, contributing to 3.4 million unnecessary deaths a year. Developing countries with serious problem of malnutrition lack capacity to design effective programmes to tackle the problem of malnutrition and consequently health problems, affecting the quality of their workforce and overall economic growth.

### **Conclusion**

Studies have shown that most of the underdeveloped and developing economies invest less than their financial capacity in the health improvement programmes. Though developing countries have a number of nutritional programmes, actual spending on nutrition programmes is much lower than allocated amount in the budget. Again multiple malnutrition programmes are the cause for poor commitment and creation of stakes resulting in

poor implementation and management of malnutrition programmes in these countries. Health investments improve the

productivity of a nation. Some of the empirical evidences suggest strong correlation between improvement in health programmes and consequent increase in rate of economic growth and development.

To achieve the goals of economic growth and economic development, developing countries should improve their health standards such as life expectancy of poor population and reduce infant mortality rate and maternal mortality rate. Good health enables a person to earn more and create additional resources to maintain his health. Health promotes development through increase in productivity and therefore improvement in the health status of people is essential for social and economic development. According to the World Development Report (1993) an increase in life expectancy from 50 to 70 years (a 40% increase) would raise the growth rate by 1.4 percentage points per year, a 10% decrease in malaria is associated with an increased annual growth of 0.3%. Better health is not just a by-product of rising income: it also promotes the rise in income levels. The association between poverty and ill health reflects causality running in both directions.<sup>33</sup> Though the availability of health facilities shows improvement in poor countries, it is found that the curative care rather than preventive care is given the topmost priority.

Sub-Saharan Africa and Asia, millions of people still die from communicable but preventable diseases like tuberculosis, malaria, Severe Acute Respiratory Syndrome (SARS), bird-flu, chickungunya and dengue. About one third of the population is infected with tuberculosis (TB) with almost two-thirds of them living in Asia. In the developing world, 1.2 billion people lack access to safe water, adequate sanitation and poor housing, 800 million people lack access to

health services. Health services are poor and inaccessible for a large majority of the population in the world. A most urgent and worrisome problem around the world is how to finance and provide health care for more than two billion poor who do not have adequate health care to meet their basic needs. Most countries try to serve their population through public clinics and public hospitals. But these hospitals and clinics lack basic facilities, such as adequate staff, medicines, beds for patients etc. In most of the developing countries poor patients have to pay for inpatient

services and many of them have to bankrupt their families to pay for services or forgo the treatment and die. Generally women of the families suffer without treatment due to poverty.

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