



The Role of Public Private Partnership Health Sector in India

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Keywords : Public Health, PPP

Introduction

Now public private partnership (PPP) has become a favorite tool for providing public services and developing society in both developed and developing countries. At the most general level public private partnerships (PPPs) are generally recognized as long term co-operative institutional arrangements between public and private actors to achieve various purposes. Deficiencies in the public sector health system in providing health services to the population are well documented. The inability of the public health sector has forced poor and deprived sections of the population to seek health services from the private sector. Evidence indicates that, in many parts of India, the private sector provides a large volume of health services but with little or no regulation. The private sector is not only India's most unregulated sector but also it's most potent and untapped sector. To address the inefficiency and inequity in the health system, many state governments have undertaken health sector reforms. One of these reforms has been to collaborate with the private sector through public/private partnership (PPP). State governments in India are experimenting with partnership with the private sector to reach the poor and underserved sections of the population.

Public private partnerships (PPPs) have become widely accepted and popular in public sector management the 1990s has seen the establishment of the PPP as the key tool of public policy across the world as an outcome of new public management (NPM). NPM has shifted the focus of management from public services to service delivery, since the 1980s, privatization, market mechanism, contestability in the delivery of public goods and services, deregulation, and reinvention of the role of government were the key words of NPM. At the centre of the HPM was a cut-back of public sector expenditure, a delegation of responsibilities to the private sector and fostering of voluntary engagement of private sector aiming at providing public goods. The principles of NPM encouraged the establishment of public private partnerships (PPPs) as a new management tool.

Objective of the research topic

- 1) To study the public private partnership concept in health.
- 2) To study the investment of PPPs in health sector.
- 3) To study the principles of Public private partnership.
- 4) To study the Hospital Services in Selected State in India.
- 5) To study the position of below poverty line & health.

Main Objectives of public private partnerships in India

- Widening the range of services and number of services

providers.

- Strengthening the existing health system by improving the management of health within the government infrastructure.
- Clearly defined sharing of risks.
- Community ownership.
- Improving quality, accessibility, availability, acceptability and efficiency.
- Exchange of skills and expertise between the public and private sector.
- Mobilization of additional resources.
- Improve the efficiency in allocation of resources and addition resource generation.

What is a public private partnerships?

Public private partnerships" is a term being used recently for efforts where public and private money is combined to run a commercially oriented effort. The public reason for such partnerships is that the result of the effort is important in the public interest, and that there is operational expertise in the private sector for efficiently achieving the result. The private reason for such partnerships is, that there is a commercial interest in the results to be achieved, and that the financial engagement of the public can speed up the achievement of the result. The drawback for a company in a PPP is, that the results of the PPP must be publicly accessible and competition neutral *PPP can therefore not be used as a strategy to gain a competitive advantage over other companies.

Definition of Public-private partnership (PPP)

Public-private partnership (PPP) is a funding model for a public infrastructure project such as a new telecommunications system, airport or power plant. The public partner is represented by the government at a local, state and/or national level. The private partner can be a privately-owned business, public corporation or consortium of businesses with a specific area of expertise.

PPP is a broad term that can be applied to anything from a simple, short term management contract (with or without investment requirements) to a long-term contract that includes funding, planning, building, operation, maintenance and divestiture. PPP arrangements are useful for large projects that require highly-skilled workers and a significant cash outlay to get started. They are also useful in countries that require the state to legally own any infrastructure that serves the public.

Principles of a public private partnerships:

1) Defined public interest:

It is also important to clearly define the public interest in the results of the ppp, if possible also specifying the level of the public that is mainly interested, ie. Local, district, national, ets.

2) Competition neutral:

Everybody in the society must have access to the generated information and knowledge. A ppp must not allow a company to achieve a competitive advantage that is tended by the public, as this would be inappropriate. So a company engaged with the public in a PPP must agree that the results are also made available to its competitors.

3) Common venture:

In order to design a PPP it is important to clearly negotiate and define the common venture and its expected results. It is important to limit the venture to those aspects that are of interest to the public.

4) Defined private interest:

It is important to clearly define the private commercial interest of the participating company in the achieved results.

5) Maximum 49 % public contribution:

A full cost budget is made for the venture. This only includes direct costs for the venture itself. Normal costs for running the company connote be included in the full cost budget. Full cost means that all efforts are included, ie. Non monetary costs are also monetarized and budgeted, such as for instance rent of equipment that already belongs to the company, ro costs for personal of the company when they work on the common venture. The public typically pays a maximum of 49% of the total direct costs of the common venture.

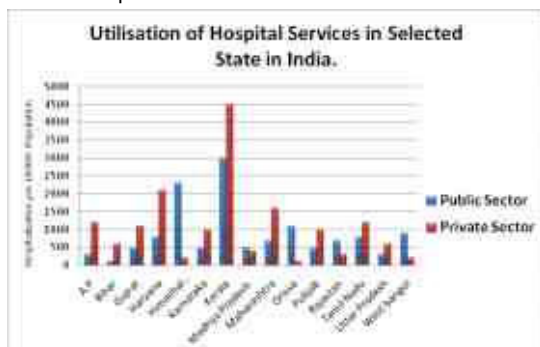
Defining public private partnership in health.

Public-private partnership in the context of the health sector is an instrument for improving the health of the population. PPP is to be seen in the context of viewing the whole medical sector as a national asset with health promotion as goal, of all health providers, private or public. The private and non-profit sectors are also very much accountable to overall health systems and services of the country. Therefore, synergies where all the stakeholders feel they are part of the system and do everything possible to strengthen national policies and programs needs to be emphasized with a proactive role from the government.

However for definitional purpose, "public" would define government or organizations functioning under state budgets, "private" would be the profit /non-profit/voluntary sector and "partnership" would mean a collaborative effort and reciprocal relationship between two parties with clear terms and conditions to achieve mutually understory and agreed upon objectives following certain mechanisms.

PPP however would not mean privatization of the health sector. Partnership is not meant to be a substitution for lesser provisioning of government resources nor an abdication of government responsibility but as tool for augmenting the public health system,

The role of the private sector in healthcare



Source Pearson m, impact and expenditure review, part II policy issues DFID, 2002.

Over the years the private health sector in India has grown markedly. Today the private sector. Provides 58% of the hospitals, 29% of the beds in the hospitals and 81% of the doctors.

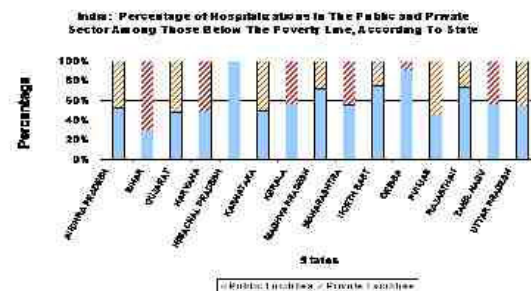
The private providers in treatment of illness are 78% in the rural areas and 81% in the urban areas. The use of public health care is lowest in the states of Bihar and Uttar Pradesh.

The reliance on the private sector is highest in Bihar. 77% of OPD cases in rural areas and 80% in urban areas are being serviced by the private sector in the country.

The success of health care in Tamil Nadu and Kerala is not only on account of the public health system. The private sector has also provided useful contribution in improving health care provision.

Given the overwhelming presence of private sector in health, there is a need to regulate and involve the private sector. In an appropriate public private mix for providing comprehensive and universal primary health care to all however there is an over shelming need for action on privatization of health services, so that the health care does not become a commodity for buying and selling in the market but remains a public good, which is so very important for India where 1/3 of the population can hardly access amenities of life, leave alone health care.

In view of the non availability of quality care at a reasonable cost from the private sector, the up scaling of nonprofit sector in health care both primary, secondary and tertiary care, particularly with the growing problems of chronic diseases and diseases like HIV/AIDS, needs long term care and support.



While data and information is still being collated, the private health sector seems to be the most unregulated sector in India. The quantum of health services the private sector provides is large but is of poor and uneven quality. Services, particularly in the private sector have shown a trend towards high cost, high tech procedures and regimens.

Conclusion:

The government plays a predominant role in any PPP. Hence it has to follow certain successful strategies in order to become a better partner. They key elements of a successful ppp are as follows:

1. The government should introduce greater transparency. Creator openness about the financial performance and service delivery of public enterprises will be a useful discipline on managers within those organizations. Focusing on a few strategic targets will be a start.
2. The government could a adopt a more strategic approach by stepping back from the day to day management of public enterprises, and instead focusing on the drivers of long term value, setting targets and encouraging alliances and partnership with the private sector.

3. The government must recognize that it has a continuing role in the public service element of essential services. In some cases, this may mean retaining some elements of services delivery in the public sector. Therefore it becomes critical to decide on retaining the control over certain services, rather than contracting them.

4. However, if PPPs are genuinely going to deliver better quality services, it is vital that they are designed with the focus on outputs and performance. The private sector partner or partners need to be clear about what is expected from them and the implications if they fail to deliver.

5. The government should look at the long term value in a partnership.

6. Selection of the right partner becomes imperative for the government to achieve tangible outputs and create the "best value" A partner's experience in the specific area of partnership being considered is an important factor in identifying the right partners.

7. By aligning the stakeholders' interests, the government could endeavor better value creation.

8. The government could introduce greater shareholder expertise by ensuring an appropriate mix of skills and experience among the partners to help carry out the health objectives more efficiently.

Recommendation:-

On the basics of the previous discussion a few recommendation and suggestions including those just mentioned one given below

1) Providing help in infrastructure scale- up especially in areas like land acquisition healthcare must be reachable by

beneficiaries within a reasonable time & distance and therefore prime land at subsidized rates could reduce the investment cost & consequently the price for health care services.

2) PPPs for the effective scale up advocacy is a useful tool especially with the policy makers & program implementers.

3) PPPs for the improvements in health administration understaffing issues, human resources natives, infrastructures delivery of services, educating the public service quality parameters.

4) Private sector participation in addition to being a potential source of funding the rational for ps included benefits such as cost savings and improvements in efficiency & effectiveness in service delivery .

5) Opportunities to enhance the current model include additional support to health service post-construction and enhanced communication with the public to improvement ppp project auto comes.

6) The need for private sector participation the government of India, state govt. & municipal authorities to take the necessary actions.

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