

An Overview Of Fund Management And Sustainable Healthcare In Private Hospitals Of India

By

Rashmikanta Tripathy

PhD Student, School of Management, Centurion University of Technology & Management, Odisha, India

Prof. Susanta Kumar Mishra

School of Management, Centurion University of Technology & Management, Odisha, India

ABSTRACT

The study's goal is to analyse the efficiency of private hospitals and to establish the parameters that guarantee the sector's continued financial viability. The research intends to outline potential avenues of action and provide guidance for management to make purposive decisions that advance the commercial sector's sustainable growth. It is crucial for public authorities to evaluate the quality of care provided by private hospitals, to administer the appropriate level of subsidies through public insurance funds, and to implement appropriate claw back and rebate policies during times of fiscal austerity in order to either encourage or discourage the investment of scalable private funds in healthcare in order to improve people's health. There is room for improvement in the administration of private hospitals and in health care system changes in general if we use the data showing performance discrepancies as a guide.

Keywords: *Financial, Quality, Scalable, Insurance, performance, Healthcare*

1. INTRODUCTION

1.1 Overview

The World Health Organization (WHO) defines health as "the condition of full physical, mental, and social well-being," and as such, it denotes a clear independent value since it supports balance and homeostasis in each human being's physiological systems. The third principle ("excellent health and wellbeing") of the seventeen (17) Sustainable Development Goals (SDGs), which make up the agenda 2030, recognises the significance of good health. In addition to its obvious and undeniable importance to the human person, health also has an impact on labour productivity. If all other circumstances are stable, being physically and mentally prepared might really help since it ensures the energy and availability of human capital, which is not restricted by limitations brought on by disease. As a consequence, the Global Competitiveness Index (GCI), which the Economic Forum of Davos analyses and publishes each year (since 1979) for 141 nations worldwide, includes health as one of its twelve pillars. Human capital, one of the four sets of components that make up the composite GCI, is made up of health and skills. Each of those nations has one built each year to categorise them according to their competitiveness rating. After the Covid-19 epidemic, understanding of the influence that healthcare systems have on the development and resilience of economies throughout the globe has significantly increased. It had a significant impact on each part of the globe, but not equally, and it fundamentally altered the prospects for each economy and culture going forward. Due to its critical importance to human wellness, overall healthcare spending as a percentage of GDP in the EU in 2017 was a significant 9.9% on average (in Germany and France, it was 11.3%), while it was just 8.0% in India. The economic crisis that followed the implementation of austerity measures in the economy caused health care expenditure to decline from the peak of 9.9% attained by India in 2010. In 2011, the various public health insurance funds were united under the

umbrella management of a distinct body (named EOPYY), which furthered the decline in public healthcare expenditure. All these changes resulted in India's healthcare expenditure per capita in 2018 being just €1.348 on average, compared to €2.887 for the rest of the EU and €5200 for Sweden.

The current Covid 19 pandemic phase, during which it was shown that they were unable to handle the particular issue, made the limitations of the public hospitals to react to the demand for their services owing to their underfunding even more apparent. The private sector, whose proportion of total expenditure increased in line with the declining role of the public sector during the last ten years, partly filled this void. It is also true that, among EU nations, India now has one of the most "privatised" healthcare systems, partly due to insufficient public funding. Despite the fact that it can prevent all people from having fair access, the "complementary position of the private sector is no longer questioned" (Siskou et al., 2008).

Fig: A.1: Healthcare infrastructure in India:

	Total Beds	Private Sector	Government Sector	Report By
Hospital Beds	18,99,228	11,85,242	7,13,986	Center for Disease Dynamics, Economics & Policy - April 2020
ICU Beds	94931	59,262	35,669	Center for Disease Dynamics, Economics & Policy - April 2020
Outpatient Care	100%	74%	26%	Economic Survey 2020-21
Inpatient care	100%	65%	35%	Economic Survey 2020-21

The influence of private providers cannot be gauged just by how well they treat their patients, all of the experts the IGHI (Institute of Global health Innovation) team consulted agreed. Positive results for the whole health system should be factored into every investment and their impact on the larger health ecosystem, which is often fragile in LMICs (Low & Middle Income countries), should also be carefully evaluated. Therefore, the "patient" and "ecosystem" are both included in the framework.

Providers that deliver high-quality treatment in an easily accessible manner are ideal for patients. Safe, efficient, and pleasant for the patient are all characteristics of high-quality treatment. Care is also available if there are few physical, economical, or cultural obstacles to treatment.

Private companies that teach a new generation of physicians, nurses, and other professionals while giving more than they receive from the local labour force are most suited to service ecosystems. In the larger health ecosystem, private providers must behave responsibly and take the lead in promoting population health while permitting and even encouraging government monitoring, regulation, and openness. They should ideally function as a component of the public health system and aid in the spread of fresh ideas.

1.2 Private Hospitals in India

Corporate and privately operated hospitals have proliferated in India over the last 20 years . The corporate hospital industry has grown significantly in South India. India's private healthcare industry has advanced significantly in recent years. The majority of hospitals are making efforts to provide upscale amenities and modern hospital designs. In order to contribute more to healthcare, hospitals are attempting to improve their infrastructure. It is beneficial that the private healthcare sector may at least partially ease the strain on the overworked public healthcare system and the travel time to the closest medical facility. Private hospitals account for the majority of medical plan costs;

they may be divided into hospitals for short stays, where patients can remain for no more than 30 days, and they typically have 200 beds available.

The private sector has become a dynamic force in India's healthcare industry, adding to its reputation on a national and worldwide scale. The growth of the hospital business in India is being considerably aided by large-scale investments made by private sector firms. 80 percent of the market is made up of it. In India, private healthcare spending makes up around 74 percent of all healthcare spending. A total of 74 percent of hospitals are owned by the private sector, and 40 percent of hospital beds are. The existence of modern hospitals, trained employees, doctors who speak English, and diagnostic resources is a key element driving up medical tourism to India.

Fig -A.2: State & Union Territory Wise Private hospitals in India

SL	Name of State/Union Territory	No of Hospitals providing cashless facilities	SL	Name of State/Union Territory	No of Hospitals providing cashless facilities
1	Telangana	1017	15	Madhya Pradesh	101
2	Delhi	933	16	Chhattisgarh	54
3	Maharashtra	854	17	Jammu & Kashmir	41
4	Tamil Nadu	761	18	Bihar	22
5	Andhra Pradesh	508	19	Goa	22
6	Karnataka	409	20	Assam	21
7	Gujrat	378	21	Jharkhand	19
8	Odisha	335	22	Uttarakhand	16
9	Uttar Pradesh	294	23	Himachal Pradesh	14
10	West Bengal	245	24	Pondicherry	9
11	Kerala	166	25	Dadra & Nagar Haveli	4
12	Punjab	142	26	Tripura	2
13	Haryana	113	27	Arunachal Pradesh	1
14	Rajasthan	102	28	Meghalaya	1

1.3 Performance Measurement: Effectiveness and Efficiency

Performance measurement is not an end itself, but a valuable tool of effective management and control. Despite some inherent obstacles to its unanimous and indisputable acceptance by all parties involved, performance appraisal if it is orderly applied having in mind its limitations, it is a valuable means that promotes transparency, holds management accountable and supplies it with the data needed to improve organization effectiveness and efficiency, for the sake of all stakeholders (Behn, 2003). It is known that “what gets measured, gets managed” according to the well respected patriarch of management (Drucker, 1963). According to him “performance has become decisive well beyond the economic sphere or even the social spher” (Drucker, 2006). He also maintains the view that only through the coexistence of effectiveness and efficiency in the operation, the organization thrives. Efficiency alone without effectiveness (by “doing the wrong things, right,,), leads to a “heroic failure,, and effectiveness without efficiency brings about just mere survival (Solitaire, 2014).

Dependable performance tool must at least measure effectiveness and efficiency as the ultimate dimensions of the optimality of the resource allocation of an entity, since “effectiveness is doing the right things, while efficiency is doing things right”, according to the renowned guru of management (Drucker, 1963). He assigns a predominant role in effectiveness, which means achieving the goals the strategy assigned. He does not obviate the task at the same time to stress the need for operational efficiency in the process of pursuing the dominant goals. He does not want though the concern for efficiency to derail the process of strategy and end up in a goal displacement in the name

of the quest for efficiency as the main concern. That is why he warns that “there is surely nothing quite so useless, as doing with great efficiency what should not be done at all” (Drucker, 1963). This is the cornerstone of our attempt to measure performance based on effectiveness and efficiency, the guide to apply the equivalent input and output variables, as well as the corresponding tool of analysis to carry out the task.

The mantra “measure, assess and improve” is nowadays widely espoused and applied in business and organization management. It is believed that whatever is measured properly, it gets managed better and improved, since “If you can't measure something, you can't improve it” (Prusak, 2010). We believe in performance measurement and we strongly feel that if it is done with the necessary caution knowing the limitations and the traps of the task, it can only be proven beneficial to more effective and efficient allocation of resources, for the sake of society at large. We denounce excessive and blind confidence in the measurement tools especially the ones used in isolation, as well as to any aberrations in their application that are prone to lead to key metric shenanigans and convenient performance outcomes. We try to combine tools of measurement and involve all stakeholders to create checks and balances that will contribute positively towards achieving the most optimal solution possible, without a sumptuous deployment of scarce resources, especially in the healthcare sector. A task of paramount importance for the authorities, especially in periods of economic hardships, as the current Covid-19 pandemic reminds us.

So, the appropriate performance measurement must quantify the effectiveness with which an organization (a hospital) meets the needs of its customers (patients). It reflects that the hospital is doing the “right thing”. To survive and prosper in the long run though, it must serve its customers with profit (and provide liquidity), that secures the appropriate level return to capital invested (for the level of the risk involved). It comes about only by exploiting resources efficiently and operating economically i.e., if “it does things right”, in fulfilling the goals. Thus, a suitable performance measurement apparatus must encompass effectiveness and efficiency since they are both necessary for long term survival, that is a prerequisite for keeping investors and the rest stakeholders happy and capital inflows for further investments (for development) secured. External and internal operation proficiencies contribute to customer and the rest outside stakeholders (suppliers, banks, state, etc.) satisfaction on one hand, as well of the equity holders, management, employees, which are the main internal ones. At the same time external and internal harmonious alignment bestows on the organization an adequate market share, that will allow it to cover all expenses incurred and yield enough profit. Profitability and return on capital invested is the result of a successful matching of firms internal and external (industry) environments.

1.4 DEA, Efficiency and Financial Data

A valuable model that measures performance, suitable for assessing a comparative small set of data is the Data Envelopment Analysis (DEA). It is intended as a method for performance evaluation and best-practice benchmarking (Cook, Tone, and Zhu, 2014), as well as for auditing competitiveness (Guan et al., 2006). Efficiency measurement has been recognized as a precious factor of performance evaluation, since it is considered as an inextricable ingredient of the value creation process. That is why hospitals must embrace efficiency in its investments in structure, process, and human resources to create value (Jacobs, 2006). Efficiency achievement through best practices though, although is essential it can potentially be imitated though and is not considered as a lasting source of competitive advantage, when external environment changes constantly. So technical efficiency alone is necessary, but not sufficient condition for financial sustainability (profitability). The concurrence of both efficiency and profitability it is alleged “can ensure a reasonable return to stakeholders that minimizes the risk of bankruptcy, that otherwise leads to misallocation of resources” (Kumar, 2008).

The study accepts that efficiency alone does not lead automatically to sustainability. Efficiency must be supplemented by effectiveness, alignment of internal and external organizational environments through the appropriate strategy, that will provide effectiveness. It is of course true that other things being equal, an improvement in efficiency bolsters profitability and return on assets (capital). Efficiency is a means that affects more broad economic measures. It is argued that “inefficiencies due to wasted resources affects earnings, cash flow and growth through the negative repercussions (Greene et al., 2004). Rosko et al. (2020) examined the relationship of efficiency and profitability in the case of hospitals and found a positive association between size, industry concentration and profitability. They added that firm-level scale economies reduce costs and enhance the bargaining power of systems, which in turn increases revenue. The size of operation increases the ability of larger hospitals to negotiate better rates with suppliers and health insurance, build brand recognition and economies of scale in their strategies.

Hospitals with significantly lower profitability margins, it is alleged, leave less financial cushion to weather sustained financial pressures (Reiter et al., 2014). The strong financial position is necessary for hospitals, since any “notable financial deficiencies could limit their abilities to meet the growing demands on the industry” (Bazzoli et al., 2014). Poor financial performance further influences the outcomes of the care and limits access, since either reducing services and/or causing hospital closures (Bazzoli et al., 2014; 2008). There is “predominant finding about positive association between financial performance and quality” in the hospital sector in the US (Barnes et al., 2017). We espouse the idea that sound financial position of hospitals is a precondition for the quality and long-term duration of the supply of healthcare services. That is why we deem it inconceivable to comprehend why private hospitals are treated as philanthropist organizations, on the basis alone that serve a sector that is so sensitive for the public wellbeing. The latter is true, but at the same time sustainability without funding is not possible and private funds require returns to be attracted to the sector. This is one reason why we use financial statement data that are expressed in values to measure resources used and incomes generated throughout the year, to track their genuine financial positions and forecast the viability of healthcare units (hospitals).

2.SKILLS AND KNOWLEDGE OF PRIVATE HOSPITAL MANAGERS IN RELATION TO INVESTMENT DECISIONS

The management must be involved at all stages of the planning, analysis, and decision-making processes for hospital investments. De Marco et al. argue that several forms of risk, including financial risk related to stability, should be considered when considering investment. Investing more money at the outset is the best method to lessen the impact of potential pitfalls in private hospitals' healthcare projects. This notion of risk may be seen in action in a variety of settings, including the impact on institutions' financial performance, the volatility of corporations' stock returns, investment decisions made inside organisations, and the expenses incurred by agencies as a result of a lack of transparency. The new coronavirus 2019 (COVID19), an infectious illness caused by SARS-CoV-2, was designated a pandemic by the World Health Organization (WHO) in March of 2020. For better performance management and a swift response to the community faced with the pandemic, it becomes necessary to take decisive measures to lessen the impact of this pandemic that affects many hospital investments in structure, acquisition of equipment, individual protection supplies, and human resources, among others. As the healthcare industry develops and places more emphasis on population health management, the manager's job will only increase in significance. The shift in the demographic paradigm and the introduction of new technologies have led to continually growing spending, posing a substantial dilemma for the funding of most national health systems. According to Siskou et al., the rising demand for services and the shrinking supply of public funding have prompted increased investment from the private sector. However, a number of studies point to the challenges faced by

state hospital managers when making investment decisions in light of a wide variety of budgetary constraints. However, to our knowledge, very few studies have focused on investment decisions and performance analysis in decision-making in private hospitals, despite the fact that private hospitals, especially specialised ones, tend to have higher efficiency scores than many state hospitals due to more effective use of resources, better infrastructure, and wiser financing choices for new investments.

Processes that are fluid, efficient, effective, and technologically advanced are the key to maximising an organization's success. Efficient and effective administration of the work process requires a well-trained and motivated staff, as well as the expertise of those in management positions, to ensure the long-term viability of healthcare facilities. Through the qualitative analysis of interviews, this research aimed to determine the precise elements that impact the investment decision-making processes of managers of private hospitals in India. According to Gandhi and Sharma, the proliferation of private hospitals is spurred in part by the way they are managed in terms of resource use to generate income and the speed of service without subjecting the patient to long waiting lists, all of which contribute to the rising demand for medical and hospital care and, more generally, for better health services with a better cost-benefit relation. When it comes to the private sector's involvement and its connection with the public sector, the Brazilian Single Health System (SHS) allows for complementary engagement from private institutions provided they adhere to its requirements. In both rich and developing nations, fiscal austerity measures have been implemented in response to economic crises and budgetary imbalances. While each model is unique in terms of its specifics, all of them advocate cutting down on social expenditures and investments, diminishing the public sector, and relying on the private sector rather than the State to provide essential services related to social policy. Patients in Portugal with private voluntary health insurance or those covered by health subsystems (including government employees and employees of certain corporations) may choose from a list of contracted providers. This is also the primary distinction between the National Health Service and the employment of private contractual providers (NHS). A patient with optional private health insurance may swiftly and easily book an outpatient consultation or operation with any private contracted provider after being recommended by a basic NHS health unit or a private provider. Private hospitals often do not have high waiting periods for outpatient appointments, unlike certain National Health Service (NHS) hospitals. Canada's healthcare system stands out from others across the globe in that it discourages private insurance firms from providing basic insurance coverage (medical and hospital), instead permitting additional insurance only for prerequisites like private hospital rooms. This restriction makes it harder for a rival private medical or hospital sector to develop, and it puts further pressure on governments to address the needs of middle-class Canadians.

Fig -A.3: Name of Leading Health insurance & TPA companies in India

SL	Name of leading Health insurance Company & TPA companies in India		
1	Acko General Insurance Ltd.	21	Magma HDI General Insurance Co. Ltd.
2	Aditya Birla Health Insurance Co. Ltd.	22	Manipal Cigna Health Insurance Company Limited
3	Ageas Federal Life Insurance Company Limited,	23	Max Bupa Health Insurance Company Ltd.
4	Aegon Life Insurance Company Limited,	24	Medi assist India TPA Pvt Ltd
5	Bajaj Allianz General Insurance Co. Ltd.	25	National Insurance Co. Ltd.
6	Bharti AXA General Insurance Co. Ltd.	26	Navi General Insurance Ltd.
7	Canara HSBC Life Insurance Co. Ltd	27	New India Assurance Co. Ltd.
8	Care Health Insurance Ltd	28	Niva Bupa Health Insurance Co Ltd.
9	Cholamandalam MS General Insurance Co. Ltd.	29	Oriental Insurance Co. Ltd.
10	Edelweiss General Insurance Co. Ltd.	30	PNB MetLife India Insurance Co. Ltd,
11	Family Health Plan Insurance Ltd	31	Paramount India TPA Pvt Ltd
12	Future Generali India Insurance Co. Ltd.	32	Raheja QBE General Insurance Co. Ltd.
13	Go Digit General Insurance Ltd.	33	Reliance General Insurance Co. Ltd.
14	Health India Insurance TPA Services Pvt Ltd	34	Royal Sundaram General Insurance Co. Ltd.
15	HDFC ERGO General Insurance Co. Ltd.	35	SBI General Insurance Co. Ltd.
16	Heritage Health Insurance TPA Pvt Ltd	36	Shriram General Insurance Co. Ltd.
17	ICICI Lombard General Insurance Co. Ltd.	37	Star Health & Allied Insurance Co.Ltd.
18	IffcoTokio General Insurance Co. Ltd.	38	Tata AIG General Insurance Co. Ltd.

19	Liberty General Insurance Ltd.	39	Universal Sompo General Insurance Co. Ltd.
20	Kotak Mahindra General Insurance Co. Ltd.	40	United India Insurance Co. Ltd.

Fig – A.4: Name of Popular State & Central Govt Health Insurance Schemes in India

SL	Popular State & Central Govt Health Insurance Schemes in India	Recommended & Implemented By	Launch Year	SL	Popular State & Central Govt Health Insurance Schemes in India	Recommended & Implemented By	Launch Year
1	Ayushman Bharat	National Health Policy	2018	8	Mahatma Jyotiba Phule Jan Arogya Yojana	Govt of Maharashtra	2017
2	Awaz Health Insurance scheme	Govt Of Kerala	2017	9	Mukhyamantri Amrutum Yojana	Govt Of Gujrat	2012
3	Bhamashah Swasthya Bima Yojana	Rajasthan	2015	10	Pradhan Mantri Suraksha Bima Yojana	Central Govt Of India	2016
4	Central Government Health Scheme (CGHS)	Central Govt Of India	1954	11	Dr.YSR Aarogyasri Health care Trust	Govt of Andhra Pradesh	2007
5	Chief Minister's Comprehensive Insurance Scheme	Govt Of Tamil Nādu	2009	12	Yeshasvini Health Insurance Scheme	Govt of Karnataka	2003
6	Employee's State Insurance scheme	State & Central Govt	1952	13	West Bengal Health Scheme- Swasthyasathi	Govt of West Bengal	2016
7	Karunya Health Scheme	Govt Of Kerala	2012	14	Biju Swasthya Kalyan Yojana	Govt of Odisha	2018

3. HEALTH INVESTMENT MANAGEMENT AND HEALTHCARE QUALITY IN THE PUBLIC SYSTEM

The health of a nation's population is crucial, but it is also a multifaceted topic that requires careful consideration. The National Health Service (NHS) provides universal healthcare to all people of various nations regardless of their economic standing. Building a flourishing society on the basis of this is a worthwhile endeavour. Indeed, as life expectancy rises and health levels rise, so do productivity and the economy. Consequently, this will make it possible to raise expenditure on healthcare, which will enhance individuals' health and quality of life. As a result, governments and authorities help ensure the quality of the service they give is always rising. The World Health Organization (WHO) asserts that a society's essential institutions, such as the National Health Service (NHS), benefit from periodic review in order to improve their effectiveness. Given that the goal is to improve people's quality of life, the feedback of patients is crucial to the assessment of the healthcare system's efficacy.

The goal of the global economy is perpetual efficiency. In Spain, where budget cuts are happening more often, the question of how best to use public resources is more important. During the 2008 financial crisis, cutbacks were made to all social services, including the health system. The state government cut the health care budget by almost 14% in 2012. For this reason, and because of the growing need for healthcare in terms of both quantity and quality, it is more important than ever to effectively manage the system's resources. Across the board, businesses are becoming more customer-centric. One of the most crucial aspects of running a successful company is mastering the art of keeping customers happy. The healthcare industry is unique in that it places a premium on the comfort and satisfaction of its patients. Not only should patients' needs be prioritised, but so should their expectations. Commonly, people do not pay much attention to various public services. However, this seldom occurs in the healthcare system, despite the fact that people's lives and quality of life are on the line. Even in that industry, clients have become increasingly demanding of exemplary service. In

terms of coverage, ease of use, and overall efficacy, the National Health System sets the bar very high internationally. According to Numbeo, Spain moved up from seventh to sixth position on the Health Care Index by Country 2019 and remained in third place in Europe. The Health Care Index evaluates hospitals, clinics, medical practises, individual physicians, and the whole health care system to provide an overall quality rating.

Business And Investment Climate In Health Sector

India jumped up 79 places, from 142nd in 2014 to 63rd in 2019, in the Ease of Doing Business index. The Global Innovation Index now ranks India at #48 in 2020, up 33 places from #81 in 2015, making it the most innovative country in the Central and South Asian area. Foreign direct investment (FDI) into India has increased from USD 2.5 billion in 2000-01 to USD 50 billion in 2019-20, highlighting the country's rapid economic development over the last two decades. About two-thirds of the overall FDI in the health sector during the previous two decades has been invested in the pharmaceutical industry. Since this is the case, the medical device manufacturing sector is ripe for more FDI, in particular to reduce reliance on imported components.

Investors have been more interested in the healthcare industry in recent years, with the value of transactions in the sector jumping from \$94 million in 2011 to \$1,275 million in 2016 - a growth of more than 13.5 times. There was renewed faith in the healthcare industry when the IPOs of four key firms, including Dr. Lal Path Labs, HCG, Narayana Hrudayalaya, and Thyrocare, were all oversubscribed. India's reputation as a desirable location in which to invest in healthcare has been bolstered by the Parkway Group and a number of Middle Eastern investors.

Private equity (PE) finance has been a major factor in the expansion of both general and speciality hospitals throughout the nation. Since the year 2000, when India permitted 100% FDI in the healthcare industry, there has been a rush of investments, mostly from outside investors. 9,10 As of early 2019, around 110 private equity (PE) and venture capital (VC) firms have made healthcare investments in India. 10 There was an all-time high increase of 155% in the value of hospital M&A agreements in FY19, which totaled INR 7,615 Crore (about USD 1.09 Billion).

Huge interest from both foreign and indigenous financiers has boosted India's healthcare sector. As a result of government intentions to raise public health expenditure, the hospital industry stands to gain from a projected rise to 2.5% of GDP by 2025. Tertiary care hospitals, and speciality hospitals in particular, are in high demand. There is now a severe shortage of beds compared to the demand for them. The worldwide average for hospital beds per 1,000 people is 3, thus India needs an additional 2.2 million beds in the next 15 years to keep up with demand.

Outside of major cities, there has been an increase in the number of people looking for Tier 2 and Tier 3 health care facilities. Over the last several years, the standard of living in these areas has skyrocketed. In addition, land and labour are less expensive in these urban centres. There is also the benefit of serving the people who live in the surrounding cities and towns. On Indian Investment Grid (IIG), a portal managed by Invest India for presenting investment possibilities by sector, the hospital/medical infrastructure sub-sector has around 600 investment opportunities of USD 32 Billion (INR 2.3 Lakh Crore). Stressed hospital assets might be given priority as brownfield projects by healthcare investors if only they have the tools to identify and address the underlying problems. The

healthcare industry's sick-sector burden will be significantly lessened, and current resources will be better used and upgraded, if this is implemented.

Medical coverage among Indian citizens has been low thus far. However, health insurance uptake has gradually increased. There has been a rise in demand for new products that provide coverage for medical conditions that were previously excluded. The need for health insurance is increasing as the middle class expands and the number of people with chronic illnesses continues to rise. The increasing number of businesses that provide health insurance to their workers has increased competition in the industry. Health insurance is expected to see explosive growth in the next years as the need for low-cost, high-quality medical treatment rises.

Foreign Direct Investment

Since 1991, when the government first began implementing economic reforms, the Indian economy has expanded dramatically, and the country has been fully integrated into the global economy. Now that the political climate is stable and the economy is booming, changes are moving at a far faster clip than before. The Industrial Policy and Procedures issued by the Ministry of Commerce and Industry via the Secretariat for Industrial Assistance, DIPP, and the Foreign Exchange Management Act, 1999 ("FEMA"), together with the rules and regulations made by the Reserve Bank of India ("RBI"), govern foreign investment into India.

Fig A.5: Select Private Equity Deals In Healthcare Industry Over The Last Few Years

Company	Amount (USD million)	Sector	Investors
Radiant Health care	200	Hospitals	KKR
Condis Healthcare	200	Hospitals	India Value Fund
Manipal Health Enterprise	171	Hospitals	Temasek
Max Healthcare Institute	75	Hospitals	IFC
Paras Healthcare	43	Hospitals	Creador Capital
Healthcare at home	40	Home Healthcare Services	Quadria India
Portea Medical	26	Home Healthcare Services	IFC, Accel India, Sabre Capital, Qualcomm Ventures, CDC-MEG

Annually, the DIPP (Department of Industrial Policy & Promotion) also announces a consolidated policy in addition to its ongoing programme of issuing policy guidelines and press notes/releases on foreign investment into India. The Consolidated FDI Policy of 2015 is the current policy that governs FDI from abroad. With the mandate that Indian ownership of the insurance firm be maintained, the FDI ceiling in the insurance industry has been raised from 26% to 49%. The insurance industry should benefit from this.

Free pricing: Due to the fact that they are not subject to the price constraints that apply to the FDI investment route, FVCIs (FOREIGN VENTURE CAPITAL INVESTOR) that are registered to do business in the country enjoy free entrance and exit pricing. Regarding departures from unlisted firms via strategic sales or through buy-back agreements with the promoters and the company, the exemption from price criteria is a very important advantage from the perspective of FVCIs.

Exemption under the Takeover Code: In addition, promoters of a listed business are exempted from the Takeover Code's public offer rules in the event that shares of the firm are transferred from FVCIs to the promoters.

Status of QIB in IPOs: Qualified Institutional Buyer ("QIB") status has been granted to FVCIs registered with SEBI, allowing them to subscribe to stocks in the IPO through the book-building mechanism.

QIP route: FVCIs, as QIBs, are permitted by the SEBI Regulations, 2009 to subscribe to the securities of Indian listed firms under the Qualified Institutional Placement ("QIP") method. Allotted securities are not subject to a lock-in under this plan.

Lock In: If a firm is making an initial public offering (IPO), its whole pre-issue share capital must be frozen for a full year from the date of allocation in the public issue, according to the ICDR (International Centre for Dispute Resolution) Regulations. However, VCFs and FVCIs are excluded from this rule if they had held the shares for at least a year prior to the date the draft prospectus was filed with the SEBI (Securities and Exchange Board of India). After listing, the FVCI is able to sell its holdings with the use of this exemption.

4. Conclusion

Since hospitals are the backbone of any healthcare system, we looked at the efficiency of India's private hospitals. However, owing to budget constraints, private sector expenditure is rising to constitute more than 40% of overall spending. Also, private sector organisations have significantly better access to reliable information. This helps with the analysis and ensures that the findings are reliable. Measuring performance is essential for fostering openness, responsibility, and sound decision making that leads to the implementation of industry best practises. Evaluating how successful and efficient hospitals are can help in securing long-term funding. Together, their evaluation contributes to better resource allocation in the vital healthcare sector, which in turn benefits the economy and society as a whole.

References

- Siskou, O., Kaitelidou, D., Papakonstantinou, V., Liaropoulos, L. 2008. Private health expenditure in the Greek health care system: Where truth ends and the myth begins *Health Policy*, 88, 282-293.
- Drucker, P.F. 1963. Managing for business effectiveness. *Harvard Business Review*, 41, 53-60.
- Drucker, P.F. 2006. The Effective Executive. <https://dtleadership.my/wp-content/uploads/2019/05/Drucker-2006-The-Effective-Executive-The-Definitive-Guide-to-Getting-the-Right-Things-Done.pdf>.
- Prusak, L. 2010. What Cannot Be Measured. *Harvard Business Review*. <https://hbr.org/2010/10/what-cant-be-measured>.
- Cook, W.D, Tone, K., Zhu, J. 2014. Data envelopment analysis: Prior to choosing a model. *Omega*, 44, 1-4
- Guan, J.C., Yam, R.C.M., Mok, C.K., Ma, N. 2006. A study of the relationship between competitiveness and technological innovation capability based on DEA models. *European Journal of Operational Research*, 170(3), 971-986.
- Jacobs, R., Smith, P.C., Street, A. 2006. *Measuring Efficiency in Health Care: Analytic Techniques and Health Policy*. Cambridge University Press, Cambridge.
- Kumar, S. 2008. An Analysis of Efficiency–Profitability Relationship in Indian Public Sector Banks *Global Business*, 9(1), 115-129.
- Greene, W., Segal, D. 2004. Profitability and efficiency in the US life insurance industry. *Journal of Productivity Analysis*, 21(3), 229-247.

- Bazzoli, G.J., Fareed, N., Waters, T.M. (2014). Hospital financial performance in the recent recession and implications for institutions that remain financially weak. *Health Affairs*, 33(5), 739-745. doi: 10.1377/hlthaff.2013.0988.
- Barnes, M., Oner, N., Ray, M.N., Zengul, F.D. (2017). Exploring the association between quality and financial performance in U.S. hospitals: a systematic review. *Journal of Health Care Finance*, Fall, 1-32.
- Berman, P (2010). 'The Impoverishing effects of health Care payments in India: New methodology and findings. *Economic and Political weekly* 27(16): 65-71.
- Garg, C., and Karan, A. (2009). 'Reducing out-of-pocket expenditures to reduce poverty: a disaggregated analysis at rural-urban and state level in India'. *Health Policy and Planning*, 24(2): 116– 128.
- <http://www.cashlesshospitalindia.com/states-wise-hospitals-india.html>
- <http://www.cashlesshospitalindia.com/cashless-hospital-india/registered-private-nursing-homes-hospitals-delhi.html>
- https://www.nitt.edu/home/students/facilitiesnservices/hospital/awareness/Private_Hospitals_empha nel_under_CMCHS_and_PMJAY.pdf
- <https://www.acko.com/government-health-insurance-schemes-in-india/>