

**HEALTH AND ECONOMIC GROWTH:  
A STUDY OF INDIA**

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*By*

**Ziba Asl Ghorbani**

**Principal Guide**

**Dr. R. Nagarajan**

**Gokhale Institute of Politics and Economics**

**Pune – 411004**

**INDIA**

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## **INTRODUCTION**

Economists are likely to regard good health as one of the most important assets a person can have. According to the 2001 report of the World Health Organization's Commission on Macroeconomics and Health (CMH), investment in public health in developing countries produces enormous economic benefits for the people concerned and for the countries as a whole.

But how far are we from meeting these goals? How is the progress towards achieving good health? What are the resources needed to help a country to improve health status and development in the short and long terms?

The production function needs human capital as well as physical capital which enter as inputs. The contribution of health to economic growth has been neglected compared with the importance given to education.

The condition of health sector and economic growth in the last few decades, as well as large population of India induced me to study how health is promoted in India, what is the relationship between health and growth rate, how far are we to provide access to reproductive health services for all? How far are the people to achieve their rights in health in India? What is the consequence of economy advancement in India on health? Furthermore, the objectives of this study are as follows:

- To study the health status in India in terms of IMR, UFMR, LE, IMM and TFR; and to understand the correlation between per capita GDP, health indicators and female literacy rate;

- To study the regional inequality in health across states in India and to understand whether the regional differences have decreased over time or the gap between the richer and poorer states has decreased;

➤ To investigate the association between health status and economic growth by using the time series data and to understand the effect of short and long-run relationships between growth and health.

➤ To find out the effect of economic growth on health.

Historical statistics of the health sector have not been collected in India as much as in many other countries. Therefore, it is difficult to analyze the relation between economic growth and progress of health.

This study has been made in eight chapters: Introduction, Review of Literature, Data and Methodology, Health Status in India, Health Inequality in India, Time Series Analysis, Panel data analysis of Health and Economic Growth, and Conclusion.

## **FINDINGS**

There are regional differences in per capita income and health status in terms of IMR, UFMR, TFR and immunization in different regions in India. The rate of change in health indicators from 1992-93 to 2010 is different in various regions in the country. On the one hand, some states are growing at a rapid pace in improving the health quality and, on the other hand, other states have lagged behind in reducing the mortality rates.

Which socio-economics factors have caused the high gap in the rate of change in health indicators in different regions?

Measuring socio-economic inequality by concentration index shows that the concentration of IMR and UFMR among poorer states has declined. But it reveals that the high mortality rates still prevail among the poorer states. The percent of immunization is higher among the richer states across India. The richer states in terms of income and female literacy enjoy better health outcome as compare with the poorer states in India.

In India the progress of socio-economic of development among major states is not uniform and there is a wide disparity.

A time series analysis show that IMR and GDP are co-integrated in the long run and it takes place in the short run

The estimated coefficient of the long-run relationship by ARDL shows a significant impact of *lgdp* on *imr*. This means that economic growth has impact on health indicator over a period of time for India. The same result is found for *lgdp* and *le* (life expectancy) too.

Most of the variations in health indicators are by immunization across different states in four time periods (1992, 1998, 2005 and 2010) in comparison with IMR and UFMR. Also, in some states, the health quality is much better relative to other states as there is much of the heterogeneity in all three indicators around the mean in different states. From this it may also be inferred that the states with better health status have better income and education that has improved the health in them.

Analyzing by different ways showed that the impact of female literacy is much higher relative to the PCNSDP in India. Therefore, it can be concluded that the role of education, better knowledge and awareness are without doubt more important on health system than economic growth. It is true that income levels are important to provide better health services to the people. However, to have more sustained health quality, we need to focuses on the broader aspects and not just the growth.

The study shows that the impact of income is more at its low levels. But as the states have higher income, there are some other important indicators that may affect the health status. True, income levels are important for improving the health status in the economy. However, only better income does not reflect the true picture.

The study demonstrates that economic growth has not protected poorer states and, therefore, health and income inequalities have increased between the rich and poorer people. Many states have not done well in health indicators and so there are differences in health

indicators across states. India has not been able to bring a more rapid decline in IMR and remains behind countries like Bangladesh (2010), Sri Lanka (1970-2010) and China (1970-2010) in its achievements in the health sector.

In India, the private health expenditure as a percentage of GDP is significantly more than the public health expenditure. India has one of the largest private health sectors in the world with over 80 per cent of health care being met by out-of-pocket expenses. Public health expenditure (as a percentage of GDP) needs to be increased, especially in the states with poor health outcomes.

The study suggests that the training and educational programs need greater attention in addition to structural factors like governance for further reduction in IMR, UFMR, TFR, improvement in childhood immunization and life expectancy, especially the poor states and among women.