

Credence Services: Role of Liability System in India

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Consumer sovereignty is a myth in the healthcare services because of high information costs and bounded rationality. Moreover, producer sovereignty oriented surgeries and absence of social security system enhance patients' vulnerability in India. Thus, the aggrieved patients approach consumer courts against deficiency in the services of physicians. Our study shows that these courts had received 57.61 per cent of the patients' grievances that were related to surgery. The grievances reveal that the erroneous surgeries inflict harm on patients. As a result, patients' incur healthcare costs and sufferings due to permanent disability, apart from premature deaths. Courts were able to decide only nine per cent, 23 per cent and 30 per cent of the total disposed of cases in favour of consumers at the National Commission, the State Commission of Andhra Pradesh and the District Forum of Nellore, Andhra Pradesh, respectively. This is due to causational link problem. Our analysis further posits that the law's delay and costs on vexatious claims raise concerns about efficiency of the courts. The insight obtained is to alter physician behaviour by establishing an appropriate incentive structure to practise patient oriented health care.

I Introduction

The development of knowledge economy will depend up on a healthy human capital of a nation. Inadequate safety and security of environment, food, water and sanitation imposes morbidity and mortality costs on households in India. In addition, non-accessibility and availability of quality public health care services necessitates patients of economically weaker sections and lower upper middle class hires the private health care services. The services charges are of the patients' out of pocket payments. Profit oriented private health care services may provide

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