Chapter 10
Healthcare Services Delivery in India:
Special Reference to Mother and Child Health

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ABSTRACT
This chapter deals with innovation in healthcare services. Addressing the healthcare needs of consumers in the lower middle and lower class of Indian society demands innovative approaches. Child and maternal health demands special focus as the infant mortality rate of India is higher than the world average as well as the Asia-Pacific average. After giving a brief description about the need for innovation, healthcare innovation, and secondary care hospitals, the chapter introduces the reader to an innovative secondary healthcare service provider in India. The innovative approach adopted by this organization is making maternal and child care more affordable while maintaining good quality. Service innovations can provide value for money as well as value for many.

INTRODUCTION
This chapter has multiple objectives. In the initial part, it will deal with the healthcare service scenario in India and the role of service innovation in addressing healthcare challenges in emerging economies. The next part deals with definition of innovation, frugal innovation and healthcare innovation. The chapter will move on with four types of innovation, hierarchy of service innovation and basic elements of service design. In the remaining part, the author discusses the healthcare needs of mother and child especially with a focus on infant mortality. The entry of a new service provider which addresses the needs of mother and child using a frugal innovation model is highlighted. Merrygold Health Network which is an innovative Social Franchising Program in India providing essential health care services to the poorer sections in the society is briefly described. The chapter concludes by highlighting how the learning from this chapter, in devising new solutions to address healthcare service challenges, can be adopted in other emerging economies.

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**BACKGROUND**

**Healthcare Services in India**

India has the second largest population in the world. In terms of revenue and employment, healthcare is one of India’s largest service-sector industries. Indian healthcare industry is poised to double from $60 billion to $120 billion by 2015, growing at a 15 per cent CAGR (Rao, 2012). According to rating agency Fitch, the Indian healthcare sector is expected to reach US$ 100 billion by 2015 from the current US$ 65 billion, growing at around 20 per cent a year (Dutt, 2012). Though the forecasts may vary, the factors driving the growth in the sector are very clear. They include increasing population, growing lifestyle related health issues, cheaper costs for treatment (especially for foreign patients), improving health insurance penetration, increasing disposable income, thrust in medical tourism, government initiatives, focus on Public Private Partnership (PPP) models and the Government of India’s decision to increase health expenditure to 2.5 per cent of GDP by the end of the 12th Five Year Plan (2012-17), from the existing 1.4 per cent. According to a report by McKinsey Global Institute (2007), health care spending in India is expected to touch 13% of average household income by 2025 from 7% in 2005.

Three broad components of healthcare sector are; healthcare delivery, pharma products, and medical equipment. Healthcare delivery, comprising primary, secondary and tertiary care facilities, constitutes 77% of the total market. Pharma and medical equipment segments constitute 14% and 5% respectively. India has an additional requirement of 0.8 million doctors and 1.7 million nurses, apart from facing a significant shortage of paramedics. Forty five per cent of the population travels more than 100 km to access tertiary level of medical care. Poor accessibility, accountability and affordability of healthcare services are key constraints that make the idea of ‘health for all’ just a dream (Rao, 2012). Seventy five per cent of Indian allopathic doctors are practicing in urban areas where as nearly 70% of Indians live in rural areas. The Central Government had introduced Rashtriya Bal Swasthya Karyakram (RBSK, meaning National Child Health Programme), under the National Rural Health Mission (NRHM), which is an initiative for Child Health Screening and early intervention. A total of 270 million children, between birth and 18 years, would be checked for birth defects, diseases, deficiencies, and developmental delays. Children who are diagnosed with any of the specified illness would be treated free of cost, including surgery, under the NRHM. Despite significant efforts to improve child healthcare, the infant mortality rate in the country is still an area of grave concern (Banerjee, 2013). Another area of equal concern is the maternal health. Maternal and child health are the most sensitive markers of the robustness of health delivery as a whole in any given country. Any well-functioning health system should not allow deaths of mothers and children from causes which are easily preventable.

**Levels of Healthcare in India**

Health service delivery in India is characterized by a three-tier system (see Figure 1). At the lowest level are the sub centers (each covering a population of about 5,000). Only paramedical staff is available in these sub centers. The first points of contact with a doctor are the primary health centers (each covering about 30,000 people). Community health centers provide secondary care and are organized at the block levels. The sub divisional hospitals and district level hospitals constitute the higher tiers. In principle, the sub centers, primary health centers (PHCs), and community health centers (CHCs) are required to handle the preventative aspects of health care, institutionalize deliveries, treat minor diseases, and act as referral centers. The subdivision and district level hospitals would then treat major ailments as referral hospitals (Rao & Choudhury, 2012). According to Ministry of Health and Family Welfare-Government of India,
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