Preface

A country's economic development is closely linked with the health status of its population. An efficient and equitable health care system is an important instrument to break up the vicious circle of poverty and ill health. In the world “Health for all” is the central proposition today. The main problem is that the enormous financial burden is faced by individuals in the form of out-of-pocket expenditure for curative health cares. These financial burdens are pervasive, and both contribute to many other problems, which are faced by the health care delivery system in India and reinforced by them. Particularly public delivery of health cares is poor in quality, presumably for reasons of inadequate financing. The overwhelming focus on a public health care delivery system appears somewhat unrealistic – particularly in view of the fact that health financing in India is mostly private. This highlights the need for alternative finances, including the provision of health insurance in India, which covers the risks of payment for health care at the time of its requirement.

Health insurance schemes are recognized as a tool to finance health care provision of the people. But, the fact is that to most of the people living in developing countries “health insurance” is an unknown word. It is generally assumed that with the exception of the upper class of people, other people cannot afford such type of social protection. This is pity, as also poor people demand for protection against the financial risk of illness. But illness still represents a permanent threat to them. The loss of income due to their illness, borrowing money at high rate of interest and sale of their assets in
order to finance the costs of illness – all are simply nightmares to the mass of population in the low income category.

The present study attempts to address the problems of health care financing for using health cares and services from health care sector either public or private. We have considered the district of Birbhum for investing the health care financing and the demand for health insurance. This district consists of 19 blocks, out of which we have considered 10 blocks for survey purpose. The district has been chosen mainly for its heavy health care crisis.

This dissertation has been divided into five chapters. The first chapter discusses the problem of health cares and services, financing of health cares, the significance and the objective of the study. This chapter also explains the socio-economic and demographic characteristics of the district of Birbhum. The second chapter portrays a picture of the literature related to the subject of health insurance for health care financing of the households. In the third chapter the theoretical framework for the estimation of demand for health insurance has been laid out. The fourth chapter analyses the results of estimation. And the final and fifth chapter discusses the policy issues including the proposal for introducing health insurance based on out-of-pocket expenses and the ability to pay premiums for the health insurance schemes that will encourage the households to shape their future in a better way.

The dissertation attempts to study the demand for health insurance in the district of Birbhum and identify the impact of the factors responsible for it. The exogenous variables are divided into individual, household and
community characteristics. The overall results highlight the fact that with the escalating demand for health cares and supply bottlenecks, households are interested to purchase the health insurance schemes at a lower premium. Hence, the problem is how to provide health care for poor people who live in the rural areas or work in the informal sectors.

This study also focuses on how to mobilize financial resources to pay for health care of the residents of the rural communities in the district of Birbhum. It also gives some attention to mobilizing health care financing for the urban slum poor. In this context community based health insurance has aroused much interest and hope in meeting health care challenges facing the low-income people. This study has also traced and explored how institutional rigidities impinge on demand for health insurance and how insurance could potentially prevent poor households from falling into poverty trap. In this setting we have argued that the appropriate public intervening in generating demand for insurance should definitely subsidize the premium rate for such people to enable them to have access into health cares and services.

The findings of this study are based on a variety of sources. In addition to reviewing a substantial mass of literature on health financing in India and elsewhere, we have been benefited form extended discussion with a large number of researchers, scholars and individuals from governmental agencies, public enterprises, private firms, international agencies, insurance companies and households of health services. The district branch of General Insurance Corporation also provided some guidelines and components, which have been immensely useful.
However, I extend my sincere gratitude to my supervisor, Dr. Maniklal Adhikary, Professor of Economics, Burdwan University for providing me with necessary fuel in terms of econometric tools and techniques, with spark in trees of ideas and inspiration and fine-tuning of my thinking in terms of discipline and direction.

The appreciation of my mother Mrs. Amala Mukherjee and father-in-law Sri Sisir Chatterjee has evoked more concentration to complete the work and great respect is owed to them. My wife, Smt. Sudipta Mukherjee has always provided me with the much-required momentum for the completion of the thesis. Without her moral support, faith, continuous encouragement and sacrifice it would have been difficult for me to complete this task. My deepest gratitude is owed to her.

Thanks are due to Professor Kalyanbrata Bhattacharyya, Professor Asit Banerjee, Professor Soumyendra Kishore Dutta, Dr. Pravat Kuri and Dr. Kousik Gupta of the Department of Economics, Burdwan University, for their valuable suggestions and comments that have really enriched this dissertation.

I would also like to thank Mrs. Madhuri Adhikary and extend my gratitude to her for her cooperation and enthusiastic behaviour. Finally, I must name Dr. Manas Pal, Statistician, I.P. and D.C., Government of West Bengal, my younger brother Sri Keshabananda Mukherjee and Sri Sunil Pal, Librarian in Rabindra Smriti Pathagar, Kirnahar for their cooperation and supply of materials during my research work.
In order to estimate the demand for health insurance I have used some logit and probit model in my dissertation. Dr. V.N. Jain, a computer analyst helped me in the process. I would like to express my gratitude to Dr. Jain.

Mr. Subhendu Nag has done the type setting of this dissertation. My thanks and gratefulness is due to him.

Finally, in course of my journey I got also helps from numerous persons. I cannot name them all. But, they need to be thanked.

I would like to state with humble submission that I have tried to give a shape of this dissertation with the best of my knowledge and efforts. Despite my sincere efforts in the preparation of this thesis, there may be some unintentional mistakes for which none but me is solely responsible.

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