

Blurring of Boundaries: The Mixed Economy In Health Services in India

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Debates surrounding the privatization of health services have tended to conceptualise the role of the market and state as a mixed economy wherein it is implied that their respective roles are well defined. This paper argues that in most developing countries both the state and market have co-existed but are interrelated to each other through complex pathways. As a result, one finds that markets exist in the public sector in the form of private practice by public employees; supply of drugs and technology; medical education and medical research. Markets have grown using state investments and have relied on a variety of state driven subsidies. Using the Indian experience, the authors trace the mixed economy in health services and analyse how there has been a blurring of boundaries between the two with increasing privatization and health sector reform initiatives. Reform initiatives like the introduction of user fees, subsidies to private sector and public-private partnerships have contributed to the redefinition public sector's role. Increasingly market principles are guiding the reforms and evaluating the performance of public sector institutions. All these processes have impacted the structure and processes within the public services, the 'for-profit' and non-profit institutions delivering health services.