

## **CSR Based Strategic PPP Model - A Way to Strengthen Ayushman Bharat**

**Viraja Bhat<sup>1</sup>, Jeevan Nagarkar<sup>2</sup>, Prakash Rao<sup>3</sup>**

<sup>1,2,3</sup>Symbiosis Institute of International Business, Symbiosis International (Deemed University), Pune, India  
Email: <sup>1</sup>viraja@siib.ac.in

### **Abstract**

Universal reach and provision for education and healthcare have been always termed as two important factors in characterizing any nation as developed or developing. With an aspiration to be a developed nation in the next twenty years, India has to target on achieving universal health care and education for all citizens. Due to the consistent efforts of the government, the education has improved over the years but the health care focus has been more insuring the lives than holistic health care. India lacked in universal health care and hence saw lack of policy implementation leading to non-utilization of demographic advantage. India can be termed as developed only when the nation has healthy population with access to an efficient universal healthcare system. Ayushman Bharat has been one such initiative by the Indian government with an objective to address holistic health comprising of prevention, promotion and ambulatory care at all levels. The implementation of the scheme requires significant amount of funds and facilities with participation from all stakeholders of the society. Corporates role has been very significant in the health care provision in the form of investment of funds termed as charity. Post CSR Act implementation in 2013, business organizations have been investing CSR funds in health care and allied areas. Pharmaceutical companies have expertise, manpower and funds to carry out in health care and allied activities and bring in extensive social changes. In the current study the authors have attempted to understand and analyze CSR funds utilization by companies in health care. The study has been carried out by analyzing the CSR funds utilization from the year 2013-2018 by the top 300 market listed companies and proposes a thematic PPP model for CSR funds utilization to strengthen Ayushman Bharat scheme.

**Keywords:** Ayushman Bharat, CSR, Universal Healthcare, Government of India.

### **Introduction**

Development of a nation depends mainly on two important factors namely education and health care which directly affect the population. Since the post-independence period the literacy rate has risen significantly, from 18.3% in 1951 to 65.4% in 2001 owing to many government schemes (Kapur, S., & Murthi, M. 2009). Many Government initiatives such as operation blackboard, mid-day meal scheme, Sarvasiksha Abhiyaan, Right to Education Act and many more have played a prominent role in strengthening the reach of education. In the Indian context the health care scenario has not been very encouraging as the focus was mainly on insuring the lives of the employees to ensure and encourage the financial aspect of the healthcare aspect for themselves and the families. In the Indian context post-independence, the focus on health care has been more on insuring the human life. Schemes such as Employees State Insurance Scheme, Central Government Health Scheme, Janashree

Bima Yojana and Rashtriya Swasthya Bima Yojan have been in place to improve the health care scenario (Mishra, 2016). Introduction of many centralized schemes to provide improved healthcare services to safeguard the deprived sections of the society have been more on insurance based health care. Priority on insurance can be attributed to the industrial growth and corresponding accidents rather than universal health care which has led to fragmented and decentralised schemes with local level problems in focus. These schemes have not been very successful and seldom reach the actual beneficiaries due to the growth of the efficient but costly private health care services.( Rout et al.,2019)

Existing schemes such as Rashtriya Swastha Bima Yojana targeted towards below poverty line families is the initiative in the right direction which help the needy in healthcare. Individual states have their own schemes which are targeted towards weaker sections of the society.( Karan et al., 2017). The multiplicity and complexity to get access and advantage of these health care schemes have been increasing and discouraging with every state trying to implement schemes as per their own convenience (Jayakrishnan et al., 2016). India being the second largest in terms of population in the globe and lack of awareness of the underprivileged citizens complicates the matter even further. Failure of the public health care systems has led to growth in private sector in health care systems , well known for its quality and range of health care services provided at a affordable cost. (Mohanam, M., Hay, K., & Mor, N. 2016). As a service to the society, there have been many examples of high reputed health workers giving free consultation to the weaker section of the society in designated places or days. The necessity and the availability of the health care systems and the aligned cost often leads to a situation where poor usually get unacceptably low quality of healthcare (Das, J., & Mohpal, A. 2016). Majority of below poverty line individuals lose their life time savings in getting treated for an illness. The current gap between available opportunities and expectations of health facilities has led to the private markets which has been least regulated and most widespread not covering every individual it's time that this gap has to be bridged with a common agenda and policy at national level.

At the global level, a similar experience suggests that many countries are taking steps in providing universal health care to the underprivileged section of the society (Nafsiyah Mboi,2015). The universal medical care schemes work better than targeted reforms in health care sector (McIntyre, D et al 2013). The political will and commitment in the coverage of such schemes by changing the rules and scope of the scheme plays an important role in universal healthcare, the same can be found from the study of nations like Chile, Thailand, Vietnam, China and Indonesia (Aregbeshola, 2017).

In India along with lack of awareness, access, human power and accountability , a major challenge for the government to implement a universal health care has been the heavy expenditure involved (Kasthuri, A. 2018) . On a positive note , post 1991 India has seen developing prospective capabilities improvement required in health care through important partnerships between public and private health providing organizations. (Tripathi V et al.,2019). A major milestone in this journey has been the introduction and implementation of the CSR Act 2013 which along with other areas with provision of utilization of the CSR

funds for reconciling choices to standardize and advancement of the health care facilities.( Sohrabi, M., & Tumin, M. 2016).

## **Background**

Historically, India has over the last few decades, shown a significant interest in corporate philanthropy and giving as part of its cultural traditions. Scriptures cutting across religions have cited the role of an individual in giving back to society as an important value system in the cultural fabric of the country. This trend of an Indian society has been reflected in various activities giving rise to social responsibility as a meaningful thought process across, individuals, organizations and society. Post-independence, corporate India initiated the idea of philanthropic giving through a structured process called Corporate Social Responsibility. However, for several decades, these activities remained unregulated and disorganized. This often, led to serious accountability issues in the way CSR was being implemented.

In 2013, the Companies Act 2013 created a mandate for companies to spend two percent of their preceding three years' average profit to be spent on Corporate Social Responsibility initiatives (Gupta & Gupta, 2019). The typical CSR initiative include education and skill development, women empowerment, Environment, health and sanitation, sports, rural areas, etc. the importance of health and sanitation is paramount for a nation like India which houses one sixth of humanity on earth. The CSR mandate to corporate sector should not be viewed as one more government dictate and by simply giving funds to the initiatives or sector which qualify the criteria under the mandate. Community development in a sustainable manner should be the idea (Ghosh, A. 2018). The collaboration between government and corporate on health and sanitation through CSR funding can bring about positive changes and help society (Lawania, B. D., & Kapoor, S. 2018). The companies can tie up with different stakeholders in bringing about change in the society i.e. Self Help Groups are connected usually to the last person in the economic strata. If these groups are connected to the healthcare mission in India, it will definitely help in reaching the right beneficiary (Lakshmi, C. R. 2018).

Government of India's National Health mission advocates affordable health care services to all. In this regard, the Ayushman Bharat scheme is a significant step in providing Universal Healthcare to 10 crore families with the healthcare cover of up to 5 lakh rupees per year per family basis (Bakshi et al., 2018.) The scheme will be funded in 60% and 40% share by the center and state governments respectively (Dhaka et al., 2018). The current central schemes namely Rashtriya Swastha Bima Yojana and senior citizen health insurance scheme will get subsumed in Ayushman Bharat. The key to the success of this scheme depends on political will of individual states in implementing this scheme. There are many novel ideas introduced in the scheme like portability of the scheme at national level, cashless treatment, the beneficiaries will be decided on socio-economic caste census basis, the fund transfer would happen through an escrow account directly. Since the scheme talks about the vast majority of people, government alone may not be able to fund this scheme entirely. In such ways could be re-proportioning CSR budget of healthcare and pharmaceutical companies, which otherwise is required by law for spending on CSR initiatives. This paper analyzes the data of

company expenditure on healthcare and sanitation in last five years ( FY 2013-14 to FY 2017-18) as also discussing key thematic areas of health care of these companies. The paper seeks to study and provide a model approach to rethinking the Ayushman Bharat model through reallocation of CSR budget funds of companies towards key thematic health care services. and the paper suggests how companies could tie up with Ayushman Bharat initiative of GOI to further the cause of universal healthcare.

## **Methodology**

Focus on health care and allied services by Government of India through Ayushman Bharat – Swasth Bharat for everyone needs a huge investment and active participation from many stakeholders. Budget allocated for the scheme during 2018-19 was Rs. 2400 crore and has seen increase of 166% for year 2019-20, the allocation being Rs. 6,400 crore for 5 months. The allocation for 2019-20 in the forthcoming budget for the year is expected to be more than Rs. 1000 crores. There has been funds crunch and issues in implantation and hence the scheme has still not reached the stakeholders. The state government participation would aid in the coverage of beneficiaries but funding the scheme would still be a challenge and the business organizations through their CSR funds can contribute positively.

Since 2014, business organizations have been participating through CSR activities not just in education and environment but with a focus in the area of health care and allied activities. Organizing health camps, helping in promotion of preventive health care, spending in improving nutrition, vaccination camps and building health care infrastructure such as hospitals, mobile clinics, ambulance, toilets have been some of the major activities strengthening the health care scenario. Business organizations with their dedicated CSR funds support the government's universal health care program Ayushman Bharat directly or indirectly. It has been a good cooperation between the two major stakeholders till now , but a more focused and collaborative approach needs to be followed. Authors in this study with a perspective of proposing the model needs to understand the pattern of CSR funds allocation and spend across sectors year on year till date. The present study has been carried out in the Indian context with top 300 market listed companies data for CSR expenditure analysis in the last five years (FY 13-14 to FY 17-18). Data collection sources have been the annual reports of the companies available on official websites, national CSR portal and Bloomberg platform. Selection of top 300 companies for the study can be attributed to the factors like size of the firm and profitability which play important role in CSR fund allocation and spend.

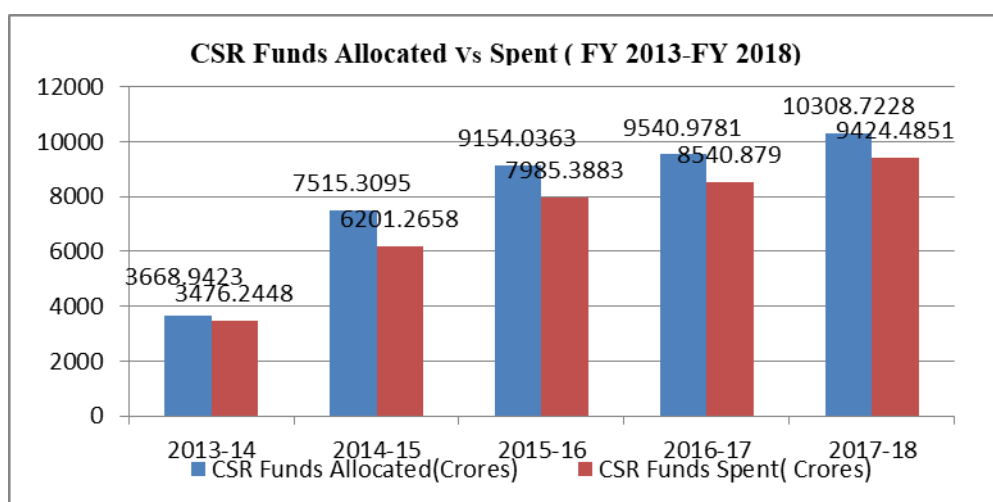
The key objectives of the study included:

1. To analyze the CSR spending by top 300 market listed companies in the health care areas.
2. To explore the areas of spend by business organizations in health care and allied areas with linkages to Ayushman Bharat .
3. To propose a PPP model for Ayushman Bharat.
- 4.

## Results and Analysis

Business organizations under the sphere of CSR Act though have a mandate in the budget allocation have greater flexibility in the area they would like to participate for the community development. There have been broad areas in the CSR guidelines on utilization of the funds such as promoting national heritage, strengthening education, environment and sustainability, health care and sanitation, rural development and women empowerment. The focus of the businesses also have been in brand building ,increased visibility and development of community while performing the CSR activities.

With an objective to study, understand and analyze the CSR funds allocation and utilization, top 300 market cap listed companies data has been collected with the help of sources such as official websites, national CSR portal and Bloomberg database. Excel spreadsheet was used for data compilation and analysis to study the CSR spend, utilization trend with focus reas being health care of pharma and non- pharma companies for FY 2013-14 to FY 2017-18. Results and data analysis have been depicted through tables and graphs in the following discussion which form the basis for proposed model.



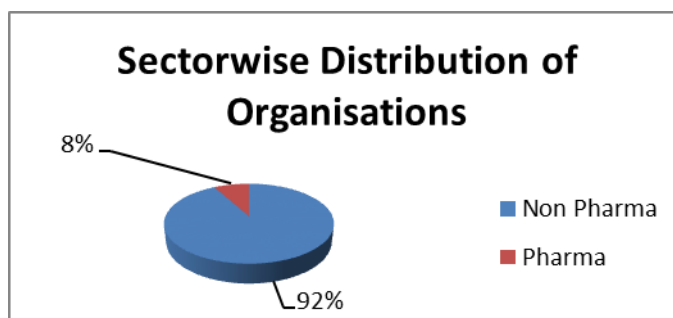
**Fig 1 : CSR fund Allocation Vs CSR Fund Spend( FY 2013- FY 2018)**

Fig 1 depicts the rise in the CSR allocation and Spend by these companies in the years 2013-2018 with a rise of 2% on an average year on year. It also can be observed that the ratio of allocated to spent varies between 80% to 94% which is depicted in Table 1. Fig 1 and Table 1 indicate that companies have started using the CSR funds which would help the community development. These funds have been used in various areas

Financial year	% of CSR spend
2013-14	94.74787
2014-15	82.51511
2015-16	87.23352
2016-17	89.51786
2017-18	91.42243

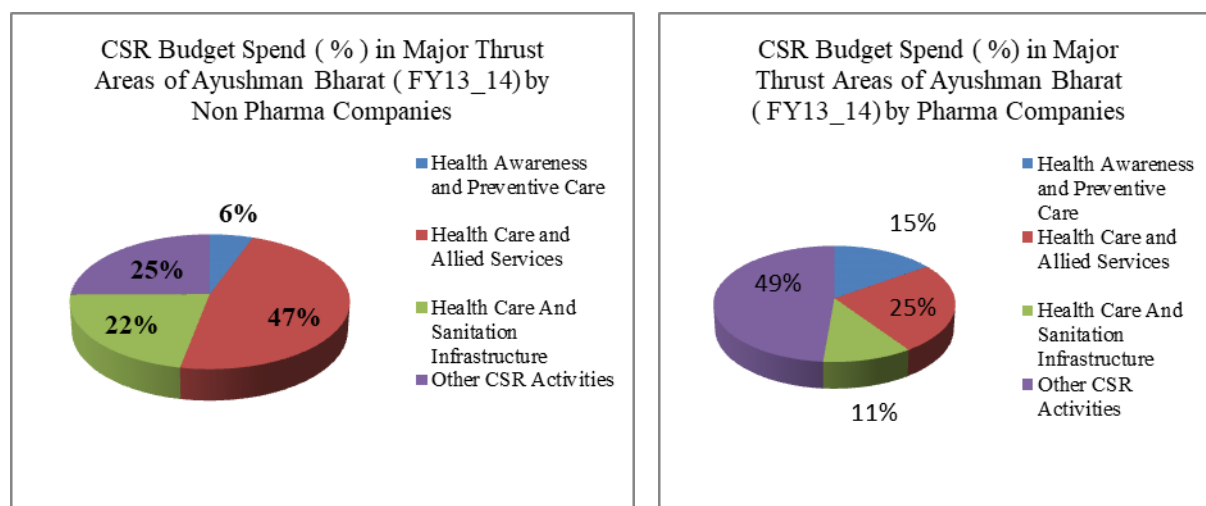
**Table 1 : CSR Spend in % for FY 2013-FY 2018**

The study has focus on top 300 market cap the companies which belong to various sectors which authors in this paper have categorized broadly as pharma and non-pharma in order to understand the focus of the CSR funds spend in health care and allied areas.



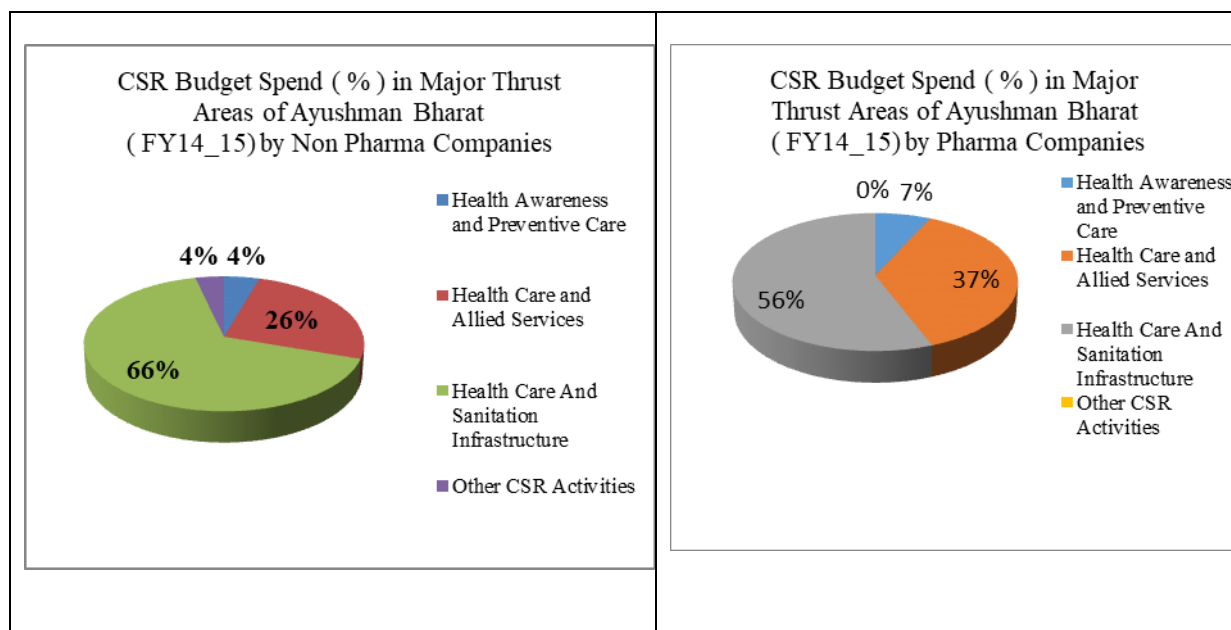
**Fig 2 : Sector wise Distribution of companies**

Out of 300 top market listed companies, representation of non pharma (92%) has been prominent whereas pharma (8%) has been negligible. Irrespective of the sector of operation business organisations spend their CSR funds in health care and allied areas were widespread and hence in the study all these activities have been categorized in four broader areas. In alignment to the areas under Ayushman Bharat the CSR activities have been classified as Health Awareness and Preventive Care, Health care and allied services, Health care and sanitation Infrastructure and other CSR activities. Fig 3 to Fig 7 shows the CSR fund utilized by pharma and non-pharma companies in these areas.



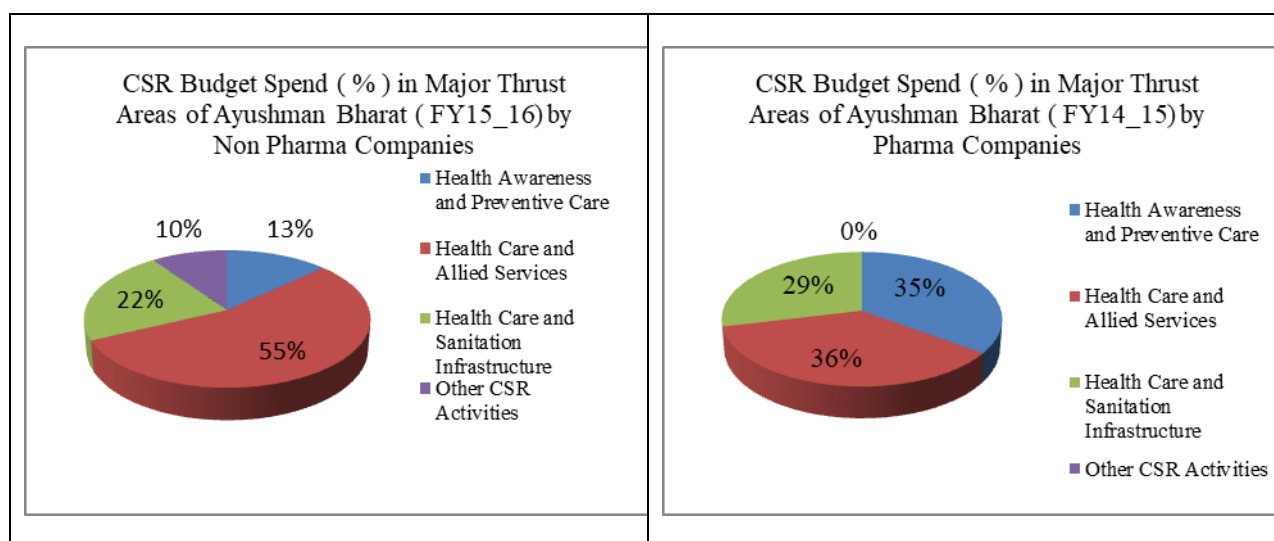
**Fig 3 : CSR spend in FY 13-14 by Pharma and Non- Pharma companies**

It can be observed that Non -Pharma companies have spent 47% in the health care and allied services whereas only 25% has been the contribution by pharma companies. In total it can be observed that Non-pharma companies spend 78% of their CSR budget in the health care areas whereas the pharma companies have spent 51% in the same areas. 49% of funds being utilized in other CSR activities can be aligned to Ayushman Bharat aligned areas.



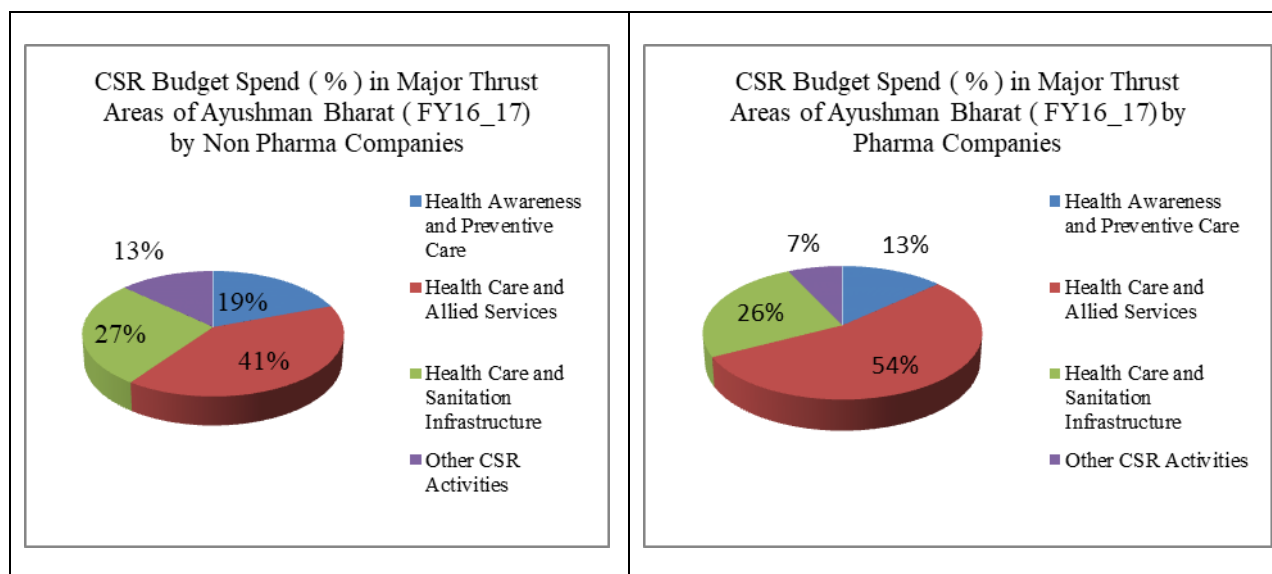
**Fig 4 : CSR spend in FY 14-15 by Pharma and Non- Pharma companies**

In the year FY 14-15, both non -pharma and pharma sector organizations focus has been maximum on Health care and Sanitation infrastructure being 66% and 56% of the total CSR funds utilized. The Health Care and allied services being the second area of preference, there has been a positive shift in aligning with Ayushman Bharat activities.



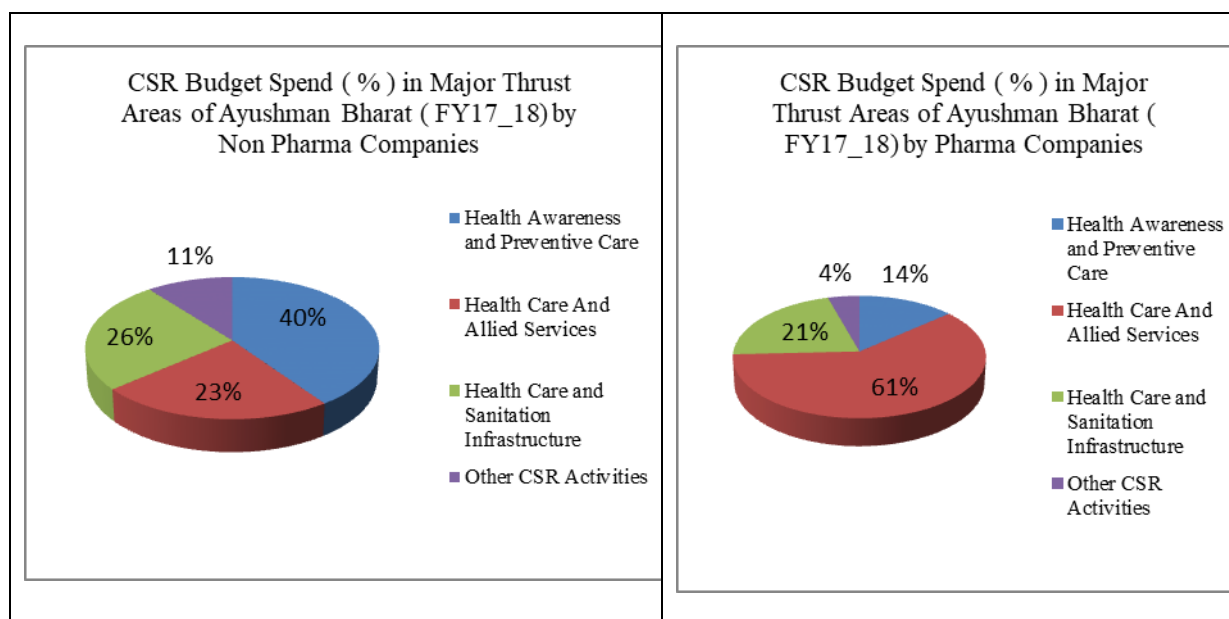
**Fig 5 : CSR spend in FY 15-16 by Pharma and Non- Pharma companies**

Health care and allied areas has been the primary focus area of spend by pharma (36%) and non- pharma(55%) sector companies followed by Health care and sanitation. It can be observed that other activities have been not getting more focus and hence the CSR fund spend behavior has been improving and more focused.



**Fig 6 : CSR spend in FY 16-17 by Pharma and Non- Pharma companies**

In the year 16-17, the health care and allied areas have again found more focus with 41% (non-pharma) and 54% (pharma) by both the sectors. There has been steady shift towards health and sanitation infrastructure expenditure through CSR projects.



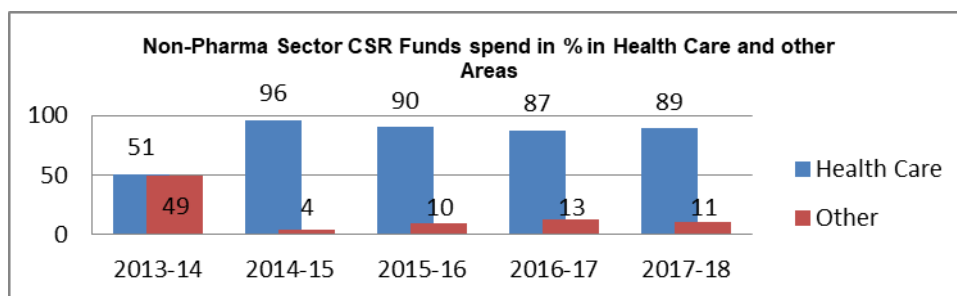
**Fig 7 : CSR spend in FY 17-18 by Pharma and Non- Pharma companies**

The trend of focus spend can be seen even in the year 2017-18 with health care and allied areas finding more funds by Pharma companies (61%) whereas the non-pharma companies also have spent more on health care and allied areas (40%).

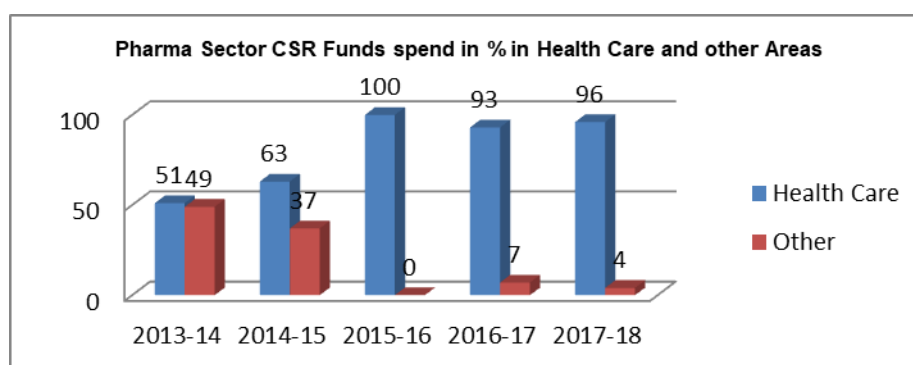
The data analyzed and represented in Fig 8 and Fig 9 shows the CSR funds utilization in the health care and allied areas, projects by both pharma and non-pharma sector businesses. The



focus of the pharma companies can be seen shifting more towards the health care projects and hence it is a positive sign and direction



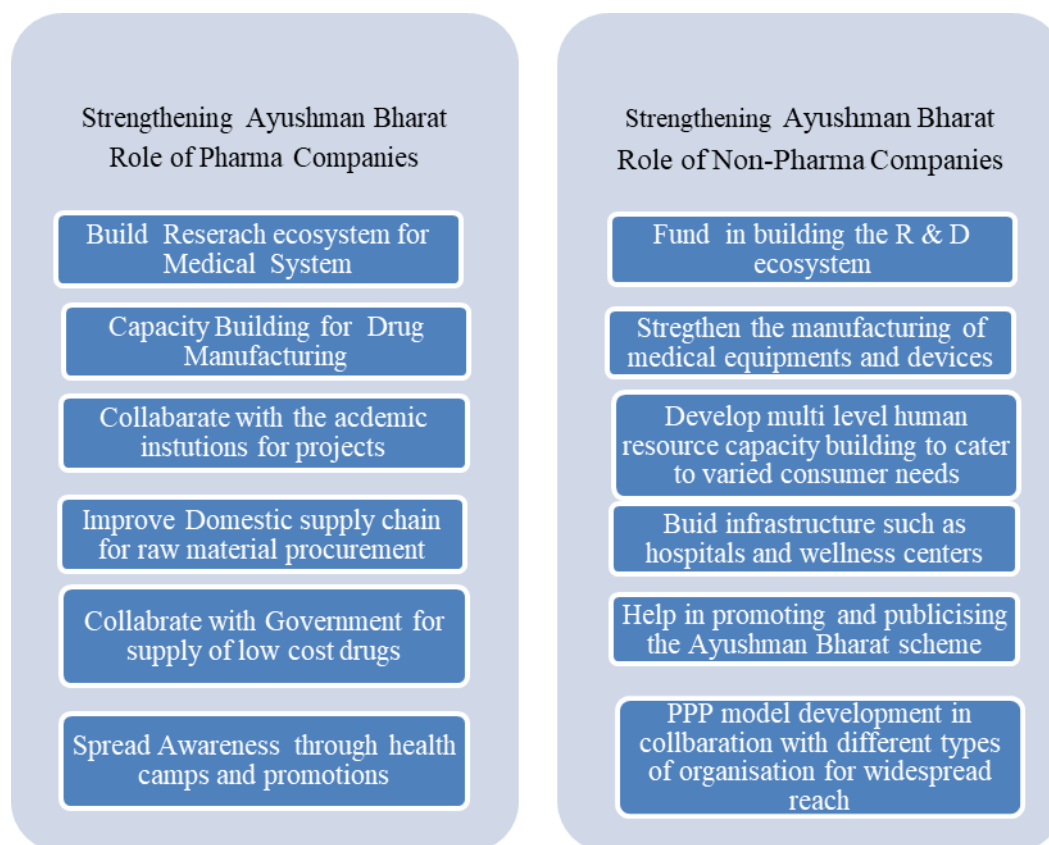
**Fig 8: Non-Pharma Sector CSR Funds spend in % in Health Care and other Areas**



**Fig 9: Pharma Sector CSR Funds spend in % in Health Care and other Areas**

### Six Point PPP Model

It can be observed that the CSR funds have been utilized by both pharma and non-pharma in the health care areas aligned to Ayushman Bharat. The success of the scheme majorly depends on the partnership between the business organizations and also government. Government mainly can focus on strategy formulation and implementation with a positive contribution from the business firms in terms of providing the funds and expertise. Instead of focusing on scattered areas it would be beneficial if the business organization carry out activities with an project tlike target oriented approach. A proper collaboration between pharma and non-pharma companies can work together which the authors have proposed in the six point PPP model as shown in figure 10.



**Fig 10 - Six Point PPP Model for Ayushman Bharat**

The model proposes six major points which seems to be the pillars for Ayushman Bharat Implementation. Ayushman Bharat has been introduced not just as health scheme but as a tool to bring in the holistic health perspective. The schemes requires the infrastructure and hence funds for the same. In the current situation most of the raw materials for the drug manufacturing gets imported and hence the drugs get highly priced. It would be a necessity to have affordable drugs to cater to the larger population. It would be very helpful if pharma companies spend their CS funds in building the Research ecosystem, develop capacity building initiatives , collaborate with academic institutions for research projects , spreading awareness and also strengthen the domestic supply chain. The expertise of pharma companies would be put into use and would help strengthen the Ayushman Bharat domestic drug manufacturing objective. Non-pharma CSR funds can be channelized to fulfill the other major requirement of Ayushman Bharat by funding the infrastructure such as hospitals, medical devices, ambulances and wellness center. Funds can also be utilized in building the capacity required at many levels not just medical staff but also health workers, social workers and distributors. The awareness among masses related Ayushman Bharat also needs to be strengthened and hence this task can also be carried out using various advertising on several medias which can be funded by so non-pharma companies. The model proposes six points for pharma and non-pharma sector CSR funds utilization which authors believe would strengthen the Ayushman Bharat scheme and provide universal health care to the Indian Population.

## Conclusion :

In the beginning a concerns towards CSR Act mandate by the corporate community being raised with issues such as expertise, project assessment, suitable utilization and timelines follow-up of CSR projects were raised. Over the last 5 years there has been acceptance and execution by businesses houses undertaking focused projects in areas of health care and allied areas along with other projects. CSR data of 300 top market cap listed companies on analysis indicated that that health care and allied areas have been receiving a positive response in terms of CSR expenditure from both pharma and non – pharma sector. Data analysis in the study brings out the a shift in the approach of many companies from being just compliant due to statutory obligation towards sustainable and proactive efforts for social welfare. Crores of rupees available as CSR budget have been materialized into high budgeted expenditure and lower actual utilization with little impact on the societal development. Efforts to engage in health care and allied activities with varied spend and diverse activities lead to apprehensions towards the sustainability of these efforts. Outlook towards CSR not just as compliance instead a focused approach with involvement of all the stakeholders for mutual benefit and development can be achieved by a PPP model. CSR funds allocation in the areas aligned with SDG's of providing health care with crucial project AYUSHMAN BHARAT can support the government realize the dream of SWASTH Bharat. With significant changes being adopted with a proper direction and a PPP model approach, pharma companies with their expertise in the health care and allied care can bring in real change. A roadmap and path can be exhibited by implementing the PPP model of CSR funds targeted towards universal health care being a reality in the Indian context.

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