

## SOCIAL ENTREPRENEURSHIP IN HEALTHCARE

Social entrepreneurs are change-makers who harness the power of the “markets” and create social (and environmental) impact, improving the lives of underserved. They leave an enduring, sustainable impact with for-profit social ventures, rather than transient relief through charities. They believe that profit and purpose can co-exist. Social impact more than economic returns, is the yardstick for their success. In India, social entrepreneurs are a growing phenomenon across sectors: financial inclusion, livelihoods, education, affordable housing, renewable energy, waste management, water and sanitation, and healthcare. In healthcare, social impact translates into the number of lives saved or quality of healthcare services.

At the outset, I must clarify that a clear definition of Social Entrepreneurs is still evolving. For example, social leaders in “*non-profits*” including radical change-makers from Florence Nightingale and Bill Gates are referred to as social entrepreneurs. I call them “*Social Leaders*”. This dilemma is easy to understand since prior to the coining of the term “social enterprise” (by Muhammad Yunus and Grameen Bank in 1970s), traditional family foundations and NGOs led non-Government healthcare: like Rockefeller Foundation addressing Yellow Fever and Malaria; Gates Foundation addressing HIV; or Red Cross and Médecins Sans Frontières (MSF) providing medical and humanitarian aid. I believe in a true economic sense, social entrepreneurship will eventually come to mean for-profit social enterprises. So has for-profit social entrepreneurship made a dent in India?

Healthcare in India is a \$160 billion industry. 74% of total spend is private. We trail in most global indicators: e.g., we have 1.3 beds per thousand as against global average of 2.6 and WHO guideline of 3.5; we have 1.7 trained doctors and nurses per thousand against WHO guideline of 2.5; we spend only 4% of our GDP on healthcare as against 5.7% for low and middle-income countries!

When we look at the less fortunate, the outlook is further grim. The affordable healthcare sector, for the poor and disenfranchised in India, is at a nascent stage. Over 60 per cent of the village-population in India is deprived of 70 per cent of medium-to-large hospitals in metros and cities. It is clearly evident that efforts by Government alone will be unable to ensure equitable mass healthcare. With low economic returns, profit-motivated companies are unwilling to invest. Specifically, healthcare for the poor seems to have three challenges: affordability, availability and quality. Effective solutions need to address all three issues. Therefore, we desperately need impact investments and social entrepreneurship in healthcare!

Despite all the challenges, market-driven social enterprises and public-private partnerships seem to offer hope. Several successful healthcare social entrepreneurs in India have shown us how to overcome odds. Consider the following examples:

- **Aravind Eye Care system:** Dr. G. Venkataswamy founded Aravind Eye Care in 1976 with an 11-bed hospital with beds reserved for patients who could not pay or pay modest rates. Till date, Aravind has treated more than 32 million patients and has performed 4 million surgeries.

- **Narayana Health**, headquartered in Bengaluru is amongst the most economical healthcare service provider. Since its inception in 2000 by leading cardiac surgeon Dr. Devi Prasad Shetty, with a 225-bed cardiac hospital 'Narayana Hrudayalaya', the group has grown to as a healthcare chain spread across 20 locations and 6,498 beds.
- **LifeSpring Hospitals** provides maternity care to women from low-income groups in Hyderabad. Established in 2005, this 50-50 joint venture between \$30-million Acumen Fund and Government-owned HLL Lifecare Ltd., has provided healthcare to 35 Lac women from 12 hospitals at 30 to 50 percent of market rates.
- **Vaatsalya HealthCare**: Dr. Ashwin Naik and Dr. Veerendra Hiremath founded Vaatsalya in 2004. They operate a network of hospitals in rural and semi-urban India across Karnataka and Andhra Pradesh. It has grown to 17 hospitals across Andhra Pradesh and Karnataka from 4 hospitals during 2009 and is soon opening in Maharashtra and Tamil Nadu. It serves an average of 280,000 patients annually.
- **Ziqitza Health Care Limited**: In 2004, Sweta Mangal, Naresh Jain, Manish Sacheti, Shaffi Mather, and Ravi Krishna – launched an emergency medical service in Mumbai with two ambulances: Dial 1298 for Ambulance. Those who call and ask to be taken to private hospitals pay the fee; those going to government hospitals pay little or nothing. Today, Ziqitza has 1,250 ambulances in 17 states and has delivered 9,598 babies on-board!
- **Glocal Hospitals**: Dr. Syed Sabahat Azim founded Glocal Hospitals in Sonamukhi, West Bengal, in 2011. Within six months it broke even. Today, Glocal Hospitals has 4,64,670 patients and has completed 61336 Surgeries across it's 9 Hospitals.
- **Neurosynaptic Communications Pvt. Ltd.**: NCPL, founded by Sameer Sawarkar and Rajeev Kumar, launched Remote Medical Diagnostics- a rural telemedicine and telediagnostic solution in remote village clinics through mobile and videoconferencing. Now established in 600 clinics; 100,000 patients annually use their service and pay a consultation fee priced at less than USD 1, saving up to USD 6-9 dollars per illness episode.
- **Drishti EyeCare**: Kiran Anandampillai and his wife Anjali Joshi established a rural eye care chain with vision centers and district hospitals in 2011. Currently, it has operations in the outskirts of Bangalore and adjoining areas, offers an operating model that is designed to cover BOP populations.

These social entrepreneurs would not be successful if there were not investors ready to risk capital in uncertain rural markets where the nascent demand was not necessarily backed by ability to pay. These new breed of patient investors are instrumental in supporting, mentoring and growing social enterprises in all social sectors, especially healthcare. Acumen, Aavishkaar, Lok Capital, Elevar Equity and Seedfund are amongst such "*impact investors*" leading the charge in healthcare. In the first decade of healthcare impact investments, over \$176 million had been committed to over 31 social enterprises. This includes \$106 million in Narayana Health, \$15.5 million in Vaatsalya, \$13 million in Forus Health, \$11.1 million in Glocal HealthCare and \$6.9 million in Wellspring HealthCare.

Can social entrepreneurship radically transform India's health system? I believe social entrepreneurship in healthcare is here to stay. For the first time, since Independence, in 2015, the Government of India cut its budgeted social spending. As a larger space gets created for social entrepreneurs in healthcare, we will see more angels of change like Dr. V, rising for the underserved Bharat.

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