

ASSESSMENT OF THE CENTRAL BUDGETARY ALLOCATION FOR HEALTH SERVICES IN INDIA

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Abstract: Health has a great significance from economic point of view. It increases productivity, quality of life and ultimately happiness of the people at large. Under the Indian Constitution, health is a state subject. Each state therefore has its own healthcare delivery system in which both public and private (for profit as well as non-profit) actors operate. But certain responsibilities fall on the federal (Central) government, which include aspects of policy-making, planning, guiding, assisting, evaluating and coordinating the centre and state efforts along with private players. The healthcare infrastructure in India includes levels that include primary, secondary or tertiary healthcare providers. Since the subject of health is a public good, effective contribution and the active participation of the government is essential. The main objective of this study is to analyze the percentage share of various categories of public expenditure on health care in India during the period of 1997-1998 to 2012-2013 and identify the factors determining public expenditure on health care. Two major types of expenditure have been considered namely a) medical and public health, family welfare and AYUSH and b) expenditure on health related matters it includes water supply and sanitation and nutrition. This paper will highlight the level of participation of Government in healthcare services.

Key Words: Public Good, Healthcare infrastructure, Healthcare providers, Family Welfare, AYUSH

Introduction: Health is a public good which benefits everyone in the country. Health has a great significance from economic point of view. It increases productivity, quality of life and ultimately happiness. Healthier individuals will often have the ability to work save and incentive invest more. This accumulation of capital will help fuel growth. Therefore developed countries across the world are investing more than 10 percentage of GNP for the health sector. whereas developing countries are investing less than 5 percent. India in 2014 directed only 4 percent for health.

Indian Health Care System: Under the Indian Constitution health is a state subject. Each state therefore has its own healthcare delivery system in which both public and private (for profit as well as non-profit) actors operate. But certain responsibilities fall on the federal (Central) government, namely aspects of policy-making, planning, guiding, assisting, evaluating and coordinating the work of various provincial health authorities and providing funding to implement national programs. The organization at the national level consists of the Union Ministry of Health and Family Welfare (MoHFW).

The healthcare infrastructure in India includes levels namely primary, secondary or tertiary healthcare providers. The providers of healthcare at these different levels include both public and private actors, but there is an increasing dependence on private providers. The primary level includes village teams, sub centres and primary health centres. The community health centres and sub-district hospitals make up the secondary level, and the district hospitals and medical colleges are at the tertiary level.

Health expenditure: Health expenditure is a total expenditure in an economy by both government and private sector on health related matters. Since health is a public good, effective contribution and the active participation of the government is essential.

Objectives of the Study: The main objectives of the study are as follows: To

1. analyze the percentage share of various categories of public expenditure on health care in India during the period of 1997-1998 to 2012-2013.
2. identify the factors determining public expenditure on health care.

Methodology of the Study: The present study covers a period of 16 years from 1997-1998 to 2012-2013. Two major types of expenditure have been considered for analyzing public expenditure on health care namely, (1) expenditure on health it includes medical and public health, family welfare and AYUSH (Ayurveda, Yoga, Unani, Siddha and Homeopathy) and (2) expenditure on health related matters it includes water supply and sanitation and nutrition.

Tools of Analysis:

1. **Percentage Analysis:** Percentage is used to examine the year wise percentage share of government expenditure on medical and public health, family welfare, AYUSH, water supply and sanitation, nutrition to total health care expenditure.
2. **Multiple Linear Regression Model**
The determinants of public expenditures on health care identified are population and gross domestic product. In order to find out the impact on health and health related major heads expenditure and total health care expenditure in

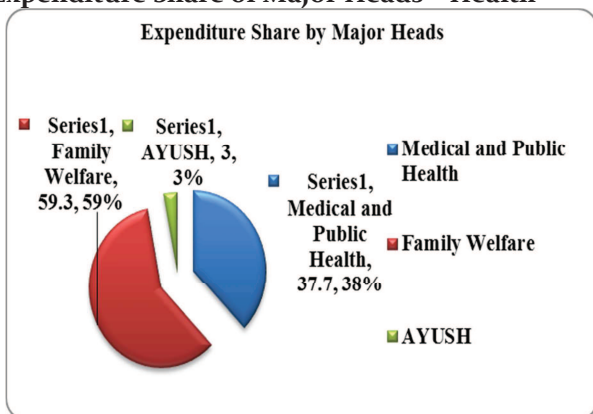
India, the multiple regression is adopted. $Y_t = \beta_0 + \beta_1 X_{1t} + \beta_2 X_{2t} + U_t$.

Analysis

(1) Health Expenditure

The health needs of the country are enormous and the financial resources and managerial capacity available to meet them, even on the most optimistic projections, falls short. India's National Health Policy, 2002 had to make hard choices between various priorities and operational options. The policy, while being holistic, focuses on the need for enhanced funding and an organizational restructuring in order to facilitate more equitable access to the health facilities. The policy aims to achieve an acceptable standard of good health among the general population of the country and has set goals to be achieved by the year 2015. However, from a global perspective India's public spending on health is extremely low. In 2009 it amounted to just 1.1 per cent of GDP. Further, public spending across states also reveals wide variations. The total health expenditure (combining public funds, private funds and external flows) during this period equaled 4.1 per cent of GDP. The 12th five-year plan (2012-17) aims to increase the public health investment from 1.1 per cent to 2-3 per cent of GDP¹⁰. In the year 2013 public health investment was 1.3 percent of GDP and the total health expenditure of the nation was 4.0 percent to GDP as per the World Bank data. With the population of 1.21 crores in India, the government is spending only 1.3 percent in terms of GDP for health sector. The share of the major heads include Medical and Public Health, Family Welfare and AYUSH.

Expenditure Share of Major Heads - Health



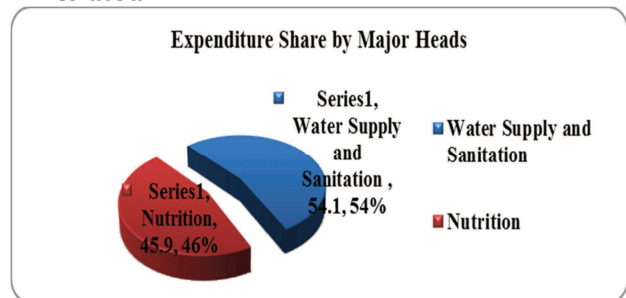
The family welfare expenditure accounted for the largest share (59.3 percent) in the total expenditure. The reason for this was family welfare accorded the highest priority and therefore all its programmes were merged with

NRHM. Health expenditure on medical and public health and AYUSH expenditure's share to the total health expenditure found the places second (37.7 percent) and third (3.0 percent) respectively. Due to the low allocation of resources for AYUSH it has not become very popular in the urban regions.

(2) Health Related Expenditure

The health related expenditure by central government was categorized as two major heads namely (a) water supply and sanitation and (b) nutrition. Providing safe drinking water to all habitations is one of the monitorial targets of the Indian five year and annual plans. India is one among the developing world, beginning to face the phenomenon of nutrition transition that means national health systems need to cope with both the high cost of treating diet-related NCDs and fight under-nutrition.

Expenditure Share of Major Heads - Health Related

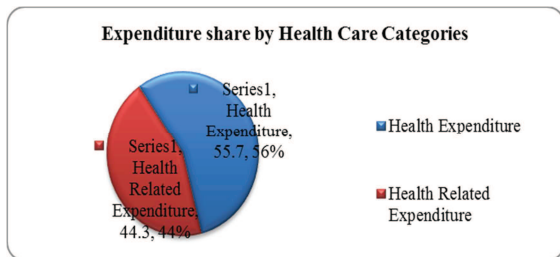


The central government is funding almost 50 percent of the water supply and sanitation and nutrition programmes. Water supply and sanitation accounted highest expenditure share (54.1 percent). On the whole, in the initial phase i.e. 1997-1998 its percentage share was 69.78 and declined in 2012-2013 as 44.98 percent. The reason for this decline was government's reduction of provisions to urban water supply and sanitation. On the contrary, Nutrition head accounted for the lowest percentage share i.e. 30.22 in 1997-1998 and increased in 2012-2013 as 55.02 percent. It indicates that Women and Child Development Department (W&CDD) started to give much priority to nutritional life of children, adolescent girls and women.

(3) Health Care Expenditure

Health care was improved through improving the access to and utilization of medical and public health, family welfare, AYUSH, water supply, sanitation and nutrition services with special focus on underserved and under privileged segments of population. The enormity of the challenge in health was realized when the eleventh plan (2007-2011) was formulated and an effort was made to increase central plan expenditures on health care.

Expenditure Share of Health Care Categories



Variables	Independent Variables		R ²
	GDP (X ₁)	Population (X ₂)	
Total Health Expenditure	1.314*	-371.556	0.98
Total Health Related Expenditure	1.608*	-724.110*	0.98
Total Health Care Expenditure	2.922*	-1095.666	0.98

Health accounted for highest expenditure share (55.7 percent) by government. And health related matters cover only 44.3 percent expenditure. The reason is pressure for health services increasing in all states of India rather than health related expenditure.

Determination Analysis

To find out the factors determining government expenditure on health care two important influencing factors were taken for this study namely 1. Population and 2. Per capita GDP

To analyze the level of impact of these two variables on government expenditure on health regression was run. The OLS method was applied.

Determination Analysis of Government Expenditure on Health Care

The estimated coefficients of GDP (X₁) are significant at 5 percent level. Except for health related expenditure estimated coefficients of population (X₂) are insignificant at 5 percent level. This indicating that increasing population needs more of water supply and sanitation facility and nutritional food rather than health care facilities. The estimated R² values 0.98, 0.98 and 0.98 indicates that the two

Source: Computed Data * represents significant at 5 percent level

explanatory variables namely per capita GDP and population had explained to the extent of 98 percent variation in the public expenditure for health, health related and total health care services.

Suggestions: The Government should allocate more funds to health and health related matters for people to access free health care services .The government must review and implement the recommendations given by High Level Expert Group (HLEG)

Conclusion: The analysis revealed that government’s fund allocation is grossly insufficient to meet the demands of the ever increasing population. Since health is an extremely essential service it should be available and accessible to the entire population. Privatization of health care facilities should be avoided to ensure healthy human capital.

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