

Pattern of Public Health Expenditure in India: An Analysis of Social Sector Expenditure

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Abstract:

Background : The study purports to depict the picture of health sector with respect to its expenditure made by the central government. Budget allocation and a numerous centrally sponsored schemes are introduced by various governments with the prime objective of ensuring better standards in Health sector. Development of a country is basically focused on the social sector development, which paves way for upliftment of the society for attaining development. In India the social sector expenditure on education, Health and Infrastructure plays a prominent role in guaranteeing a path to development. Therefore, the Expenditure spent by the government under these three heads are very important and among these three Health is the major sector because development depends on income, income depends on employment, employment depends on human capital, human capital depends on physical capacity to do work or employment. Thus, finally all these are dependent on the health status of the society.

Materials and methods: This paper describes the total expenditure spent by the government through budget and various programmes for the social sector development and the actual health status of the country. It gives a general analysis of various government schemes and programmes for the development of health infrastructure in India.

Conclusion: there are large number of programmes or government schemes to develop a better health care system in India but the life span of each programme is different and some are not able to meet its objective within its life span. The existence and efficiency of each programme is a matter to meet its intention so it is significant to channelize properly to meet its objectives and materialise one by one with prime importance.

Key words: Health, Social Sector Development, public expenditure and government programmes

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I. Introduction

After liberalisation, the revolutionary changes happened in the health care system, especially by the privatisation undertaken in this sector. This facilitates competition and thereby quality in the services. On the other side it leads to increase in the cost of health care services. Therefore the government is forced to do something more for providing the health care services at a reasonable price to all households. As a part of it, the government of India has introduced several schemes to ensure good health care services that is affordable to all sections of the society. The government has introduced different programmes as a part of their ruling process. Some programmes have been stopped and some new ones have been introduced. Some are merged with similar ones to introduce even newer programmes.

Health is one of the most important public good provided by the government. So the expenditure on it is a big burden for the government. There are a number of sources providing funds for the health care such as Central Government, State Government, Local Governments, Households own resources, external funding, Non-Governmental Organisations and so on. It is clear that the government of India is very careful about ensuring better health facilities to its citizens. The health expenditure in India is considered one among the social sector expenditure. So the expenditure for health sector is reflected under this head but it has various subdivisions. The whole health expenditure is a part of social sector expenditure. However, there are a lot of sub parts for this. It comes under development expenditure, non-development expenditure and so on.

The Central Government has devolved funds under various heads mainly through the budget transfers. The development of the states along with the development of the country is the main agenda behind it. The development in the sense, economic as well as social, is mandatory for a country to move ahead with other developed economies. Here the social sector development should be achieved mainly in three sectors namely education, health and infrastructure. The development of these three depends on the expenditure used for it. Here the study concentrated on the expenditure used for the health sector in the social sector expenditure along with the total expenditure. The expenditure on health sector is subdivided in to many, such as expenditure under

the head of development expenditure, non-development expenditure and social sector expenditure. The study concentrated on the health expenditure through the social sector expenditure, but the paper gives an overall picture about the current amount of expenditure on health. The total health expenditure covers the health expenditure under social sector expenditure and different schemes by the government. Various schemes by the central government under Centrally Sponsored Schemes and Central Sector Scheme are giving much focus through the programmes in health sector.

The first systematic study on 'health spending by household' was carried out by National Health accounts of India in the year 2001-02. The study concentrates on the funds spent by individuals as health expenditure. But this study concentrates on the public spending for the public health rather than the households spending on it. The better public health is a responsibility of every individual in the country so the need for government spending on the health sector was increasing over the years. This study is purely concerned with the government spending on health sector through various schemes, programmes and as a part of social sector development.

II. Objectives of the study

The study discusses two important objectives that will give a picture about the health expenditure made by the central government. They are as follows:

- ❖ To investigate trends in public expenditure on health care.
- ❖ To explore various schemes by central government in the health care system.

III. Methodology

The study considers secondary sources of data. The data was collected from the Reserve Bank of India (RBI) publications on the social sector expenditure and government of India official data sources for the government schemes data. The above mentioned two objectives are fulfilling through the descriptive analysis carried out for this study. There are a number of sources providing health facilities in India, Central government is one among it and the study considers the funds spent by the central government for health care services. This paper examines the central sector schemes and centrally sponsored schemes made by the government of India. It takes the health expenditure from the social sector expenditure made by the central government. It considers both Revenue expenditure and capital expenditure from the social sector expenditure. The central government is transferring its funds for the development of the states in the name of public expenditure. In this public expenditure the health care expenses comes under the category of expenditure on medical and public health in social sector expenditure. The social sector expenditure devolves funds mainly under three heads, they are: Education, Health and infrastructure. Here the study concentrates only on the health expenditure by the central government. The whole health expenditure under Social Sector Expenditure is taken for this study and that includes the expenditure for schemes or programmes in health sector also. The study gives a descriptive analysis for the centrally sponsored schemes and central sector schemes for health care. It also provides an overview about government spending on health in numerical terms. The percentage of total health expenditure to the total expenditure is also included in a table for better understanding of government spending on health for ensuring a better public health.

IV. Health Expenditure in India

The health expenditure in India is carried forward under various heads by different departments, but the entire expenditure on health is transferred through Social Sector Expenditure as Medical and Public Health expenditure. The government has introduced various schemes or programmes for the health care under this head. National Health Mission (NHM) is the apex body which provides the health care facilities in India. The insurance sector plays a prominent role in the current days in health care system. The fabulous increase in the health insurance sector makes a positive impact on the accessing of health care services by the common people. The central government also provides different health insurance coverage to the people that reduce a big burden of health care expenses made by the individuals, so the number of people dependent on the Health Insurance Schemes have increased over the years.

The proportion of households that incur Catastrophic Health Expenditure (CHE) in a country is widely used as an indicator of the extent to which the health system protects households needing health care against financial hardship. Offering such protection is a major goal of health systems and is the purpose behind universal health coverage (Raban, Dandona and Dandona 2013). From these words it is clear that well coverage health system in a country is very useful to its citizens to reduce the burden of huge amount of health expenditure. The Expenditure on Medical and Public Health and Family Welfare - As Ratio to Aggregate Expenditure is shown in the below Table - 1.

Table - 1
Expenditure on Medical and Public Health and Family Welfare - As Ratio to Aggregate Expenditure
 (Values in Per Cent)

Year	Medical Expenditure as Ratio to Aggregate Expenditure	Year	Medical Expenditure as Ratio to Aggregate Expenditure
2001-2002	4.4	2010-2011	4.2
2002-2003	4.0	2011-2012	4.2
2003-2004	3.4	2012-2013	4.3
2004-2005	3.4	2013-2014	4.4
2005-2006	3.9	2014-2015	4.8
2006-2007	3.9	2015-2016	4.7
2007-2008	3.8	2016-2017	4.6
2008-2009	3.9	2017-2018	5.0
2009-2010	4.2		

Data source: State Finances: A Study on Budgets

The above Table – 1 Expenditure on Medical and Public Health and Family Welfare - As Ratio to Aggregate Expenditure is showing a fluctuating trend. It does not show a huge hike or a sudden drastic fall, but maintains a wave that keeps a small falling and a small hike in the percentage of amount spent for the health expenditure. The point to be notes is that India is a developing economy, so if we consider such an economy the expenditure it spends for its social sector will be high, but the table point out that the health expenditure ratio to total expenditure is always below 10 per cent its upper value is 5 per cent in the year 217-18. So we can expect that government will spend more for health care in the coming years.

V. Schemes for Health Care in India

The government schemes are divided in to two, namely, Centrally Sponsored Schemes and Central Sector Schemes. Here the Centrally Sponsored Schemes are again classified into two:

1. Centrally Sponsored Schemes: the Schemes which are partly funded by the central government. The implementation is fully done by the central government.

A. Core of Core Schemes: these include the most essential schemes for the social protection and social inclusion of the society.

B. Core Schemes: almost all the schemes for the health care were include in the core Schemes. The funding for core scheme is different for the Special Category States, North Eastern states and general category states.

2. Central Sector Schemes: the Central Sector Schemes are fully funded and implemented by the Central Government.

In health care sector, the majority of the schemes are included in the Core Schemes and Central Sector Schemes. The National Health Mission (NHM) is the apex in health sector. The works under this mission is carried out as core schemes for health sector development.

VI. Major Centrally Sponsored Schemes for health sector

- **National Health Mission (NHM)**

For the development of health sector we had a single core scheme but which is capable of including all schemes under this head. It contains the schemes for National Rural Health Mission (NRHM) and National Urban Health Mission (NUHM). The National Health Mission spends an amount of 26178.02 crores as health expenditure under its programmes in the year 2017-2018.

1. National Rural Health Mission (NRHM)

Under this scheme a number of various schemes covering the health sectors are included, they are: Reproductive Child Health Programmes (Immunization programmes, National Iodine Deficiency Disorders Control Programme and so on), The programmes for strengthening Health Systems under NRHM, programmes for controlling Communicable Diseases, programmes for Non-Communicable Diseases as well as Injury and Trauma, Infrastructure Maintenance in health sector, policies for Forward linkages to NRHM, programmes for Strengthening of State Drug Regulatory System, Pilot Schemes(Sports medicine, Deafness, Leptospirosis Control, Control of Human Rabies, Medical Rehabilitation, Oral Health, Fluorosis), Strengthening National Porgramme Management of the NRHM and Human Resources for Health sector development.

2. National Urban Health Mission (NUHM)

National Urban Health Mission (NUHM) is doing same kind of programmes in the uraban areas that the National Rural Health Mission (NRHM) has undertaken in the rural areas. The only difference is one is focused among the urban population and the other is focused among the rural population.

3. Tertiary care Programmes:

The tertiary care programmes was introduced to ensure a tertiary health care services to the society. Which aims to safeguard the society by providing some more programmes or policies that will give a platform for better health care. Some of the programmes under this head are National Mental Health Programme, Capacity Building for Trauma Centres, National Programme for prevention and control of Cancer, Diabetes, Cardiovascular Diseases and Stroke, National Programme for Health Care for the Elderly, National Programme for Control of Blindness, providing Telemedicine and Tobacco Control Programme and Drug De-addiction Programme.

4. Human Resources for Health and Medical Education

The National Health Mission (NHM) also ensures better health facilities as well as a healthy generation by implementing the above schemes, for the better practice of all these programmes are depends on a good health and medical education. So in this regard it needs another section that deals with these very practically under the head of Human Resources for Health and Medical Education. Therefore, the need for Human Resources for Health and Medical Education is a mandatory pre-requisite for achieving better position in the health sector. The programmes carried out Under this head is Up gradation /Strengthening of Nursing Services (ANM/GNM), Strengthening /Up gradation of Pharmacy School/College, District Hospital – Up gradation of State Government Medical Colleges(PG seats), Strengthening Government Medical Colleges(UG seats) and Central Government Health Institutions, Establishing New Medical Colleges(upgrading District Hospitals) and Setting up of State Institutions of Para-medical Sciences in States and Setting up of College of Para-medical Education.

5. Rashtriya Swasthya Bima Yojana (RSBY)

This Scheme was very popular in health insurance scheme. It was launched by ministry of Labour and Employment under Government of India. The scheme provides the insurance coverage to the unorganised worker and his family. A sum of Rs. 30000/- per annum per family is ensured. The funding for the programme was shared by the central government and the state governments. The funds are shared on the basis of the ratio 75:25 respectively by centre and state. The beneficiary would pay Rs. 30 per annum as registration/renewal fee. The criteria for this programme strictly follows that the beneficiary should belong to a BPL family and it ensures the coverage to five member of that family only. This scheme was used by majority of the family members of unorganised workers in India.

- **Mission Indradhanush**

It is a health mission introduced by Government of India in 2014. This is actually an immunisation programme. Mission Indradhanush aims to strengthen and re – energise the programme and achieve full Immunisation coverage to all children and pregnant women at a rapid pace. Its objective is to execute the policy of full immunisation with all available vaccines for children up to the age of two years and for the pregnant women. The prime minister has launched **Intensified Mission Indradhanush** in 2017 for ensuring immunisation to the Uncovered under the routine Immunisation Programme (UIP). That aims to ensure the immunisation of children's and pregnant women's in the uncovered areas. It keeps the policy for selected districts in the country.

- **Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)**

It was announced in the year 2003 and it ensures the tertiary health care capacity in medical education, research and clinical care in the underserved areas of the country. It aims to correct or reduce regional imbalance in the availability of tertiary health care services. It ensures that facility of tertiary health care services which is not affordable or available at a reliable setting all over the country, so the prime objective is to ensure and augment facilities for quality medical education in the country. This scheme aims to facilitate the medical education to regionally backward areas. It connects all such institutions all over the country. The institutes that come under this programme are: All India Institute of Medical Sciences in Rishikesh, Jodhpur, Bhubaneswar, Bhopal, Patna, Gorakhpur, Mangalagiri, Nagpur, Raebareli and Raipur. PMSSY has two objectives, they are: setting up of All India Institute of Medical Sciences (AIIMS) and Upgradation of Government Medical College Institutions.

- **Ayushman Bharat Yojana / Pradhan Mantri Jan Arogya Yojana**

Pradhan Mantri Jan Arogya Yojana / Ayushman Bharat is a centrally sponsored scheme. It is an umbrella of two major initiatives that is Health and Wellness and National Health Protection Scheme. From these two schemes the health and wellness centres provides the health facilities like

- Pregnancy care and maternal health services.
- Neonatal and infant health services
- Child health
- Chronic communicable diseases
- Non-communicable diseases
- Management of mental illness
- Dental care
- Eye care
- Geriatric care Emergency medicine

The National Health Protection Mission is otherwise known as Ayushman Bharath - Pradhan Mantri Jan Arogya Yojana (AB – PMJAY). It provides the insurance coverage to all. It considers the people from urban and rural area under certain conditions. This is the world’s biggest government sponsored health care scheme. This scheme will offer the insurance coverage of 5 lakh per family and the scheme covers almost 50 crore citizens in India.

• **Prime Minister Jan Swasthya Yojana (PMJSY)**

This scheme was launched in 2018 september 23rd. It is otherwise known as Prime Minister Jan Swasthya Yojana (PMJSY). It helps to provide health insurance to poor, neglected families and families of urban poor people. It provides free treatment to poor by getting admitted to any hospital and issuing Ayushman Bharat Card for facilitating the Scheme. It ensures health care irrespective of the family size. It covers both preventive and promotive health to address health care to all. It covers two other major health initiatives namely Health and Wellness Centres and National Health Protection Scheme (NHPS)

I. Major Central Sector Schemes for Health Sector

The major Central Sector Schemes for the health sector are listed below:

- National Acquired Immune Deficiency Syndrome (AIDS) and Sexually Transmitted Diseases (STD) Control Programme
- Family Welfare Schemes
- Establishment and strengthening of National Child Development Council (NCDC) Branches and Health Initiatives, Inter Sectoral co-ordination for preparation and control of Zoonotic Diseases and other neglected tropical diseases, Surveillance of Viral Hepatitis, Anti-Microbial Resistance
- National Pharmacovigilance Programme
- Development of Nursing Services
- Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Services
- National Organ Transplant Programme
- Impacting Research Innovation and Technology (IMPRINT) Scheme
- Swachhta Action Plan (SAP)

VII. Social Sector Expenditure and Health Expenditure

Social sector comprises mainly of three sectors which are Education, Health and Infrastructure. All these three plays an equal role in acquiring social sector development in India. So the expenditure made by the Central government under these three heads are important. In this regard, the study concentrates on the Social Sector Expenditure made by the government under Health sector. The health expenditure under this head is named as expenditure for Medical and Public Health. The Revenue Expenditure and Capital Expenditure made by the Central Government are considered here for the total health Expenditure made by the Central Government. The Composition of Social Sector Expenditure is given in Table – 2.

**Table - 2
Composition of Total Social Sector Expenditure**

Sl.no	Revenue Expenditure		Capital Expenditure		Loans and advances by State	
	Economic services	Social services	Economic services	Social services	Economic services	Social services
1	Rural Development	Education, sports, art & culture	Rural Development	Education, sports, art & culture	Rural Development	Education
2	Food storage & Warehousing	Medical and public health	Food storage & Warehousing	Medical and public health	Food storage & Warehousing	Housing
3		Family welfare		Family welfare		Housing (government servants)
4		Water supply and sanitation		Water supply and sanitation		Others
5		Housing		Housing		
6		Urban development		Urban development		
7		Welfare of SCs, STs & OBCs		Welfare of SCs, STs & OBCs		
8		Labour and labour welfare		Social security and welfare		
9		Social security and welfare		Others		
10		Nutrition				
11		Expenditure on natural				

		calamities			
12		Others			

Data Source: State Finances: A Study on Budgets

From the table – 2 this study only considers the Health Expenditure under the Social Sector Expenditure. That comes under the revenue expenditure and capital expenditure both are considered for this study. The total Health Expenditure made by the central government under revenue expenditure and capital expenditure are given in Table – 3.

Table - 3
Expenditure Made by the Central Government with Respect to Health
 (Amount in Rupees Billion)

Year	Total Expenditure	Social Sector Expenditure	Medical And Public Health (Revenue Expenditure)	Medical And Public Health (Capital Expenditure)	Total Health Expenditure (3+5)
	1	2	3	5	6
2001-2002	3686.80	1292.50	129.4	6	135.4
2002-2003	4102.49	1336.50	134.4	6.2	140.6
2003-2004	5143.02	1461.60	141.2	9.2	150.4
2004-2005	5534.28	1640.80	152.3	10.1	162.4
2005-2006	5616.82	1894.30	175.4	17.2	192.6
2006-2007	6572.80	2229.90	191.6	31.3	222.9
2007-2008	7523.24	2654.70	218.9	34.2	253.1
2008-2009	8823.33	3315.40	261.6	36.3	297.9
2009-2010	10153.30	3997.40	326.1	39.3	365.4
2010-2011	11587.30	4519.40	381.3	42.4	423.7
2011-2012	13516.12	5235.7	439.4	50.1	489.5
2012-2013	15342.55	6029.4	506.4	60.7	567.1
2013-2014	17061.45	6792.0	563.8	76.2	640
2014-2015	20257.83	8300.6	705.9	105.2	811.1
2015-2016	23602.29	9689.4	810.1	123.3	933.4
2016-2017	27082.15	11281.9	934.5	135.9	1070.4
2017-2018	31774.07	13335.2(RE)	1141.1	162.3(RE)	1583.8(RE)

Data Source: Data Compiled from State Finances: A Study on Budgets

The Total Health Expenditure made by the Central Government shows a smooth increase in trend which exhibits a small rise over the years. No significant improvement is there until the first ten years, after that there is a sudden increase.

VIII. Need for Improving the Health Sector in India

In India we have a very low health care expenditure made by the central government. The majority of the health expenditure of the individuals is met by the out of pocket expenses of the individuals. It means that the major part of the health expenditure of each household is carried out by their own income. So they are forced to spend more from their own income rather than accessing the public spending on it. In this case it is important to discuss about the government spending on health care in India. The study concentrates on central government spending, but we have other levels of government spending on it. The above Table – 1 shows the exact situation of it. Only less than 5 per cent of total expenditure is spent for providing facilities in the health sector. We have a number of various programmes for the improvement in the health sector, but some are not working or some are only for name sake and there are a lot of issues in the working of the different schemes in different sectors also. From this we can say that it is very negligible when compared to other government spending. So the government needs to open their eyes on it.

IX. Conclusion

Central Government has done many programmes under Centrally Sponsored Schemes and Central Sector Schemes for the Social Sector Development of the states. These schemes are mainly concentrated on the Education, Health and Infrastructure. This study has focused on the Expenditure made by the Central

Government for the development of Health Sector. There are a number of programmes that have been introduced by various governments for providing the better health care facilities in India. But the main problem is its duration or life of different programmes by different governments. There are large number of schemes for health care facilities but some are not working under a proper governance, some are not efficient to meet the objectives under the programme, some are inefficient to meet the expenses, some are unable to reach the exact beneficiaries, some are not familiar to the common people, some are inefficient to provide accessibility by the authoritative problem, some are incompetent to the parallel programmes, and so on. Even though the central government has raised the amount spend through the various programmes, in this case the numbers of beneficiaries of these programmes are more important. At the same time the government should keep a proper system to check whether the beneficiaries of the programmes are actually eligible for it or not. The efficiency of each scheme is really an important matter; the correct checking system will ensure a good utilisation of the public good. In this regard we can say that need a good mechanism for facilitating better utilisation of public goods and needs to ensuring better facilities to its citizens for the overall development of a country. Many of the government schemes do not have such a system to check it but the interesting fact is that the government has tried to control such inefficient practices in all sectors through the uniform identification system. So we can hope that the programmes or policies will reach the exact needy people in the society at the earliest.

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