



Public Expenditure on Health in India: A Review

Soni Singh¹

Dr. Anjali Singh²

¹ Research Scholar, Department of Economics, Dr. Shakuntala Misra national Rehabilitation University Lucknow.

¹ Assistant Professor, Department of Economics, Dr. Shakuntala Misra national Rehabilitation University Lucknow.

Abstract

Public expenditure on health in India may be categorized as: Medical and Public Health, Family welfare, and other department's demand to central and state government in relation to health sector. The total government health expenditure and per capita government health expenditure in country, has witnessed minor increase during the period 2009-10 to 2018-19. The per capita government expenditure on health sector in India is also on a notch higher from Rs 621 in 2009-10 to Rs.2085 in year 2018-19.

Reform era shifted Indian economy towards the private sector, hitherto the Government of India, not only intended to reduce its non-plan expenditures but also welcomed the private investors to the core industries through PPP model. The aftermath not only affected industries but also the core sectors such as education and health. The new government came into power in mid 2014; they also followed the trajectory, foundation of NITI Ayog and abolition of Planning Commission also impacted the expenditure pattern in India. The current study is an effort to track the health sector spending during this overwhelming preposition of the economy.

The study aims to examine the trends, composition and rate of growth of government expenditure on health sector in India, during the time period from 2009-10-12 to 2018-19. The paper is organized as follows: section1: introduction and objectives, data source and methodology. Section: 2 Study of health expenditure in India as percentage of GDP, per capita expenditure, the composition of revenue and capital expenditure to the percentage of total health expenditure. Section: 3 is findings and conclusion and suggestions.

Key Words: Public Health Expenditure, Social Sector Expenditure, Per Capita Government Expenditure.

Introduction

Health expenditure may be defined as the resources allocated to the very component by government and non-government. Public health expenditure in India is incurred by both centre and states; basically constitution has predetermined this responsibility to the state government. India has a systematic and well researched perception of health expenditure: with three major heads i.e. 2210-Revenue expenditure on Medical and Public Health, 2211- Revenue expenditure family Welfare and 4210-Capital expenditure on Medical and Public Health, 4211 Capital expenditure on family Welfare and Others.

The health expenditure of a country is a dependent variable directly proportionate to GDP and negatively related to Population. Growth in GDP may positively contribute to the public spending on health according to the priorities. As a matter of fact the demographic profile like percentage of diseased, old and young in a country may impact the quality of the public expenditure on health. It is well known that health expenditure in India is dominated by private spending. Basically this detrimental effect upon public spending on health in India has an impression of reform era. In late 19s and early 2000s this composition has gone through a paradigm shift. This in turn opened up the private sector to the social service sector. It adversely affects human development, social welfare and labour productivity.

Literature Review-

There is a large volume of empirical literature to scrutinise the linkage of health systems and socioeconomic conditions with health outcomes.

Public spending on health tends to ensure the quality of life. The public expenditure on health has not only been recognised in fighting with major diseases like HIV/AIDS, tuberculosis, malaria, meeting the millennium development goals (MDGs) targets, reducing poverty but also important for the industrial and economic development of a country³.

The literature have argued that countries with high level of public spending in health have secure better health outcomes compare to the countries with low level of spending in health (NCHM,2005).

The government health spending has remain almost constant during the period and around 1 per cent of GDP. The health policy change, particularly the NRHM, have shown the positive impact of health expenditure (Shailendra Kumar Hooda, 2013-Changing Pattern of Public Expenditure on health in India: Issues and Challenges).

In other literature by Shailendra Kumar Hooda⁴ on health has recognized that public spending on health is essential for fighting with major diseases and meeting Millennium Development Goals (MDGs) targets. This further helps in reducing poverty and overall economic development of a country.

(Amarnath H. K. and Choudhury M. (2012)⁵ and Mr. Mohammad Ashfaq Ahmed and P.M. Honakeri (2012) examining the trend, composition and rate of growth of public health expenditure in India. Choudhury and

³ (CMH,2001;NCMH,2005;UN, 2008).

⁴ Determinants of Public Expenditure on Health in India: The Panel Data Estimates

⁵ An Estimate of Public Expenditure on Health in India”, National Institute of Public Finance and Policy

Nath (2012) note that several governmental documents argue for raising the level of public expenditure on health between 2 and 3 per cent of GDP, including the approach paper to the 12th Five Year Plan (2012-2017), Programme Implementation Framework of the National Rural Health Mission (NRHM), and other documents. This typically refers to public expenditure on health alone, and does not include water and sanitation, or nutrition.

In other literature of Mita Choudhury and M. Govinda Rao described in Inter-State Equalisation of health expenditures in Indian Union. This study divided in five different parts. This study analyses public health expenditure need in different states. The NCMP of the government has indicated that public spending should increase 2-3 percent of GDP.

Health Finance Indicators⁶ is described brief components of public expenditure on health, health financing, international comparison of public health expenditure in India.

Bhattacharya, Govind. (2009), and Ganesan, L. and Veena R.,⁷ described inter regional disparity and imbalances in development.

After this brief review, it is found that most of the study analysed in the health expenditure in India dominated by private spending. Good health is key of development but the current health status and health system in the country, has certain challenges which hamper our health system in the near future.

Data and Methodology-

The study is based on secondary data drawn from various sources. The Major source of data would be union budget documents (various years), Economic Survey (various years), working papers, research papers, and articles etc.

The data limitation on health expenditure allows us to consider the period starting from 2009-10 to 2018-19. This period is of great significance, as it consider the impact of 2008 recession.

This paper is largely based on secondary data which are described and reviewed the composition of government health expenditure in India.

⁶ Health Finance Indicators-Chapter four, An overview of Public Health Expenditure including pattern of allocations made to Central/ State Government etc)

⁷Bhattacharya, Govind. (2009), Intra-State Disparity in Government Expenditure: An Analysis”, Economic and Political Weekly, vol 44 and Ganesan, L. and Veena R “A study on Inter-State Disparity in Public Health Expenditure and its Effectiveness on Health Status in India”, International Journal of Research Granthaalayah.

Objective of this paper-

- To study the Composition of Public Expenditure on health in India.
- To study the public expenditure on health as percentage of GDP during the year 2009-10 to 2018-19
- To review the trend in public expenditure on health during the year 2009-10 to 2018-19
- To observe the trend in Per capita public expenditure on health during the year 2009-10 to 2018-19

Health Expenditure in India –

In India, the health sector is accounted through various sources of funding. They include Central Government, State Government, and Local Government, Households, External Funding, Firms and other sources including NGOs. The funding by Central, State and Local Governments constitute the public expenditure or government expenditure. Under the budget, the public expenditure is classified into two main accounts. One is Revenue Expenditure Account, wherein the consumption expenditure incurred in the country is recorded and on the other hand is the Capital Expenditure Account, wherein the capital expenditure incurred in the country is recorded. With regard to health sector in India, transactions are recorded by two major heads under both the accounts i.e., Medical & Public Health and Family Welfare.

In a developing nation like India, the social service sector expenditure by general government includes health expenditure as a main component. Expenditure on health includes expenditure on medical and public health, family welfare and water supply and sanitation. Social sector expenditure is a key instrument for the development of the country. Public spending on social sector is given importance for at least two reasons. First, the extent of deprivation in the developing countries is too large to be left to market forces alone to take care of sufficient spending required for human development. Second, the poor utilizes government services as compared to richer households.⁸

The definition of health expenditures depends upon the meaning of health one takes into account. World Health Organisation (WHO), defines “health as a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity”.

Health and Education is most important components of social sector expenditure.

Composition of Public Expenditure on health By Revenue and Capital Accounts during 2008-09- 2018-19-

The composition of public expenditure on health by revenue and capital accounts including medical and public health and family welfare have different sub categories also. The component wise breakup of Medical and Public Health Expenditure is General Expenditure, Urban Health Services-Allopathy, Urban health services-Other services of medicine, Rural health services- Allopathy, rural health services-Other services of medicine, Medical education training and research and Public Health. The component wise breakup of Family Welfare Expenditure is Rural Family Welfare services, Urban family welfare services, Maternity and child health,

⁸ Social Sector Expenditure and Human Development Index of Indian States-Pranjal Mittal

Transport, Compensation, Mass education, selected area programmes, Asst Local bodies, other services and supplies, Tribal area sub plan, and other expenditure.⁹

In the following table and figure-1 represent the health expenditure by its two basic components revenue and capital account. The figure for capital expenditure in the total health is usually small amounts as compared to revenue expenditure.

Table-1
Health Expenditure
Revenue+ Capital Account

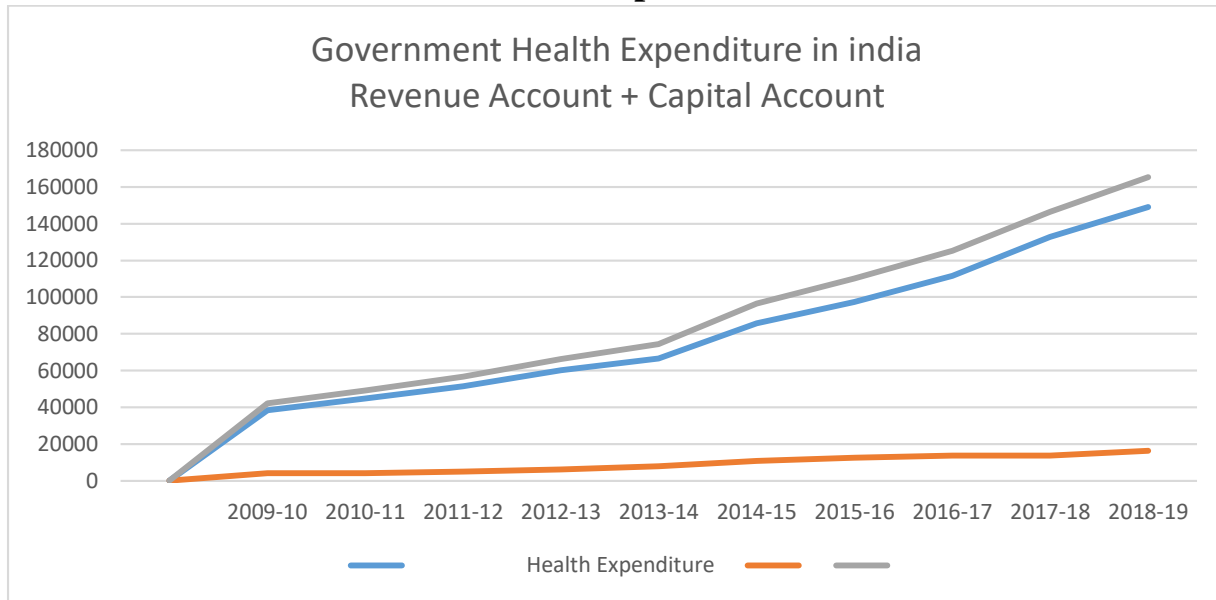
(Rs in crore)

Year	Health Expenditure				
	Revenue	Revenue Expenditure % of Total Health Expenditure	Capital	Capital Expenditure % of Total Health Expenditure	Total
2009-10	38,301.2	90.47	4,033.9	9.53	42,335.1
2010-11	44,893.6	91.35	4,245.7	8.65	49,139.30
2011-12	51,528.9	91.02	5,080.1	8.98	56,609.00
2012-13	60,167.0	90.74	6,134	9.26	66,301.00
2013-14	66,528.9	89.41	7,875.1	10.59	74,404.00
2014-15	85,705.7	88.78	10,828.7	11.22	96,534.40
2015-16	97,470.8	88.54	12,606.4	11.46	1,10,077.20
2016-17	111,471.5	89.04	13,717.6	10.46	1,25,189.10
2017-18	132,722	90.66	13,660.6	9.34	1,46,383
2018-19	148,985.7	90.08	16,391.4	9.92	1,65,377.10

Source: Budget Documents, various years

⁹ Health Sector Financing By Centre and State/ UTs in India [2015-16 to 2017-18]

Figure -1
Government Health Expenditure in India
Revenue and Capital Account



Source: As per table-1

Table -1 provides the composition of revenue and capital account of public health expenditure in India during 2009-10 to 2018-19. It represent the total health expenditure by its two major heads, Revenue and Capital expenditure. On the revenue account, it is noticed that public expenditure on health has increased from Rs. 38,301.2 in crore in 2009-10 to that of Rs. 148,985.7 crore in the year 2018-19. On the other hand, Capital account side is noticed that in the year 2009-10, public expenditure on health in India is Rs.4,033.9 crore to Rs.16,391.4 crore. On the overall total public expenditure on health in India is increased from In the year 2009-10, the total health expenditure in India at Rs. 42,335.1 crore and it increased in 2018-19 Rs 1,65,377.10 cr. rupee.

In the Table shows revenue expenditure covered almost total expenditure, which is 90.47% in 2009-10, and 2018-19 it is 90.08 % of total expenditure. Capital expenditure shows a rising trends but the amount of capital expenditure is minimum, its only 9.53 % in 2009-10 and 9.92 % in 2018-19. The maximum expenditure is 2015-16 is 11.46% of total health expenditure.

Table-2 provides the breakup of public health expenditure to these broad heads medical and public health and family welfare is related to revenue expenditure.

Table-2

Revenue Expenditure

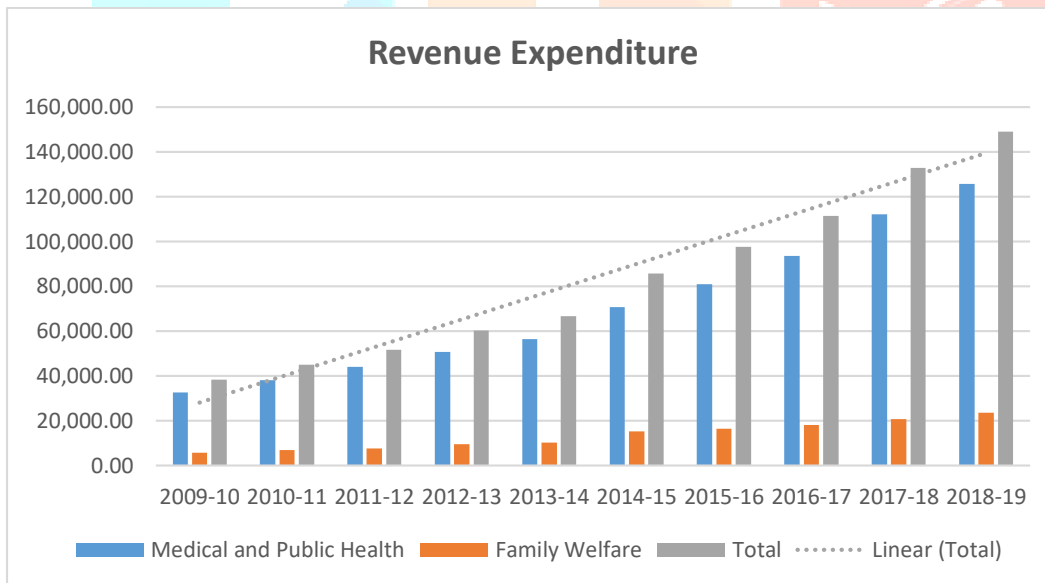
(Medical and Public Health + Family Welfare)

(Rs. Crore)

year	Medical and Public Health	Family Welfare	Total
2009-10	32,611.5	5,689.7	38,301.2
2010-11	38,128.2	6,765.4	44,893.6
2011-12	43,945.2	7,583.7	51,528.9
2012-13	50,641.0	9,526.0	60,167.0
2013-14	56,389.1	10,139.8	66,528.9
2014-15	70,595.4	15,110.3	85,705.7
2015-16	81,008.9	16,461.9	97,470.8
2016-17	93,457.5	18,014.0	111,471.5
2017-18	1,12,193.6	20,528.4	132,722
2018-19	1,25,575.9	23,409.8	148,985.7

Source: Budget documents, of various years

Figure-2
Revenue Expenditure
 (Medical and Public Health + Family Welfare)



Source: As per above table

Medical and Public Health-

Under the revenue expenditure Medical and Public Health, expenditure is increased from Rs. 32,611.5 crores to those 1, 25,575.9 Crores to be incurred in 2018-2019.

Family Welfare-

The Family Welfare Department of India is responsible for family welfare mainly in reproductive health, maternal health, information, education, and communication for development of local people (Family Welfare, 2021). It mainly focus on Direction and Administration, Training and Research Development Programme, and Rural Welfare Service to increase the knowledge of local people and other service for growth of hospitality sector.

Under the revenue expenditure medical and public health, the healthcare expenditure in 2009--2010 increased from Rs.32 611.5 crore to that of Rs. 1,25,575. crores in 2018-2019. The Family Welfare Department takes new initiatives for welfare of family member and local people.

Table-3

Capital Expenditure

(Medical and Public Health+ Family Welfare)

(in Crores)

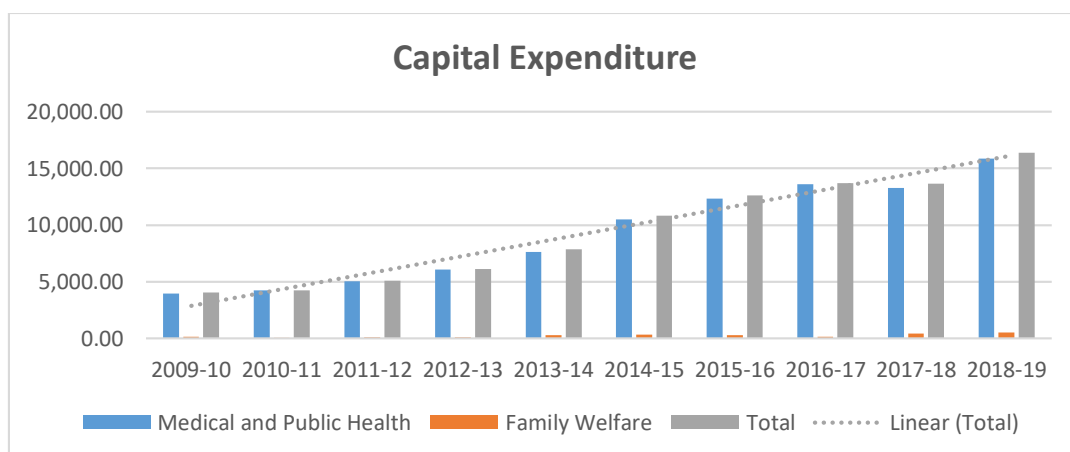
Year	Medical and Public Health	Family Welfare	Total
2009-10	3,928.7	105.2	4,033.9
2010-11	4,236.9	8.8	4,245.7
2011-12	5,006.8	73.3	5,080.1
2012-13	6,073.0	61.0	6,134
2013-14	7,623.5	251.6	7,875.1
2014-15	10,515.1	313.6	10,828.7
2015-16	12,325.7	280.7	12,606.4
2016-17	13,590.2	127.4	13,717.6
2017-18	13,274.0	386.6	13,660.6
2018-19	15,886.9	504.5	16,391.4

Source-Budget Documents, various years.

Figure -3

Capital Expenditure

(Medical and Public Health+ Family Welfare)



Source: As per table-3

Graph-3 reveals the increasing trend of total revenue expenditure and also increased medical and public health and family welfare expenditure.

Medical and Public Health-Under the capital expenditure medical and public health is 3,928.7

crore rupee in 2009-10 and it increase in 2018-19 is 15886.9 crore rupee.

As per above graph shows that capital expenditure incurred during the year 2009-10, the medical and public health is 3,928.7 crore rupee and it increased in 2018-19 is 15,886.9 crore rupee.

Family Welfare- While the capital expenditure of family welfare in India is fluctuating, The family welfare department increased from 2009-10 is Rs.105.2 crore to Rs.504.5 crore in the year 2018-19, and 2012-13 is only Rs.61.0 crores.

Trends in Public Spending on Health- Trends in public spending on health which include medical and public health, family welfare by the General Government (Centre and States combined) have been shown in table-4.1, table-4.2 and table-5. These estimates reveal that there has not been any significant change expenditure on health as proportion of GDP and it has remain stagnant at less than 2 per cent during the given time period.¹⁰ The following table described different components of health spending which shows the trend. These are public expenditure on health (Rs. Crores), public expenditure on health as % of GDP, and also per capita public spending on health.

Table-4
Trend in Public Expenditure on health in India
(2009-10 to 2018-19)

Year	GDP	Public Expenditure on Health (in Rs. Crores)	Public Expenditure on Health as Percentage of GDP (%)	Population (In Crores)	Per Capita public Expenditure on Health (in Rs.)
2009-10	6477827	72536	1.12	117	621
2010-11	7784115	83101	1.07	118	701
2011-12	8736039	96221	1.10	120	802
2012-13	9951344	108236	1.09	122	890
2013-14	11272764	112270	1.00	123	913
2014-15	12433749	121600.23	0.98	125	973
2015-16	13764037	140054.55	1.02	126	1112
2016-17	15253714	178875.63	1.17	128	1397
2017-18	16751688	213719.58	1.28	129	1657
2018-19	17161213	2,76,083	1.6	131	2085

Source: Budget documents (Various Years), Health Sector Financing by Centre and States/UT in India [2015-16 to 2017-18]

Public Expenditure on Health- as a percentage of GDP

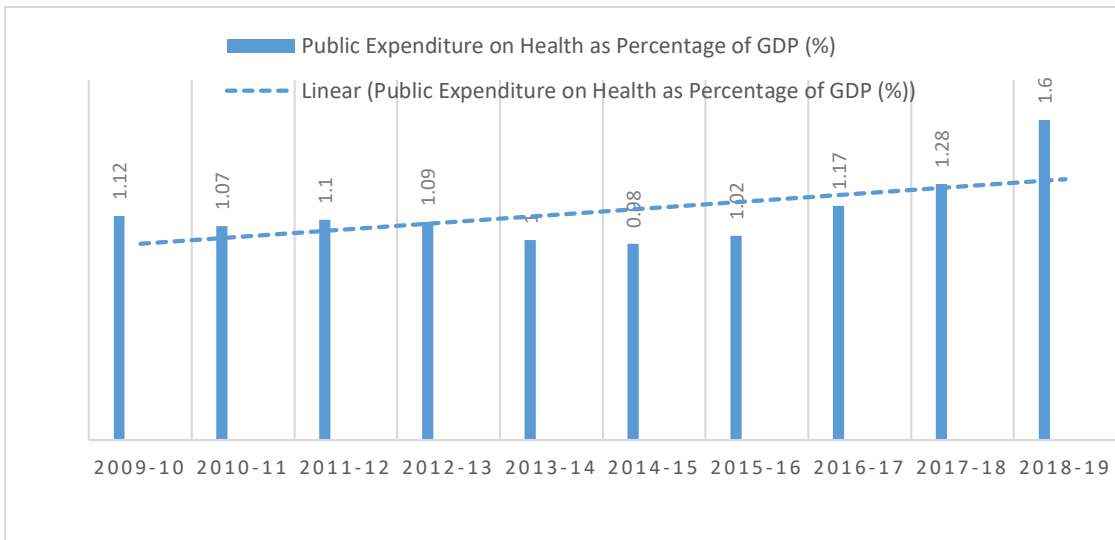
Figure-4 represent the trend of health expenditure as percentage of GDP in India. During the year 2009-10 to 2018-19 expenditure is remain constant. Table 4 provides a first look at the trends in public expenditure on health as percentage of GDP. Starting from 1.12 per cent of GDP in 2009-10 during this time GDP in India is 6477827.

In 2014-15 per capita spending is very low which is only 0.98 percent of GDP in India.

¹⁰ (Economic Survey 2017-18: General Government Expenditure)

Figure -4.1-

Public Expenditure on Health- as a percentage of GDP

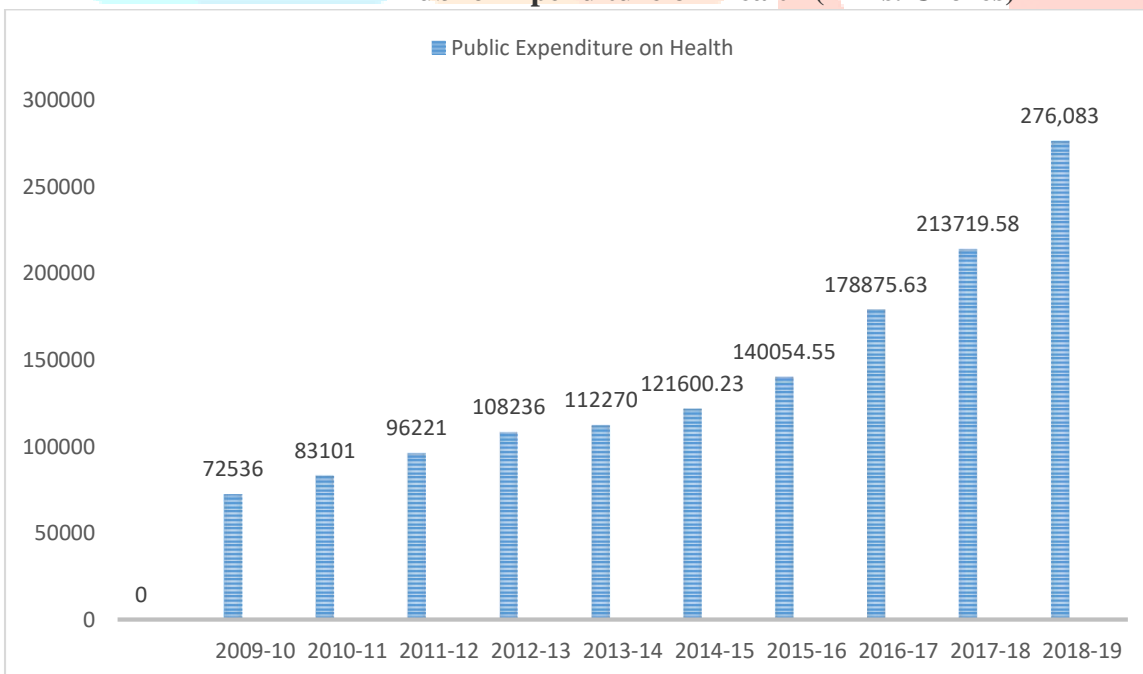


Source: As table -4

Total Public Spending on Health (in Crores)- According to the table-4, Figure -4.2 is represent the total public health expenditure in India during given time periods. The difference between 2009-10 to 2018-19 public health expenditure is Rs.203,547 crores, it reflect the growth of public health spending.

Figure -4.2

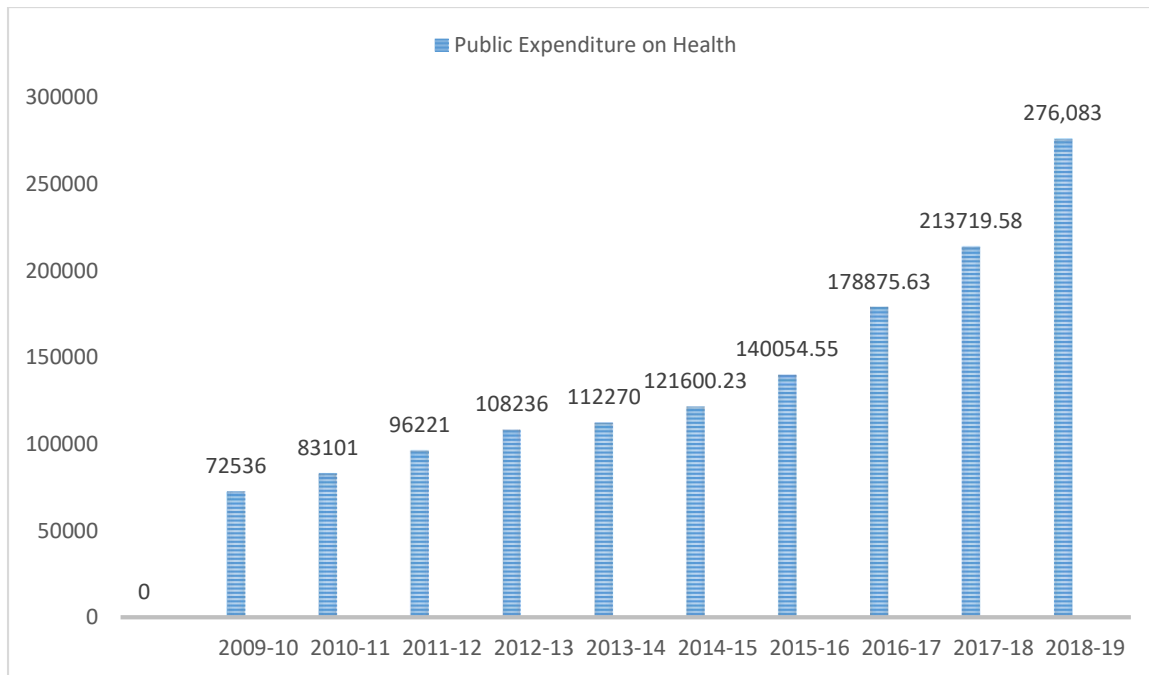
Public Expenditure on Health (in Rs. Crores)



Source: As per table

Figure -4.2

Public Expenditure on Health (in Rs. Crores)

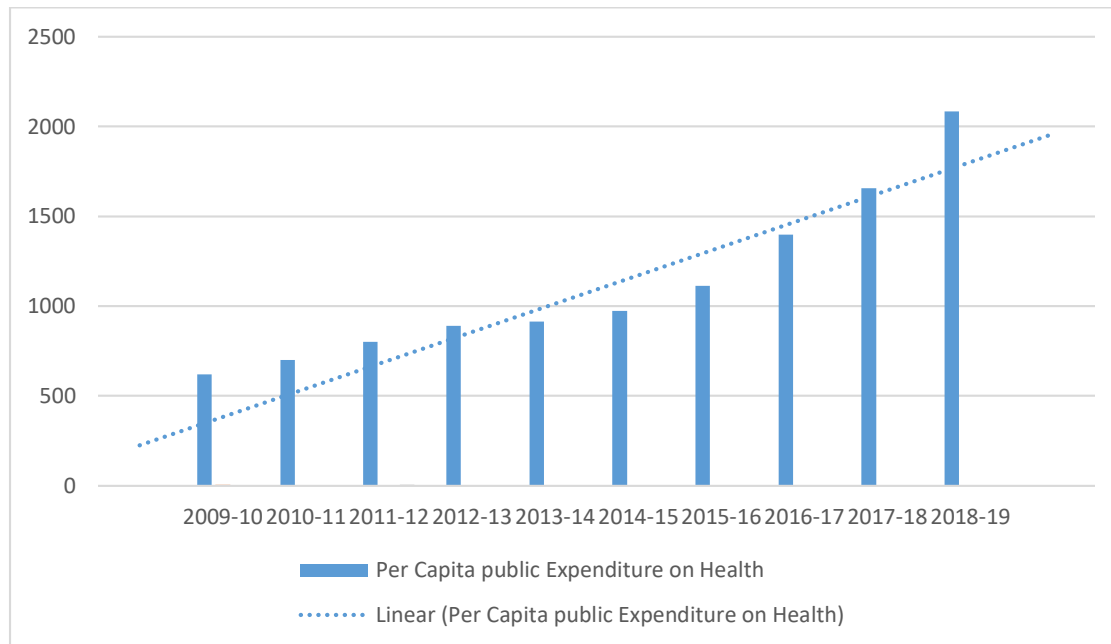


Source: As per table

Per Capita Public Health Expenditure in India-

Per capita expenditure may be derived by dividing the total health expenditure to that of the total population in the country. Table-4.3 provides the per capita public expenditure on health sector in India. During the year 2009-10, the per capita expenditure on public health sector in India is Rs.621. It increased Rs..701 during the year 2010-11. Further the per capita public health expenditure is expected to increase Rs.1657 in the year 2017-18.

Figure -4.3
Per Capita public Expenditure on Health (in Rs.)



Source: As table -4

Government Expenditure on Health- as a percentage of Total Expenditure- Table-5

represent the percentage of public expenditure incurred on health sector to that of the percentage of public health expenditure incurred the total budgetary expenditure in India.

During the year 2009-10, the percentage of public health expenditure constitute 4.8 per cent as a percentage of total expenditure. The total government health expenditure in the year 2018-19 is 5.3 percent.

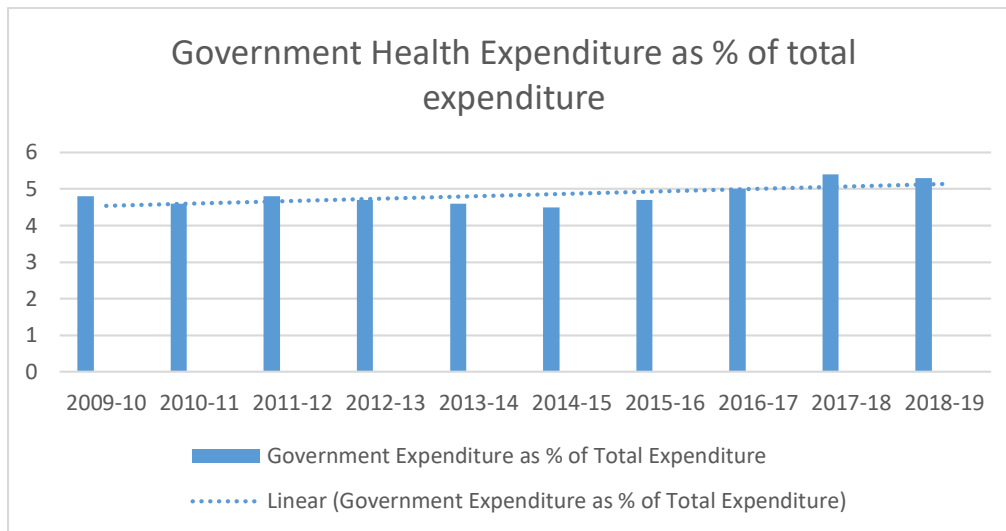
Table-5
Government Expenditure on Health- as a percentage of Total Budgetary Expenditure in India (2009-10 to 2018-19)

Year	Government health Expenditure as % of Total Budgetary Expenditure
2009-10	4.8
2010-11	4.6
2011-12	4.8
2012-13	4.7
2013-14	4.6
2014-15	4.5
2015-16	4.7
2016-17	5.0
2017-18	5.4
2018-19	5.3

Source: Economic Survey (various years)

Figure -5

**Government Expenditure on Health- as a percentage of Total Budgetary Expenditure
(2009-10 to 2018-19)**



Source-As per table

Figure -5 provides the percentage of public health expenditure as percentage of total expenditure. The graph shown the linear growth rate during this time.

Findings and Suggestions-

The public Expenditure on Health in India, The analysis reveals the following important findings-

The analysis reveals the following important findings-

- The total public health expenditure in India , as percentage of GDP was 1.4 per cent in 2009-10 and 1.5 percent in 2018-19. At the same time period social sector expenditure as percentage of GDP is 6.9 % in 2009-10 and 7.6 % in 2018-19.

The total public expenditure on health in the country has remained stagnant during the year 2009-10 to 2018-19.

- The per capita expenditure on health sector in India increased from 135.80 in 2009-10 to Rs. 1,657 in 2017-18.
- There was a slight increase in the percentage share of health expenditure to the total expenditure on social services.

Conclusion- “*The health of people is the foundation upon which all their happiness and all their powers as a state depend*”. - Benjamin Disraeli, British Prime Minister

To conclude, the researcher would like to add that the duration of the current study not only comprises the two regimes of government but also it is lying on the effective period of eleventh and twelfth five year plan. The objectives of both the plans were oriented towards inclusive growth and health for all yet the required increase in plan expenditure was not witnessed. The public health expenditure on health in India is lower than the international standard of public spending on health. This study has produced a database of estimates of

public health expenditures in India for the period 2009-10 to 2018- 19. From the analysis of public expenditure in India, it is found that India spent only 1.41 per cent of its GDP on health and allied fields in 2009-10. In Indian economy challenges and wellbeing of population government health expenditure is milestone. Nonetheless the global goals 2030specially target three puts emphasis into ensure healthy lives and promote well-being for all at all ages. Therefore researcher would take the privilege to suggest a considerable increase in total public expenditure on health in India.

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