

Public Expenditure on Health and its impact on Health care Indicators in India

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Abstract: *Health is one of the important indicators reflecting the Quality of human life. It is a basic need along with food, shelter, and clothing and education also. Since India's independence, the Government of India (GoI) has been trying to enhance the healthcare services provided to its people by focusing on improving the primary health care system and also by enabling the entry of private sector to the health care sector. India Have Low levels of public spending on health care Between 1996-97 and 2005-06, total government spending on health was stagnant at about 2.5 percent of GDP, and per capita health expenditure is only 60 US\$. It's very less amount compared to a developed country. This paper focuses on to examine the trends and patterns of Public allocation and expenditure on Health in India and to explain the health expenditure impact on Health care indicators in India. This paper is based on secondary data and using simple statistical tools like average and CAGR. This paper finds out that health expenditure is more than fund allocation in the period of 2000-01 to 2011-12. Per capita expenditure on health is an increasing trend. Health expenditure on GDP terms is around 4 percent .IMR, MMR, TFR and CBR, CDR are also declining trends.*

Key words: Health Expenditure, Health Indicators in India.

Introduction

Health is one of the important indicators reflecting the quality of human life. It is a basic need along with food, shelter, and clothing and also education Since India's independence, the Government of India (GoI) has been trying to enhance the healthcare services provided to its people by focusing on improving the primary health care system and also by enabling the entry of private sector to the health care sector. At present the health sector in India comprises the healthcare activities provided by public, private and voluntary institutions. Despite the combined efforts of these sectors, the health status of the country, as a whole, has not improved to the extent desired. Though India's population is growing, the public health expenditure in India has been comparatively low over the years. According to the estimate of the World Bank in 2005, 41.6% of India's total population falls below the international poverty line of US\$ 1.25 a day which means almost half of India's population is among the poor for whom the available health care services are very expensive. India has low levels of public spending on health care between 1996-97 and 2005-06, total government spending on health was stagnant at about 2.5 percent of GDP, and per capita health expenditure is only 60 US\$, it's very less amount compared to a developed country. That's way government gives to more money to health care sector. The status of health indicators depends on health infrastructure and health infrastructure depends on Health expenditure. That's way health expenditure is an important component in the country.

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Any remaining errors or omissions rest solely with the author(s) of this paper.

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Objectives of the study

1. To examine the trends and patterns of public allocation and expenditure on health in India
2. To explain the health expenditure impact on health care indicators in India.

Database and Methodology

The present paper has been prepared by using secondary data collected from websites, like www.worlddatabank.com, various years SRS bulletins, Budget documents, GOI <http://Indianbudget.nic.in>, 2011 population census. The study used simple statistical tools like averages, CAGR, and charts and graphs.

Result and Discussions

Public Fund Allocation and Expenditure on Health in India

Table 1 provides the public health expenditure to the allocation on health in India in terms of percentage. During the year 2000-01, India incurred 96.20 percent of the public health expenditure out of the allocation of Rs. 2569.93 crore. It gradually increases to more than 100 percent in the later years. Since then, in the years that came ahead, it was noticed that the public expenditure incurred on health was slightly more than the fund allocation on health in India. During the year 2010-11, the percentage of public health expenditure to that of the allocation of health stood at 106.75 percent. Likewise in the year 2011-12, expenditure is 22348.63 it is higher than the allocation Rs 21635.46 crore and health expenditure CAGR is 20.32 it is more than fund allocation, CAGR is 19.32 over the period of 2000-01 to 2011-12.

Table 1: Public Fund Allocation and Expenditure on Health in India

Year	Fund Allocation on Health	Expenditure	% of Expenditure
2000-01	2569.93	2472.33	96.20
2001-02	2831.94	2826.61	99.81
2002-03	2921.81	3028.04	103.64
2003-04	3561.34	3761.12	105.61
2004-05	4221.36	4311.37	102.31
2005-06	6251.95	6684.49	106.92
2006-07	8116.05	8325.66	102.58
2007-08	10078.88	10726.78	106.43
2008-09	12876.30	13750.50	106.79
2009-10	14976.92	15888.84	106.09
2010-11	17462.89	18641.47	106.75
2011-12	21635.46	22348.63	103.29
CAGR	19.42	20.13	

Source: <http://Indianbudget.nic.in>.

Revenue and Capital Expenditure on Health in India

Table 2 provides the breakup of public expenditure on health in India by revenue and capital accounts. On the revenue account side, it is noticed that the public expenditure revenue expenditure on health has increased from Rs. 2483.66 crore in 2000-01 to that of Rs. 21264.38 crore in the year 2011- 12, registering CAGR of 19.59 per cent. On the other hand, by the capital account side, it is noticed that in the year 2000-01, the public expenditure on health in India

stood negative at Rs.11.33 crore, but gradually increased to Rs. 106.44 crore in the year 2006-07. Again in the year 2007-08, it turned negative at Rs. 84.95 crore. In the year 2011-12, the public expenditure on health by capital account side stood positively at Rs. 1084.25 crore.

Table 2: Revenue and Capital Expenditure on Health in India

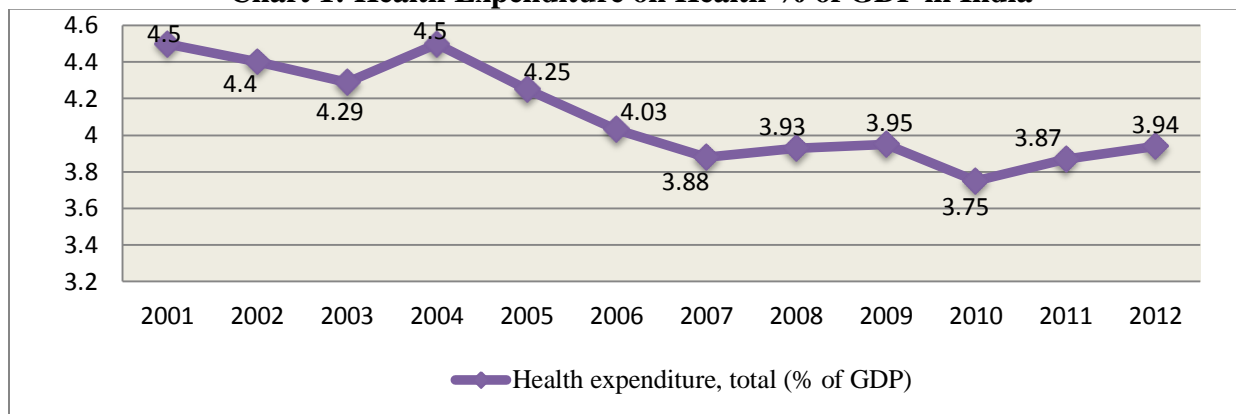
Year	Revenue Expenditure on Health	Capital expenditure on Health
2000-01	2483.66	-11.33
2001-02	2798.08	28.53
2002-03	2990.30	37.74
2003-04	3664.03	97.09
2004-05	4262.63	48.74
2005-06	6587.09	97.40
2006-07	8219.22	106.44
2007-08	10811.73	-84.95
2008-09	13158.52	591.98
2009-10	15365.71	523.13
2010-11	17754.94	886.53
2011-12	21264.38	1084.25

Source: <http://Indian budget.nic.in>.

Health Expenditure on Health % of GDP in India

Chart 1 reveals the digressing trend of the percentage of public health expenditure to the GDP of the country. During the year 2000-01, the percentage share of public health expenditure constituted around 4.5 percent of the country’s GDP. Later, the percentage share slightly decreased 4.3 in the year 2003 than its increase 4.5 per cent of the country’s GDP in the year 2004. Then it is going on digressing trend. During the year 2011-12 the percentage share is expected to be around 3.94 per cent.

Chart 1: Health Expenditure on Health % of GDP in India



Source: www.worlddatabank.com

Per Capita Health Expenditure in India

Table 3 shows the increasing trends of Per capita expenditure on Health in India. In the year 2001, per capita expenditure is 1058 Rs. It was increased to Rs 3068 in the year 2012. The compound annual growth rate is 9.28 over the period of 2001 to 2012.

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Table 3: Per capita Health Expenditure in India

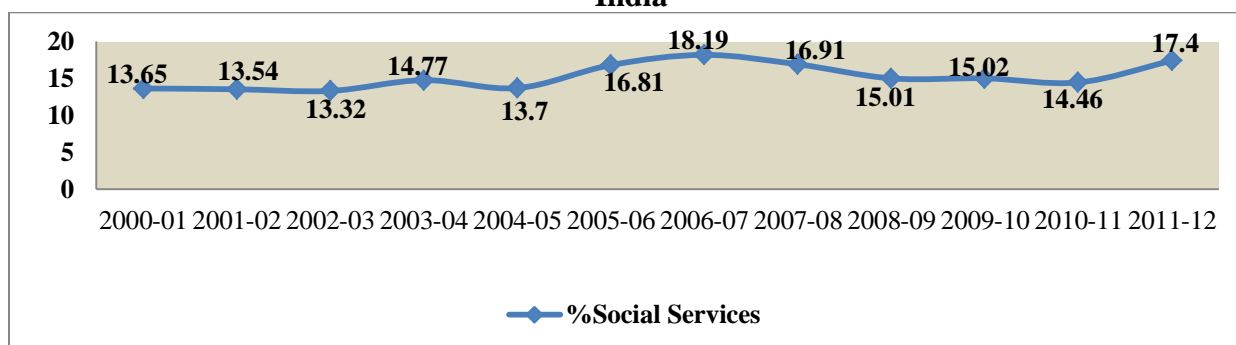
Year	Per capita Health Expenditure
2001	1058
2002	1064
2003	1196
2004	1451
2005	1578
2006	1669
2007	2020
2008	2164
2009	2212
2010	2609
2011	3089
2012	3068
CAGR	9.28

Source: www.worlddatabank.com

Percentage of Health Expenditure to the Total Expenditure on Social Services in India

Chart 2 provides the percentage of public expenditure on health sector to that of the percentage of public expenditure on social services in India. During the year 2000-01, the percentage of public health expenditure constituted 13.65 per cent of the public expenditure on social services. Then it was declined to 13.42 percent in the year 2002-03. Then it was increased to 18.19 percent in the year 2006-07. Again it is going on declining. During the year 2011-12, the percentage of public health expenditure to constitute around 17.40 of the total public expenditure on social services.

Chart 2: Percentage of Health Expenditure to the Total Expenditure on Social Services in India

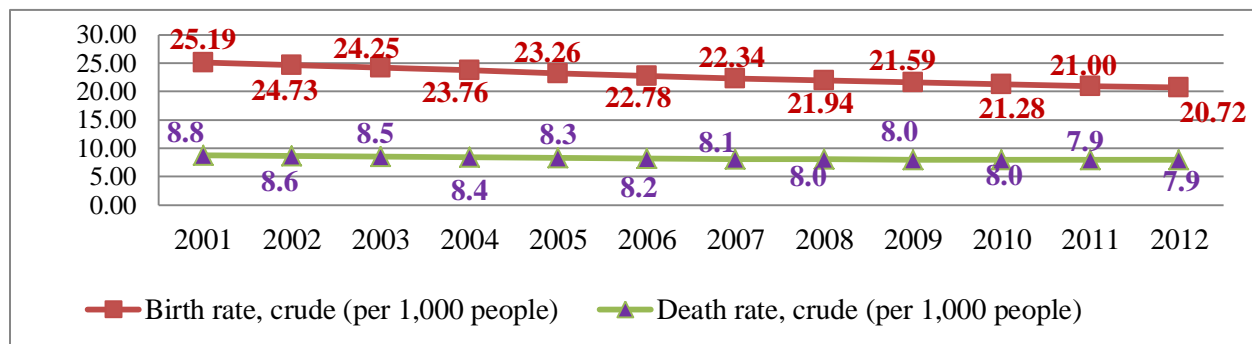


Source: Financial statement of the various years. <http://Indianbudget.nic.in>.

Health Expenditure Impact on Crude Birth rate and Crude Death rates in India

The below the Charts 3 indicates the Health expenditure impact on the Crude Birth Rate. It had declining trend from 25.19 per 1000 population in the 2001 to 20.72 in 2012. It is going on declining continuously. And Crude Death Rate also was declined which was 8.8 per 1000 population in 2001. It was declining continuously during 2011, the CDR is 7.9.

Charts 3: Crude Birth rate and Crude Death rates in India

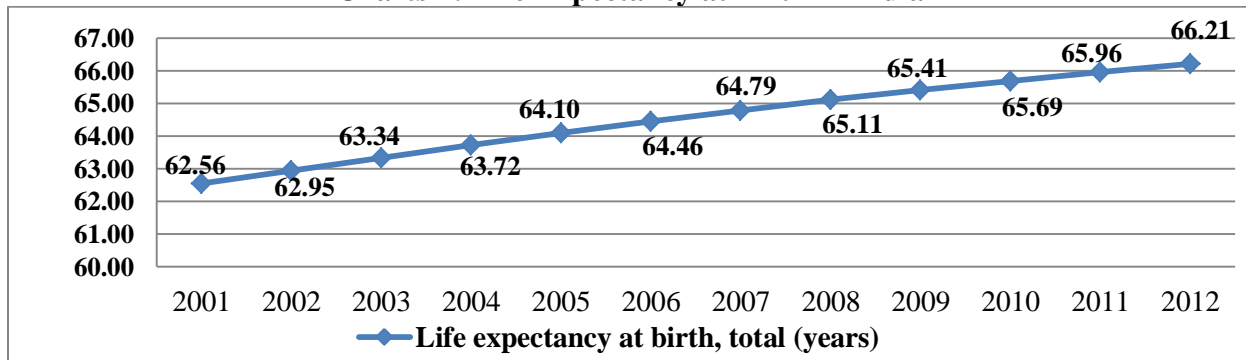


Source: www.worlddatabank.com

Health Expenditure Impact on Life Expectancy at Birth in India

Chart 4 represents the health expenditure positively impacting on Life Expectancy. It has increasing trend which was 62.56 years to 66.21 years in the 2012. Because government spent more amounts for health care facilities. This has revealed decrease in death rate and the better improvement of quality health services in India. However, there are inter-state, male-female and rural-urban differences in life expectancy at birth due to low literacy, differential income levels and socio-economic conditions and beliefs.

Charts 4: Life Expectancy at Birth in India



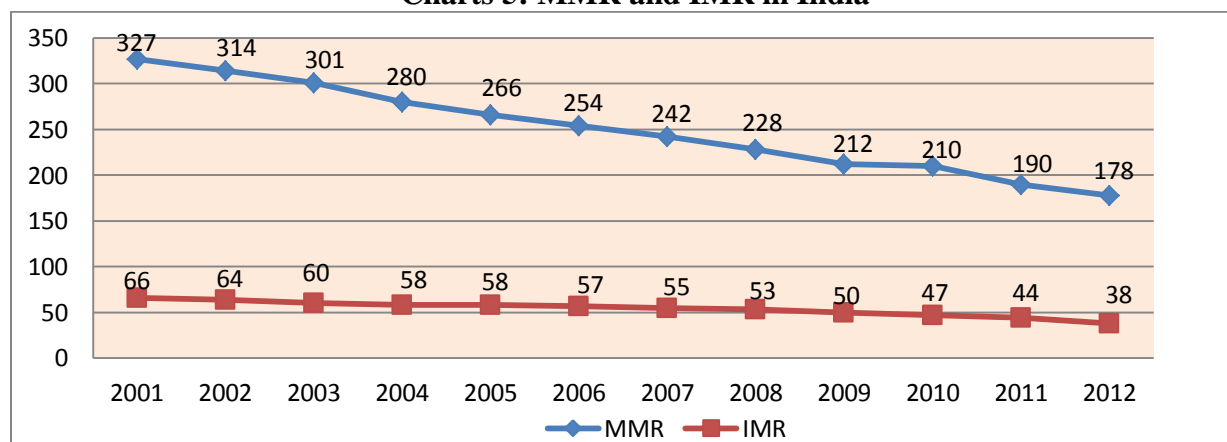
Source: http://www.statista.com

Health Expenditure Impact on MMR and IMR in India

The maternal mortality rate (MMR) is the annual number of female deaths per 100,000 live births from any cause related to or aggravated by pregnancy or its management (excluding accidental or incidental causes). The MMR includes deaths during pregnancy, childbirth, or within 42 days of termination of pregnancy, irrespective of the duration and site of the pregnancy, for a specified year. The chart 5 shows the MMR and IMR both are very important indicators in health sector. After 2000 MMR has reduced in an impressive way. Its decline from 327 per 100000 live births in 2001 to 178 per 100000 live births in 2012, a reduction of 149 points over a 12 year period or 12.42 points per year on an average. And also IMR in India it's also going on declining trend and also the below charts shows the IMR has declined from 66 deaths per 1000 live births in 2001. It has declined to 38 in the year 2012.

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Charts 5: MMR and IMR in India

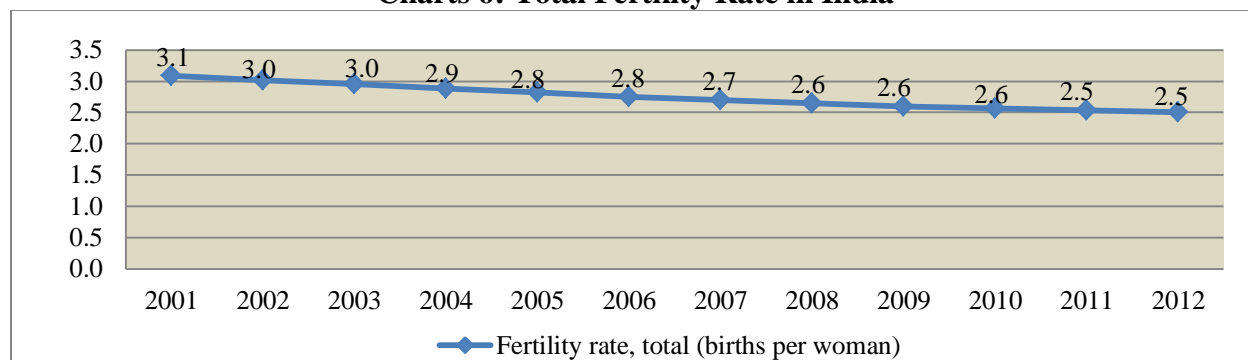


Source: WWW.world databank.com

Health Expenditure Impact on Total Fertility Rate in India

Charts 6 indicate the health expenditure impact on total fertility rate in India. It is very impressive the way India's Total Fertility Rate (TFR) is at 2.5 in the year 2012 and the target is to achieve Replacement level of Fertility of 2.1 by 2015. Total fertility rate is declining from 3.1 in the year 2001, it has declined to 2.5 in the year 2012.

Charts 6: Total Fertility Rate in India



Source: www.world databank.com

Findings of the study

- ❖ Fund allocation on health in India have increasing trend from 2569.93 crore in the year 2000-01 to 21635.6 crore in the year 2011-12.
- ❖ Health expenditure in India have increasing trend from 2472.33 crore to 22348.63 crore in the year 2011-12.
- ❖ Health expenditure is more than fund allocation over the period of 2002-03 to 2011-12.
- ❖ Revenue expenditure is more than capital expenditure. Revenue expenditure share is more than 90 percent and capital expenditure is less than 10 percent.
- ❖ Percentage of public health expenditure to the GDP of the country have digressing trend from 4.5 percent in the year 2000-01 to 3.94 percent in the 2011-12.
- ❖ Per capita health expenditure is increased from 1058 Rs in the year 2001 to 3068 Rs in the year 2012.

- ❖ Percentage of Health Expenditure to the total expenditure on social services was increased from 13.65 in the year 2001 to 17.40 in the year 2012.
- ❖ Crude death rate and crude birth rate are declined from 25.19 to 20.72 and 8.8 to 7.9 respectively over the period of 2001-2012.
- ❖ Life expectancy at birth has increasing trend in India from 62.56 in the year 2001 to 66.21 in the year 2012.
- ❖ MMR and IMR have digressing trend in India from 327 to 178 and 66 to 38 respectively in the period of 2001 to 2012.
- ❖ Fertility rate in India declined from 3.1 to 2.5 in the period of 2001 to 2012.

Suggestions and Conclusions

Government of India gives the importance to health expenditure but in the present situation it is very less compared to other developed countries. Percentage of health expenditure in GDP term is only near 4 percent, government must increase at least 6 percent of health expenditure in GDP term. And increase the per capita health expenditure also. It is helpful to increase the people saving of income. Government gives more funds for health care sector because health expenditure is more than health allocation and it is helpful to achieve the 2002 population policy objectives and it will encourage human standard of living.

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