

User Charge as a Source of Health Financing in India : A Case of Haryana

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Abstract

In 1999 Sector Investment Programme (SIP) was launched by European Commission in India to implement Health Sector Reforms measures which intended to expand accessibility of health services and improve quality of care in publicly funded institutions in the country. This initiative was implemented in 8 States covering 16 Districts on pilot basis. Under the programme various initiatives in forms of new innovations were adopted and fee the service i.e. user charge was one of them. This paper examines the process adopted for the institutionalization of user charge as a source of health care financing in public health facilities in Haryana. The health facilities want to maximize the cost recovery while making the basic services they offer, accessible to the population, they cater. The findings suggest that there is a need to strengthening the monitoring system and design a uniform pricing policy for the entire state. Attitude about publicly funded services will also change once the quality and quantity of services is enhanced.

I. Introduction

FEE FOR SERVICES, especially public health, has always been a debatable issue in policy domain. User Charges can be defined as 'contribution to costs by individual users in the form of a charge per unit of service consumed, typically in the form of cash' (Reddy and Vandermoortle 1996). Policy framers often view cost recovery through alternative sources of financing as a necessary component in improving the quality of health care and financial sustainability of services. The consumer/client should have the rights to demand higher quality of services if he or she is 'the payer' or 'partial payer' in case of payment in form of user charges, which is a nominal charge for availing health services in a publicly funded facility.

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Even the poor may benefit from a system in which they are exempted from payment due to their vulnerability. Various studies show that willingness to pay is contingent on the perceived quality of the services and may be enhanced by introducing quality improvements (Litvack and Bodart 1993; Hotchkiss, Rous, Karmacharya and Sangraula, 1998). However in case where the utilization of services has declined following the introduction of user charges, it is not clear from the literature to what extent these declines were due to people's ability to pay as opposed to their unwillingness to pay based on their perceptions of quality of services (Hotchkiss, Krasovec, El-Idrissi, Eckert and Karim, 2005).

In India the Government implemented Health Sector Reforms in the country in collaboration with various international donor agencies viz; WHO, USAID, UNICEF, European Commission, World Bank, GTZ, UNFPA etc. The basic objective underlying these reforms is to make resource allocation in health sector more efficient, more innovative and more responsive to customer's preferences, while maintaining equity and quality. Under these reforms, user charge system was implemented across the country to generate additional resources for public health facilities on sustainable basis because despite of large budgetary allocation by state governments to their hospitals, the increasing demand for quality services and growing need for technology advancement, could not be adequately dealt with (Mangal, 2004). The increased budgetary allocation always fell short of meeting the ever-increasing demand for health services due to high inflation and fall in purchasing power of the people. The allocation for non-salary recurrent costs have declined consistently and as a result 8 to 10 per cent of the budget is allocated for recurring expenses and 90 per cent is spent on salaries. This situation has adversely affected the quality of care and functioning of the health care delivery system. The per-capita expenditure has increased from less than Rs. 1/- in 1950-51 to about Rs. 215/- in 2003-04 (NCMH). As per National Sample Survey Organization (NSSO), the households spend about 5-6 percent of their total consumption expenditure on health and nearly 11 percent on non-food consumption items. As per results of NSS of 1986-87, there has been a considerable decline in utilization of public health services by the poor, especially in rural areas (NCHM). Besides, the study also shows that rich availed the public facilities three times more often than the poor. The ratio of access to admission between the lowest 10 per cent quintile and the richest 10 per cent was reported to be 6.1 and 2.2 between the below poverty line (BPL) and the above poverty line (APL) populations (NCMH). Again as per 52nd round of the NSSO, of the total who availed services, 61 per cent used public facilities compared to 33 per cent among the rich. The poor, however, benefited relatively more from spending on primary health care only (Mahal, Yazbeck, Peters and Ramana, 2001). This is primarily on account of the poor quality and irregular supply of services, which dissuade the rich from accessing the services and poor go for these services because they find no other alternative.

It has been realized in Public health Sector that the in charge of the public health facility found himself/herself unable to make minor improvements in maintenance of buildings, repair of equipments, purchase of new equipments, sanitary expenses the facilities due to lack of freedom and availability of funds. To encounter with this situation, the reforms were implemented to decentralize and institutionalize the User Charges at facility levels so that the in charge of the facility is in the position to use the money generated through user charges in case there is urgent need. The present study was conducted in state of Haryana to assess the user charge as a viable source of health care financing. The present paper highlights the issues related to collection, maintenance and utilization of user charges in the state. The paper also highlights the perception of the patients about quality of services at public health facilities as a part of HSRs in the State.

II. Data Sources

The sites were four district hospitals, three sub-divisional hospitals, four community health centres, eight primary health centres in four selected districts in state of Haryana. Data was collected from selected health institutions about collection, maintenance and utilization of user charges. Besides, information was also sought with respect to accounting system, maintenance of accounts related records and audit system followed. The data on these variables was collected since the inception of health societies in the state. Similarly, information on infrastructure facilities such as building, renovation, power supply, water supply, ambulance services, house keeping facilities, security facilities, toilet facilities, diet to inpatients, bio-waste management, furniture etc. was also collected in terms of availability and functionality. The respondents were district level officials, in charges of the selected facilities and accounts personnel looking after the collection and maintenance of user charge money. The respondents were asked about their experiences about functioning of health sector reforms through open-ended questionnaires.

III. Findings and Discussion

3.1 *Financial System for the Management of User Charges*

The Government of Haryana institutionalized the user charges in the state after establishment of societies at district and facilities levels. The scheme was initially implemented in three pilot districts namely Yamuna Nagar, Ambala and Karnal under Sector Investment Programme (SIP) of European Commission (EC). Later the scheme was extended to all other districts in year 2005 and guidelines were sent to all districts regarding formation of societies at district and facility levels.

3.1.1 *Collection of User charges : A District wise Analysis*

The Table I gives the details about collection of user charges since formation of societies at the health facilities in all the selected districts. Procedure for collection of user charges varies from facility to facility. At District Hospital and Sub-Divisional Hospital, there are multiple collection

points at Laboratory, OPD registration, IPD registration, examination fee collection, medico legal fee collection point etc. in every selected district. The money collected is deposited with the cashier of the facility on daily basis by the collecting person. The cashier then makes entries in daily cash register and issues the receipt to the depositor. The register is to be checked by the incharge and countersigned for the purpose of maintaining transparency in the system.

Table I
Collection of User Charges at DH & FWS

Year	Yamuna Nagar Collection (Rs.)	Panipat Collection (Rs.)	Narnaul Collection (Rs.)	Jind Collection (Rs.)
2002-03	—	—	—	—
2003-04	8,32,340	—	—	7,68,299
2004-05	48,03,402	22,19,025	24,25,423	48,23,546
2005-06	39,10,919	2,08,925	16,05,603	53,26,614

Note : — Not Available

3.1.2 User Charges at District Health & Family Welfare Society Level

The information on various issues related to management of User Charges was collected from District Health & Family Welfare Society in the District. In District Society, User Charges are being collected under various heads such as Medical Examination Fees, MLC Fees, Nursing Training Fees etc and deposited in the account of SKS at Civil Surgeon Office. As per the data collected from DH&FWS, Yamuna Nagar the total User Charge collection during the year 2003-04 was Rs. 8,32,340/- during 2004-05 it reached to Rs. 48,03,402/- which shows about 5 times increase. This was also due to the fact that during this period of time, all SKSs in the district used to deposit 50% of their total collection into DH&FWS account as per the order of state society. However, the total collection came down to Rs. 39,10,919/- during 2005-06 because now the SKSs had started retaining their total User Charge collection at facility levels by order of the State Government. In District Panipat, User Charges money was initially being deposited in the account of DH&FWS by the all SKSs in the District but after government order it is now retained in the SKS of District Hospital. The total collection by User Charges was Rs. 22,19,025/- during 2004-05, which came down to Rs. 2,08,925/- during 2005-06. In Narnaul District also, the similar system for collection of user charges is followed at District Hospital and Sub-Divisional Hospital. The system of retention of user charges is different in District Narnaul as the collected money is being deposited in the account of DH&FWS by all the SKSs in the District even after the State Govt. Society's order for retention of user charges at facility levels.

In District Jind, the User Charge money is deposited in the account of the DH&FWS by all the SKSs in the District. The total collection increased from 2003-04 onwards. In the year 2005-06 the total collection was Rs. 53,26,614/-.

3.1.3 User Charges at Swasthya Kalyan Samiti (Facility) Level

The information was also collected regarding the various issues concerning management of user charges, accounting system followed, audit etc. at SKS level in all the selected districts. SKSs, have been formed at District Hospital and Sub Divisional Hospital. Initially the money collected through User Charges was deposited in the State treasury and therefore the In charge had no control over the collected money, but after one year the orders for retention of money at facility levels were issued from the State HQs and thereafter the user charge money was kept in the Bank Account of the Societies and expenditure was incurred from the money towards maintenance of the hospital facilities. Table II gives the details about trend of collection of User Charge money. The collection increased in the year 2004-05 but decreased in the year 2006-07 in the District Hospitals. Details of the User Charge collection for the year 2002-03 were not available.

Table II
Collection of User Charges at District Hospital (SKS)

Year	Yamuna Nagar Collection (Rs.)	Panipat Collection (Rs.)	Narnaul Collection (Rs.)	Jind Collection (Rs.)
2002-03	—	22,25,506	17,66,436	—
2003-04	9,94,361	29,18,748	17,97,748	4,83,178
2004-05	8,52,775	22,24,044	18,04,807	26,37,672
2005-06	7,33,105	20,10,199	14,41,930	25,43,146

Note : — Not Available

Table III
Collection of User Charges at Sub-Divisional Hospital (SKS)

Year	Yamuna Nagar Collection (Rs.)	Narnaul Collection (Rs.)	Jind Collection (Rs.)	Panipat*
2002-03	1,34,946	—	—	—
2003-04	4,09,010	1,02,016	1,66,549	—
2004-05	6,64,461	5,94,769	12,37,271	—
2005-06	5,74,824	4,98,399	14,70,582	—

Notes : — Not Available

* No Sub-divisional Hospital Exist in District Panipat

Table IV
Collection of User Charges at Community Health Centre (SKS)

Year	Yamuna Nagar Collection (Rs.)	Panipat Collection (Rs.)	Narnaul Collection (Rs.)	Jind Collection (Rs.)
2002-03	15,080	—	46,275	—
2003-04	49,665	—	41,240	—
2004-05	1,02,314	1,55,820	66,457	1,17,000
2005-06	1,09,400	1,17,823	92,604	75,000

Note : — Not Available

The total collection increased in Sub-Divisional Hospital during 2002-03 to 2004-05. In 2005-06 there has been a decline in the collection of User Charges as compared to 2004-05. The details are given in Table III. At Community Health Center, the cash collection points were less. Here only cashier is collecting all the User Charge money because of lack of manpower and less amount of

collection. In Community Health Center the total collection is increasing every year. In 2004-05 the collection has gone just doubled compare to the previous year. The details are shown in Table IV. Only in District Yamuna Nagar, the user charges are levied upto PHC levels. In one of the selected PHCs, the total collection during 2003-04 was Rs. 3,225/- during 2004-05 was Rs. 27,940/- and during 2005-06 it reached to Rs. 52,199/-. In another selected PHC, the collection during 2003-04 was Rs. 2,07,633/- during 2004-05 was Rs. 1,61,159/- and during 2005-06 it was Rs. Rs. 1,53,065/-. The main reason for decline of collection was non-posting of doctor and laboratory staff.

In District Panipat, as per details given in Table II, the user charge collection was highest in the year 2003-04 in the District Hospital. The total collection has decreased after 2003-04. No Sub-Divisional Hospital was available in Panipat. At selected CHC, data on user charges collection during 2002-03 and 2003-04 was not available. The total collection of user charges has gone down in 2005-06. The details are shown in Table IV.

In Narnaul the SKS at District Hospital was constituted in year 2004. During 2004-05, the total collection of user charge money was Rs.18,04,807/-, which was higher than the last year (2003-04) collection of Rs.17,97,748/-. However, the collection decreased in the year 2005-06. In Sub-Divisional Hospital, the collection increased in the year 2004-05 from the level of Rs.1,02,016/- (2003-04) to Rs. 5,94,769/-. However the collection went down in the year 2005-06. At CHC, the total collection has increasing trend after the formation of societies at facility levels.

The data regarding collection of User Charges from District Health & Family Welfare Society Narnaul was collected. The user charges money at Narnaul District Hospital for the period 2002-03 and 2003-04 was deposited in the State treasury. The total collection during the year 2004-05 was Rs. 24,25,423/-, and during 2005-06 it came down to Rs. 16,05,603/-. This includes the collection of all the SKSs in the District because the User Charge collection was being deposited in the account of District Society by all the SKSs.

In District Jind, the total collection increased from 2003-04 onwards. In the year 2005-06 the total collection was Rs. 53,26,614/-. As the money collected by all SKSs is being deposited in the account of District Society and the Chairperson of SKS has to send demand and details of activities to be undertaken to the DH&FWS in advance and the money is released to SKS if demand is found justified and funds are available in the account of District Society.

As shown in Table II in District Hospital Jind, there was sharp increase in the total collection in the year 2004-05 (Rs. 26,37,672/-) from Rs. 4,83,178/- in the year 2003-04. But in the year 2005-06 the total collection has declined. At Sub Divisional Hospital also the total collection through User Charges is increasing every year. As per the data given (Table III), the collection has increased seven times in the year 2004-05 compared to year 2003-04.

At CHC, there is decline in User Charge money in the year 2005-06 as compared to the year 2004-05. The information about total user charge collection during the year 2003-04 was not available at the CHC.

3.1.4. Maintenance of User Charges

The money collected through user charges is kept in Nationalized Bank and account is run jointly by Chairperson and Member Secretary of the concerned society. The money is first to be recorded into daily summary register available with the cashier as per the operational guidelines and thereafter it is to be checked and counter signed by the In-charge of the facility. Then the collected money is deposited in the bank, as per the quantum of amount i.e. in case of large collection, the money is deposited daily in the Bank. However, in case of less collection, money is deposited when collection reaches to Rs. 1000/-. Similar system is followed at all levels in the districts. In all the selected districts, the user charges are being maintained at the same pattern.

3.1.5. Utilization of User Charges

Clear-cut guidelines have been issued from state headquarter regarding use of money collected through user charges. The items on which expenditure is to be incurred are clearly spelt out in the operational manual. The money is to be used towards purchase of equipments, material, linen, minor repair, medicines, payment of incentive for NSV cases, miscellaneous (not mentioned) etc. as per the operational guidelines.

Table V
Expenditure Details at DH & FWS in Selected Districts

Year	Yamuna Nagar		Panipat		Narnaul		Jind	
	A*	B**	A*	B**	A*	B**	A*	B**
2002-03	—	—	—	—	—	—	—	—
2003-04	730363 (87.75)	101977 (12.25)	—	—	—	—	36246 (4.72)	732053 (95.28)
2004-05	3077033 (64.06)	1726369 (35.94)	775585 (34.95)	1443440 (65.05)	2186145 (90.13)	239278 (9.87)	4437317 (92.00)	386229 (8.00)
2005-06	1475374 (37.72)	2435545 (62.28)	164602 (78.79)	44323 (21.21)	1525265 (95.00)	80338 (5.00)	4566994 (85.74)	759620 (14.26)

Notes : A* Expenditure
 B** Un-utilized amount
 — Not Available

Table VI
Expenditure Details at SKS at DH in Selected Districts

Year	Yamuna Nagar		Panipat		Narnaul		Jind	
	A*	B**	A*	B**	A*	B**	A*	B**
2002-03	-	-	0	2225506 (0.00)	-	-	-	-
2003-04	884310 (88.93)	110051 (11.07)	0	2918748 (0.00)	-	-	36246 (7.50)	446932 (92.50)
2004-05	545846 (64.01)	306929 (35.99)	2024782 (91.04)	199262 (8.96)	2246100 (124.45)	-441293 (-24.45)	1958073 (74.23)	679599 (25.77)
2005-06	592462 (80.82)	140643 (19.18)	501627 (24.95)	1508572 (75.05)	1611385 (111.75)	-169455 (-11.75)	957195 (37.64)	1585951 (62.36)

Notes : A* Expenditure
 B** Un-utilized amount
 — Not Available

Table VII
Expenditure Details at Sub-Divisional Hospital in Selected Districts

Year	Yamuna Nagar		Narnaul		Jind	
	A*	B**	A*	B**	A*	B**
2002-03	0 (0.00)	134946 (100)	— —	— —	— —	— —
2003-04	0 (0.00)	409010 (100)	23681 —	— —	0 (0.00)	166549 (100)
2004-05	564211 (84.91)	100250 (15.09)	263347 (44.28)	331422 (55.72)	714128 (57.72)	523143 (42.28)
2005-06	546638 (95.10)	28186 (4.90)	544895 (109.33)	-46496 (-9.33)	430246 (29.26)	1040336 (70.74)

Notes : A* Expenditure
 B** Un-utilized amount
 — Not Available

No Sub Divisional Hospital was available in District Panipat

Table VIII
Expenditure Details at CHC in Selected Districts

Year	Yamuna Nagar		Panipat		Narnaul		Jind	
	A*	B**	A*	B**	A*	B**	A*	B**
2002-03	0 (0.00)	15080 (100.00)	—	—	—	—	—	—
2003-04	21460 (43.21)	28205 (56.79)	—	—	32025 (77.66)	9215 (22.34)	—	—
2004-05	31300 (30.59)	71014 (69.41)	0 (0.00)	155820 (100.00)	75444 (113.52)	-8987 (-13.52)	105466 (90.14)	11534 (9.86)
2005-06	40195 (36.74)	69205 (63.26)	0 (0.00)	117823 (100.00)	47533 (51.33)	45071 (48.67)	76373 (101.83)	-1373 (-1.83)

Notes : A* Expenditure
 B** Un-utilized amount
 — Not Available

Table IX
Expenditure Pattern in Selected SKSs at District Hospitals

Head of Expenditure	Yamuna Nagar			Jind		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
Civil & Electrical						
Maintenance	277404	120251	197051	0	46544	16370
Equipment	13601	47573	131732	0	47334	118728
Furniture	6850	19810	31579	0	0	0
Minor Repair	0	0	0	23760	949442	101737
Stationery	0	0	2828	0	0	0
Cleanliness/Laundry	10965	17472	22143	0	0	55880
Reagents/X-ray films	0	0	0	0	0	0
Medicines	16902	0	0	5548	726719	600819
Linen	0	0	69800	0	10000	9807
Telephone Charges	2280	7073	0	0	0	0
Generator Exp.	0	31757	18594	0	0	0
NSV	0	5950	51850	0	0	0
Misc.	0	55960	66885	0	1500	50318
Transfer to DH&FWS	22000	240000	0	0	0	0
Transfer to HR. Govt.	336308	0	0	0	0	0
Others (Material)	0	0	0	6938	175722	3536
Swasthya Aapke Dwar	0	0	0	0	812	0
Total	884310	545846	592462	36246	1994319	957195

Table X
Expenditure Pattern in Selected SKSs at Sub-Divisional Hospital

Head of Expenditure	Yamuna Nagar			Jind		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
Civil & Electrical						
Maintenance	0	445444	215932	0	44041	19789
Equipment	0	1950	3584	0	3005	84818
Minor Repair	0	0	0	0	505326	105814
Cleaning/Laundry	0	0	0	0	15549	22720
Reagents/X-ray films	0	0	0	0	0	0
Medicines	0	9335	26517	0	111222	139993
Advertising Charges	0	0	715	0	0	0
Generator Exp.	0	0	10000	0	0	0
Misc.	0	107482	289890	0	29994	57112
Swasthya Aapke Dwar	0	0	0	0	4991	0
Total	0	564211	546638	0	714128	430246

Table XI
Expenditure Pattern in Selected SKSs at CHC

Head of Expenditure	Yamuna Nagar			Jind		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
Civil & Electrical Maintenance	0	0	0	0	11205	0
Equipment	10972	0	0	0	0	0
Furniture	0	1470	0	0	0	0
Minor Repair	0	0	0	0	75235	79587
Stationery	0	23100	33660	0	0	0
Cleaning/Laundry	0	0	0	0	3700	3700
Reagents/X-ray films	6670	2895	1700	0	0	0
Linen	600	1450	1560	0	0	0
Salary of ANM's & TBA's	143490	6100	14700	0	0	0
Printing Charges	0	3905	5544	0	0	0
Vehicle/Repair/POL	660	1160	1250	0	0	0
Misc.	0	0	0	0	4695	300
Others (Material)	0	0	0	0	11531	0
Total	162392	40080	58414	0	106366	83587

Note: Information in Panipat and Narnaul was not available in the selected heads of expenditure.

It has been observed during the study that most of the expenditure is towards minor repair and maintenance of building and less focus is given on purchase of essential medicines in all selected Districts. As shown in Table V, the expenditure has declined in Yamuna Nagar and Jind Districts and has increased in Panipat and Narnaul Districts in the year 2005-06 as compared to year 2004-05. It is shown in Table VI that at District hospital the total utilization was 89 percent of total collection during the year 2003-04, 64 percent during the year 2004-05 and 81 percent during 2005-06. At Sub-Divisional Hospital, during 2003-04 was zero utilization. However during the year 2004-05 it reached to 85 percent of the total collection and it increased up to 95 percent during the year 2005-06 (see Table VII). The data shows that at CHC level, the utilization is less and has decreasing tendency during the years. It is due to lack of financial manpower as well as awareness about financial regulations among Medical Officers. Information regarding expenditure at CHC levels is given in Table VIII.

However at selected CHC, the highest expenditure is towards stationery and salary of contractual staff. The expenditure is also being incurred towards purchase of reagents and chemicals for laboratory, which was absent in case of District Hospital and Sub Divisional Hospital. In Yamuna Nagar at CHC level, the user charge money is also spent on POL, repair and maintenance of vehicles. Therefore, it can be summarized that at District Hospital and Sub District Hospital levels, the expenditure is towards civil and electrical maintenance and equipment and in case of CHC, the expenditure is mainly towards purchase of items required for day to day running of facility such as stationery and maintenance of vehicles.

In Panipat the utilization was very less initially because of the non-clarity among the authorities as well as in staff regarding expenditure guidelines. All were afraid of audit and financial system to be followed under society structure. Therefore, the initiative to utilize the User Charge money was lacking. In the year 2005-06, the utilization started increasing because of repeated efforts by the State Reform Cell and Sector Investment Programme Office, Haryana. It was observed during the study that major share of User Charge money is used for payments of NSV cases.

At selected CHC, in district Panipat no expenditure has been incurred from the User Charge money. The reason told by the person dealing with accounts was that due to transfer of the SMO Incharge, Drawing and Disbursing (DD) Powers have not been transferred to existing Medical Officer, therefore no expenditure could be incurred by the next command in the line.

At District Hospital in Narnaul there is good User Charge collection and it is nearly Rs.1.5 lac per month. In District Hospital the utilization was more than collection only because of the fact that User Charge money is being deposited in the District Society by all the SKSs in the District and the share of the District Hospital has been kept on higher side being a tertiary level hospital As shown in Table VI above, 2004-05 and 2005-06, the expenditure was more than the collection.

In Sub Divisional Hospital in district Narnaul, the utilization was on higher side. In year 2004-05 it was 50 percent of the total collection and year 2005-06 it was more than the collection. At selected CHC level, utilization was 77 percent during the year 2003-04 and it was more than the collection in subsequent year 2004-05 and 50 percent in year 2005-06. Details are given in Table VII and Table VIII.

In Jind, the District Society account is treated as common pool of funds and the collected money is disbursed among the SKSs as per the need. At District Hospital, the utilized amount was 6.5 percent during the year 2003-04 and it increased up to 74 percent during 2004-05. In the year 2005-06, it again declined to 38 percent as shown in Table VI. At Sub Divisional Hospital, the utilization was nil in the year 2003-04. It increased up to 57 percent during 2004-05 and it again decreased to 29% in the year 2005-06.

It was stated by all the In-charge that there is no change in government budget allocation under head 2210 (Contingency Expenses) after implementation of user charges. However, the charges of telephone, electricity and other items have increased over the period but budget is stagnant therefore it should be increased in proportionate to rising prices.

3.2 Accounting System

Single Entry System of accounting is being followed at all levels. Although the accounts people have been imparted two days training on Double Entry System, but it was stated by accounts staff as not enough. In the district all the societies have been asked to prepare income and expenditure statement and to send it to office of DH&FWS regularly with the counter signature of hospital incharge. Reporting formats have been provided by the DH&FWS to send the details of collection and utilization of user charge money. The financial report is not being sent monthly by all the SKSs to DH&FWS.

3.3 Audit System

Internal audit system is followed in all the selected district. The CA appointed by the DH&FWS is doing the audit of the accounts of the societies at various levels. Accounts Officer of Civil Surgeon Office is also involved in the auditing of the accounts of the societies. The objective of internal audit was held to keep the accounts of the society on track. For audit of SIP accounts, the record is called upon in State HQ by the auditors every year.

3.3.1 Improvement Done in Infrastructure by User Charges

Table in Annexure I to IV show the improvement done in health facilities and infrastructure through user charge money in all selected districts. The major heads under which the expenditure has been incurred are new purchases, renovations/ new constructions, cleaning of flooring, repair and maintenance etc. Under new purchases in District Hospital, major share of user charges has been for purchase of Air Conditioners for Labor room, purchase of generator and purchase of furniture. Under renovation, white wash, wall repair, tiling, ceiling repair etc. have been the major improvements done. However, at CHC & PHC level, the expenditure is towards routine expenses such as purchase of curtains, water tanks, streetlights, small furniture etc.

3.3.2 Total Collection of User Charge Money in the State

The data regarding collection and expenditure of user charge money in the State during 2004-2006 was collected from the State HQ. Table XII reveals that pattern of collection and expenditure varies from district to district. The percentage of expenditure is in district Jhajjar followed by district Jind and Yamuna Nagar whereas the collection is highest in district Panchkula followed by district Hissar and Ambala. Again the comparison of total collection of user charge (Rs. 1839.47 lac) with plan budget under medical head of the State during 2004-2006 shows that this money generated through user charge is about 23 per cent of the plan budget (Rs. 8073.80 lac) during the period, which is sufficient to cover the operating cost of the public health facilities.

Table XII
District Wise Collection and Expenditure of User Charge Money
(2004-2006)

District	Total Collection	Total Expenditure	Balance Amount	(Rs. in lacs) % of Exp.
Ambala	156.39	108.00	48.39	69.06
Bhiwani	152.69	40.49	112.20	26.52
Faridabad	71.26	34.21	37.05	48.01
Fatehabad	76.70	50.07	26.63	65.28
Gurgaon	10.69	1.71	8.98	16.00
Hissar	197.06	53.48	143.58	27.14
Jind	142.91	113.26	29.65	79.25
Jhajjar	27.57	24.25	3.32	87.96
Kaithal	88.72	63.97	24.75	72.10
Karnal	147.29	85.10	62.19	57.78
Kurukeshtra	83.21	37.23	45.98	44.74
Narnaul	2.08	0.00	2.08	0.00
Panchkula	202.47	133.01	69.46	65.69
Panipat	53.80	0.00	53.80	0.00
Rewari	88.38	46.86	41.52	53.02
Rohtak	59.80	26.81	32.99	44.83
Sonepat	138.03	88.29	49.74	63.96
Sirsa	18.86	1.07	17.79	5.67
Yamuna Nagar	121.56	93.00	28.56	76.51
Total	1839.47	1000.81	838.66	54.41

Source : SIPO, Govt. of Haryana

The money collected through user charges has been compared with plan and non-plan budget allocation in major hands of Health Department of the State. The Table XII gives an overview of Plan and non-plan budget allocation under different heads in health sector.

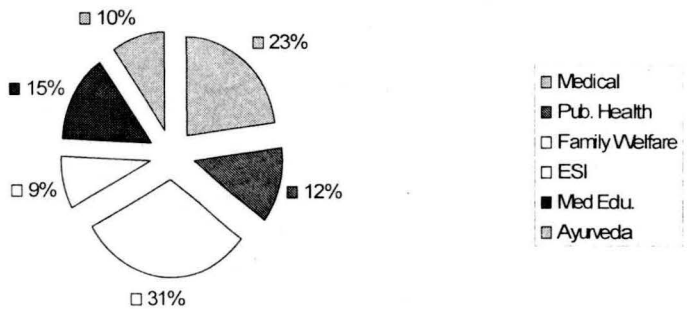


Figure 1
Plan Budget Allocation during 2007-08

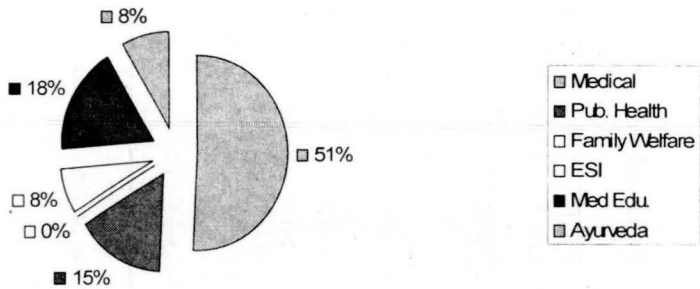


Figure 2
Non-Plan Budget Allocation during 2007-08

Diagrams depict that under plan budget allocation during 2007-08, major share of allocation goes to family welfare followed by medical with 23 percent. Under non-plan budget, medical is covering more than half of the total allocation.

X. Conclusion

The public health sector is confronting with the problem of dwindling financial resources such as financing of non-salary expenses, shortage of diagnostic and laboratory facilities and deterioration of physical infrastructure. This is the reason that user charge is being experimented as an alternative financing mechanism to generate resources locally. Under the HSRs, autonomous societies have been constituted and registered under Society Registration Act 1860. These societies have been constituted up to PHC level and empowered to decide what services to charge for and have much to charge. These societies are empowered to manage the health facilities with user charge money as well as with government budget.

Under the Andhra Pradesh State Health System Project, a study revealed that the people would be willing to pay for the services (including the registration fee as well as visitor fee) provided that these (collections) were used for improving the quality of services at the hospital. The study also revealed that the service providers as well as the users (actual and potential) felt that the charges at government hospitals may be fixed at about 50% of the rates prevailing in the open market (i.e. private sector). In addition, the study recommended that user charges should be made compulsory for all except for the 'below-poverty-line' category. There should be a fullproof method to identify poor people, adequate financial powers should be granted to the administrative medical officer (the officer in-charge) of government hospitals for better maintenance of the hospital (ECTA 2001/26).

The system of user fee is a good feature and should be periodically reviewed to enhance both the base and the scale of fees. It would be necessary to reiterate that the collection of user fee by a hospital would be exclusively meant for its improvements (ECTA 2004/24). There is a need to implement a User Charge policy by implementing existing user charges more rigorously, retaining and using revenue collected and exempting the poor from user

Table XIII
Plan and Non-Plan Budget Allocation for different years in Major Heads of State Health Department

(Figures in lacs)

Year	Medical		Public Health		-	Family Welfare		ESI	Medical Education		Ayurveda		Total		Grand Total
	Non-Plan	Plan	Non-Plan	Plan		Non-Plan	Plan		Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	
2002-03	11734.32 (45.68)	4253.90 (31.00)	5037.50 (19.61)	1358.47 (9.90)	-	5613.58 (40.92)	2258.00 (8.79)	646.33 (4.71)	4550.00 (17.71)	1751.08 (12.76)	2107.62 (8.20)	95.00 (0.69)	25687.34 (65.18)	13718.36 (34.82)	39405.70
2003-04	11326.00 (45.60)	5152.35 (36.60)	4658.00 (18.75)	749.04 (5.32)	-	5190.00 (38.85)	2277.88 (9.17)	665.50 (4.73)	4432.00 (17.84)	2151.08 (15.28)	2141.06 (8.62)	170.00 (1.20)	24834.94 (63.83)	14077.97 (36.18)	38912.91
2004-05	11858.76 (45.92)	4825.20 (36.08)	4876.25 (18.88)	838.84 (6.27)	-	4676.82 (34.98)	2213.53 (8.57)	658.20 (4.92)	4633.55 (17.94)	2151.08 (16.08)	2241.25 (8.68)	210.00 (1.57)	25823.34 (65.88)	13370.14 (34.12)	39193.48
2005-06	14060.00 (48.10)	6487.83 (40.41)	5023.23 (17.18)	1236.26 (7.70)	-	5195.00 (32.36)	2495.24 (8.54)	653.30 (4.06)	5232.00 (17.90)	1951.08 (12.15)	2418.22 (8.27)	531.60 (3.31)	29228.69 (64.54)	16055.07 (35.46)	45283.76
2006-07	14365.00 (47.35)	8073.80 (30.77)	5278.00 (17.40)	7040.55 (26.83)	-	6345.00 (24.18)	2618.00 (8.63)	1042.50 (3.97)	5496.00 (18.11)	3001.08 (11.44)	2583.00 (8.51)	734.00 (2.80)	30340.00 (53.62)	26236.93 (46.38)	56576.93
2007-08	18648.80 (50.64)	4504.80 (24.94)	5646.84 (15.33)	2399.54 (13.29)	-	6225.00 (34.47)	2821.52 (7.66)	1707.00 (9.45)	6640.44 (18.03)	2901.04 (16.06)	3068.85 (8.34)	323.00 (1.79)	36826.45 (67.09)	18060.45 (32.91)	54886.87

Notes : Figures in brackets are the parentages to the total non-plan and plan budget allocation in major heads

Sources: Statistical Abstract, Haryana 2005-06, & Health Services at a Glance, Directorate of Health Services, Haryana of different years

charges (ECTA 2001/26). As it has been found during the present study that the money generated through user charges is not being retained at facility level uniformly in the State which is disturbing the spirit of reforms as envisaged. Moreover, the BPL population is not aware of the fact that they are exempted from payment of user charges. Therefore, there is a need to generate awareness among population about exemption intension.

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Annexure I
Improvements Done at Facilities Through User Charges in Yamuna Nagar District

Particulars	District Hospital	Sub-divisional Hospital	CHC	PHC-1	PHC-2
New Purchases	AC for OT & Labor room (2) Generator (1) Iron Chairs Almirah (2) Racks (2) Cooler (6) Sterilization machine (1) Medicines Linen-Curtains	Generator (1) AC (3) Water Tank Curtains for OPD, OT & Ward Inverter (1) Tube lights Medicines	Water Tanks (3) Battery replaced (1) Curtains Notice Board (1) Street lights (10) PHC boards Almirah (2 big & 2 small) Racks (3) Curtains for OPD	Curtains for OPD Water cooler (1) Insect killer (2) Calorie meter (1) Delivery Kits Board Chairs (4)	Curtains Furniture
Renovation / New Construction	White wash, wall repair, Ceiling repair Tiles-Toilets	White wash Water facility & sanitation facility	Paint & white wash Construction of concrete road in the campus, boundary wall of CHC & main gate MCH room constructed with support from SIPO	Toilet constructed (1) Counseling cabin	Boundary wall Room for Dentist
Cleaning	Hospital ground cleaning	Hospital ground cleaning	Whole campus cleaning	Whole campus cleaning	Whole campus cleaning
Repair & Maintenance	Minor repair	Sewerage repair	Deep Freezer Maintenance Minor repair of water taps & toilets Sterilizer repaired	Day-to-day Maintenance	Minor repair
Others	Regents for Lab X-Ray films	Regents for Lab X-Ray films	Refill of oxygen cylinder		

Annexure II
Improvements Done at Through User Charges in Narnaul District

Particulars	District Hospital	Sub-divisional Hospital	CHC	PHC-1	PHC-2
New Purchases	Fans Electrical fittings AC (1) OT light Lamps Electric Rod (1) Curtains Curtain side screen	Inverter (3) Ambulance from SIP money Curtains Wash basin Boards	Curtains Chairs Benches	Electrical fittings Emergency light Curtains	Curtains
Renovation / New Construction	Boundary wall New OT built Counseling cabin sets New Toilet constructed	Entire building renovation	New toilet constructed	Boundary wall	
Cleaning	Hospital premises	Hospital premises	Premises	Premises	Premises
Repair & Maintenance	Parks Maintenance Toilets-Electrical wiring, minor repair Ceiling Plaster & White wash of office & OPD premises ECG Machine repair & minor repair of instruments in OT	Toilets Repair of doors & windows	White wash Ceiling repaired Minor repairs	White wash Repair of sub-centre doors Toilet repaired	Toilet repaired Building repaired
Others	Regents purchased for Lab X-Ray films Ultrasound Roll POL Payment	Regents for Lab	Electricity & Telephone bills paid	Electricity & Telephone bills paid	Electricity & Telephone bills paid

Annexure III
Improvements Done at Facilities Through User Charges in Jind District

Particulars	District Hospital	Sub-divisional Hospital	CHC	PHC-1	PHC-2
New Purchases	AC (7) Water Tank Stabilizer (1) Inverter Boards Curtains for OPD Furniture	Chairs Inverter (3) AC (1) Furniture	Tables Chairs Racks Almirah Medicines	Chart to check the colour blindness Curtains	Curtains Chairs (4) Benches
Renovation / New Construction	New Toilets built in casualty, Gynae & PPC Tiles-Toilets Flooring-OPD & Toilets	Tiles-wards Mortuary New OT constructed Toilets-OPD & IPD	Toilet for OPD	Office cabin constructed New toilet constructed Electricity connection	Toilets renovated Park Tiles, flooring & chips in OPD & Office Delivery hut
Cleaning	Cleaning of the premises	Cleaning of the premises	Cleaning of the premises	Cleaning of the premises	Cleaning of the premises
Repair & Maintenance	Water connection for toilets Minor repair in wards White wash Electric wiring	Sewerage repair Road repair White wash Toilet-taps, flush system Minor office repair	Repair of toilets	Repair of BP apparatus Road repair outside PHC Linen washing	White wash
Others	Regents purchased for Lab Ultrasound Roll X-Ray film	Regents purchased for Lab Ultrasound Roll X-Ray film			

Note : * Rented building - less scope for improvement

Annexure IV
Improvements Done at Facilities Through User Charges in Panipat District

Particulars	District Hospital	CHC	PHC-1	PHC-2
New Purchases	Electric goods Curtains Furniture	Curtains	Curtains Electrical fittings	Water tank Curtains
Renovation / New Construction	Toilet Park		Toilet renovated	
Cleaning	Hospital premises	Whole campus	Whole campus	Whole campus
Repair & Maintenance	White wash Painting Electric works Repair of main gate Glass fixing & Repair Generator Repairing Minor repair of doors	Minor repair	White wash - OPD	Electric wiring White wash- OPD Ceiling Repair
Others	X-Ray film Regents purchased for lab	X-Ray film Regents purchased for lab		

CAPITAL BUDGETING DECISION UNDER RISK & UNCERTAINTY



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