The Economics of Public Health Care in India: Some Introspections'

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ABSTRACT
India is rapidly growing country in the world. Since Independence, India has made a positive attempt to improve the status of people in our country by introducing various policies and programmes at social sectors. The Health sector is also one of the important sectors which will come under social sector. There is a responsibility of the government that to maintain the health status of its citizen and also provide a good health facilities to all. In various five years plans, Govt has given high priorities for public health facilities providing special allocations in the budget. Now a days the issue of public expenditure took vital important, especially in the health sector. It also impact on the per capita income of the nation and progress of the country. Still there is a lack of facilities in health sector including poor infrastructure facilities; lack of doctors, medicines, lack of advanced technology, motivation etc. These are all affects on the progress of the country. Hence, presently India took it as a challenge and made a positive attempt to create a globalised health standard in the country. It can create a number of job opportunities, business opportunities to attract the foreign investment and mainly to improve the health status of all people especially focused on rural people. This paper is deals with the public health expenditure in India.

Keywords: Health, Budget, Expenditure, Public, State

I BACKGROUND

The predominant obligations of the health sector in India, under the 7th Schedule of the Constitution, however, are primary with the state governments. The study of health care expenditures, in general, has been a case of research and discussion in present times globally Public health outlay consists of recurrent and capital expenses from a government budgets, external borrowings and grants and social health insurance funds. Health expenditure in India was last measured at 4.55 in 2013, according to the World Bank organization global health expenditure. Health is the state subject in India and consequently, analysis of public health expenditures by States assumes greater significance. To understand how priority has been accorded to the health sector, the health expenditure is presented in per capita terms as a ratio of Gross Domestic Product (GDP), Gross State Internal Product (GSDP) and finished expenditure of the Centre and State power respectively. To understand the implications of changing chart of the government spending a methodical analysis of compositional change in health expenditure and the encounter of the change in disparate health strategies and macroeconomic conditions is analyzed. Public expenditure on health has been less than one percent of GDP in India. The health sector in India is the obligation of the state, innate and additionally the central government. The centre is accountable for condition services in coalition regions lacking an assembly and is additionally accountable for growing and monitoring nationwide standards and regulations including the states alongside backing associations, and sponsoring countless schemes for implementation by state governments. It is well known factor that expenditure on health is a functional instrument to the socio-economic welfare of the people (Rao and Choudhury 2012).

The impact of this situation on health expenditure depends on how the government has accorded priority to the health sector. Regarding to the health strategy initiatives, the National Rural Health Mission (2005) of India has set a motivated aim of rising in government health spending to 2-3 per cent of GDP. This Mission has additionally mandated that some of the central funds, that were proceeding routed through states budget (particularly under Central Sponsored and Plan Schemes CSS/CPS), will bypass the state budget and will be implemented through states implementing agencies. Consequently, this changing nature of central transfer can affect the health expenditure of the state governments. Though has shown the positive impact on health expenditure. The health expenditure shows increasing trend after the implementation of NRHM- national rural health mission (about 1.4 % of GDP in 2014). Though, the state governments are also asked to increase their funding (along with the centre) in health. The central devolution of fund to states is established on conditionality i.e., states demand to increase their own spending on health at a specified rate in tandem with increased central funding.

Experts felt it is hard to monitor the central funds by passing through state implementing associations and differentiate whether these funds have been requested efficiently at the ground level. Further, along with this changing path of central transfer, the commercial connection amid centre and state in a combined construction becomes unnecessarily complex. The finished analysis confirms that India

and its states are shying away from fulfilling its constitutional promise of 'Right to Health' for its citizens. We observed that public health sector has not ever been given adequate resources to present well in India. Given the low level, failing and fluctuating actions of health expenditure above the last twenty-five years, it is not stunning that the health sector management had not been satisfactory. The failing nature of larger health outcome though can easily be reversed with increased allocation in this sector. Specifically, India needs to double or triple its health expenditure from its continuing level. Along with the commitments of health expenditure, it becomes vital to safeguard that the allocated supplementary area funds become consumed efficiently across its constituent states

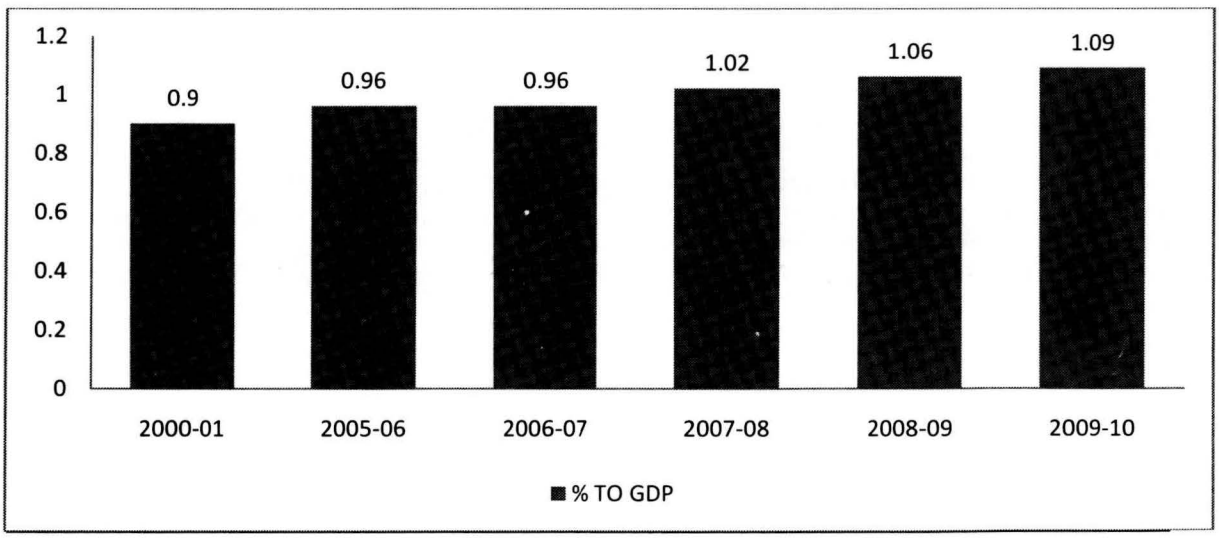
Table -1
Health Expenditure in different Countries: Selected Indicators (2014)

Countries	Per capita total expenditure on health(PPP int.$)	Per capita government expenditure on health(PPP int.$)	Total expenditure on health as percentage of GDP	OOP Expenditure as a % of private expenditure on health
Australia	4357	6031	9.4	18.8
Bangladesh	88	31	2.8	67.0
Brazil	1318	947	8.3	25.5
Canada	4641	5292	10.4	13.6
China	731	420	5.5	32.0
France	4508	4959	11.5	6.3
Germany	5182	5411	11.3	13.2
India	**267**	**75**	**4.7**	**62.4**
Japan	3727	3703	10.2	13.9
Philippines	329	135	4.7	53.7
Sri lanka	369	127	3.5	42.1
UK	3377	3935	9.1	9.7
USA	9403	9403	17.1	11.0

Source: Data.worldbank.org/indicator/SH.XPD.TOTL.ZS

The per capita income of total expenditure on health is (17.1) high in U.S.A (, Germany (11.3), Canada (10.4), UK and France (9.1 & 11.5) respectively. All the developed nations' expenditure on health is more than developing countries. India (4.7) is developing country so it needs to contribute to health expenditure plans. Health care expenditure is necessary for the social and human development.

Table -2
Trends in Public Health Expenditure (as per cent of GDP) in India 2010



Source: GOI,"National Health Profile 2010", Ministry of health and family welfare, New Delhi and also compiled from various budget documents.

Trends in public health expenditure show consistent increase. In 2001 it was 0.9(per cent of GDP) and 2007-08 it was 1.02. Also it shows in 2008-09 it was 1.06 and in the year and during 2009-10 it was 1.09 of total GDP were found spent. Though gradual increase can be seen over the period of time, however it was not found satisfactory by the exerts and also it is very low when compare to the other major countries of the world.

Table -3

Fund flow to Health Sector by Source in India, 2004-2005

Source of funds	Expenditure (in millions)	Percentage Distribution
A)Public funds Central government	90,667	6.78
State government	1,60,171	11.97
Local bodies	12,292	0.92
Total-A	2,63,130	19.67
B)**Private funds**		
Households	9,51,538	71.13
Social Insurance funds	15,073	1.13
Firms	76,643	5.73
NGOs	879	0.07
Total -B	1,044,133	78.05
C) External flows Central government	20,884	1.56
State Government	3,272	0.24
NGOs	6,337	0.47
Total -C	30,493	2.28
Grand Total	1,337,756	100.00

II SOURCES

(a) Demand for Grants of Ministry of health and family welfare and other Central ministries, 2006-07), Government of India

(b) Demand for Grants of departments of health and family welfare and other departments, (2006-07), state government.

(c) Morbidity, health care and the condition of the aged, NSSO 60th round, (2006), Ministry of Statistic and Programme implementation, government of India.

(d) Foreign Contribution Regulation act, Annual Report, Ministry of home Affairs,

a. (2004-05), government of India.

Fund flow table status how much total health expenditures contribute towards public sector-19.67, private sector-78.05 and external flows 2.28. Under private funds, all four expenditure contribute some portion like 71.13%, 1.13%, 5.73 and 0.07%. Basically, in the health system, it is mainly privatised. Public funds not more than private funds, so public sector is quite unsatisfactory up to the mark.

Table-4
Household Health Expenditure by Different Source of care in India

Type of service	**2011-12**	**2013-04**	**Growth rate (Rs)**
Outpatient –rural	44190.49	53510.17 (43.15)	13.15
Outpatient-urban	26504.12	244325.01 (21.13)	14.12
Inpatient-rural	7526.46	11067.15 (11.11)	17.44
Inpatient-urban	5250.12	7954.1 (6.22)	15.11
Child birth	2168.11	2491.23 (3.44)	6.12
Ante-natal care(ANC)	2383.27	3128.22 (3.30)	14.57
Post-natal care (PNC)	1028.12	1419.21 (2.40)	17.49
Immunization	55.4.71	611.34 (0.52)	13.33
Contraceptives	422.34	583 .22 (0.46)	14.42
Self-care	1147.27	1438.23 (1.64)	13.7
Total	**90620.3**	325944.7 (100)	135.49

Note: figures in parentheses indicate percentages.

Source: estimated from the 52nd round of the NSS, using 2001 population census and applying growth rates worked out from the 50th and 55th rounds of the NSS quoted in financing and delivery of the health care services in India. NCMH, 2005.

From consumption expenditure on health care with government contribution for developing countries like India. It shows that since 1995-96, household expenditure on health has been increasing 13.94 overall totals. India spends 33,253cr in 1995-96 again in 2001-2002 it increased to 72758.72cr. Overall estimation found to close 100000cr during 2003-2004.

Table - 5
Five year Plan Outlays on Health Sector in India

Five plans	total plan outlay (Rs. in crore)	Health sector allocation (Rs. in crore)	CAGR	
			Total plan outlay	Health sector
First plan	1960.0	65.3(3.4)	-	-
Second plan	4672.0	145.8(3.1)	18.97	17.43
Third plan	8576.5	250.8(2.9)	12.92	11.46
Fourth plan	15778.8	613.5(3.9)	12.97	19.59
Fifth plan	39426.2	1252.6(3.1)	20.10	15.35
Sixth plan	109291.6	3412.2(3.1)	22.62	22.19
Seventh plan	218729.6	6809.4(3.1)	14.89	14.82
Eighth plan	434100.0	14102.2(3.2)	14.89	15.67
Ninth plan	859200.0	35204.9(4.1)	14.63	20.08
Tenth plan	1484131.3	58980.3(3.9)	11.55	10.85
Eleventh plan	2156571.0	140135.0(6.5)	7.76	18.92

NOTE: figures in backers indicate percentage to total plan investment outlay: health sector includes health, family welfare and AYUSH; CAGR-compound annual Growth Rate.
Source: Government of India (2010), "National health profile 2010", Ministry of Health and family welfare, New Delhi.

During 1st plan health sector received 3.4 % of total plan outlay. During the eleventh plan, allocation on total health sector was Rs140135 cr. The CAGR plan outlay during the second plan was 18.97% during the forecast period the maximum growth rate was high in the sixth plan and lowest was in the tenth plan.

Table - 6
Level of Health Expenditure by the Private and Government Sectors in India (in %)

Year	Private	Government
2008	77.3	19.4
2009	73.4	18.3
2010	77.6	18.5
2011	75.0	23.0
2012	73.8	24.3
2013	71.6	25.6
2014	70.2	26.7

Source: GOI National Health profile 2014, Ministry of Health and Family and Welfare, New Delhi.

In 2008 expenditure on health by the private sector and public sector is shown is 77.3 and 19.4 respectively. Government expenditure has increased from 2011 onwards. It is found that health expenditure by the privatized sector is more than the government expenditure. The Govt. health care expenditure is not sufficient in order to meet the growing healthcare demand.

III DISCUSSION

Health is the most crucial sector of the economy as it decides the level of human progress as well as the working efficiency of a workforce. This study has found that the expenditure on the health sector in India is extremely low after contrasted compared with the advanced nations. The Health sector in India is the liability of the state, local and additionally the central government. Better health is central to human happiness and well-being. But in terms of service deliverance, it is extra concerned with the state. To know the implications of changing outline of power paying a methodical analysis of compositional change in health expenditure and the impact of the change in different health strategies and macroeconomic conditions is analyzed. The centre is held responsible for growing and monitoring nationwide standards without a legislature and is also responsible for developing and monitoring national standards and regulation, relating the states with funding agencies, and sponsoring many schemes for implementation by state governments. The health expenditure is presented in per capita terms as a ratio of Gross Domestic Product (GDP), Gross State Internal Product (GSDP) and finished expenditure of the Centre and State power respectively. Among the determinants of health expenditure, the per capita income and fiscal capacity of a particular state turn positive and important in ascertaining the per capita area expenditure on health in Indian states. The impact of both these variables curved out to be together with elevated coefficient worth for EAG states (Empowered Action Group) difference to the other. The health strategy reform (NRHM) has made a huge difference in area of health expenditure in India. The expenditure on health is recorded considerably important after the implementation of NRHM difference to the pre- NRHM periods. The state's priority on various public health issues is keep changing today. The governmental participation additionally influences the condition expenditure in India. The macroeconomic and health strategy adjustments in India have generated little hopes, fear and difficulty in spending on various health issues.

Health strategies turned ineffective even to come to the needy level of resources for providing basic health facilities. Fund allocation towards rural span (with missing health facility), preventive services, medicines and equipment was recorded to be noticeably low and inadequate with a declining trend. After the National Rural Health Mission (NRHM, 2005), public funds in health somewhat increased but remained lower than the ambitious commitment of 2–3 percent of gross domestic product (GDP). Central fund transfer to the state, which was (before NRHM) bypassing across the state budget, nowadays bypasses the state budget. This has arose in discontinuation of a little of the condition programmes/schemes running in the states and additionally made the centre–state finance relation extra complex.

IV CONCLUSION

Health care expenditure is extremely important for the social and human development for every country. The paper aims at analyzing the level and development of area expenditure on health in India. The per capita income of total expenditure on health is high in all the developed countries when to compare to developing countries. Though there is significantly increased in plan allocation by the central government in the eleventh five-year plan under the NRHM. The expenditure on health is recorded significantly high after the implementation of NRHM compare to the pre-NRHM periods. The state's priority variable turned significant only for EAG (Empowered Action Group) states but not for the other states. The

following participation also influences the health expenditure in India. The levels of complete power spending on health are absurdly low after contrasted with global standards, not just in per capita terms but as well as allocate for GDP. Government expenditure on health records to less than one percent of GDP. The government has to enhance potential, equality and quality of its health care services as well as maintain essential care to the poor and marginalized sections of the population.

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