
An Analysis of the Status, Trends and Pattern of Public Healthcare Expenditure in India

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Abstract

This study examines the consequences of varying pattern of government health expenditure in India. India's public healthcare expenditure, which includes spending by the central and state governments, has historically been relatively low as a percentage of the Gross Domestic Product (GDP). In 2020, public healthcare expenditure was around 1.3% of India's GDP, which is significantly lower than the global average and many other countries. Public healthcare expenditure in India is typically shared between the central government and state governments. The central government allocates funds to the states, and state governments are responsible for implementing healthcare programs and initiatives. The allocation and distribution of healthcare funds can vary from year to year. India has implemented several government health schemes and programs to improve healthcare access and affordability. Notable among these is the Pradhan Mantri Jan Arogya Yojana (PMJAY), also known as Ayushman Bharat, which is one of the world's largest government-funded health insurance schemes. It aims to provide financial protection to over 100 million families by covering medical expenses for secondary and tertiary care hospitalization. The government has also focused on strengthening primary healthcare services, including the establishment of Health and Wellness Centres (HWCs) across the country. These centres provide a range of essential healthcare services and are intended to serve as the first point of contact for citizens seeking healthcare. One of the major challenges in the Indian healthcare system is the inadequate level of public funding. The low public healthcare expenditure has resulted in limitations in healthcare infrastructure, staffing, and services. There are significant healthcare access and quality disparities between urban and rural areas, as well as across different states and regions. A substantial portion of healthcare spending in India is still out-of-pocket, which can lead to financial hardships for individuals, especially in lower-income groups.



Keywords:Healthcare, Healthcare Expenditure, GDP, Economic

Introduction

Public healthcare expenditure in India is a critical aspect of the country's healthcare system, reflecting the government's commitment to providing accessible and affordable healthcare services to its vast and diverse population. It plays a pivotal role in addressing the healthcare needs of millions of Indians, ensuring equitable access to medical facilities, and improving overall public health outcomes. In recent years, India has witnessed significant changes in the status, trends, and patterns of public healthcare expenditure, reflecting both challenges and opportunities in the healthcare sector. The status of public healthcare expenditure in India has seen notable shifts over the years. Traditionally, India has struggled with underinvestment in its healthcare system, with public expenditure as a percentage of GDP consistently falling below global averages. However, there has been a gradual increase in public healthcare spending, partly driven by various government initiatives such as the National Health Mission and the Pradhan Mantri Jan Arogya Yojana (Ayushman Bharat). These programs aim to expand healthcare coverage and improve healthcare infrastructure, thus contributing to an upward trajectory in public healthcare expenditure.

Trends in public healthcare expenditure reveal a growing recognition of the need for increased investment in healthcare. Factors such as demographic changes, the rising burden of non-communicable diseases, and the ongoing COVID-19 pandemic have highlighted the inadequacies of the healthcare system and prompted policymakers to allocate more resources to healthcare. The pandemic, in particular, underscored the importance of a robust healthcare infrastructure and the need for timely investments to respond to health emergencies effectively. Patterns of public healthcare expenditure in India exhibit variations across different states and regions. While some states have shown a significant commitment to healthcare spending, others lag behind. This disparity in healthcare investment contributes to disparities in healthcare access and outcomes. Additionally, the allocation of funds across various healthcare components, such as primary healthcare, hospital services, and public health programs, varies, impacting the overall effectiveness of healthcare delivery. Public healthcare expenditure in India



is undergoing a transformation, with increased attention from both the government and the public. Recognizing the importance of a well-funded healthcare system, India is gradually moving towards higher healthcare investments to address the healthcare needs of its citizens. Challenges remain, including the need for more equitable distribution of healthcare funds and efficient utilization of resources to achieve improved healthcare outcomes for all. Understanding these status, trends, and patterns is crucial for shaping future healthcare policies and ensuring a healthier future for India's population.

Importance of the study

The importance of analyzing the status, trends, and patterns of public healthcare expenditure in India cannot be overstated. It is a crucial undertaking with far-reaching implications for the nation's health and well-being. By examining how public funds are allocated in the healthcare sector, we gain valuable insights into issues of healthcare access, equity, and effectiveness. This analysis helps policymakers make informed decisions about resource allocation, prioritize healthcare initiatives, and improve the overall healthcare system. Moreover, in a global context, understanding India's healthcare expenditure allows for benchmarking against other nations and identifying areas for improvement. Ultimately, this study is essential not only for the efficient use of public funds but also for the advancement of public health, economic growth, and the well-being of India's diverse population.

Analyzing public healthcare expenditure in India is critical in addressing the nation's healthcare challenges comprehensively. The data obtained through such analysis can guide the development of policies that reduce disparities in healthcare access and outcomes among different regions and social groups. It also helps in evaluating the effectiveness of various public health programs and initiatives, ensuring that resources are allocated where they are needed most. Rapidly changing healthcare landscape, understanding expenditure trends is essential for anticipating and preparing for future healthcare needs, especially in the face of health emergencies like pandemics. This



research not only serves as a tool for fiscal responsibility but also empowers citizens by promoting transparency and accountability in the allocation of public funds for healthcare, fostering a more engaged and informed society. Ultimately, a well-informed analysis of public healthcare expenditure in India is pivotal for shaping a healthier and more equitable future for the nation.

Position of Public Healthcare Expenditure:

Public healthcare expenditure in India has historically been relatively low as a percentage of GDP. This has led to challenges in providing accessible and high-quality healthcare services to the vast and diverse population of the country.

Low Expenditure: India's public healthcare expenditure was around 1.3% of GDP in 2020, which was significantly lower than many other countries.

Limited Increase: Although there have been incremental increases in healthcare spending in recent years, these increases have not been sufficient to address the growing healthcare needs of the population.

Out-of-Pocket Spending: A significant portion of healthcare spending in India is borne by individuals as "out-of-pocket" expenses. This can lead to financial hardship for many, especially in lower-income groups.

Centre-State Distribution: Public healthcare expenditure is shared between the central government and state governments. The central government typically allocates funds to states, and states are responsible for implementing healthcare programs. This distribution can vary from year to year.

Schemes and Programs: India has various health insurance and welfare schemes such as Ayushman Bharat and RashtriyaSwasthyaBima Yojana. These programs aim to increase healthcare access and reduce the financial burden on individuals.

Primary Healthcare: A significant portion of public expenditure is directed towards primary healthcare services, including the establishment of health and wellness centers across the country.

Focus on Specific Diseases: The government has also allocated funds to tackle specific diseases and health challenges, such as the National Tuberculosis Control Program and the National AIDS Control Program.

Underfunding: The most significant challenge has been the underfunding of the healthcare sector. India's healthcare infrastructure has struggled to keep up with the demands of its large and growing population.

Inequities: Disparities exist in healthcare accessibility and quality, with urban areas typically having better access than rural areas.

Infrastructure Gaps: Healthcare infrastructure and facilities, especially in rural and remote areas, are often inadequate and lack essential resources.

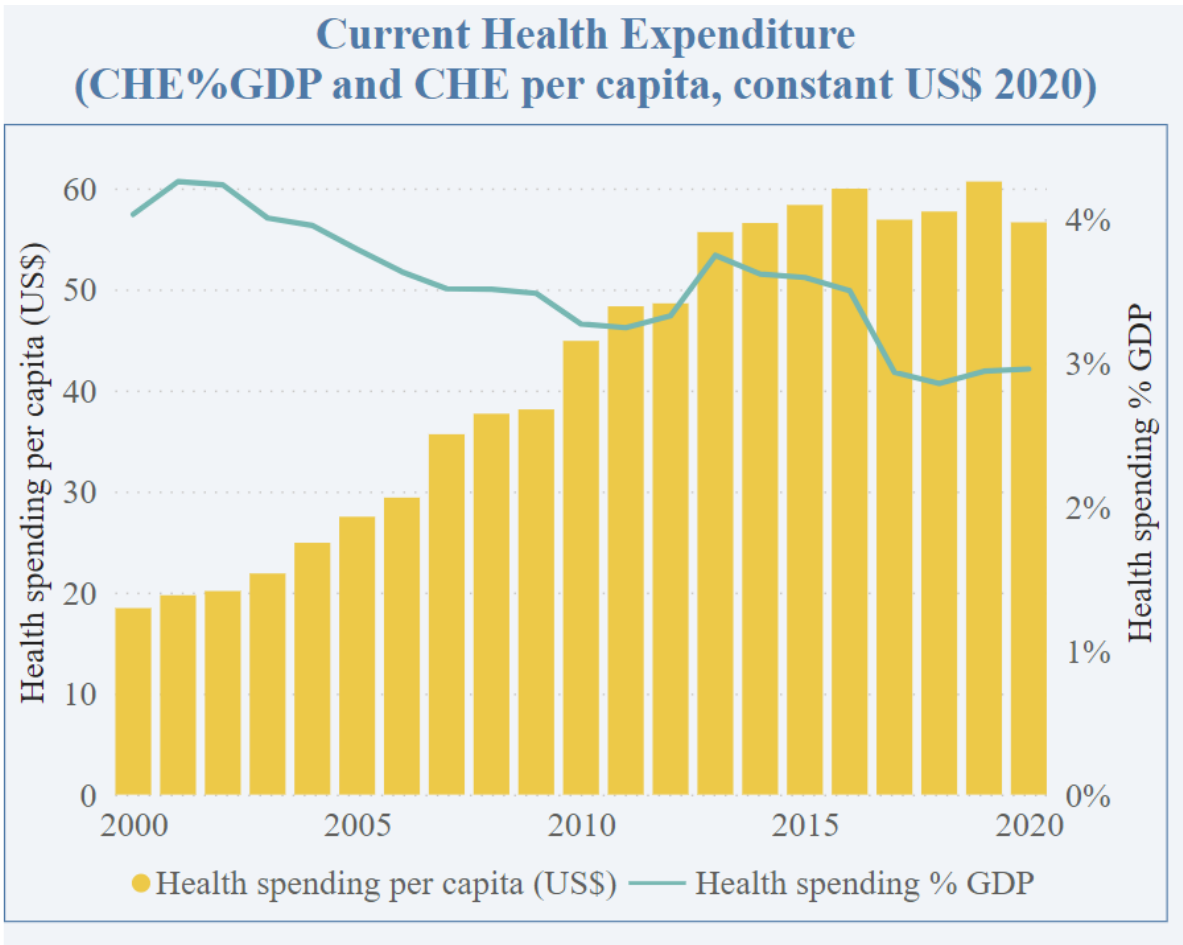
Human Resources: India faces a shortage of healthcare professionals, including doctors and nurses, which impacts the quality of care.

Methodology

The data have been analysed based on secondary sources from various official bases like World Health Organization, National Health Profile, 2019 etc. Health Expenditure comprises the funds from both central and state government under two main financial records- Revenue Expenditure Account and Capital Expenditure Account under which two major heads are considered Medical & Public Health and Family Welfare (National Health Accounts, India; Ahmed and Honakeri, 2012).

Results and Discussions

It is found that in comparison to other countries, India expenditure on health care is very less in (Sarmah and Goswami; 2022). Countries like Brazil, Austria, Canada, Afghanistan etc. spend 10–11 percent of their GDP on health care (World Health Statistics, 2009). For the progress of India, it is very important to develop the health sector. Share of government health expenditure from 28.6% in financial Year- 14 to 40.6 % in financial year 19 of total health expenditure (<https://pib.gov.in>).



Source: Global Health Expenditure Database World Health Organization

The total healthcare expenses as a percentage of GDP show decreasing tendencies during the period. The patterns show a declining ratio of health expenditure to GDP from 4.03 to 3.66. There is a period of highest GDP development rate in India but health expenditure does not rise to the same extent. The government health care expenditure as a percentage of GDP shows a meagre increase of 0.10%. (World Bank, 2019). In India, health care expenditure depends on numerous resources. It gains from central, state, non-government organizations, municipal corporation, households and other sources such as industrial contribution. The expenditure acquired by central, state and municipal corporation is recognized as public expenditure on health care. The government approved annual budget every year under various heads. The budget comprised health care expenditure under medical, public health and family welfare. The central government



relocated funds to states government and local government after that states government transferred money to local government at ground level for the healthcare purposes is also termed as government health expenditure. The expenditure sustained by households from their personal pocket is measured as out of pocket expenditure. The public health care expenditure is one of the main factors of the health outcome. Several studies expose that there is decrease in the public health expenditure. Most of Indian states expenditure on the public health care is very low. State could enhance level of human development which was achieved in the earlier stages. Those states have higher sharing to social sector and particularly the public health have good performance in the health outcome. There is higher degree of connotation between public health expenditure and health outcomes. The percentage of state GDP goes to the public health sector the better would-be health development index. Data is given below in table 1 for some selected states.

Table 1: Health expenditure in different selected states

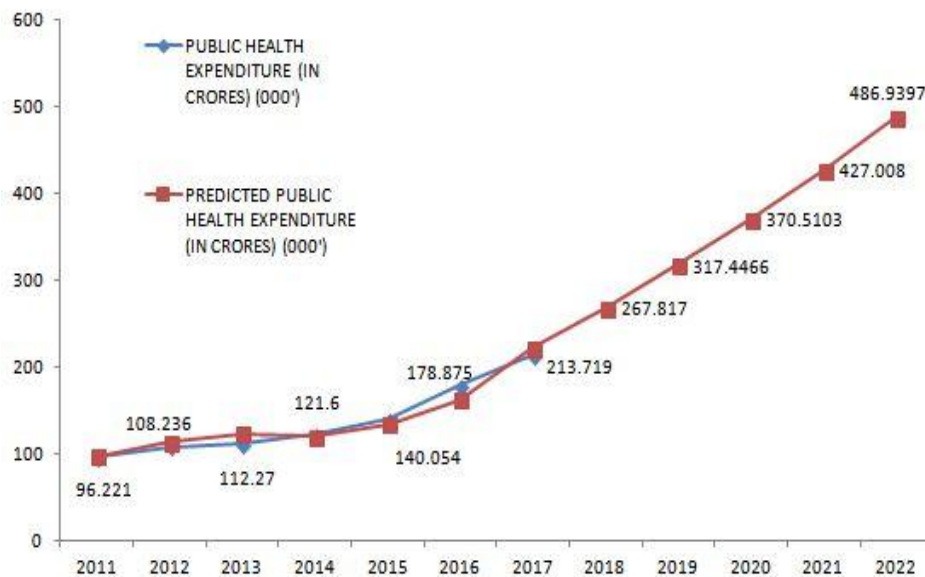
Health expenditure as percentage of state expenditure	
State	Percentage share
Andhra Pradesh	4.7
Delhi	11.45
Goa	6.07
Gujrat	5.86
Haryana	3.59
Himachal Pradesh	6.67
Jammu and Kashmir	5.93
Karnataka	5.03
Kerala	5.85



Maharashtra	5.08
Punjab	5.87
Tamil Nadu	4.99
Telangana	4.80
West Bengal	5.33

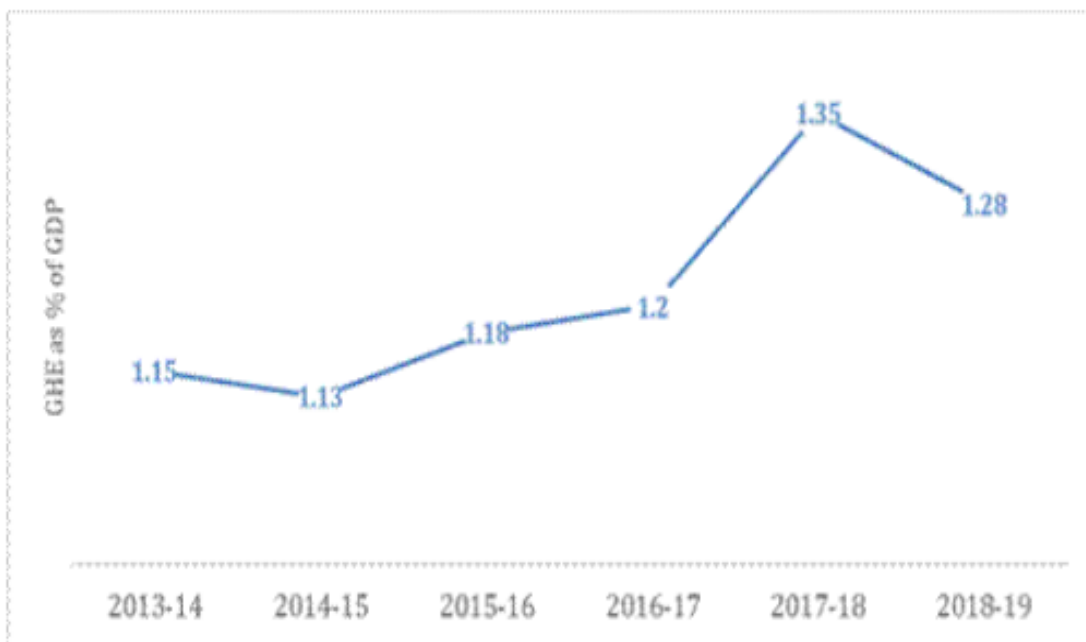
Source: National Health Profile, 2019

The above data for health expenditure percentage of some selected states in India. It was observed that the Delhi contribute highest share, 11.45% in health expenditure from total state expenditure in 2016- 17 whereas Haryana contribute lowest health care expenditure from total states expenditure among the selected states in India.



Public healthcare expenditures by the Government of India

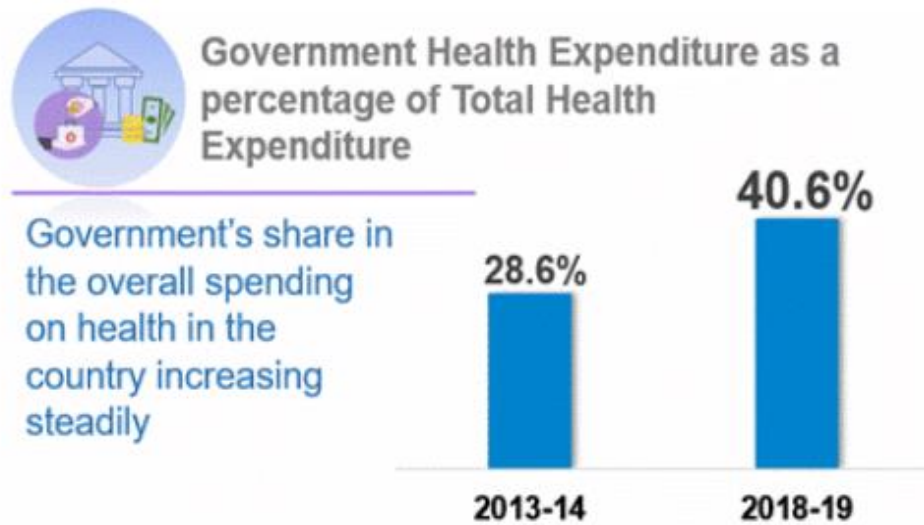
Public healthcare expenditures by the Government of India are a crucial component of the country's healthcare system. These expenditures encompass various initiatives and programs aimed at providing affordable and accessible healthcare services to its vast population. The government allocates funds to support the establishment and maintenance of healthcare infrastructure, including hospitals, clinics, and medical colleges. It also finances healthcare personnel salaries, training, and recruitment to ensure a sufficient healthcare workforce. Public healthcare expenditures are directed towards public health programs, disease control, and immunization campaigns. These initiatives aim to prevent and manage health issues on a national scale, addressing concerns like infectious diseases, maternal and child health, and non-communicable diseases. Government spending also supports health insurance schemes, such as Ayushman Bharat, which provides financial protection to vulnerable populations against high medical expenses. Subsidies and incentives are often provided to encourage affordable access to essential medicines and treatments. Public healthcare expenditures in India are essential for improving the health and well-being of its citizens, especially those who may not have access to private healthcare services. They are a critical investment in the nation's development and the achievement of universal healthcare coverage.





The increase in the share of government health expenditure in India's total GDP from 1.15% in 2013-14 to 1.28% in 2018-19 is a significant and welcome development for the country's healthcare sector. This upward trend indicates a growing recognition of the importance of healthcare investment in improving public health outcomes and addressing the healthcare needs of India's vast population. It reflects the government's commitment to allocating a larger portion of its economic resources to the healthcare sector, which is essential for achieving better health outcomes and reducing healthcare disparities. However, it's crucial to continue monitoring and evaluating the effectiveness of these healthcare investments to ensure that the increased spending leads to tangible improvements in healthcare infrastructure, accessibility, and quality of care across the country. This positive trajectory in healthcare spending represents a step forward in India's journey towards building a more robust and equitable healthcare system.

The significant increase in the share of Government Health Expenditure in Total Health Expenditure from 28.6% in 2013-14 to 40.6% in 2018-19 is a noteworthy development in India's healthcare financing landscape. This upward trend underscores the government's expanding role in funding healthcare services, which can have several positive implications for the healthcare sector and the population at large. Higher share of government health expenditure indicates a greater commitment to providing accessible and affordable healthcare services to the citizens of India.



It suggests a recognition of the government's responsibility in ensuring the well-being and health of its people. This increase can potentially reduce the financial burden on individuals and households when seeking healthcare services. When a larger portion of healthcare expenses is covered by the government, it can lead to improved financial protection for families, especially those with limited resources. Higher government share in health expenditure can contribute to reducing healthcare inequalities by increasing access to healthcare services for underserved and marginalized populations. It allows the government to direct resources toward improving healthcare infrastructure in rural and remote areas, where healthcare access has historically been limited

Recent Developments:

The COVID-19 pandemic has highlighted the importance of healthcare infrastructure, leading to increased attention on healthcare spending and preparedness. India has continued to invest in expanding healthcare facilities, increasing healthcare workforce, and boosting healthcare research and development. In directive to increase the government expenditure contribution for health sector the following recommendations are suggested. 1. A monitoring and assessing team at the central and state level has to be established to ensure efficiency in health sector. 2. The



government must recruit all India health services by engaging workers and by setting up extra medical and nursing schools mainly in village areas. 3. The government of India should confirm that all Indian people should be enclosed by the health insurance system. 4. The government should conduct consciousness programmes on healthy life styles so that incidence of life style diseases can be reduced. 5. The government must review and implement the recommendations given by High Level Expert Group. These are some of the behaviours that the government can upsurge health and health related facilities and step in the direction of an improved India.

Conclusion

An analysis of the status, trends, and patterns of public healthcare expenditure in India reveals both progress and challenges in the nation's healthcare sector. Over the years, there has been a positive shift towards increased government commitment to healthcare financing, as reflected in the rising share of government health expenditure in the total GDP and total health expenditure. This reflects an acknowledgment of the importance of investing in public health and the government's role in ensuring equitable access to healthcare services. It is important to recognize that India still faces significant healthcare disparities, both in terms of geographical access and socioeconomic factors. While the increased healthcare spending is a step in the right direction, it must be complemented by efforts to efficiently allocate and utilize these funds, ensuring that they translate into tangible improvements in healthcare infrastructure, quality of care, and health outcomes. India's healthcare landscape is evolving, with the ongoing COVID-19 pandemic highlighting the need for a resilient and responsive healthcare system. To address the healthcare needs of its vast and diverse population, India must continue to prioritize healthcare financing, improve healthcare delivery mechanisms, and focus on preventive and primary healthcare. The analysis also underscores the importance of data-driven decision-making and transparency in healthcare expenditure. It empowers policymakers, researchers, and the public to engage in informed discussions about healthcare priorities, resource allocation, and the effectiveness of healthcare programs.

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