Union Budget 2017-18: 
*Haanikarak Swasthyabandi*

Indranil, JSA
25/02/2017
Ministry of health and family welfare allocations (INR Crores)

Source: Union Budget, Expenditure Budget Vol 1, various years; www.indiabudget.nic.in
Figure: Union Government allocations and expenditure on Health (at constant 2004-05 prices)

Source: Union Budget, Expenditure Budget Vol 1, various years; prices: Labour Bureau
Union and State Government expenditure on health as % of GDP

Source: State Government exp: RBI, State Finances, A study of budgets; Union government: EB Vol 1; GDP: CSO
<table>
<thead>
<tr>
<th></th>
<th>2004-05 to 2009-10 Real</th>
<th>2010-11 to 2014-15 Real</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Budget Allocation</td>
<td>10.78</td>
<td>-</td>
</tr>
<tr>
<td>Union Actual Expenditure</td>
<td>3.50</td>
<td>-0.31</td>
</tr>
<tr>
<td>State Actual Expenditure</td>
<td>8.60</td>
<td>9.90</td>
</tr>
</tbody>
</table>
# Health care expenditure: India in comparison with BRICS and Asian neighbours

<table>
<thead>
<tr>
<th>Regions</th>
<th>Countries</th>
<th>Out of Pocket Expenditure (OOPS) as % of Total Health Expenditure (THE)</th>
<th>General Government Health Expenditure per Capita in Int$ (Purchasing Power Parity)</th>
<th>General Government Health Expenditure (GGHE) as % of Gross Domestic Product (GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>11</td>
<td>292</td>
<td>554</td>
<td>3.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>33</td>
<td>344</td>
<td>607</td>
<td>3.3</td>
</tr>
<tr>
<td>Russia</td>
<td>33</td>
<td>316</td>
<td>958</td>
<td>3.1</td>
</tr>
<tr>
<td>China</td>
<td>54</td>
<td>79</td>
<td>408</td>
<td>1.8</td>
</tr>
<tr>
<td>India</td>
<td>68</td>
<td>26</td>
<td>80</td>
<td>1.0</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>58</td>
<td>17</td>
<td>25</td>
<td>1.0</td>
</tr>
<tr>
<td>Bhutan</td>
<td>28</td>
<td>120</td>
<td>206</td>
<td>3.2</td>
</tr>
<tr>
<td>Pakistan</td>
<td>61</td>
<td>24</td>
<td>45</td>
<td>0.7</td>
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<tr>
<td>Myanmar</td>
<td>85</td>
<td>5</td>
<td>48</td>
<td>&lt;</td>
</tr>
<tr>
<td>Nepal</td>
<td>55</td>
<td>23</td>
<td>55</td>
<td>1.6</td>
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<tr>
<td>Sri Lanka</td>
<td>44</td>
<td>96</td>
<td>207</td>
<td>2.0</td>
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<tr>
<td>Thailand</td>
<td>20</td>
<td>300</td>
<td>817</td>
<td>3.3</td>
</tr>
<tr>
<td>Malaysia</td>
<td>34</td>
<td>317</td>
<td>574</td>
<td>2.1</td>
</tr>
</tbody>
</table>
Government spending vis-à-vis OOP expenditure

Source: WHO estimates for 2004, excluding countries with population < 600,000
DEMYSTIFYING BUDGETS: MAKING SENSE OF THE NUMBERS
Which questions budget can answer?

- How much money is spent on health?
- How important is health in the budget?
- Where does the money come from?: Resource Mobilisation
- Where does the money go?: Resource allocation
- How is the money spent?: Resource Utilization
- What does money buy?: Resource Productivity
- How much more money is required?: Resource Gap
Structure of budget (Key terms)

• Tax- non-tax Revenue
• Consolidated fund, Contingency fund and Public Accounts
• Expenditure: Developmental- Non-dev. ; Social Services- Economic services

• **Revenue, capital**
• Budget Cycle

• **Actual Expenditure, Revised Estimate, Budget Estimate**
Revenue Budget

Revenue Receipts

Tax Revenue
- Personal Income Tax
- Corporation Tax
- Wealth Tax
- Customs duties
- Excise duties
- Service Tax

Non-Tax Revenue
- Interest receipts on loans given by Central Govt.
- Dividends and Profits from PSUs
- User Charges/ Fees collected by Departments
- External Grants

Revenue Expenditure

Plan (Revenue) Expenditure
- Plan (Revenue) expenditure by Central Government Ministries
- Central Assistance for State/UT Plans (Grants)

Non-Plan (Revenue) Expenditure
- Interest Payments
- Revenue expenditure on Defence
- Subsidies
- Expenditure on maintenance of law and order
- Expenditure on running of the general organs of the Government, etc.
Components of Budget

Annual Financial Statement
(A Constitutional requirement)

Consolidated Fund
(The main Budget of the Central Government)

- Revenue Budget
- Revenue Receipts
- Revenue Expenditures

- Capital Budget
- Capital Receipts
- Capital Expenditures

Contingency Fund
(Only for urgent unforeseen expenses)

- Receipts
- Disbursements

Public Accounts
(Government acts as a banker only)
Budget cycle

**Formulation**
Budget proposals of various ministries/departments are put together by the Ministry of Finance.

**Audit**
The actual expenditure of the government under various heads is assessed and audited.

**Enactment**
Budget proposals are debated, altered and approved by the Parliament/Assembly.

**Implementation**
Budget proposals / government policies are carried out by various government ministries / departments.
Budget Nomenclature: Which questions? Where?

• **Major Heads** (4 digits): Revenue Medical and Public Health (2210), Capital MPH (4210), Revenue Family Welfare (2211), Capital FW (4211)

• **Sub-major Heads** (2 digits: 2210-01, etc.): Allopathy, ISM, Medical Edu, Public Health etc.

• **Minor Heads** (3 digits: 2210-01-001): Primary-secondary-tertiary; Rural-Urban; curative-preventive-rehab-promotion

• **Sub-minor Heads** (2 digits: 2210-01-001-99) (not uniform across states); (gender, children; disease wise etc)

• **Detail Heads** (2 digits): (salaries, drugs, equipment etc.)
Flow of funds for health: 2005-06 to 2013-14
Fund flow mechanisms since 2014-15

- Government of India
  - Budgetary Allocations
  - Finance Commission Transfers

- Resources of State Government
  - Own Resources of States
  - Budgetary allocations

- Ministry of Health & Family Welfare
  - Grants-in-Aid

- Budget of Department of Health
  - Transfer to SHS

- State Health Society
Magnitude of public spending on health at national level

Total Govt. Exp. on Health =

**Ministry of HFW (2210+2211+4210+4211+2251)**

+ Other Ministries (Railways, Defence, Labour..)

+ State Dept. of Health (2210, 2211+4210+4211+2251)

+ Other state depts.

- Grants from Centre to States & UTs (**3601+3602**)

+ Expenditure by local bodies
Magnitude of public spending on health at the State level

Total spending on health care at the state =
   Exp. by State depts. related to health (etc.)
   + Exp. by other state depts.
   + Exp. through State Health Society (SHS) (GiA) (?)

- Transfers from State dept. to SHS
Data Sources (Budget)

**Expenditure Budget Vol. 1**

**Expenditure Budget Vol. 2**

**RBI: State Finances: Study of Budget (MPH, FW; Rev-Cap)**

**CAG: Combine Finance Accounts**

**Detailed demand for grants,**

State budgets

Budgets of Municipal Corporations and Municipalities
Group work

• Group 1:
  – What is the total expenditure on health Union and State government taken together in 2015-16 and 2016-17? What is the growth rate in allocations?

• Group 2:
  – How much additional resources have been allocation under National Health Mission between 2015-16, 2016-17 and 2017-18? What is the growth rate in allocations? What are your observations regarding allocation on NHM?
  – What amount of money has been invested under National Health Protection Scheme between 2016-17 and 2017-18?