



## Trends in public expenditure and challenges of health sector in India

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### Abstract

India has achieved a high growth rate of economic development after implementing new economic reforms, but it is significantly less in the case of social development. Social development and economic development are both interlinked with each other. Health is an essential component of determining the social development of a country. World Health Organization (WHO) defines health as complete physical, mental and social well-being and not merely the absence of disease or infirmity. Hence good health leads to achieving economic development and eliminating many problems. At present, India has more than 140 crores of population. The WHO recommended doctor-population ratio is 1:1000, but in our country, one doctor is for 11,082 people. 55% of Physician posts are vacant in rural hospitals; India is far behind in the health indicators like IMR, MMR, life expectancy, beds available, etc., compared to the developed nations.

Along with these, the covid-19 also exposed the myths about the health system in the country. The distribution of the budget to the health sector is meager. However, Healthcare Research and Development did not pay adequate attention. Recently the Central Government has prioritized the health and education sector through Aatma Nirbhar Bharath to achieve the country's social development. Hence this paper discusses the situation of the Indian healthcare system and its challenges. For the analysis, mainly secondary sources data is used, and the required data is collected from different health reports of the Union Ministry of Health and Family Welfare, the National Rural Health Mission, the Indian Economic survey, etc.

**Keywords:** healthcare, problems, social development

### Introduction

Healthcare services are one of the fast-growing segments in India. India has achieved a high growth rate of economic development after implementing new economic reforms, but it is significantly less in the case of social development. Social development and economic development are both interlinked with each other. Health is an essential component of determining the social development of a country. World Health Organization (WHO) defines health as complete physical, mental and social well-being and not merely the absence of disease or infirmity. Hence good health leads to achieving economic development and eliminating many problems. The Indian healthcare delivery system is categorized into two major components public and private. The Government, i.e., the public healthcare system, includes restricted secondary and tertiary care organizations in key cities and focuses on providing primary healthcare facilities in rural areas.

On the other hand, the private sector provides most secondary, tertiary, and quaternary care institutions with a significant concentration in metros, tier-I, and tier-II cities. Michael and Ramu (2015) [4] examined the role of public health spending in promoting health status in Ghana. The study employed standard OLS and Newey-west estimation to investigate the impact of public health spending on health status (i.e., infant mortality rate) for the period 1990 – 2012. concluded that health spending has contributed significantly to the improved health conditions achieved between 1990 and 2012 in Ghana, and public healthcare expenditure is associated with improved health status by reducing infant mortality. Lahariya (2018) [5] debated healthcare

infrastructure, health education, and human resources accessible for health in India and the challenges. It accomplishes that India's enormous rural health infrastructure has the capacity and potential to deliver more services than currently, it provides. The need is strengthening them and enabling an input mix of facilities, supplies, and human resources based on a real-time information system. Public health in India exhibits a peculiar trend. There is a severe gap in health infrastructure on the one hand and a double burden of communicable and non-communicable diseases.

### Health care system in India

Health Systems and policies have a crucial role in deciding the healthcare services delivered, utilization, and outcome in any country. Public healthcare services, which reduce a population's revelation of disease through such measures as sanitation and vector control, are essential to a country's development infrastructure. In India, health is a state subject. Besides that central government is also given guidelines and plays a pivotal role in health care services provision. During the last 75 years, India has developed an extensive government health infrastructure. National Health Mission: The National Health Mission encompasses its two sub-missions, The National Rural Health Mission and The National Urban Health Mission. NHM envisions the attainment of universal access to equitable, affordable, and quality healthcare amenities that are answerable and responsive to the requirements of the people. There are four principles of NHM viz Equity, Equality, Effectivity, and Efficiency.

**Objectives of the study**

The primary goals of the study are as follows

- To examine the trends of public health expenditure in India
- To understand the status and challenges of the healthcare system in India.

**Methodology**

The research study is descriptive in nature. The research study is based on secondary data collected from different healthcare surveys in India, various annual financial statements, official reports, websites, journals, newspapers, health magazines, and conferences. It covers the period of 2004-05 to 2020-21.

**Data analysis and discussion**

**1. Public expenditure on Healthcare in India**

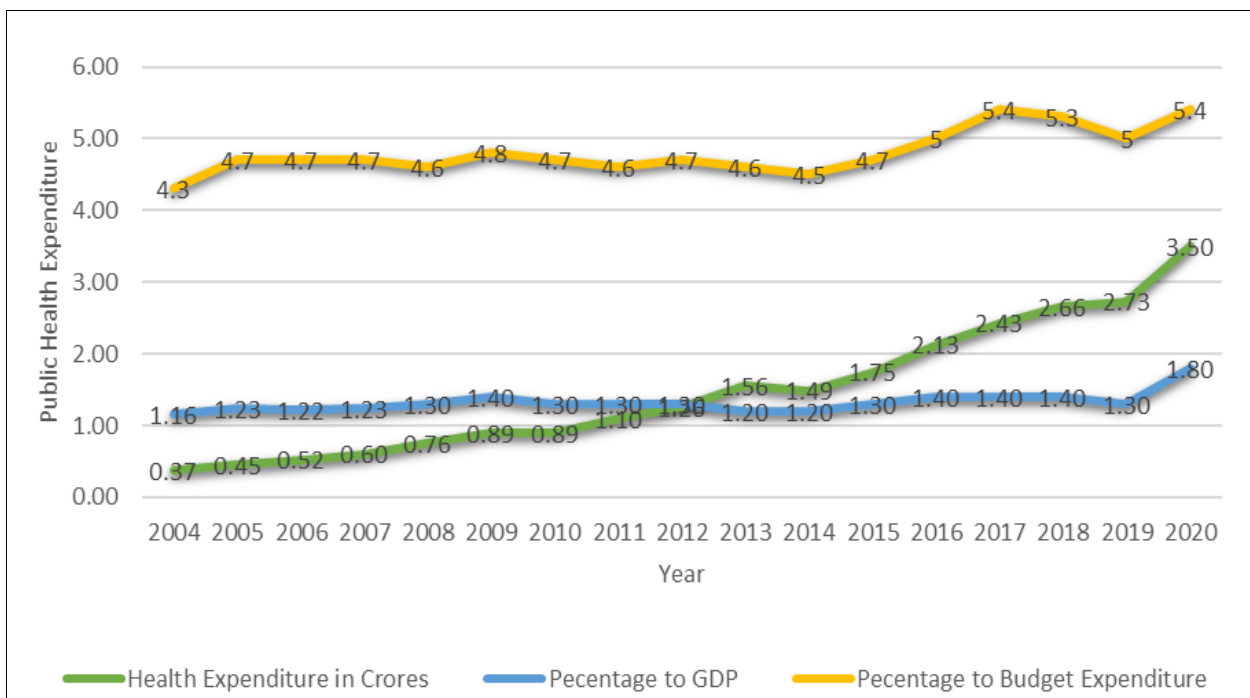
The shape of the development of the health sector is closely linked to the political economy and the level of economic growth. While economic growth can generate conditions for better access to healthcare, a better standard of living, and henceforth enhanced health outcomes, an economy based mainly on public health financing can create enormous health adversities for society's poorer and middle classes. Thus, public funding is critical in both developed and underdeveloped countries. In most developed countries

where healthcare access is nearly universal, public financing, whether through state revenues or social insurance, has been critical in realizing universal access with equity.

**Table 1:** Trends of Public Health Expenditure in India (Rs.in Lakh Crores)

Year	Health	Percent to GDP	Percent to Budget Expenditure
2004	0.37	1.16	4.3
2005	0.45	1.23	4.7
2006	0.52	1.22	4.7
2007	0.60	1.23	4.7
2008	0.76	1.30	4.6
2009	0.89	1.40	4.8
2010	0.89	1.30	4.7
2011	1.10	1.30	4.6
2012	1.26	1.30	4.7
2013	1.56	1.20	4.6
2014	1.49	1.20	4.5
2015	1.75	1.30	4.7
2016	2.13	1.40	5
2017	2.43	1.40	5.4
2018	2.66	1.40	5.3
2019	2.73	1.30	5
2020	3.50	1.80	5.4

Source: Annual Financial Statements in India various Issues



**Chart 1:** Trends of Public Health Expenditure in India from 2004 to 2020

Table 1 depicts total Public Health expenditure, the GDP percentage, and the budget expenditure from 2004-05 to 2020-21 in India. The overall public health expenditure incurred in India in 2004-05, the total public spending on health in India stood at Rs. 37 thousand crores. However, it drastically increased to Rs. 3.50 lakh crore in 2020-21. As a result, the GDP in Health expenditure percentage slightly increased from 1.16% to 1.80. however, this is very low compared to nations like America, France, Japan, etc.

**2. Status of the Healthcare Sector in India**

The transformation between rural and urban indicators of health status and the wide interstate disparity in health status are well known. The urban-rural inequality is substantial and ranges from childhood and increases the gap as one grows up to 5 years. (NITI Aayog). India has made noteworthy improvements in cultivating its health indicators over the last seven decades. According to National Family Health Surveys, health indicators such as total fertility rate, sex ratio, IMR, under-five mortality rate, institutional birth rates, etc., are given in the table-2.

**Table 2:** Status of Health indicators in India

Particulars	NFHS-1 (1992-93)	NFHS-2 (1998-99)	NFHS-3 (2005- 06)	NFHS-4 (2015- 16)	NFHS-5 (2019- 21)
Total Fertility Rate (Children per woman)	3.4	2.9	2.7	2.2	2
Sex ratio at birth for children born in the last five years (females per 1,000 males)	-	-	914	919	929
Infant Mortality Rate (per 1000 live births)	78.5	67.6	57	40.7	35.2
Under-five Mortality Rate (per 1000 live births)	109.3	94.9	74.3	49.7	41.9
Institutional Birth (%)	26.1	33.6	40.8	78.9	88.6
Pregnant women aged 15-49 who are anemic (%)	-	51.8	57.9	50.4	52.2
Population living in households that use an improved sanitation facility (%)	-	17.6	29.1	48.5	70.2
Households using clean fuel for cooking (%)	-	-	25.6	43.8	58.6

Source: Economic Survey of India 2021-22.

The above table shows that the under-Five Mortality Rate has declined from 49.7 in 2015-16 to 41.9 in 2019-21. Infant Mortality Rate has declined from 40.7 per 1000 live births in 2015-16 to 35.2 per 1000 live births in 2019-21. malnourished decreased from 36 percent in 2015-16 to 32 percent in 2019-21. Expectations of life at birth in India are available for 2014-18. Life expectancy at birth was 69.4 years for 2014-18; it increased by 0.4 years from 2013-17. Females are expected to live longer (70.7 years) than males (68.2 years). In 2014-18 compared to 2013-17, the Sex ratio, the number of females per 1000 males, in the total population has risen from 991 females in 2015-16 (NFHS-4) to 1020 in 2019-21 (NFHS-5). More importantly, the sex ratio at birth, female children per 1000 male children born in the last five years, has grown from 919 in 2015-16 to 929 in 2019-21.

### 3. Challenges of the Healthcare Sector

Health is a human right in our country, and the Government is working hard to universalize health services provided at the grassroots.

#### Lack of awareness about Healthcare services

this is one of the biggest challenges in our country. Still, many people are illiterate, and many of the masses do not know about the health facilities available in the country. The government has also undertaken many programs to reach unreachable persons. However, due highest population, it may not be successful in the country. Hence there is an urgent need to create awareness among the masses.

#### Lack of Access to Healthcare Service

The Oxford dictionary defines access to healthcare as using healthcare by persons who need it. Yet again, when we look beyond the somewhat connected city populations to the city disadvantaged and their rural counterparts, the lack of health infrastructure with limited healthcare at the primary level has forced patients to seek substandard consultation and treatment. Health outcomes such as life expectancy, the incidence of diseases, or self-reported health status are not randomly distributed throughout the population in India. There are regular variances between men and women, between different subgroups of the people, which may be linked to inequities in healthcare access. Equitable healthcare is a vital part of any health system.

#### Lack of human power in Healthcare

The healthcare industry has always had to operate under pressure. In our country, the shortage of medical personnel

like doctors and nurses is unavailable according to the healthcare demand. Whenever there is a debate over health care, the following questions arise: Do we have adequate numbers of staff, are they adequately trained, are they equitably arranged, and is their morale in distributing the service reasonably high? And hospitals, drug companies, and equipment manufacturers are not recognized in time due to various laws and regulations in the country. A 2011 research study projected that India has coarsely 20 health workers per Ten Thousand population, with allopathic doctors covering 31% of the workforce, nurses and midwives 30%, pharmacists 11%, AYUSH practitioners 9%, and others 9%. Though this labor force is not scattered optimally, most choose to work in parts where health infrastructure and facilities for family life and growth are sophisticated. In general, the Northern and Central regions of Indian states have lesser densities of health workforce than the Southern states.

#### Rising Healthcare Cost

This is one of the critical challenges in the healthcare sector in India. State Bank of India (SBI) Economists believe healthcare expenditure will rise to 11% of private consumption expenditure from the current 5% (May 2021 Mint Paper). Hence, it squeezes spending on other items of discretionary consumption, a recipe for a cutback in consumption spending. It is general knowledge that the private sector is the dominant player in the healthcare arena in India. However, more than 70% of healthcare expenditures go out of the patient's pocket. The rest is probably paid by the Government and insurance companies, and terrible healthcare cost is a significant cause of poverty. Moreover, the lack of capacity of public health systems to provide access to healthcare resulted in the rise of private healthcare services, thus raising healthcare spending in India.

#### High-pressure population (Overcrowded Hospitals)

India is the second most populated country after China, estimated at 1.33 billion. And according to UN reports on social affairs, India's population will increase by 273 million in the next three decades. The growing population daily in India also creates problems in handling the health system. Due to the massive population of India, the provision of health care needs sound planning and management and some policies with solid implementation and control by government bodies.

### Lack of Accountability in Healthcare

Accountability is the quality or state of accountability. It is an essential component of the healthcare reforms in India. Accountability is the procedures and processes by which one party justifies and takes responsibility for its activities. We are accountable to our clients primarily in delivering the service their due. Our employers presume that the expected standard of service will be provided. Our doctors and staff expect a code of conduct to enable the profession to grow in harmony. Family and friends have their expectations, while government and country hope for them to contribute to the general good. A spiritual or religious dimension may also be considered, where accountable to the principles of faith.

### 4. Suggestions for improvement in Healthcare in India

The government of India has done much work on the healthcare system in the country to build up; however, a long distance has to be covered. Hence, the government has to take the following steps to improve the healthcare system in the country. First, produce the drugs and medications within the country. If medications are coming outside the country, then inventory and maintenance costs will increase, and the price of drugs will be high. Second, strengthen the primary healthcare setup to improve accessibility. The government has linked health financing with a quality outcome. Third, the government must promote the incentivized health workforce with monetary and non-monetary benefits. Fourth, strengthen and ensure the proper implementation of Pradhan Mantri Jan Aushadhi centers and Spend more on research and development of the medications. Finally, coordination and monitoring mechanisms must be defined and effectively implemented in the health and related sectors.

### Conclusion

With rising healthcare demand in India, government hospitals cannot provide healthcare facilities; hence, private hospitals and healthcare companies started to be established more significantly. Therefore, healthcare costs increase; consequently, people become poor, lose their living standards, etc. Also, covid-19 exposes the myths about the health sector in India. Therefore, the government has given significance to the health sector, providing essential facilities for advanced treatment in the government hospitals under the Aatma Nirbhar Bharat package. However, India's healthcare system has been fighting various issues and challenges, including fewer institutions and lower-than-adequate human resources, for quite a while now. The Indian Public Health Standards state that primary healthcare delivery is provided to the rural population through sub-center, primary health centers, and community health centers, while secondary care is carried through district and sub-district hospitals. Conversely, tertiary care is lengthy at regional/central level institutions or super-specialty hospitals. Therefore, though there is an urgency to emphasize all three levels of primary, secondary, and tertiary healthcare, the government must look toward improving primary Healthcare as a public good.

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