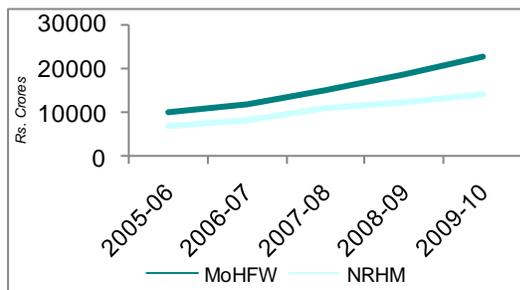


Health Sector, GOI 2008-09

The Union Government's 2009-10 allocation for the health sector is Rs. 22641 crores. Compared to other developing countries, as a percentage of GDP, India's public expenditure on health is very low. The Government undertakes much of its expenditure on health through its flagship programme launched in 2005, the National Rural Health Mission (NRHM). How well is this money being spent? This Budget Brief offers an overview of the health sector budget, and highlights expenditure trends in NRHM.

Health expenditure has increased over the years...

2-fold increase in allocations for health since 2005-06



Source: Union Expenditure Budget, Vol.2, 2006-07 till 2009-10, calculated from the Ministry of Health and Family Welfare (MoHFW). Note: All figures in crores of rupees and in nominal terms. Includes both plan and non-plan, funds set aside for the northeast as well as allocations for NRHM made in Dept. of AYUSH.

- The Ministry of Health and Family Welfare's (MoHFW) allocations for health have increased from Rs. 10040 crores in 2005-06 to Rs. 22641 crores in 2009-10: a rise of **125** percent.
- As a percentage of total GOI expenditure, spending on health and family welfare has increased from **1.65** percent in 2001-02 to **2.11** percent in 2007-08.
- Yet, overall public expenditure on health (all ministries, centre and state), as a percentage of GDP, remains low at **1.39** (as of 2007-08). This is substantially lower

than many other developing countries: Cuba spends 5.5 percent, Namibia 4.7 percent, and Sri Lanka 2.0 percent.

NRHM is the primary vehicle for GOI's health expenditures....

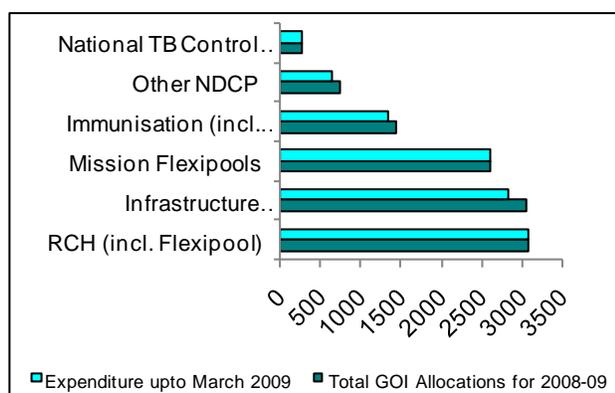
- Launched in 2005, NRHM is an umbrella program that subsumed many previously existing schemes in public health, including Reproductive and Child Health Project (RCH II), National Disease Control Programme (NDCP), and Integrated Disease Surveillance Project (IDSP).
- NRHM also introduced some new features referred to as 'NRHM additionalities'. These include, among others, the appointment of ASHAs (Accredited Social Health Activist, a female health worker who acts as an interface with the community), upgradation of Community Health Centres, and untied grants to Community and Primary Health Centres and Sub Centres.
- There is little data available on NRHM additionalities, but as of 2008-09, Rs. 3612 crores had been allocated towards them.
- Allocations for NRHM on the whole have more than doubled since its launch: from

Rs. 6970 crores in 2005-06 to Rs. 14178 crores in 2009-10. This amounts to about **63** percent of the total funds spent by MoHFW in 2009-10

- An important feature of NRHM is the introduction of a new funding mechanism. Apart from funds allocated by GOI directly for predetermined expenditures such as disease control programmes, discretionary resources are also made available to states for such things as upgradation of health infrastructure, appointment of health personnel and delivery of reproductive and child health services.
- These discretionary resources are known as “flexipools”. Within the broad guidelines set by GOI, states and districts have some flexibility over how they spend these resources.

Flexipools account for a significant portion of the allocated money...

Infrastructure Maintenance, and the flexible pools get the largest amount of funds



Source: Ministry of Health and Family Welfare, Public Expenditure Management, National Rural Health Mission. Available at <http://www.mohfw.nic.in/expenditure.html>. Data is in rupees crores. Note: NDCP stands for National Disease Control Programme. Immunisation includes Polio immunization.

- Of the total NRHM allocations in 2008-09, apart from GOI expenditures on Infrastructure and Maintenance (which got **26** percent of total allocations), the largest sums of money went to RCH

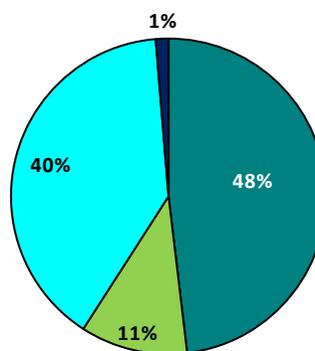
Flexipool and Mission Flexipool, together amounting to **47** percent. National TB Control Programme got **3** percent.

NRHM is designed to encourage decentralised planning and implementation...

- NRHM is a decentralised programme. Specially created State Health Societies, District Health Societies, and Village Health Committees (VHCs) are responsible for the planning and implementation of the programme.
- States submit their Project Implementation Plans (PIPs) to GOI, which are meant to be an aggregation of local level plans. Availability of flexipool funds provides the states with the flexibility to make plans for fund utilization according to their needs.
- Based on the State PIPs, GOI releases funds directly to the State and District Health Societies.

Higher focus on traditionally backward states...

More funds allocated to states traditionally poor in health indicators



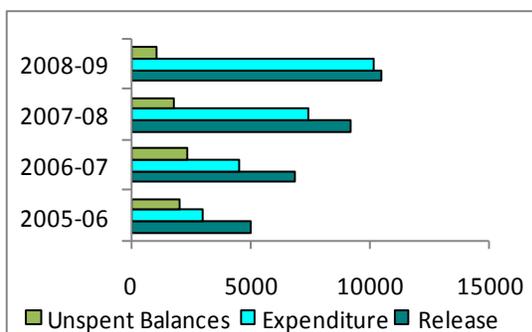
Source: MIS system of NRHM. Available at <http://www.mohfw.nic.in/NRHM/MIS/MIS%20for%20NRHM%20as%20on%2030th%20April%202009.xls>. Note: Figures are in crores of rupees. Figures include only funds allocated by GOI to items “subsumed within NRHM” and do not include NRHM ‘additionalities’. Figures are cumulative till 2008-09.

- In order to address regional imbalance, a set of 18 ‘high focus’ (including Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, Jharkhand and Chhattisgarh) states with

poorest health indicators have been identified and these receive a higher proportion of funds. Till recently ASHA was also a feature available only in high focus states.

Overall fund utilization for NRHM has been high....

States able to spend 90 % of funds in 2008-09

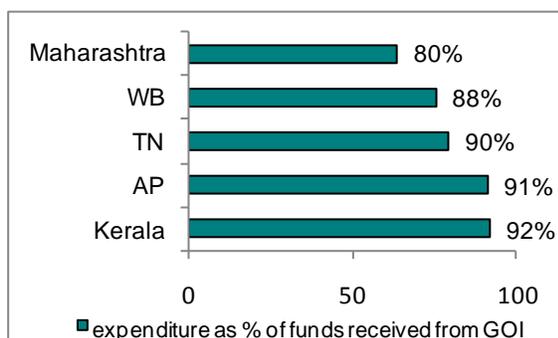


Source: MIS system of NRHM. Available at <http://www.mohfw.nic.in/NRHM/MIS/MIS%20for%20NRHM%20as%20on%2030th%20April%202009.xls>. Note: Figures are in crores of rupees and include funds allocated by GOI to items "subsumed within NRHM".

- The ability of states to spend the money allocated has been high and is showing consistent signs of improvement. While in 2005-06, **41** percent of funds released remained unspent, this figure has reduced to **10** percent by 2008-09.

But spending capacity varies across states...

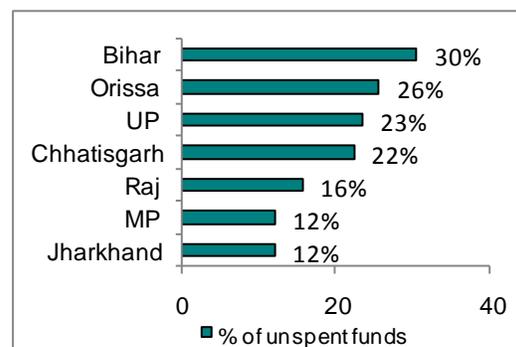
Some difference in state absorptive capacity



Source: MIS system of NRHM. Note: Figures include only funds allocated by GOI to items "subsumed within NRHM" and do not include NRHM 'additionalities'. Figures are cumulative as on 31st March 2009.

- Even though spending is on the whole better relative to other schemes, there is interstate variation in how well states spend the funds. For instance, as of 2008-09, Kerala spent **92** percent of the funds received, whereas Maharashtra spent only **64** percent.

Unspent funds remain even in 'high focus' states



Source: MIS system of NRHM. Available at <http://www.mohfw.nic.in/NRHM/MIS/MIS%20for%20NRHM%20as%20on%2030th%20April%202009.xls>. Note: Figures are in crores of rupees. Figures include only funds allocated by GOI to items "subsumed within NRHM" and do not include NRHM 'additionalities'. Figures are cumulative as on 31st March 2009.

- Even in 'high focus' states, on average **20** percent of the funds remain unspent. For instance, in Uttar Pradesh, **23** percent funds are unspent, and this amounts to Rs. **1300** crores! This reflects problems in absorptive capacity, which can be a serious bottleneck when fund inflows increase further.
- Compared to other social sector schemes NRHM appears to do better on fund flows. But low overall expenditure on health still remains a concern. NRHM is only 4 years old, and allocations will expectedly rise in the coming years. Spending abilities of states might be further stretched by the larger inflow of funds. Addressing current inefficiencies is thus critical.

This section offers some practical leads to accessing further detailed information on the union government's health sector budget. However, reader patience and persistence is advised as a lot of this information tends to be dense and hidden amongst reams of data.

Data Sources	Useful Tips
Union Budget, Expenditure Vol,2 www.indiabudget.nic.in	This volume provides total ministry-wise and department-wise allocations as well as disaggregated data according to sectors and schemes from 1998-99 onwards. The data has both revised and budgeted estimates and should be calculated according to the Major-Head and Sub Major-Head. For health, the heads are 2210 and 2211.
Economic Survey of India, http://indiabudget.nic.in/es2007-08/esmain.htm (Chapter 10, Table 10.3)	Sectoral trends and percentage of education expenditure in total social sector expenditure.
Ministry of Health and Family Welfare www.mohfw.nic.in	Have yearly annual reports for the Ministry till 2007-08. It is important to note while using the figures that the data does not always follow an entire financial year.
MoHFW, Financial Management Group www.nrega.nic.in	State-wise releases and expenditures for health, particularly health. However detailed explanations are missing.
MoHFW, Public Expenditure Management http://www.mohfw.nic.in/expenditure.html	Has data on expenditures for the different departments of MoHFW including separate category for NRHM from 2005-2009. Unfortunately, data is not clearly available for ASHAs etc.
NRHM Website http://www.mohfw.nic.in/NRHM.htm	Official government website which has details (financial, coverage, institutional arrangements as well as guidelines) of all the components of NRHM. In addition, the website also gives state PIPs.
NRHM, Statewise Progress as on 30.04.2009 http://www.mohfw.nic.in/NRHM/MIS/MIS%20for%20NRHM%20as%20on%2030th%20April%202009.xls	Has component wise data on government allocations to states, releases, expenditures as well as unspent amounts. Detailed data on NRHM 'additionalities' is not available.
NRHM Health Management Information System Portal http://nrhm-mis.nic.in/	Has periodic reports, publications and M&E activities. The period reports have a section which is supposed to provide dynamic and regularly updated data. Unfortunately, this link often does not work.
GOI, Finance Accounts, http://cga.nic.in/f_accounts/f_accounts0607/finance_accounts0607.htm	Finance Accounts provide head-wise and sub-head wise expenditures audited by the Computer and Auditor General.

Prepared by Avani Kapur, akapur@accountabilityindia.org

Advisory Support Dr. Anit Mukherjee, Fellow, National Institute of Public Finance and Policy, anit@nipfp.org.in

Research Assistance Kumar Raghvendra



Budget Briefs is an attempt to undertake basic analysis on social sector budget data including trends in allocation and expenditure patterns and collate and make accessible budget data sources. Information from this document may be reproduced or redistributed for non-commercial purposes in part or in full with due acknowledgement to Accountability Initiative ("AI"). The opinions expressed are those of the author(s). More information on Budget Briefs can be found at http://accountabilityindia.org/know_budget.php?menu=4