



Health Sector, GOI 2009-10

Background: Allocations for health and family welfare have seen a steady increase in the last four years. The National Rural Health Mission (NRHM) is the Government of India's (GOI's) flagship programme for rural health. It accounts for 63% of the total health and family welfare budget.

Cost Share and Implementation:

GOI allocations for individual states are based on a weighting system, with states having the poorest health indicators getting a larger share of the allocations. Generally, 85% of the funds come from the centre and the rest from the states. Release of funds is based on state Project Implementation Plans (PIPs).

Complete expenditure data is publicly available up to FY 2008-09. GOI allocation, and release data has been taken from the MIS of NRHM. For state level data, the state PIPs and 'State-wise NRHM Progress - A Snapshot' have been used for each state.

Highlights

GOI allocation for Health in FY 2010-11 (in crore)	Rs. 25,154
GOI allocation for National Rural Health Mission (NRHM) in FY 2010-11* (in crore)	Rs. 15,723
GOI release in FY 2008-09**	93%
Spent in first half of the financial year	46%

*Includes components of NRHM under AYUSH and north east component. Estimates for 2010-11 are budgeted estimates. **GOI release is out of total GOI allocations.

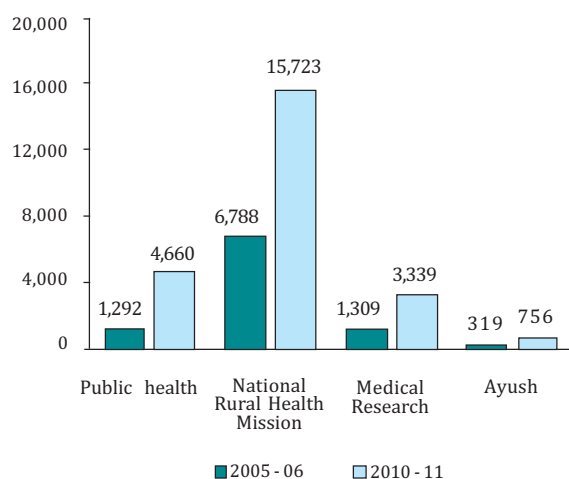
Key Facts and Analysis

- ◆ As a percentage of GDP, expenditure on health by centre and states in FY 2008-09 was **1.37%**.
- ◆ NRHM allocations constitute **63%** of the total allocations for health and family welfare.
- ◆ State-wise variation in spending ability. Among the high focus states, in FY 2008-09, Bihar and Orissa spent **66%** and **75%** of the total funds available, respectively. Madhya Pradesh and Uttar Pradesh spent more than **90%** in the same year.
- ◆ Among non-high focus states, West Bengal spent **54%** and Maharashtra spent **45%** of total funds available in FY 2008-09.
- ◆ High unspent balances in untied grants for Primary Health Clinics, Sub-Centres, Community Health Clinics and Village Health Committees. Bihar spent only **11%** and Himachal Pradesh spent **37%** of untied funds available in FY 2008-09.
- ◆ Significant delays in Janani Suraksha Yojana (JSY) payments. In Bihar and Rajasthan, only **8%** and **9%** of the mothers received JSY payment on time, at the time of discharge from the hospital in FY 2008-09.

Trends in Central Government Allocations and Expenditures

- Allocations for health have increased from Rs. **10,040** crores in FY 2005-06 to Rs. **25,154** crores in FY 2010-11 - a rise of **154** percent.

Rising allocations in health and family welfare



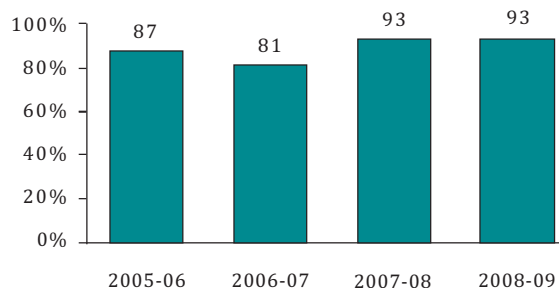
Source: <http://indiabudget.nic.in>, Expenditure Budget, Vol 2, Ministry of Health and Family Welfare. Note: Figures in crores of rupees and includes north-east component. Figures for NRHM include NRHM component under AYUSH. Figures for Medical Research include Department of Medical Research and Medical Research and Education component from Department of Health.

- As a percentage of total GOI expenditure, spending on health and family welfare has increased from **1.53** percent in FY 2003-04 to **1.86** percent in FY 2008-09.
- Overall public expenditure on health (all ministries centre and state), as a percentage of GDP, remains low at **1.37** percent as of 2008-09. This is substantially lower than many other developing countries: Cuba spends **5.5** percent, Namibia **4.7** percent, and Sri Lanka **2.0** percent.
- In 2005, GOI launched the National Rural Health Mission (NRHM), subsuming 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). In FY 2010-11, NRHM constituted **63** percent of total allocations for health.

- Allocations for NRHM have more than doubled since its launch. Central (plan and non-plan) allocations for NRHM in FY 2010-11 were Rs. **15,723**.
- GOI releases under NRHM have been increasing.

Improvement in release of GOI allocations to states



Source: MIS for NRHM, executive summary document. Note: Figures in percentages.

- In FY 2008-09, **93** percent of total GOI allocations under NRHM were released, up from **87** percent in FY 2005-06.
- Expenditure under NRHM is incurred uniformly through the year. In FY 2008-09, **46** percent of total expenditure was incurred in the first two quarters of the financial year.

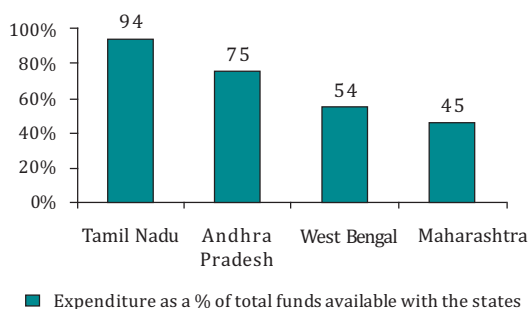
Trends in State Government Allocations and Expenditures

- NRHM is a decentralised programme. Specially designed 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.
- In order to address regional imbalances funding for NRHM is based on a formula with high focus states (with the poorest health indicators) getting a larger share of allocations. The formula is dependent on the population and category of state (i.e. population multiplied by a factor of 1.3 for 8 Empowered Action Group (EAG) states, a factor of 3.2 for all 8 north-eastern states, to a factor of 1 for non-focus states and union territories).
- Funding for NRHM is based on an **85:15** ratio, with the centre providing **85** percent and states contributing **15** percent. In addition, states contribute funds to specific NRHM components. GOI releases funds directly to the State and District Health Societies, based on the state PIPs.
- Fund availability at the state level includes GOI and state share and unspent balances. Despite overall improvements in release of funds, wide variations in spending capacity exist across states.

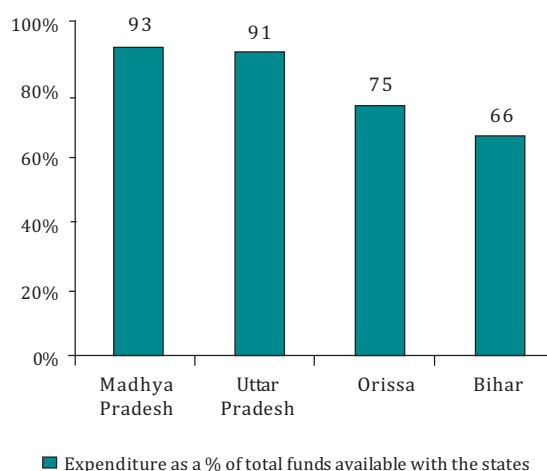
- In FY 2008-09, Tamil Nadu and Andhra Pradesh were able to spend **94** percent and **75** percent of the total funds available (centre and state). On the other hand, West Bengal and Maharashtra, spent only **54** and **45** percent respectively in the same year.
- A set of 18 'high focus' states (including Bihar, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal) with poorest health indicators have been identified. These states receive a higher portion of GOI allocations.
- Variations in spending ability exist even among 'high-focus' states.

Inter-state variation in ability to spend total funds in FY 2008-09



Source: NRHM, MIS Reports, State Plan Approval NRHM, MIS Reports, 'State Wise NRHM Progress - A snapshot'. Note: Figures are in percentages and pertain to FY 2008-09.

Variations in ability to spend among 'high focus' states in FY 2008-09



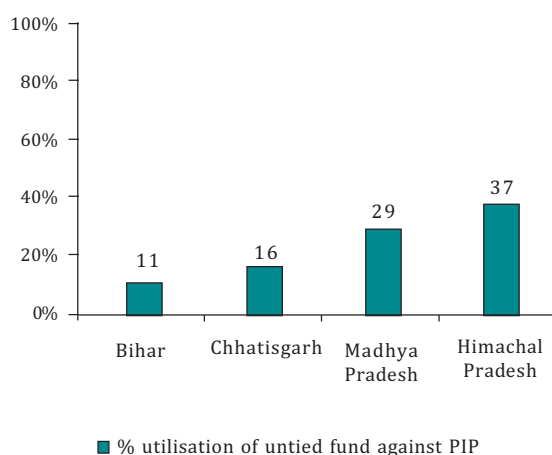
Source: NRHM, MIS Reports, State Plan Approval NRHM, MIS Reports, 'State Wise NRHM Progress - A snapshot'. Note: Figures are in percentages and pertain to FY 2008-09.

- In FY 2008-09, while Madhya Pradesh and Uttar Pradesh spent over **90** percent of total funds available, Bihar spent only **66** percent.

Component - wise Expenditures at the State Level

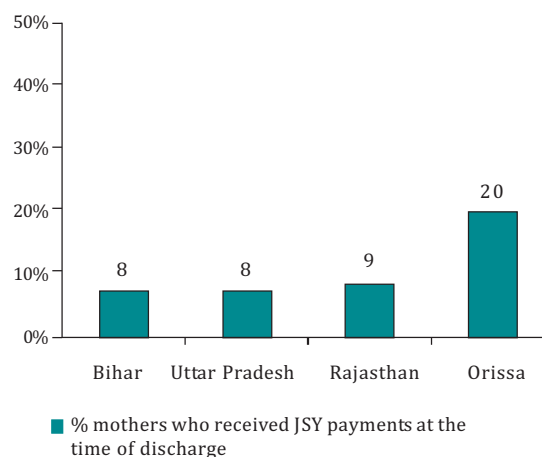
- Apart from the funds allocated by GOI directly for predetermined expenditures such as disease control programmes, discretionary funds are also made available to the states for use in appointment of health personnel, delivery of reproductive and child health services amongst others. These discretionary resources are known as flexipools.
- A unique feature of NRHM flexipool is the provision of untied funds directly to the Primary Health Clinics, Sub-Centres, Community Health Clinics and Village Health Committees. Untied funds can be used by these local agencies for the upkeep and maintenance of the health centre including for provision of water, toilets, and maintenance and rewards for Accredited Social Health Activists (ASHAs) amongst others.
- Untied funds remain heavily underutilised in many states.
- In FY 2008-09, Himachal Pradesh spent **37** percent of its untied grants, while Madhya Pradesh utilised **29** percent.
- Bihar and Chhattisgarh spent less than **20** percent of their untied grants.
- The Janani Suraksha Yojana (JSY) is a major program aimed at reducing maternal and neo-natal mortality by promoting institutional delivery among the poor pregnant women, through cash incentives. In FY 2008-09, JSY constituted **11** percent of total expenditure on NRHM.
- The number of JSY beneficiaries has increased from **7.39** lakhs in 2005-06 to **83.84** lakhs in 2008-09.
- However, state expenditures for JSY vary. In FY 2008-09, Rajasthan spent Rs. **151** crores on JSY, Bihar spent Rs. **162** and Uttar Pradesh spent Rs. **278** crores on JSY.
- Incentives for JSY are meant to be made available in the shortest possible time. However, delays exist in the disbursement of these incentives.

Low spending of untied funds across states



Source: http://www.mohfw.nic.in/NRHM/Annual_Plan_Final.htm, State Information document, *Expenditure data under NRHM flexible Pool*. Note: Figures in percentages and pertain to FY 2008-09.

Delays in disbursement of the financial incentive under JSY



Source: http://www.mohfw.nic.in/NRHM/Documents/JSY_Study_UNFPA.pdf. Note: Figures in percentages and pertain to FY 2008-09.

- In FY 2008-09, **20** percent of mothers in Orissa received JSY payments at the time of discharge, while in Bihar and Rajasthan only **8** and **9** percent of mothers respectively received the payment at the time of discharge.

This section offers some practical leads to accessing further and 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. The budget heads for NRHM are 2210 and 2211.
Economic Survey of India http://indiabudget.nic.in/es2008-09/esmain.htm (Chapter 10)	Sectoral trends and expenditure on health as a percentage of total central government expenditure and GDP.
Ministry of Health and Family Welfare (MoHFW), Public Expenditure Management http://www.mohfw.nic.in/expenditure.html <i>Accessed on February 3, 2010</i>	Data on expenditures for different departments of MoHFW including separate category for NRHM from 2008-09.
NRHM, MIS Reports, Progress of Programme, State Wise progress as on 30.11.2009 http://www.mohfw.nic.in/NRHM/MIS/MIS%20for%20NRHM%20as%20on%2030th%20November%202009.xls <i>Accessed on February 3, 2010</i>	Cumulative year wise details on GOI allocations, GOI releases, and expenditure on different schemes under NRHM.
NRHM Portal, MIS Reports, State Plan Approval <i>Accessed on February 3, 2010</i>	State-wise details on fund availability by various states for the year 2008-09. Can be accessed by clicking the map for the various states.
NRHM Portal, State Wise NRHM Progress –A snapshot <i>Accessed on February 3, 2010</i>	State-wise and details on cumulative expenditure, and expenditure on untied fund for the year 2008-09. Can be accessed by clicking the map for the various states.
NRHM, MIS reports, Financial Matters under NRHM, FMR for all states http://mohfw.nic.in/fmr%20all%20states.xls <i>Accessed on February 3, 2010</i>	State-wise and details on expenditure under various heads on NRHM for the year 2008-09.
NRHM Portal, http://www.mohfw.nic.in/NRHM/Documents/JSY_Study_UNFPA.pdf <i>Accessed on February 3, 2010</i>	This study shows awareness and utilisation of JSY services by the beneficiaries in five of the “high focus” states. Data on timing of financial incentive under JSY is available.

Prepared by Avani Kapur, akapur@accountabilityindia.org & Sruti Bandyopadhyay, sbandyopadhyay@accountabilityindia.org
Advisory Support Dr. Anit Mukherjee, Fellow, National Institute of Public Finance and Policy, anit@nipfp.org.in



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