



Pradhan Mantri Swasthya Suraksha Nidhi

Why in News

The Union Cabinet has approved the **Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN)** as a **single non-lapsable reserve fund for Health** from the proceeds of Health and Education Cess.

- The proceeds of [Health and Education Cess](#) are levied under **Section 136-b of Finance Act, 2007**.

Key Points

▪ Salient Features of the Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN):

- It is a non-lapsable reserve fund for Health in the [Public Account](#).
- Proceeds of share of health in the **Health and Education Cess** will be credited into PMSSN.
- Accruals into the PMSSN will be utilized for the flagship schemes of the Ministry of Health & Family Welfare namely,
 - [Ayushman Bharat](#) - **Pradhan Mantri Jan Arogya Yojana (AB-PMJAY)**.
 - Ayushman Bharat - **Health and Wellness Centres (AB-HWCs)**.
 - [National Health Mission](#).
 - [Pradhan Mantri Swasthya Suraksha Yojana \(PMSSY\)](#).
 - Emergency & disaster preparedness and **responses during health emergencies**.
 - Any **future programme/scheme** that targets to achieve progress towards [Sustainable Development Goals \(SDGs\)](#) and the targets set out in the [National Health Policy \(NHP\) 2017](#).
- **Administration and maintenance** of the PMSSN is entrusted to the **Ministry of Health & Family Welfare (MoHFW)**.
 - In any financial year, the expenditure on such schemes of the MoHFW would be initially incurred from the PMSSN and thereafter, from Gross Budgetary Support (GBS).

▪ Benefits of PMSSN:

- **Enhanced access to universal & affordable health care** through availability of earmarked resources, while ensuring that the amount does not lapse at the end of financial year.

▪ Significance of Spending on Healthcare:

- **Improved Developmental Outcomes:** From an economic standpoint, better health improves productivity, and reduces losses due to premature death, prolonged disability and early retirement.
- **Enhance Opportunities:** One extra year of population life expectancy raises GDP per capita by 4%, investment in health creates millions of jobs, largely for women, through a much needed expansion of the health workforce.

▪ Health and Education Cess:

- In the **Budget speech 2018**, the Finance Minister while announcing Ayushman Bharat Scheme, also announced **replacement of existing 3% Education Cess by 4% Health and Education Cess**.
- It is collected with the aim of addressing the educational and healthcare needs of rural families in India.

Cess

- Different from the usual taxes and duties like excise and personal income tax, a **Cess is imposed as an additional tax besides the existing tax (tax on tax)** with a purpose of raising funds for a specific task.
- The Union government is empowered to raise revenue through a gamut of levies, including taxes (both direct and indirect), surcharges, fees and cess.
 - A cess, generally paid by everyday public, is added to their basic tax liability paid as part of total tax paid.
 - **Article 270** of the Constitution allows **cess to be excluded from the purview of the divisible pool of taxes** that the Union government must share with the States.
- Cess collected for a particular purpose **cannot be used for or diverted to other purposes**. A particular cess continues to be levied till the time the government collects enough funds for the purpose that it was introduced for.
 - For example, the **Swachh Bharat cess** (abolished in 2017) was levied by the government for cleanliness activities.
- **Difference between Surcharge and Cess:**
 - **Surcharge is an additional charge or tax levied on existing tax**. The main surcharges are on personal income tax (on high income slabs and on super rich) and on corporate income tax.
 - Despite **both are not shareable with state governments**, surcharge can be kept with the **Consolidated Fund of India (CFI)** and spent like any other taxes, the cess should be kept as a separate fund after allocating to CFI and can be spent only for a specific purpose.
 - A **surcharge is discussed under Article 270 and 271** of the Indian Constitution.
 - Unlike a cess, which is meant to raise revenue for a temporary need, **surcharge is usually permanent in nature**.

[Source: TH](#)