



## Health and Budget

This article is based upon [“Towards Swasth Bharat”](#) which was published in The Hindu Business Line on February 18, 2021. It talks about how increased budgetary allocation in the health sector is a much desired thing for the post-pandemic era and what are the associated issues.

Today, India is amidst this [global pandemic](#), a black swan event which has re-emphasised that our biggest resource is our people and hence, has brought to the forefront an urgent need for stronger health systems to ensure the well being of its people.

The [Budget for FY 2021-22](#) has come up with a holistic approach to health, incorporating ‘preventive’, ‘curative’, and ‘well-being’ aspects with an increase of 137% as compared to the previous fiscal.

However, the numbers often seem high until evaluated carefully. The outlay on the health sector has been lowered to approximately 10% as compared to the estimates for the [FY 2020-21](#).

### Current Situation of Health Sector

- India’s health infrastructure came under considerable strain in 2020, with 11 million Covid cases and perhaps over a million requiring hospitalisation.
- India currently has **one doctor over the population of 1,445** against the WHO norm of 1:1000.
- India spent 1.8% of its GDP on health in FY 2020-21 and 1-1.5% in the previous years.
  - As compared with the OECD countries’ average of 7.6% and other BRICS countries’ average of 3.6% on their health sector, this is considerably low.
  - As a result, India is among the top nations with the highest **Out Of Pocket Expenditure (OOPE)**.
    - According to estimates, out of pocket expenses in healthcare in India hover close to 62%, nearly thrice the global average of 18%.
- A report released by the Johns Hopkins Bloomberg School of Public Health in 2019 suggested that nearly **one out of every 100 Indian children** does not live to celebrate their fifth birthday on account of either diarrhoea or pneumonia.
  - **Suboptimal access to clean water and sanitation** is directly linked to diseases such as diarrhoea, polio and malaria.

### The Health Budget 2021

- The Budget has committed to an outlay of ₹2,23,846 crore in health and well-being for 2021-22, a **137%** increase over previous year’s Budget Estimate of ₹94,452 crores.
  - This includes a ₹60,030 crore outlay on drinking water and sanitation, a ₹2,700 crore outlay on nutrition, nearly ₹49,000 crore as Finance Commission grants and ₹35,000 crore toward [vaccination](#).
  - Water and sanitation sector have received a 179% increase over the previous year’s allocation from Rs 21,518 crore to Rs 60,030 crore.
- This is also in line with the [Economic Survey’s](#) recommendation of increasing public health spending to about 2.5-3% of GDP.

- Another important public health-related announcement in Budget 2021 was the government's decision to expand the coverage of the pneumococcal vaccine across the country.
- The launch of **Pradhan Mantri Atmanirbhar Swasth Bharat Yojana (PMANSBY)** was also announced under the budget.
  - It laid emphasis on the expansion of health and wellness centres along with a ₹13,192 crore **Finance Commission grant** for strengthening the primary health system through local government bodies.

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# Healthcare

## Market Size

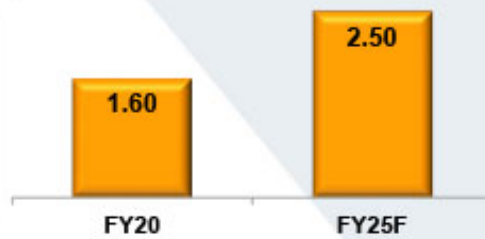
### Healthcare Sector Growth Trend (US\$ billion)



Note: F – Forecast

## Sector Composition

### Government Healthcare Expenditure (as a percentage of GDP)



Note: F – Forecast

### Infrastructure Facts



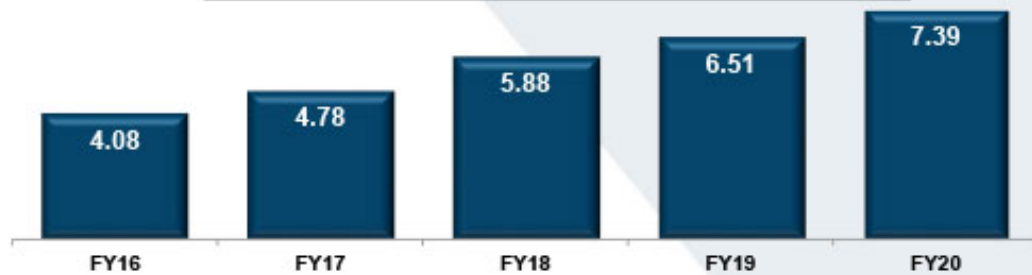
Number of doctors reached 1,255,786 in September 2020



Number of medical colleges reached >560 in November 2020

## Key Trends

### Health Insurance Premium Collection (US\$ billion)



## Government Initiatives



Public Private Partnership



National AYUSH Mission



National Health Policy

## Associated Issues

- **Reduced budgetary allocation:** The Union Budget 2021-22 allocated Rs 71,268.77 crore to the Union Health and Family Welfare Ministry. However, the revised estimates for last year was Rs 78,866 crores.
  - This implies the budgetary allocation to the Union health ministry came down by nearly 10%.
- **Allocation for vaccination:** Apart from the health outlay, ₹35,000 crore was allocated for COVID-19 vaccination in FY 2021-22.
  - Even assuming the cheapest prices of vaccines for all the citizens, India will be able to vaccinate only 65% of its total population with this amount.
  - Moreover, this Finance Commission grant for COVID-19 vaccination is a one-time allocation and, therefore, does not strengthen the overall system at all.
- **Combined health and water & sanitation sector:** There is an increased allocation for water & sanitation but allocation for nutrition has decreased by 27%.
  - Added together, health, water and sanitation and nutrition make up the claimed 137% increase in allocation to “health” services with a real decline in healthcare and nutrition.
- **The misses:** The budget has clearly missed mentioning any reduction in **GST** on **active pharmaceutical ingredients (API)**.
  - Reduction of import duty on medical devices that could have helped reduce the cost of healthcare services for citizens is another aspect missing in the budget.

## Way Forward

- **To bring down costs:** Beyond a few islands of excellence such as the AIIMS, investments in other medical colleges shall be encouraged to possibly bring down costs and ramp up quality of health services.
  - The government may focus on medical education, infrastructure and research in an expanded health Budget.
- **Public Private Partnerships:** Emphasising on **Public Private Partnerships (PPP)** in other clinical procedures and hospitals and leveraging private sector expertise in the vaccination drive for a quicker and successful achievement of the target.
- **Incentivised R&D and reduced GST:** Incentivising R&D by additional tax deductions to further support greater investments in new drug developments and reducing GST on life-saving and essential drugs.
- **Skill enhancement of healthcare workers:** To prepare the existing healthcare workforce to provide the people the proposed healthcare facilities, it is important to give significant attention to their training, re-skilling, and knowledge upgradation.
  - To cater to this need, the government can take into account public-private collaborations.

## Conclusion

The health sector has found a prominent place in the government’s agenda over the last few years, and it has increased even more amid the pandemic.

Although much remains to be done, the Union Budget 2021-22 has laid a strong foundation to increase the resilience of the sector in the post-COVID-19 era and achieving Universal Health Coverage by 2030 as part of the Sustainable Development Goals agenda.

### ***Drishti Mains Question***

“The Union Budget 2021-22 has emphasised on the importance of health by increasing the budgetary allocation by 137% as compared to the previous fiscal.” Critically examine.

This editorial is based on [Start trials for mutant strains](#) published in the EconomicTimes on 17

February, 2021. Now watch this on our youtube channel.

PDF Refernece URL: <https://www.drishtias.com/printpdf/health-and-budget>

