



Research Paper

Union Budget 2021-22 and Health: Did we miss an opportunity?

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While Economic Survey 2020-21 dedicated two chapters on health, any observer would have expected a special care for the health sector of India. However, the Budget 2021-22 not only broke the expectations, but even disheartened the way the sector was approached. Economic survey is being used as a political tool against an opposition-ruled State using unscientific propositions.

*Received 18 July, 2021; Revised: 01 August, 2021; Accepted 03 August, 2021 © The author(s) 2021.
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I. INTRODUCTION

When the Economic Survey 2019-20 was released, public health activists should have been felt excited as a dedicated chapter reads “healthcare take centre stage finally” because health has been always in the backyard in the Indian public finance story. The Survey has dedicated two chapters confessing in some detail the health care miseries of the population, inability of the governments to provide what they wanted and thus one expected, rationally so, a progressive healthcare remedy in the budget. The expectations reached a peak when television channels broke stories of a 137 percent hike in health budget. However, anger, disappointment and frustration crept in as the devil was in the details.

The latest National Health Policy (NHP) 2017 and the third health policy in the history of independent India promised the people of India that public sector commitment would be increased to 2.5 percent of GDP. The NHP 2017 proclaimed to progressively achieving Universal Health Coverage, increase health expenditure of public health facilities by 50 percent from the current levels by 2025. Consequently, a decrease in proportion of households facing catastrophic health expenditure from the current levels by 25%, by 2025. Of the promised allocation, Centre has been expected to bear 42 percent and 58 percent by the States.

Allocation of funds

The FM has introduced a new budgeting concept of ‘health and wellness’ and claimed that allocation has been shot up to INR 223,846 crores, which should have been an exciting number for the health landscape of the country. However, disaggregation of numbers tells a different story as the numbers shot up primarily because of re-classification, misclassification and bunching of expenditure. When there happens re-classification of budgets, it loses some sanctity and becomes a tool for propaganda. Besides, the budget documents also tend to cease academic or policy value because comparisons become meaningless. The 137 percent increase was brought about partly by definitional changes. This is equivalent to reducing the actual poverty in India by just changing the definition. The FM has included drinking water and sanitation under the ambit of health in health expenditure. Traditionally, for definitional purposes, health expenditure is defined as spending whose primary purpose has to be improvement or sustenance the health status. If we want to have an expansive definition of health expenditure, food subsidy also should have been included let alone drinking water and sanitation. To serve short-term ends, long-run logical practices are discontinued with questioning the very ethical edifice of budget-making.

Going by the traditional definition of health expenditure, compared to the revised estimate of 2020-21, there is actually a reduction in the allocation for the health departments (that is departments of health and family welfare and department of health research). Even when one makes a comparison between the BE of 2020-21 & 2021-22, increase in allocation just turns out to be 8.5 percent in nominal terms. Adjusting for medical inflation would have pushed down the allocation further.

Another item in the health and wellness budget is the one time allotment of Rs. 35,000 crores on Coronavirus vaccine which will be adjusted in the Finance Ministry’s grants to States. That is the reason why no resource has been allotted under the head in the detailed demand of the Ministry of Health and Family Welfare.

However, there are serious concerns here. Ideally, it should have been announced in the health budget of the Centre because it will be in the accounts of the States. Two, since it is a onetime expenditure (a contingency), it should have been allotted from the Contingency Fund of India or the non-transparent PM-CARES Fund. Three, since vaccine expenditure does not strengthen health infrastructure in the country, it is very difficult for it to be included in the goals of the NHP 2017 or SDGs. It effectively means that the actual burden of Covid-19 vaccination is borne by the States and not the Centre. Since prevention of communicable diseases is in the Concurrent List, the Centre should have taken the responsibility and should not have passed on the burden to already pauperised provincial governments.

As visible (Table 1), Rs 60030 crores have been meant for drinking water and sanitation, and cannot be part of traditional health expenditure. Besides, another Rs 36022 crores have been allotted to drinking water and sanitation as part of 15th Finance Commission and that is for a period of five year (2021-22 to 2025-26). Regarding nutrition, there is a drastic reduction in the outlay by Rs 1000 crores at this crisis-ridden time when household needs strong nutritional support.

Table 1: Allocation of health and wellness expenses in the Budget (2021-22)

Department	Actuals (2019-20)	BE 2020-21	BE 2021-22
Health & family welfare	62397	65012 (78866 RE)	71269
Health research	1934	2100	2663
AYUSH	1784	2122	2970
Covid19 Vaccination			35000
Drinking water & sanitation	18264	21518	60030
Nutrition	1880	3700	2700
FC grants for Water & Sanitation			36022
FC grants for Health			13192
	86259	94452	2,23,846

Source: MoF, GoI, Union Budget speech 2021-22.

Claim Vs Reality

India has a dubious distinction of having one of the world's lowest public spender on health care (WHO 2020) and it is limited to about one percent for decades. As a consequence, seeking health care is a multi-tragic event in India which pushes people into cutting back on essential household expenses, deeper poverty, perpetual indebtedness, painful suicides etc leading to an unending vicious cycle. The only ideal solution to break the cycle is through collective financing of health care because all equitable societies have shown that health care financing rests on the philosophy that the risks have to be shared between the poor and the non-poor, between the unemployed and the gainfully employed, between the sick and the healthy, between the old and the young, between the periphery and the mainstream etc. Despite the realisation, Indian establishments are not serious in their pursuit towards people's health or as stated in both the Survey and the NHP 2017.

Given that Indian GDP is at INR 19,500,000 crores (current prices for 2020-21), the Centre is currently planning to spend about Rs 74,000 crores (0.38 percent of GDP) towards health department. To reach the goal of 2.5 percent of GDP, India should be spending Rs. 4875000 by 2025. As per the agreed responsibility, the Centre is to take a share of 42 percent of increased spending. In other words, to meet the 15th Finance Commission's stipulation, the Centre must be spending 0.68 percent of GDP in the year 2021-22 and as such the Centre should have allotted at least INR 144,000 crores in the current Budget. It means there is a short-fall of Rs 70000 crores and if we cannot spend this year, then when?

The combined public spending (Centre and States) on health is Rs. 195,000 crores where 38 percent of the total public spending on health in India and rest (62 percent) by States (2020-21). Given the fact that almost all major States are reeling under severe financial stress, it is almost unrealistic to expect that there will be any additional spending on States' part. The reasons include: the States have borrowed the maximum within the constraints of the Fiscal Responsibility and Budgetary Management (FRBM) Act. Two, transfer of grants and tax devolution from the Centre to States has been actually coming down since last few years primarily due to shrinking of divisible pool. For instance, though the 15th Finance Commission (2021-22 to 2025-26) recommended 41 percent of all shareable resources to States, the States in effect received only about 30 percent (2020-21) due to introduction of cesses and surcharges, which are not shareable. Moreover, almost 60 percent of the gross government expenditure in the country is undertaken by the States and in case of health, it is 62-64 percent.

Budget documents should be showing expenditure commitments towards a certain year and not summing up of previous amounts or forward bunching of amounts which is another practice seen in most departments. For example, in an effort to mislead the electorate in the poll-bound States of Assam, Kerala, Tamil Nadu and West Bengal, the Budget has summed up all the allocation for certain ministries over the past many years and display as if the amount is for the upcoming Budget year.

Economic Survey is being used as propaganda material to target a State in the Opposition, though it is expected to be a more professional document. For example, in an effort to keep a State in bad light and promote PM-JAY, a chapter in the Survey has been dedicated. The Survey makes a very strong correlation between some of the health outcome indicators and PM-JAY using NFHS-4 and NFHS-5. The learned author of the chapter seems to have missed the fundamental objective of a curative care based insurance programme and maternal and child health. One sentence is enough to understand the degree of irrationality in the argument of the Survey “Relative to states that did not implement PM-JAY, states that adopted experienced a reduction in infant and child mortality rates, realized improved access and utilization of family planning services, and greater awareness about HIV/AIDS”. It is fairly well-known that social determinants of health like nutrition, sanitation, health enhancing education, housing etc., play important role in child health outcomes than in-patient driven insurance.

While announcing Aysuhman Bharat (wellness centres and PM-JAY) in 2018 with huge fanfare, it was declared to have a grand outlay of Rs 64180 crores for six years, an average allocation of Rs. 10000 crores per year. While launching PM-JAY, RSBY was providing support to the extent of Rs. 2000 crores in the last year of its operation (2018) and change in actual allocation between RSBY and PM-JAY was not huge enough to make an impact on the catastrophic health expenditure of the people too. Regarding Ayushman Bharat, the budgets since 2018 do not reflect them in terms of allocation of funds. For example, only Rs. 8700 crores have been spent in the first three years. In order to reach the goal of Ayushman Bharat, the remaining three years demand an allocation of at least Rs. 15000 crores per year. Given that only Rs 6400 crores have been proposed for the coming year, the program might end up as another un-fulfilled one.

To sum up the ethical dimensions of the most Budgets in India, the following issues are important. They include: a) Health care being a basic right is being denied; b) Constitution promised, but violation is the norm; c) Three health policies were promulgated, no real progress in terms of promises and practices; d) Distorted priorities of the governments; e) Far right philosophy led the by the current political dispensation believes in health care individualism and not collective health of the population; f) Mis-classification and non-transparent budget practices put life more in danger and g) the Economic survey is being used as a political tool against opposition State government and all ethical and basic research practices are violated.

As budgets are statements of priorities which help in realization of the stated goals, people have been let down once again. In a situation where health was the only prime concern globally (at least for a year), it was an opportune moment to allocate a huge sum. Two, even a reallocation of resources from some other Ministries would have been justified. This is also a time when income inequality is widening beyond imagination as (Oxfam 2021). When nominal incomes dry up, real transfer payments in the form of contingent social security like health care, ration supplies would have a positive impact on the wellbeing of the masses who are run high and dry. It effectively points at a clear absence of ethical budgeting. As scholars point out, more often India’s human development record is being pulled down by its health attainment than by its average income (WHO 2021). Indian public sector commitment to health sector is at 171st position globally among 175 countries surveyed. If we cannot commit resources now, then when?

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