

**GOVERNMENT OF INDIA  
HEALTH AND FAMILY WELFARE  
LOK SABHA**

STARRED QUESTION NO:164

ANSWERED ON:15.07.2009

EXPENDITURE ON HEALTH SECTOR

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**Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:**

- (a) the total expenditure on health as percentage of the Gross Domestic Product (GDP) during the last three years;
- (b) whether the expenditure on health is very low in the Government sector as compared to the private sector;
- (c) if so, the details thereof and the reasons therefor;
- (d) the average annual amount spent/being spent on health sector during the last three years and the current year;
- (e) whether the health sector has largely been commercialised in the country; and
- (f) if so, the reaction of the Government thereto?

**Answer**

THE MINISTER OF HEALTH AND FAMILY WELFARE (SHRI GHULAM NABIAZAD)

(a)to(f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 164 FOR 15TH JULY, 2009

(a) As per Economic Survey 2008-09 published by the Ministry of Finance, Department of Economic Affairs, the total expenditure on Health as a percentage of GDP during the last four years was as follows:

2005 - 06 (Actual) 1.27%  
2006 - 07 (Actual) 1.26%  
2007 - 08 (RE) 1.41%  
2008 - 09 (BE) 1.41%

(b) & (c) Yes. The expenditure in the government sector as compared to the private sector is very low in India. As per the National Commission on Macroeconomics and Health 2005, health spending in India is estimated to be in the range of 4.5% to 6% of GDP. These estimates are based on a weak methodological background. Therefore, an exercise was undertaken to construct estimates of health spending based on a National Health Account (NHA) framework. Such an approach enables a better and more reliable understanding of the size and structure of health financing in India.

Results from the National Health Account show that the total health expenditure in India for the year 2001-02 was approximately Rs.105,734 crore which accounting for 4.63% of the GDP (market prices). Of the total expenditure, 20.3% was public/Government expenditure, 77.4% was private expenditure and remaining 2.3% external support. At disaggregate level, Central Government contribution to the total health expenditure was 6.4%, State Government 12.6% and local bodies and Panchayat Raj Institutions 1.3%.

The household consumer expenditure data of various rounds of the National Sample Survey Organization (NSSO) suggests that households spend about 5%-6% of their total consumption expenditure on health and nearly 11% of all non-food consumption expenditure. Clearly the provision of financial resources for the public sector system of health care has been inadequate in the past. It is for this reason that the National Rural Health Mission (NRHM) was launched in April, 2005, by the Hon'ble Prime Minister for providing quality health services which are accessible, affordable and accountable. The objective has been to raise public expenditure on health as a proportion of GDP to 2%-3%.(d) As per the Economic Survey 2008-09 the expenditure on Health Sector for the last four years is as follows:

2005 - 06 (Actual) Rs. 45,428 Crore  
2006 - 07 (Actual) Rs. 52,126 Crore  
2007 - 08 (RE) Rs. 66,423 Crore  
2008 - 09 (BE) Rs. 75,055 Cror

(e) & (f): As is evident from above, public expenditure on health in India is inadequate. This has led to the emergence of a large private sector in Health. This contributes towards commercialization of the health sector. It was on account of this that the NRHM has been started to raise public expenditure on primary health care. In the absence of adequate public expenditure, poor households have to pay very large sums out of pocket often leading to their pauperization. NRHM's efforts in strengthening primary health care are to largely ensure that out of pocket expenditures come down significantly. NRHM is trying to make provisions for drugs, diagnostics, emergency ambulance care, doctors, paramedics and nurses in remote regions to ensure that quality services are available to the poor. NRHM has also extended support for hospitalized treatment wherever States have demanded such support. The major thrust of NRHM is to build the public system. It also seeks partnerships with the non-governmental sector for public health goals where there is a possibility of improving access to quality care for the poor through partnerships. The fundamental thrust of NRHM is to raise public expenditure on health to enable poor households in remote rural areas to seek quality health services at their door steps. It may be pointed out that "Health" is a State subject in our Constitution and it is the primary responsibility of State Governments to ensure adequate, affordable and accessible health care to its citizens. The Central Government only supplements the efforts of the State Governments through funding under Central Schemes. Given the neglect of the primary health system over the years, this process will take some time. The early results of NRHMs gives the confidence that the approach is on the right track with provision of services at village level, sub centre level, PHC level, CHC level and sub district and district levels. Strengthening of the primary health care system will greatly reduce the commercialization of health care in the country and NRHM is committed in doing so.