Miserly hike in outlay to hit health plans

Koushalya Sinha, TNN  |  Feb 13, 2012, 01:05 AM IST

Tags: Planning commission | Health ministry | Budget

NEW DELHI: The annual health budget for 2012-13 has taken a beating, leaving the health ministry disappointed. Against promises from even the prime minister that India’s health budget will go up from an abysmally low 1.1% of GDP to 2.5% of GDP in the 12th five-year plan starting 2012, the Planning Commission on Friday informed the ministry that the annual health plan allocation for 2012-13 will go up by just 10-15%.

As against a 50% increase over last year to around Rs 40,000 crore expected by the ministry, the commission plans to allocate just Rs 28,000 crore for the first year of the 12th plan.

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While some officials in the ministry said they were "highly disappointed" others said, "As against Rs 90,000 crore allocation in the 11th plan, we expect Rs 3 lakh crore in the 12th plan if it is going to be 2.5% of GDP. Usually in the first year of a new plan, annual allocation is low. We expect the major chunk to come during 2013-14."

The plan panel’s high-level expert group had proposed increasing the health budget to 2.5% of GDP by 2017 and to at least 3% of GDP by 2022. The group had said, "Even if we assume that the combined public and private spending on health remains at the current level of around 4.2% of GDP, this will result in a five-fold increase in real per capita health expenditures by the government from around Rs 60/-200 in 2011-12 to Rs 3,400-3,500 by 2021-22."

It added, "Increased public expenditures, in our estimate, will lead to a sharp decline in the share of private out-of-pocket spending on health -- from around 67% today to around 32% by 2022."

India’s public spending on health as a proportion of GDP -- estimated around 1.2% in 2009 -- is among the lowest in the world. The corresponding percentage is 1.6% in Sri Lanka, 2.5% in China and 3.3% in Thailand. Experts say it is important to increase the share of overall public spending devoted to health.

India devotes among the lowest proportion of total public spending to health -- at or below 4.4% of total government spending between 1999 and 2009 according to WHO data. Only nine countries (out of 191) devote a smaller share of government spending to health than India.

In 2009, private expenditure in India accounted for 67% of the total expenditure on health -- comparatively higher than in Thailand (64%), China (50%) and Sri Lanka (56%).

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