

A blue measuring tape is coiled in the background, and several yellow capsules are scattered in the foreground. The text is overlaid on a semi-transparent grey rectangle in the center.

Indian Government Is Not Spending Enough on the Health of Its People

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The Indian healthcare industry has been gaining momentum and transforming immensely in the recent years. Currently, the Indian healthcare market is worth around 100 billion and in the coming years, this is expected to grow at a CAGR of 22.9%. Market researchers estimate that it would reach around USD 275 Billion in the next 10 years.

This tremendous growth of the healthcare industry has a prominent influence on the thriving economy of the country. At the same time, the fast evolving Indian economy, coupled with the rise of healthcare spending and the surge in lifestyle diseases has created immense possibilities for growth of the Indian healthcare sector in coming years.

In such a scenario, it is expected that the government will make the necessary amendments and policies to further catalyze the growth of the sector. However, the government spending on healthcare sector, somewhat, seems to be lagging behind when compared to other sectors.

Current Scenario:

The current Indian healthcare sector has seen remarkable achievements. There has been a significant decline in maternal and infant death rates along with some epidemic halts, tight control over poliomyelitis and other diseases. It is clear that these achievements could not have been possible without the prominent investment players in the health sector.

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As of now, much of the growth in the Indian healthcare sector is attributed to the private equity and foreign investments in the sector. Foreign funds and investments in the Indian market are likely to boost innovation and advanced healthcare delivery in the sector. However, all these investments are focused on private healthcare, making the public health system in India largely underfunded. From the part of the government, only 1.1% of GDP is spent on healthcare. If this scenario continues, it will increase the private/foreign investments in private healthcare, resulting in diminishing/underperforming public healthcare sector.

Since the public health sector is a dynamic force exerting its influence on the lives of millions of underdeveloped/unprivileged sections of the society in India, it is necessary for the government to take concerted action to address the major public health problems. Moreover, social development and scientific advances in health care have to be taken into account to decrease the mortality rates in the country. It is also necessary to provide adequate financial resources and

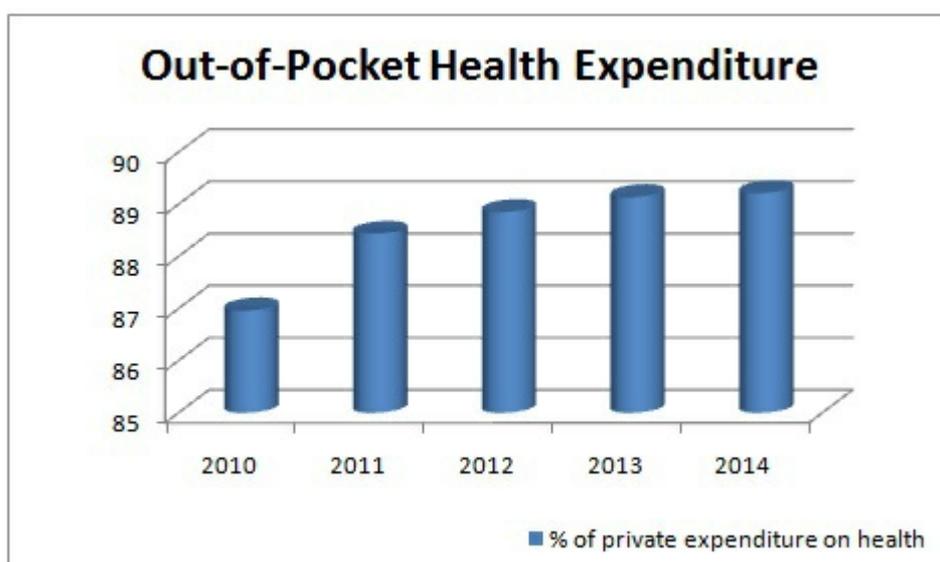
focus on efficient utilization of resources in the healthcare sector. This is why the need for government spending in healthcare sector becomes crucial.

The government's current spending on healthcare sector remains insufficient for the tremendous growth that this sector is experiencing. According to the Indian constitution, state government has the control over public health, hospital management, sanitation, while the central government is responsible for funds allocation and other functions such as national disease control, family welfare, and child health programs.

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It cannot be denied that there had been a progressive increase in the budget allocation to the healthcare sector every year, such that, the public health expenditures have increased from 0.9% of total GDP to about 1.3%. However, these increased allocations in India's public health systems have much benefitted the lesser developed states and rural areas in general. But still, it is necessary for the government to strengthen the health system countrywide, financially as well as technically. Though, in National Health Policy 2002, it was proposed to increase health expenditure by Government as % of GDP from then existing 0.9% to 2.0% by 2010, but it has not be achieved till date. Lack of financial resources, insufficient workforce, and utilization of existing resources are the major issues that the health systems are facing.

This insufficient Government expenditure on healthcare has lead to increase in out of pocket expenditure as revealed by the figure below⁵:



A whopping 63 million people are faced with poverty every year due to “catastrophic” expenditure over healthcare which neutralizes the gains of rising income and various government schemes aimed to reduce poverty, according to the health ministry.

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The role of government will certainly benefit and change the way healthcare services are provided to the public and sustain the level of healthcare expenditure by people. Even though making public health actions is politically challenging, it is crucial to the society as these government interventions will strengthen the health system and health of the overall population.

- The government has to make measures to establish effective integration of health services.
- It has to focus on infrastructure development in the healthcare system in India.
- Regulation of public health through enhancing living conditions, nutrition, sanitation, awareness, and social security measures - which are the social determinants of health.
- Government interventions in establishing a good health system to address the prevailing issues.

Government Actions

In the recent years, there is a considerable increase in public spending, and the government is stepping up to focus on sustained, large-scale funding in various aspects of healthcare. The centre has recently announced new policies that target on providing 'health care for all'. It has also promised to increase the public health spending to 2.5% of GDP, which would guarantee better public healthcare services, particularly to the underprivileged.

Some of the government policies today target on wellness and move away from sick-care treatments, by imposing prevention and health promotion as the focus. These policies seek to strengthen and reorient public health systems, as well as leverage the strengths of the private sector to achieve the national health goals.

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The current expectations on government spending in the health sector were high on the issues of health coverage, pharmaceuticals, healthcare infrastructure, and more. Meanwhile, the 2017-18 Budget mentioned an increase of 23 percent in the fund allocation for healthcare. The government has also focused on the acute shortage of medical professionals, especially in the rural areas. Nevertheless, this budget failed to address the existing issue of inequitable health allocation and increasing out-of-pocket health expenditure.

In the current scenario, it is necessary for the government to envisage accessible and equitable healthcare solutions in the country through policies that meet the pressing issues faced by the health sector in India. Furthermore, with the roll-out of Goods and Services Tax (GST), the government has to allocate more funds for health, sanitation, water resources, and education.

As of now, the government spending on India's healthcare sector remains dismal. The government has to focus on developing a cost-effective, sustainable healthcare funding that would minimize the out-of-pocket expenditures and target on better utilization of existing resources. Only by implementing such drastic measures, can the government pull the public health system out of the status quo and build a healthy population.

Escalating the government investment in public healthcare is of crucial importance to sustain Indian economic growth. In order to proactively address the public health problems, there needs to be more investment and commitment from the part of the government and it has to come up with possible policy solutions.