Preliminary Report

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States' Financing of Health Care in India: Some Recent Trends

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I. Introduction

A. Objectives :

The objective of this preliminary report is to present a review of public spending on health sector in India. The review covers a period of fifteen years ending 1989 and includes all the fifteen major States accounting for about 97 per cent of India's Population. In addition, the report presents a cursory review of the Central government's spending on health sector. The emphasis of the review will be to highlight: i) the temporal changes in the level of spending on health sector; ii) shifts in allocation on different sub components of health sector and; iii) the extent of inter-state inequalities. The changes in the pattern of spending on health sector will be juxtaposed with overall changes in States' public spending, to bring out the emphasis placed on the health sector. An attempt will also be made to compare States' spending on health sector with child mortality rates and per capita domestic products.

The subsequent paragraphs of this section will discuss: definitions used, sources of data, and accounting issues. Framework of Government sector financing of health care and growth in aggregate health spending are discussed in Section 2. The third section presents a review of health expenditure by the State governments. Certain specific issues like input composition of health expenditure, cost recovery in health sector and the imputed interest cost of the health sector are discussed in Section 4. Finding of the study are summarised in the last Section.

B. Definition of Health sector :

Definition. What constitutes the health sector? is a difficult question to answer. It can be defined in a variety of ways. One can adopt a very narrow definition and include only the conventional curative and preventive medical care and medical education and research. Alternatively, one can define it to include any activity having an impact on individual health status. For the purpose of this study, health care sector is defined to include all activities implicit in the Alma Ata declaration. Thus, according to this study health sector consists of:

(i) Medical Care: This includes: (a) Medical relief consisting of conventional curative medical facilities such as primary health centres and sub-centres, hospitals and dispensaries; Indigenous systems of medicine and Health Insurance schemes for organised sector employees and their families (Employees State Insurance and Central Government Health Scheme); (b) Medical education and research and; (c) Direction and administration.

(ii) Public Health: Consisting of Prevention and Control of Communicable diseases, Health education, Immunisation etc.

(iii) Family Welfare. Covering Family Planning and Maternity and Child Health (MCH).

(iv) Water Supply and Sanitation.

(v) Nutrition: Nutritional supplement programmes for children, pregnant and Nursing mothers and Integrated Child Development Scheme(ICDS).

Under this definition of health sector item i) consists largely of curative spending and items ii), iv), v) and MCH under item iii) can be treated broadly as preventive health care spending. Analysis in the subsequent chapters will be made mainly in terms of the above five components of health care sector.

The scope of the study is also comprehensive in that it covers the above items of expenditure made by not only the parent department but also other departments irrespective of the expenditure heads under which they have been incurred. The study covers a period of 15 years ending financial year 1988-89 and includes all the 15 major States of India.

Besides the above components of health spending, the study also estimates, separately, the implicit interest cost of providing health care. This item is however not added to other components of health care to arrive at the total health expenditure. Debt servicing cost arises when borrowed funds are used to create health care facilities. But this cost is not shown explicitly under the relevant heads of expenditure, as the entire interest on public debt is charged to a separate head called interest on public debt.

C. Sources of Data :

Data on expenditure are collected mainly from the 'Detailed Demands for Grants' (DDG). The DDGs are submitted to the legislature/ parliament by the respective departments/ ministries to seek authorisation for spending. These documents are a part of the budget document presented by Finance Ministers and contain detailed and disaggregated information.

Typically, the DDG, at the time of its presentation, gives the budget estimates for the next year, revised estimates (usually 9 to 11 month's actual expenditure and estimates for the rest of the period) for the current financial year, and actual expenditure for the previous year. Data presented in this report are mostly actual expenditures. In cases where the actual expenditures are not available, revised estimates are taken.

Such instances are few. In exceptional circumstances where even the revised estimates are not available, budget estimates are taken.

Information on receipts under medical and public health, and the data required to estimate implicit interest cost of providing health services are obtained from the Finance Accounts. This source is also used to fill in data gaps noticed in the DDG.

Statistics on medical facilities are obtained from Health Information System published by the Directorate of Health Intelligence; Mortality data from the Sample Registration System; and data on State domestic product and GDP from the National Accounts Statistics, published by the Central Statistical Organisation. Deflation of public expenditure was done by the consumer price index. The deflation of Economic and Functionally classified data on health expenditure, presented in the fourth section, is deflated using separate deflators relevant for different components.

D. Accounting Issues :

India's budgetary accounting system is very complex, yet one can find a method in the madness. Since the auditing authority of all the State and Central budgets is a single agency (Comptroller and Auditor General of India) one finds a large degree of uniformity in the presentation of Budgets and Finance accounts. The definitions of all the important accounting concepts are uniform across the country. Some of the relevant accounting categories are: (i) Major heads - minor heads, (ii) Revenue account and capital account (iii) Plan and Non-plan, and (iv) Gross and net expenditure. It is important to indicate what these concepts mean and what concepts are used in the report.

Major and Minor Heads : Expenditure on a specific well defined activity is included under a major head. Definitions and coverage of these heads are fairly uniform across the country. Each major head is further divided into minor heads covering individual elements of a specific activity. It is not necessary that a particular head of account is an exclusive domain of a department. Expenditure under major head `Medical', or some of its minor heads may also be found in other departments. For example the Employees State Insurance (ESI for short) in Madhya Pradesh and some other States appears under Industries department. As far as health sector (as defined in this study) is concerned the coverage of major and minor heads are more or less uniform across States. The lack of uniformity is more in the appearance of the relevant major/ minor heads of accounts under different departments. Even in this, the exceptions are few. As far as possible data have been collected in a standardized from adjusting for any variations in coverage. Another problem encountered by the study is the change of budgetary classification in 1985-86. The new classification gives more details - such as rural/ urban break up of expenditure under the minor head `Medical relief'. Since it is not possible to reclassify old information into new classification, 1974-75 budgetary classification has been adopted as the standard. Information under the new classification has been recast into the old classification using the `correlation' tables provided by the States.

Revenue and Capital Account : Budget data are classified under two separate accounts - Revenue and Capital. For a specific activity, revenue and capital accounts have separate heads of account. Capital account consists entirely of expenditure on creation of assets or discharge of liabilities and thus correspond to the economic definition of `Capital Expenditure'. But it does not exhaust the entire capital expenditure. When

expenditure on an asset is below a monetary ceiling, it is included in the revenue account even when it is strictly of capital nature. Thus revenue expenditure is not entirely current expenditure as commonly understood though the extent of overlap is not very much. Most of the expenditure on repairs and maintenance of capital assets, and minor works are charged to the revenue account. Identification of capital component within the revenue account, although possible, is an arduous task. It cannot be done in the time and resources available. To over come this deficiency in budgetary classification, analysis of health spending classified into economic categories such as salaries (compensation to employees), commodity purchases and gross fixed capital formation, will be made in Section 4. A different and independently obtained official data set will be used for this purpose. In the rest of the sections the study uses only the budgetary classification of expenditure.

Plan and Non-Plan : Another important distinction found in the budget documents is Plan and Non-Plan. This classification is useful mainly to identify whether a particular item of expenditure has been approved by the Planning Commission for inclusion in the State's plan or not, if so, to what extent. This distinction facilitates the working of two important agencies: the Finance Commission which recommends central transfers to meet non-plan requirements of the States and the Planning Commission which provides assistance for plan purposes. Since inclusion of a particular scheme in the plan is influenced by a variety of considerations plan, non-plan distinction is arbitrary and has no scientific basis.

It is generally believed that plan expenditure implied additional/incremental expenditure and non-plan account has 'committed' expenditure. This is not entirely true. Usually, plan expenditure on a particular scheme becomes non-plan after

the end of the plan period in which it is introduced. But, it will continue as plan scheme if the Planning Commission includes it in the subsequent plan. Thus an old scheme which should have been transferred to non-plan account may also continue as a plan scheme. Similarly, when a state under takes a new scheme of expenditure and fails to get the approval of the Planning Commission the expenditure will be treated as non plan even though the scheme may be new and involves incremental spending.

Contrary to the general belief, the plan spending also consists of a large proportion of current expenditure. And non plan account may have significant amount of capital expenditure in the form of purchase of new assets and major repairs and maintenance spending. Due to these reasons, analytical use of Plan, non-plan classification is very limited. Much of the analysis made in the study is based on total (plan plus non-plan) expenditure.

Gross and net expenditures : The DDG reports actual money spent by the departments under various minor heads. When minor heads are added up into the major head, recoveries, if any, from other departments or heads of account, and reserve funds are netted out to avoid double counting. The study took gross expenditure, as its objective is to ascertain the total spending on health care in a particular year, irrespective of which department or head of account or sinking/ reserve fund ultimately met the spending.

II. Macro Issues And Overall Trends

A. Frame Work of Government Financing of Health Sector :

In the government sector, provision of health care is the responsibility of the State governments. Consequently, the States account for over 90 per cent of the aggregate health expenditure of Central and State governments. Their share in the aggregate spending has increased over the past fifteen years from about 85 per cent in the early seventies. Involvement of the Central government in States' budgets is confined mainly to Family planning and certain centrally sponsored disease control programmes. Besides this Centre's expenditure consists of medical care in centrally administered territories, medical research, medical education in centrally funded institutions and insurance scheme for its employees.

Family planning and centrally sponsored vertical programmes are also administered by the States and the money is spent through their budgets. But the funding comes either fully or partially through matching grants from the Central government. National programme on control of leprosy, immunisation scheme for children, primarily nutrition scheme like the Integrated Child Development Scheme(ICDS), National minimum needs programme(NMNP) are some of the examples of centrally sponsored schemes. Center's allocation of funds to these schemes in different States is guided by their needs, ability to absorb grants and spend them efficiently on the purposes for which they are intended, and capacity and willingness to provide matching funds in the case of matching grant scheme. Thus, in the case of these schemes one can expect a fair degree of uniformity in the levels of spending of similarly placed States. But such uniformity is absent in the

case of States' expenditure on their areas of responsibility such as medical relief, public health, medical education, water supply and sanitation and States' own schemes on nutrition.

Centre's contribution to family welfare programme and other centrally sponsored disease control programmes has increased phenomenally during the period under review. During 1974-78 Center's grants to States' were 1.4 times its own expenditure. The ratio of grants to own expenditure rose sharply to 2.2 by 1985-88. No doubt, a part of this increase could be attributed to slowing down of Center's own expenditure. But a closer scrutiny would indicate that the increase in the ratio was due to real increase in the grants to States. Consequently, the share of Center's transfers in the States' expenditure on health rose sharply from 15.74 per cent in 1974-88 to little over 22 per cent by 1984-88. In other words,the dependence of States on the Centre has been on the rise.

Ability of the States to make sufficient or nationally desired levels of allocation of money to different components of health and all other social services they provide depends on a number of factors. Important among these are: States' capacity to raise revenues from the taxes assigned to them (States as a whole collect about half of the total tax revenue Collection of India); the statutory share they get in Central taxes and Statutory revenue gap and up-gradation grants they get from the Center. All these factors impose serious structural constraints on States' abilities to spend adequate money on the functions assigned to them. Some of these factors are within their control and some are determined by the practices followed by the Central Government and some independent bodies such as the Finance Commission.

Given the inter-state variations in the levels of development, States' abilities to raise adequate revenues to spend on social sectors differ substantially. At present the ratio of per capita state domestic product of the highest and the lowest income States is about 3.5. Such wide differences in the levels of development is probably the main factor affecting poorer States' ability to undertake adequate spending on the health sector. Per capita total health expenditure in the richest state was 2.68 times more than in the poorest States during 1985-88.

Although mechanism to make current transfers form Centre to the States by way of share in Central taxes, and grants-in-aid do indeed exist. It is apprehended that these general purpose transfers are not properly designed to offset the fiscal disadvantage of poorer States[1]. Consequently, the levels of spending in poorer States remained well below that of the better off States. These differences in fiscal capacity affect both the current level of spending as well as their ability to spend on new schemes in poorer States. This happens not only in health sector and other social sectors but also in the case of economic infrastructure, thereby impairing their ability to overcome their economic backwardness. The schematic diagram (Fig 2.1) shows the structure of States' finances. This can be used to indicate what kind of structural constraints impair poorer States' abilities to spend adequately on the existing schemes and to undertake new schemes.

Besides their own sources of revenue, States get a share in the non-corporate income tax and union excise duties form the Centre. The States's shares and their *inter se*

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1. Govinda Rao, M. and R.J.Chelliah, Survey of Research in Fiscal Federalism in India, New Delhi: National Institute of Public Finance and Policy.

distribution are determined by a quasi judicial agency called the Finance Commission. This Commission compares (normatively) States' non plan revenue expenditure with their total current revenues (own resources assessed normatively plus share in central taxes). If there there is any gap after recommending tax devolution, it provides what are called revenue gap grants so that States do not open their plan accounts with a deficit. Whether a State has surplus or deficit on the non plan account is what determines its relative plan size.

Fig 2.1

Structure of States' Finances

Non-Plan Account (Mostly the existing Schemes)	Plan Account (Mostly new schemes)
States' Own Tax & Non tax Revenue (Approx. 40 to 60% of Total Revenue)	Surplus in Non-Plan Account
Plus	**Plus**
Statutory Share in Central Taxes (Approx. 60 to 40 percent of total revenue)	Mobilisation of Additional Resources
Equals	**Plus**
Total revenue	Share in Loans to the Centre
Minus	**Plus**
Non Plan Expenditure	Market Borrowings
Gives	**Plus**
Surplus or Deficit[2]	Central Plan Assistance
	Gives
	Total Plan Size

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2. i) If there is deficit, States get revenue gap grants;
   ii) If there is surplus, it goes to the plan account.

At present most poor States have a deficit on the non-plan account and thus start their plan account with a deficit or `nil' balance. In contrast most rich States have a surplus on non plan account, some of them even before they get their share in Central tax revenues. Consequently, all of them can afford to have comparatively large plan expenditures. Even within the plan account the poorer States find it relatively difficult to mobilise additional resources and get large share in market borrowing. Central assistance is distributed using a formula which is progressive. Given this structure of States' finances, inter state inequalities in the per capita levels of spending on health care can be reduced mainly through making resource flows from the Centre very progressive. But, there are constraints in making the flow of central funds progressive beyond a point. This is so because, the social services in more developed States are better only in relative terms. The absolute level of services in these States are not adequate. This overall structural constraint should be kept in mind while analysing health sector financing.

Unlike in many less developed countries, the role of foreign aid and the impact of exchange rate fluctuations have been insignificant on States' finances. This has been largely true even in the case of health sector. Until recently, India's reliance on foreign aid has been minimal. It could sustain a high rate of investment of over 20% of GNP primarily through (90 per cent or more) domestic savings. Foreign aid went most to fund economic infrastructure. Thus foreign aid has not been instrumental in enhancing in any significant way States' ability to spend on the health sector.

States' budgets on health care, unlike in most developing countries, are largely insulted from external shocks in general and exchange rate fluctuations in particular. One can

identify two reasons for this. India's external sector is small in relation to the size of its economy and health sector inputs are largely manufactured within the country. Most of the bulk drugs, including drug intermediates are manufactured internally at costs appreciably lower than in international markets. Besides, Government of India enforces price controls on certain essential drugs allowing only nominal profits on them. Manufacturers offset their losses from non-essential formulations. These factors have not only kept drug budgets in India in check but also have insulated them from exchange rate fluctuations. As shown below, in spite of the two oil shocks in the seventies, reduction in the flow of international aid and adverse trade environment in the eighties, health sector spending in India (at constant prices) grew at a faster rate than the national income, whereas, these factors adversely affected the health budgets of many of the developing countries. But, with the opening up of the Indian economy some of these conditions may change significantly in the future.

B. Trends in Health Spending:

States' total expenditure (revenue plus capital) on health care at constant prices grew at an impressive rate of 9.2 per cent per annum (Table 2.1). This growth rate is higher than the growth of both total public expenditure of the States, (8.4 per cent) and gross domestic product (4.61). But, the growth was uneven over time. Growth rates based on Kinked Exponential Model[3] for the sub-periods 1974-82 and 1982-89 show deceleration of health spending from almost 10 per cent in the first sub period to 8.4 per cent in the later period. There has also been a commensurate deceleration in the growth of aggregate public

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3. As suggested by Boyce, J.K. "Kinked exponential models for growth rate estimation", Oxford Bullitin of Economics and Statistics, Vol 48(4), 1986.

expenditure in the States. The deceleration in health expenditure is more prominent in the case of Central government. This has happened even when the growth of public expenditure of the centre remained broadly stable throughout the period. It has also grown faster than centre's health expenditure.

Among various components of spending on health sector, Nutrition recorded the highest growth rate of 18.9 per cent at the States' level. Nutrition is one of the component of the National Minimum Needs Programme (NMNP). The high growth of expenditure may, in part, be attributable to greater emphasis on the Integrated Child Development Scheme and the introduction of mid day meals programme in primary schools of a few States during the eighties. Water supply and sanitation, another important component of the NMNP recorded the second highest growth rate (9.63) at States level. The expenditure on this head had decelerated during the eighties, particularly in the later half. High rates of growth of these two components was facilitated by the substantial enhancement of allocation of resources to the NMNP during Sixth and the Seventh plans as shown in Table 2.2. The table shows, plan allocations to the three health sector components of NMNP and actual expenditure at constant prices during the Fifth, Sixth and the Seventh Plan periods. Shortfall or excess of the actual expenditure over the allocation is shown in columns 3, 6 and 9 respectively for the above plan periods. From this table one can notice a phenomenal increase, at constant prices, in allocation of expenditures on all three components.

In the case of water supply and nutrition, plan allocation increased by over 3ØØ percent during the period under review. And the allocation to Rural health facilities doubled. What is interesting is the fact that actual expenditure on rural water supply was in excess of allocation in the Sixth and the Seventh Plans. Although the NMNP was started in 1974-75, the

fillip to the programme's health sector components was received during the Sixth Plan following the announcement of the National Health Policy. Consequently, there was a moderate increase in the allocation to rural health facilities and more than doubling of allocation to rural water supply. The substantial short fall in the actual expenditure noticed during the Fifth plan sharply declined during the Sixth plan. Actual spending on Rural water supply exceeded the allocations in the Sixth and the Seventh plans. This pattern of allocation and the commitment to spend, indicate the concern to increase spending on minimum needs, particularly on those with direct impact on Health. This emphasis on rural water supply may have a positive and significant impact in the long run on morbidity and mortality particularly among children. For a substantial proportion of childhood morbidity and mortality in countries like India is caused by water-borne diseases transmitted mainly through oral fecal route[4].

Allocation of resources to health sector and its changes over time are shown in Table 2.3. Information presented is based on the revenue budgets. States spend around 11 per cent of their revenue budget on health care. The allocation gradually increased from 11.2 per cent to 11.9 per cent during the first twelve years and fell to 10.9 per cent during the last three years of the period under reference. States and Centre together spend about 7 per cent of their combined budgets on the health care. Since States account for about 90 per cent of total health expenditure, the changes in the allocation to health care closely followed the pattern noticed in States' budgets. Compared to States, Centre's allocation to health care is insignificant. It spends just over one per cent of its budget.

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4. Richard G. Feachem, Infections Related to Water and Excreta: The Health Dimensions, in P.G. Bourne (ed.)Water and Sanitation, Academic Press (1984).

Targeting of health expenditure on major components is shown in Table 2.4. The share of conventional curative care based spending showed a substantial decline in the States' budgets. This is reflected by the sharp fall in the share of 'Medical' from 49 to 38.6 per cent in the health expenditure. The share of expenditure on public health, which has a large preventive care component, increased initially from 13.9 per cent, but fell during the eighties to 12.4 per cent. The share of family planning remained steady at little over 11 per cent, except for the sharp dip associated the political changes during the post emergency period. The emphasis on Water supply and Nutrition under the NMNP pushed up their share in total health spending. In particular, the share of Nutrition expenditure rose sharply from 3.8 per cent to 11 per cent. While the share of Water supply expenditure also increased fairly rapidly during the first 12 years from 2Ø.4 to 26.5 per cent, it fell slightly during the last three years of the reference period to just over 25 per cent.

Overall, the share of health expenditure increased from 1.26 per cent of the GDP to 1.85 per cent during the past 15 years (Table 2.5). The increase can be largely attributed to substantial increase in the community based preventive type expenditures like Water supply, sanitation and Nutrition. This was achieved not at the cost of conventional curative and preventive expenditures. The share in the GDP of Medical and Public health also increased from Ø.8Ø per cent to Ø.98 per cent.

TABLE 2.1

REAL GROWTH RATES OF AGGREGATE SPENDING ON HEALTH SECTOR

(Percent)

		TOTAL GOVT. EXPENDI-TURE	TOTAL HEALTH EXPENDI-TURE	MEDICAL AND PUBLIC HEALTH	FAMILY WELFARE	WATER SUPPLY & SANITATION	NUTRI-TION
STATES	(1975-89)	8.40	9.20	6.24	10.19	9.63	18.86
	(1975-81)	9.44	9.98	9.77	7.17	15.02	14.78
	(1981-89)	7.71	8.42	3.96	12.25	6.17	21.81
CENTRE	(1975-89)	8.17	6.83	5.82	10.04	34.72	-4.95*
	(1975-81)	8.03	12.13	13.89	4.72	-	-19.44
	(1981-89)	8.26	3.44	0.77	13.74	-	6.30
CENTRE PLUS STATES	(1975-89)	7.50	9.12	6.17	10.18	9.85	18.23
	(1975-81)	8.41	10.03	10.18	6.95	14.94	13.61
	(1981-89)	6.89	8.21	3.57	12.38	6.58	21.42
	Growth of PER CAPITA						
STATES	(1975-89)		6.78	4.38	7.84	8.86	17.61
CENTRE	(1975-89)		4.47	3.48	7.61	31.74	-7.05*
CENTRE PLUS STATES	(1975-89)		6.68	4.25	7.8	8.99	16.84

Note: * Growth rates not statistically significant.

TABLE 2.2

ALLOCATION AND ACTUAL SPENDING ON THE
NATIONAL MINIMUM NEEDS PROGRAMME
(AT 1974-75 PRICES)

(Rs. are in million)

ITEM	FIFTH PLAN 1974-79			SIXTH PLAN 1980-85			SEVENTH PLAN 1985-90		
	ALLOC-ATION	ACTUAL EXPENDI-TURE	EXCESS(+) OR SHORT-FALL (-)	ALLOC-ATION	ACTUAL EXPENDI-TURE	EXCESS(+) OR SHORT-FALL (-) (5) (1)	ALLOC-ATION	ACTUAL EXPENDI-TURE	EXCESS(+) OR SHORT-FALL (-) (8) (7)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Rural Health									
Amount (Rs)	2960	1040	-65%	3920	3260	-17%	5660	4118	-27%
Index (1974-79=100)	100	(100)		132	(313.5)		191	(395.9)	
Rural Water Supply									
Amount (Rs)	5630	3830	-32%	13640	13930	2%	17852	18920	6%
Index (1974-79=100)	100	(100)		247	(363.7)		317	(443.9)	
Nutrition									
Amount (Rs)	2870	660	-77%	1480	2240	51%	8950	4625	-48%
Index (1974-79=100)	100	(100)		51	(339)		312	(705)	

Note : Figures in parenthesis are indices for actual expenditure.

Source: Reproduced from V.B. Tulasidhar, "Allocation of Funds to Primary Health care in India: Did Alma Ata make any difference?" New Delhi, National Institute of Public Finance and Policy. The Statement is originally estimated using the information in the plan documents. In the case of the Seventh Plan, actual expenditure data are obtained from : Govinda Rao, M and Rajagopalan, Public Expenditure Control in India, New Delhi: National Institute of Public Finance and Policy, December 1990

TABLE 2.3

SHARE OF HEALTH REVENUE EXPENDITURE IN TOTAL PUBLIC REVENUE EXPENDITURE

(Percent)

		HEALTH EXPEND-TURE TOTAL	MEDICAL	PUBLIC HEALTH	FAMILY WELFARE	WATER SUPPLY	NUTRITION
STATES	(1974-78)	11.18	5.48	1.55	1.28	2.44	Ø.43
	(1978-82)	1Ø.89	5.Ø8	1.6Ø	Ø.93	2.81	Ø.47
	(1982-86)	11.94	4.55	1.6Ø	1.36	3.36	1.Ø7
	(1986-89)	1Ø.91	4.21	1.35	1.26	3.Ø8	1.21
CENTRE	(1974-78)	1.19	Ø.77	Ø.22	Ø.15	Ø.Ø1	Ø.Ø4
	(1978-82)	1.17	Ø.75	Ø.24	Ø.13	Ø.Ø2	Ø.Ø3
	(1982-86)	1.13	Ø.71	Ø.25	Ø.14	Ø.Ø2	Ø.Ø1
	(1986-89)	1.25	Ø.79	Ø.17	Ø.16	Ø.11	Ø.Ø2
CENTRE	(1974-78)	6.97	3.49	Ø.99	Ø.8Ø	1.41	Ø.26
PLUS	(1978-82)	6.96	3.33	1.Ø5	Ø.61	1.68	Ø.29
STATES	(1982-86)	7.46	2.96	1.Ø4	Ø.85	1.98	Ø.63
	(1986-89)	6.68	2.71	Ø.84	Ø.78	1.78	Ø.69

Notes: Totals may not add up due to rounding off

TABLE 2.4

COMPOSITION OF HEALTH SECTOR EXPENDITURE
(REVENUE ACCOUNT)

(Percent of Health Expenditure)

		MEDICAL	PUBLIC HEALTH	FAMILY WELFARE	WATER & SUPPLY & SANITATION	NUTRI-TION
STATES	(1974-78)	49.1	13.9	11.3	21.9	3.8
	(1978-82)	46.7	14.7	8.5	25.8	4.3
	(1982-86)	38.1	13.4	11.4	28.1	9.Ø
	(1986-89)	38.6	12.4	11.6	26.7	11.1
CENTRE	(1974-78)	64.8	18.8	12.2	1.Ø	3.2
	(1978-82)	64.Ø	2Ø.5	11.3	1.8	2.4
	(1982-86)	63.2	26.2	12.Ø	2.2	Ø.4
	(1986-89)	63.3	13.4	13.1	8.6	1.6
CENTRE PLUS STATES	(1974-78)	5Ø.2	14.3	11.4	2Ø.4	3.8
	(1978-82)	47.9	15.1	8.7	24.2	4.2
	(1982-86)	39.7	13.9	11.4	26.5	8.4
	(1986-89)	4Ø.7	12.5	11.7	25.3	1Ø.3

Note : Notes: Totals may not add up due to rounding off

TABLE 2.5

SHARE OF HEALTH EXPENDITURE IN GDP

(Percent)

		HEALTH EXPEND-TURE TOTAL	MEDICAL	PUBLIC HEALTH	FAMILY WELFARE	WATER SUPPLY AND SANITATION	NUTRITION
STATES	(1974-78)	1.14	Ø.54	Ø.14	Ø.12	Ø.28	Ø.Ø4
	(1978-82)	1.4Ø	Ø.6Ø	Ø.18	Ø.11	Ø.4Ø	Ø.Ø5
	(1982-86)	1.65	Ø.6Ø	Ø.21	Ø.19	Ø.51	Ø.13
	(1986-89)	1.74	Ø.63	Ø.21	Ø.2	Ø.51	Ø.18
CENTRE	(1974-78)	Ø.13	Ø.Ø7	Ø.Ø5	Ø.Ø1	Ø.ØØ	Ø.ØØ
	(1978-82)	Ø.15	Ø.Ø8	Ø.Ø6	Ø.Ø1	Ø.ØØ	Ø.ØØ
	(1982-86)	Ø.16	Ø.Ø9	Ø.Ø5	Ø.Ø1	Ø.ØØ	Ø.ØØ
	(1986-89)	Ø.16	Ø.1Ø	Ø.Ø4	Ø.Ø2	Ø.Ø1	Ø.ØØ
CENTRE PLUS STATES	(1974-78)	1.26	Ø.61	Ø.19	Ø.13	Ø.28	Ø.Ø4
	(1978-82)	1.49	Ø.68	Ø.24	Ø.12	Ø.4Ø	Ø.Ø5
	(1982-86)	1.8Ø	Ø.69	Ø.26	Ø.2Ø	Ø.52	Ø.14
	(1986-89)	1.85	Ø.73	Ø.25	Ø.21	Ø.53	Ø.18

Notes: Totals may not add up due to rounding off.

III. Trends in States' expenditure on Health Sector

A. Growth in Spending :

States in India are quite diverse in their level of development and health status as measured by the infant mortality. Review of health sector priorities will have to be done keeping this in mind. This review would then, naturally, look for the influence these factors exerted on the level and pattern of funding of the health sector in different States. Data presented in Table 3.1 show the average level of comparable per capita net State Domestic Product (PSDP) at current prices and the Infant Mortality Rate (IMR) for four sub periods, i.e. 1974-78, 1978-82, and 1982-86 . The extent of regional inequalities in development can be gauged by the fact that the per capita SDP in the richest state Punjab (Rs 1829) was 2.6 times more than that of Bihar (Rs 691); the ratio between Punjab and Uttar Pradesh was 2.40 in 1974-78. As shown by Ginis these inequalities further got accentuated by the late eighties. The ratio of difference between Punjab and Bihar sharply increased to 3 times. There also appears to have been a sharp increase in the inter-state inequalities in IMR. The Gini coefficients increased form Ø.149 to Ø.173. As in the case of per capita SDP, the difference in the levels of IMR between best (Kerala 53) and the worst (Uttar Pradesh 179) States was large (3.4 times) in 1974-78. This difference further got accentuated to 4.8 by the late eighties - which is a rather sharp and unacceptable increase. This seems to have happened because the rate of reduction in IMR was steeper in many of the States with relatively lower levels of IMR. Most impressively, the steepest decline was in Kerala. Its IMR in 1986-89 at 27 is only 52 per cent of the level of 57 in 1974-78. Analysis of States' finance

of Health Sector has to be made in this context of accentuation of already high inter-state inequalities in health status and the levels of development.

Trends in Total Health Spending States' public expenditure on health at constant prices grew at an impressive 9.2 per cent during 1974-89. The growth of GDP during that period was only half as much at 4.61 per cent. Real growth rate of different components of health expenditures by States are presented in Tables 3.2. The growth has been uneven across States varying between 4 per cent in West Bengal and to over 11 per cent in Assam and Punjab. Sub period analysis shows a modest deceleration in the growth of spending from about 10 per cent in 1974-82 to 8.4 per cent in 1982-89. The growth of spending in some of the poorer States with high infant mortality - Bihar, Madhya Pradesh, Uttar Pradesh - is above the all States level. Due to this rather even distribution of growth of spending, there has been no accentuation of inequalities (Table 3.3 shows per capita health expenditure by components at 1988-89 prices and Gini coeffcients). The ratio between the maximum and minimum per capita spending remained steady at around 2.6 to 2.7. In per capita terms the all States' average spending almost doubled from Rs.39 to Rs.77. This happened even in most of the poorer state and particularly those with high IMRs. It is disturbing to to note that poorer States are unable to allocate larger percentage of funds and spend much lower amounts per capita on health. The correlation between SDP per capita on one side and per capita total health spending, and the proportion of total budget allocated to health is positive and statistically significant.

Commensurate with the increase in the aggregate health spending, its share in net SDP (both comparable and non-comparable across States) and in the case of individual States, (and NDP at factor cost or GDP at market prices in the

case of all States, and Centre) showed a remarkable increase (Table 3.4 presents the share of health expenditure and its components in NDP/GDP/SDP as the case may be)[5]. As in the case of per capita spending there is a considerable inter-state variation in the shares in SDP. In particular, the low mortality States like Kerala and Tamil Nadu devoted a larger proportion of SDP to health care. Certain high mortality State like Uttar Pradesh and Haryana devoted a lower proportion of SDP to health care. Although, Rajasthan has the highest ratio of spending on health sector in the latter years, it was mainly on account of larger outlays on Water supply. In this arid and sparsely populated state the costs of providing water supply will be very much higher than all others States. Overall, there appears to be no statistically significant correlation between IMR and health expenditure SDP ratio.

Trends in Expenditure on Medical and Public Health: Expenditure on Medical and Public Health taken together grew at a much slower rate of 6.24 per cent. The inter-state variation in the growth rates appears to be smaller when compared to the variation in the growth of aggregate health expenditure. In particular, the growth of this head of expenditure was as much as 9.77 per cent during 1974-82 and fell sharply to 3.96 per cent during the later period. This kind of sharp fall in spending occurred in all the States except in Assam. Its share in SDP also increased but the increase was less dramatic.

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5. SDP ratios presented in the last four columns of the table are not strictly comparable across States. Ratio to GDP of all States expenditure, given in the last four columns, appear lower than what individual States' ratios suggest. This happens because GDP is at market prices and also includes depreciation.

For States as a whole and individually the revenue expenditure on Medical Services grew slowly from Rs.19 in 1974-75 to Rs.28 in 1986-89 with an average annual growth of 5.6 per cent. The growth has decelerated from 7.6 per cent in 1974-82 to 4.5 per cent in 1982-89. But unlike in the case of total health spending there has been a marginal decline in the level of inter-state inequalities in per capita spending. Inequality, measured in terms of the ratio between maximum and minimum level of spending, fell sharply from 4.3 to 2.8. But the decline in Gini coefficient from Ø.195 to Ø.143 is much less dramatic. This also implies that the growth of this item of expenditure has been faster in States with lower per capita levels of spending in the base period. It appears that, in spite of the reduction in inequalities, States with high IMR spend much less per capita under the head Medical. The correlation between per capita expenditure on medical services and IMR is negative and statistically significant.

Although the less visible Public health services grew slightly faster (6.27 per cent) than the Medical Services, there has also been a deceleration in its growth from 9.8 per cent in 1974-82 to little over 4 per cent in 1982-89. Further, growth of this item seem to be have concentrated mainly in the better off States. The correlation between the level of per capita spending on public health and the level of per capita SDP is strong, positive and statistically significant. The ratio of maximum to minimum spending per capita rose sharply from 3.4 to 6.5 during the past 15 years. This sudden accentuation of inequalities in spending under the head `Public health', which has a large element of preventive care spending, should cause concern. Gini coefficients of per capita spending showed a marked increase from Ø.189 to Ø.345 during the period indicating deterioration in inter-state inequalities. Although adequate data are not available to pin point the reasons for accentuation of

inequalities, the circumstantial evidence suggest the following: (i) The noticed spurt in centres' grants to States under centrally sponsored schemes many of which require matching funds from States, may have favoured the richer States, (ii) Decline in inequalities of more visible and hence politically attractive, curative services under the head `Medical' may have been at the expense of public health spending.

Trends in the Expenditure on Water Supply and Nutrition : The most dramatic increases in the expenditure occurred not in the conventional curative services but in the minimum needs like Water supply and sanitation, supplementary nutrition for children (pre school and those in primary school). Real expenditure on Water supply increased at an annual rate of 9.63 per cent for States as a whole during the 15 year period ending 1988-89. Much of this growth has been in the earlier period (1975-82) when it grew at 15 per cent per year. During the post new health policy period (1982-89) its growth rate fell to little over 6 per cent, still higher than the growth rate observed for conventional medical services. In per capita terms, real expenditure on water supply more than doubled during the reference period - this has happened in almost all the States. In particular the level of spending is the highest in Rajasthan - an arid state. There has also been a moderate decline in inter-state inequalities, Gini Coefficient of per capita spending on water supply fell from Ø.47 in 1974-78 to Ø.36 in 1986-87. Further, unlike other components of health expenditure like Medical and Public Health, there is no positive correlation between this expenditure and per capita SDP. Possibly because of this, it appears that the spending on water supply and sanitation which is an important item under the NMNP has been equitable.

Growth of nutrition expenditure at constant prices was the highest at 18.9 per cent during the reference period. This item consists of expenditure on a centrally sponsored scheme called 'Integrated Child Development Scheme' and States' own nutritional supplement schemes for primary school children such as mid-day meal schemes in the States of Andhra Pradesh, Gujarat and Tamil Nadu. In fact, nutrition expenditure is the only item which has shown appreciable acceleration of growth rate during the eighties. It grew at a rate of 14 per cent during 1974-82 and accelerated to 21.8 per cent during 1982-89. Commensurate with this growth rate there have been sharp increase in the per capita real expenditures and its share in the SDP. Per capita spending increased by over 6ØØ per cent - which is comparable to the scale of increase in actual real expenditure (7ØØ per cent) during the previous three plans (see Table 2.2). But the growth in per capita spending seem to have been distributed inequitably as there has been a deterioration in the inter-state in equalities. Gini coefficient rose sharply from Ø.3Ø2 in 1974-78 to Ø.522 in 1982-86 and fell slightly thereafter to Ø.441 in 1986-89. There appears to be no statistically significant correlation between per capita spending on water supply and sanitation and nutrition on one side and the per capita SDP and IMR on the other.

B. Sectoral Allocation of Health Expenditures :

There has been a marginal increase in the allocation of funds to health sector by State governments. Its share increased from 1Ø.2 per cent of total State government expenditure to 11.25 per cent in 1982-86 and thereafter fell marginally to 11.Ø4 per cent (see Table 3.5). Except in Kerala, Maharashtra and West Bengal, allocation of funds to health sector increased in all other States. The picture is slightly different in the revenue budget (Table 3.6). While allocation to health sector increased

initially from 11.2 per cent to 11.94 per cent in 1982-86, thereafter it fell below the 1974-78 level to 10.91 per cent. This was because in as many as seven States, allocation to health sector under revenue budget fell. The fall in allocation was mostly on medical and public health, while allocation to all other items increased.

The targeting of expenditure on different items also changed appreciably during the period. Due to relatively slow growth rate, the share of medical services in health spending fell sharply from 47.5 per cent in 1974-78 to 36.5 per cent in 1986-89 (Table 3.7). This has happened in all the States without exception. Within the major head medical services the share of medical relief which consists of hospitals, dispensaries and primary health centres fell gradually from 66 per cent to 61 per cent (Table 3.8). Such decline was noticed in all the States except in Assam, Maharashtra, Punjab and West Bengal. There has also been a decline in the share of Employees State Insurance (ESI) from 10.4 per cent to 8.1 per cent. But such decline in ESI was not noticed in the newly and rapidly industrialising States of Andhra Pradesh, Karnataka, Haryana, Punjab and Rajasthan. It fell mostly in highly industrialised States like Maharashtra, Gujarat, Tamil Nadu and in other backward States. Expenditure share of Direction and administration also fell at all States' level. What is remarkable is the increase in the share of Medical education, training and research in the overall medical services. Its share went up from 9.8 per cent to 13.9 per cent. All except one state (Tamil Nadu) where the allocation to medical education did not increase are relatively poorer States.

The share of the major head, 'Public health' in total health expenditure remained stagnant upto 1982-86 and fell thereafter. Within this head the share of 'prevention and control of diseases' fell gradually from 73 per cent to 62 per

cent. This happened mainly due to the decline in the importance of this item in Kerala, Gujarat, Maharashtra, Punjab and Madhya Pradesh. Decline of allocation to this item is particularly sharp in Maharashtra, Punjab and Madhya Pradesh.

Unlike in the case of medical and public health, allocation to family welfare programme increased from 10.7 to 11.5 per cent of the total health expenditure. Allocation to this item fell only during the `post emergency' period of political change (1978-82) to 8 per cent. Within family welfare, an important scheme like Maternity and Child Health gets a meager allocation of 4.4 per cent (1986-89) which is an improvement over 2.4 per cent it used to get in 1974-78. But in some of the States the allocation increased sharply although in no case it exceeded 10 per cent of the budget of family welfare department. However, in one state, Assam, the share of MCH fell from 16.7 to 9 per cent.

Remarkable increase in allocation of funds happened to the major heads water supply and sanitation and nutrition. The share of water supply increased from 24 per cent to 31 per cent in 1982-86 and then fell marginally in 1986-89 to 29.3 per cent. In contrast the share of nutrition remained rather stable during the seventies and rose sharply from 3.9 per cent in 1978-82 to 10.1 per cent in 1986-89.

The above trends show that preventive health expenditure with medical and social content received significant attention during the past 15 years. In particular the emphasis has been on the provision of at least one source of clean drinking water in all the villages and on providing supplementary nutrition to pre-school and primary school children. This has happened not at the expense of conventional curative service such as medical relief, which has grown at a rate higher than the growth of GDP

in real terms. Thus in States as a whole, a significant policy shift has occurred in favour of spending more on preventive care components without adversely affecting the growth in spending on the curative component.

C. Regional Allocation of Health Expenditure :

There is a general consensus among health policy makers on two important issues: (i) allocation of health resources are lopsided, as a result higher level referral centres getting disproportionately larger share; and (ii) rural areas are not adequately served by the health sector. These two beliefs may be true, but so far no attempt has been made to estimate scientifically the optimal mix of allocation between referral and primary health facilities; and the ideal mix of expenditure on rural and urban health facilities. These issues are very complicated and need considerable amount of information even to understand them. While this is so, the existing information base in India does not even provide time series information on expenditure in rural and urban areas. It was only since 1985-86, separate data on expenditure on rural health facilities is being published in the budget documents. But the data reported by many States during the first two year after the introduction of the new classification were inconsistent. Proportion of expenditure on rural health facilities during the years 1987-88 and 1988-89 are shown in Table 3.9. Data reported for two of the States-Karnataka and Maharashtra are incomplete. Data show considerable inter-state variation in the allocation of funds to rural areas. In 1987-88 it varied between 43 per cent in Punjab to 10 per cent in Kerala.

The information on allocation of funds from water supply and sanitation to rural water supply schemes is complete and consistent. At all States' level, allocation to rural water supply was 31.1 per cent of the budget for water supply in 1975-76. During that year, the allocation was the lowest in Uttar Pradesh (at 11.7 per cent) and Haryana allocated the highest share (88 per cent). Proportion of funds allocated to rural areas doubled to 66.8 per cent of the total spending on water supply by the year 1980-81. Even at the level of individual States, there has been a general shift towards rural Water Supply Scheme. By 1985-86, allocation to rural water supply however declined to 58 per cent and further to 57 per cent in 1988-89.

In an ongoing study[6] at the Institute an attempt is being made to find out among others: (a) what proportion of money is spend from the minor head Medical Relief on Primary Health Cares (PHCs) and; (b) is there any statistically significant structural shift in allocation of resources to the PHCs. Data on expenditure on PHCs in 10 major States has been obtained for the reference period. Information given in Table 3.11 shows that in nine out of ten States, there has been a rise in the allocation to PHCs. In Haryana, about 45 per cent of the `Medical Relief' budget is spent on PHCs; up from 33 per cent in 1974-78. In Tamil Nadu, which spends the lowest proportion, allocation from Medical relief budget increased from 15 to 21 per cent during the period. More importantly, in five out of the ten States (Gujarat, Kerala, Karnataka, Madhya Pradesh, and Rajasthan) there was a statistically significant structural shift in the allocation to PHCs after the adoption of the new health policy which was an off shoot of the Alma Ata declaration. The macro trends in plan expenditure on NMNP also corroborate these shifts.

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6. V.B. Tulasidhar, "Allocation of Resources to Primary Health Care in India - Did Alma Ata make any difference" New Delhi: National Institute of Public Finance & Policy.

Table 3.1

Inter State Differences in Percapita Domestic Product and Infant Mortality Rate

States	Per capita net SDP# (Rs.) 1974-78	1978-82	1982-86	I M R 1974-78	1978-82	1982-86	1986-88
AP	925	1315	2096	120	100	79	82
ASM	868	1151	1917	130	108	101	105
BHR	691	856	1300	NA	NA	75	101
GUJ	1308	1965	2854	152	118	105	102
HAR	1587	2188	3150	110	103	93	84
HAR	1078	1561	2487	84	76	70	74
KER	1054	1439	2206	53	41	31	27
MP	842	1167	1928	143	143	126	119
MAH	1477	2243	3490	93	80	73	65
ORS	830	1181	1810	143	140	130	124
PUN	1829	2756	4127	102	95	73	65
RAJ	950	1283	1824	143	115	109	104
TN	1032	1468	2279	106	97	82	78
UP	760	1117	1754	179	162	150	132
WB	1153	1500	2281	NA	NA	61	71
Gini Coef.@	0.1570	0.1749	0.1614	0.1488	0.1578	0.1767	0.1733

Notes: # At current prices and comparable across states.
@ While computing the Gini of IMR Bihar and West Bengal have been excluded inorder to have temporal comparability.

Table 3.2

Real Growth Rates of Public Expenditure on Health Sector and its components by States and Centre During 1974-75 to 1988-89

A. Total health expenditure

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	12.334	4.569	7.608
2	ASM	11.666	10.901	11.206
3	BHR	12.853	7.174	9.977
4	GUJ	8.207	10.108	9.343
5	HAR	13.929	8.231	10.476
6	KAR	8.883	7.135	7.831
7	KER	7.853	3.850	5.433
8	MPR	9.329	10.057	9.765
9	MAH	7.629	6.286	6.821
10	ORS	11.765	6.721	8.711
11	PUN	14.975	8.622	11.412
12	RAJ	14.487	7.074	9.980
13	TND	11.842	9.630	10.509
14	UPR	10.738	8.203	9.210
15	WBL	8.618	2.165	4.699
16	ALL ST#	9.990	8.423	9.203
17	CENTRE	12.134	3.443	6.836
18	CENST$	10.035	8.219	9.123

(Contd..)

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.

Table 3.2

B. Medical and Public Health

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	13.33Ø	1.839	6.289
2	ASM	6.858	8.531	7.859
3	BHR	1Ø.53Ø	6.529	8.112
4	GUJ	7.872	4.828	6.Ø35
5	HAR	7.241	4.81Ø	5.776
6	KAR	8.893	1.198	4.2Ø9
7	KER	6.685	3.Ø89	4.513
8	MPR	9.363	6.Ø37	7.355
9	MAH	11.229	4.576	7.188
1Ø	ORS	11.Ø32	2.275	5.692
11	PUN	14.826	6.491	9.75Ø
12	RAJ	7.59Ø	4.94Ø	5.992
13	TND	6.27Ø	3.876	4.827
14	UPR	15.6Ø1	3.565	8.221
15	WBL	5.631	1.6Ø7	3.198
16	ALL ST#	13.891	Ø.768	5.825
17	CENTRE	9.772	3.962	6.248
18	CENST$	1Ø.185	3.572	6.168

(Contd..)

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.

Table 3.2

C. Family Welfare

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	8.392	10.097	9.412
2	ASM	4.525	22.71	15.084
3	BHR	9.959	10.918	10.533
4	GUJ	13.598	7.295	9.773
5	HAR	6.069	13.060	10.210
6	KAR	-3.196	16.538	8.203
7	KER	3.246	16.705	11.123
8	MPR	6.040	10.895	8.927
9	MAH	12.444	7.788	9.627
10	ORS	13.122	6.434	9.060
11	PUN	7.166	12.296	10.216
12	RAJ	2.879	17.399	11.360
13	TND	1.216	12.043	7.580
14	UPR	7.725	16.017	12.626
15	WBL	5.799	14.550	10.966
16	ALL ST#	6.908	12.519	10.24
17	CENTRE	4.728	13.745	10.048
18	CENST$	6.717	12.616	10.218

(Contd..)

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.

Table 3.2

D. Water Supply and Sanitation

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	11.957	7.761	9.420
2	ASM	25.517	1.878	16.517
3	BHR	16.368	4.889	10.608
4	GUJ	10.929	11.925	11.526
5	HAR	45.678	8.025	21.751
6	KAR	17.539	5.655	10.257
7	KER	10.830	-2.501	2.627
8	MPR	13.891	15.371	14.777
9	MAH	1.028	7.757	5.013
10	ORS	15.972	11.704	13.392
11	PUN	9.042	6.170	7.442
12	RAJ	23.422	6.978	13.275
13	TND	34.289	5.863	16.429
14	UPR	19.168	-0.772	6.769
15	WBL	20.185	-1.448	6.693
16	ALL ST#	15.015	6.174	9.626
17	CENTRE	15.757	49.068	34.726
18	CENST$	14.945	6.582	9.852

(Contd..)

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.

Table 3.2

E. Nutrition and I C D S

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	1.793	27.789	16.677
2	ASM	31.122	5.114	14.833
3	BHR	6.401	36.985	23.817
4	GUJ	-5.964	51.854	25.364
5	HAR	17.972	30.423	25.293
6	KAR	17.334	26.140	22.540
7	KER	16.547	12.252	13.951
8	MPR	2.252	11.683	7.811
9	MAH	14.722	14.091	14.343
10	ORS	8.677	20.762	15.775
11	PUN	4.498	14.173	9.750
12	RAJ	-1.933	23.042	12.367
13	TND	11.626	37.437	26.465
14	UPR	19.625	3.813	9.870
15	WBL	21.777	3.701	10.585
16	ALL ST#	14.580	21.807	18.863
17	CENTRE	-19.644	6.309	-4.950
18	CENST$	13.610	21.420	18.234

(Contd..)

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.

Table 3.2

F. Medical*

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	9.ØØ4	4.269	5.951
2	ASM	7.262	7.Ø19	7.1Ø6
3	BHR	1Ø.749	6.857	8.243
4	GUJ	6.247	6.919	6.676
5	HAR	6.664	5.369	5.834
6	KAR	8.941	Ø.885	3.716
7	KER	5.93Ø	3.899	4.626
8	MPR	8.424	4.353	5.8Ø2
9	MAH	1Ø.1Ø7	Ø.727	4.Ø11
1Ø	ORS	8.454	4.3Ø9	5.784
11	PUN	9.8Ø6	7.22Ø	8.145
12	RAJ	6.653	6.634	6.641
13	TND	5.385	3.458	4.148
14	UPR	8.755	8.Ø85	8.326
15	WBL	6.Ø53	1.957	3.414
16	ALL ST#	7.668	4.5Ø3	5.632
17	CENTRE	6.373	1Ø.342	8.737
18	CENST$	7.627	4.914	5.991

(Contd..)

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.
*Revenue expenditure only.

Table 3.2

G. Public Health*

Sl.	State	First Period 1974-82	Second Period 1982-89	Over all Period 1974-89
1	APR	12.356	5.552	7.955
2	ASM	8.880	6.558	7.388
3	BHR	4.798	7.751	6.678
4	GUJ	6.954	-1.950	1.169
5	HAR	14.427	3.458	7.283
6	KAR	12.917	-2.260	2.957
7	KER	4.756	3.754	4.114
8	MPR	7.663	0.714	3.165
9	MAH	12.095	8.424	9.732
10	ORS	12.818	1.001	5.108
11	PUN	6.252	6.031	6.111
12	RAJ	9.838	-0.548	3.076
13	TND	8.386	8.532	8.479
14	UPR	10.492	5.683	7.391
15	WBL	9.204	1.578	4.262
16	ALL ST#	9.767	4.361	6.277
17	CENTRE	13.413	1.269	5.962
18	CENST$	10.125	4.147	6.498

#Refers to only fifteen major States.
$Refers to centre plus fifteen major States.
*Revenue expenditure only.

Table 3.3

Per Capita Expenditure on Health Sector and its Components at Constant (1988-89) Prices

A. Total health expenditure

(Four year Average Rs.)

States	1974-78	1978-82	1982-86	1986-89	
AP	35.2Ø	46.25	56.56	66.3Ø	
ASM	3Ø.16	41.95	58.17	73.39	
BHR	2Ø.75	3Ø.83	37.99	42.49	*
GUJ	43.32	53.71	7Ø.Ø7	93.Ø2	
HAR	39.46	56.62	8Ø.48	85.Ø4	
KAR	39.54	46.49	64.Ø9	67.99	
KER	57.38	72.2Ø	82.68	86.8Ø	
MP	32.55	42.44	58.Ø9	71.81	
MAH	53.15	65.69	81.37	87.98	
ORS	31.21	44.Ø8	55.91	66.28	
PUN	46.88	66.5Ø	84.72	1Ø9.8Ø	**
RAJ	48.83	68.55	1Ø3.11	1ØØ.84	
TN	42.52	51.16	1Ø5.58	95.68	
UP	21.57	28.75	38.Ø2	45.85	
WB	47.39	56.66	61.94	6Ø.27	
Average	39.33	51.46	69.25	76.9Ø	
Coeff. of variation	Ø.265	Ø.247	Ø.283	Ø.245	
Gini Coef.	Ø.15Ø6	Ø.14Ø3	Ø.1585	Ø.1388	

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only
::

Table 3.3

B. Medical Expenditure

(Four year Average Rs.)

States	1974-78	1978-82	1982-86	1986-89	
AP	16.Ø7	21.16	21.69	24.97	
ASM	15.57	17.95	22.Ø8	27.Ø6	
BHR	7.35	1Ø.44	11.73	14.28	*
GUJ	18.82	21.54	27.1Ø	3Ø.32	
HAR	22.19	24.25	27.57	28.32	
KAR	19.13	22.19	26.22	23.79	
KER	3Ø.44	36.1Ø	38.52	4Ø.5Ø	
MP	13.16	16.18	18.88	23.31	
MAH	17.57	24.69	23.64	25.Ø8	
ORS	14.14	18.64	2Ø.73	21.43	
PUN	22.92	3Ø.79	36.8Ø	4Ø.19	**
RAJ	19.32	22.61	25.15	29.4Ø	
TN	26.31	28.99	33.78	34.77	
UP	1Ø.53	13.6Ø	16.18	19.91	
WB	31.65	33.51	33.43	34.53	
Average	19.Ø1	22.84	25.57	27.86	
Coeff. of variation	Ø.348	Ø.3Ø5	Ø.287	Ø.255	
Gini Coef.	Ø.1956	Ø.1719	Ø.1623	Ø.1431	

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.3

C. Public Health Expenditure

(Four year Average Rs.)

States	1974-78	1978-82	1982-86	1986-89
AP	4.57	6.43	7.71	8.53
ASM	4.74	5.35	7.28	7.93
BHR	2.76	2.80	4.84	5.21 *
GUJ	9.33	12.37	13.35	9.27
HAR	6.29	9.39	10.64	10.49
KAR	4.57	5.76	6.64	4.48
KER	3.47	3.98	4.65	4.50
MP	4.86	6.27	7.91	7.68
MAH	8.77	12.60	17.55	21.28
ORS	4.77	6.93	7.02	7.18
PUN	6.34	13.62	22.84	34.24 **
RAJ	4.90	6.07	5.72	5.03
TN	2.89	4.02	6.54	4.94
UP	3.98	4.87	6.24	6.54
WB	3.99	5.37	5.00	5.49
Average	5.08	7.05	8.93	9.52
Coeff. of variation	0.362	0.461	0.562	0.813
Gini Coef.	0.1896	0.2453	0.2717	0.3453

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.3

D. Family Welfare Expenditure

(Four year Average Rs.)

States	1974-78	1978-82	1982-86	1986-89	
AP	4.59	4.52	8.20	7.91	
ASM	2.79	2.43	6.00	8.14	
BHR	2.76	2.80	4.84	5.21	*
GUJ	5.02	6.20	10.42	9.13	
HAR	4.92	3.86	9.44	8.09	
KAR	6.19	4.63	7.54	10.95	
KER	4.73	4.62	8.13	12.04	
MP	4.35	3.74	6.41	7.16	
MAH	3.81	4.31	8.71	6.66	
ORS	4.17	4.71	7.08	7.53	
PUN	4.48	4.34	8.44	11.19	**
RAJ	3.69	3.05	7.45	7.54	
TN	4.44	3.78	6.33	7.52	
UP	3.43	3.27	7.67	8.48	
WB	3.47	2.88	5.11	6.83	
Average	4.19	3.94	7.45	8.29	
Coeff. of variation	0.208	0.239	0.200	0.215	
Gini Coef.	0.1151	0.1317	0.1129	0.1159	

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.3

E. Water Supply and Sanitation Expenditure

(Four year Average Rs.)

States	1974-78	1978-82	1982-86	1986-89
AP	9.Ø4	13.Ø3	16.3Ø	2Ø.34
ASM	4.9Ø	12.82	18.63	24.89
BHR	7.67	13.36	15.86	15.11 *
GUJ	8.74	12.3Ø	15.21	26.88
HAR	5.16	17.8Ø	29.94	29.91
KAR	7.26	1Ø.Ø7	16.82	14.48
KER	16.22	22.72	26.34	18.76
MP	8.99	15.12	23.46	31.37
MAH	21.72	21.72	28.39	29.Ø8
ORS	6.77	11.77	17.65	24.Ø2
PUN	1Ø.57	14.11	14.Ø7	18.64 **
RAJ	2Ø.Ø2	35.31	62.69	54.41
TN	5.27	11.37	23.Ø2	18.91
UP	3.13	6.14	6.56	9.57
WB	6.67	11.79	13.56	9.81
Average	9.48	15.29	21.9Ø	24.Ø3
Coeff. of variation	Ø.565	Ø.44Ø	Ø.569	Ø.464
Gini Coef.	Ø.2911	Ø.2152	Ø.262Ø	Ø.2382

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.3

F. Nutrition Expenditure

(Four year Average Rs.)

States	1974-78	1978-82	1982-86	1986-89	
AP	Ø.95	1.11	2.65	4.56	
ASM	2.17	3.41	4.18	5.37	
BHR	Ø.4Ø	Ø.71	1.71	2.99	*
GUJ	1.4Ø	1.3Ø	3.99	17.41	
HAR	Ø.89	1.32	2.88	8.23	
KAR	1.59	3.25	6.Ø2	14.31	
KER	2.52	4.77	5.Ø3	1Ø.99	
MP	1.19	1.13	1.43	2.29	
MAH	1.29	2.37	3.1Ø	5.87	
ORS	1.37	2.Ø4	3.43	6.12	
PUN	Ø.73	Ø.86	1.Ø3	2.66	**
RAJ	Ø.9Ø	1.51	2.Ø9	4.46	
TN	3.61	3.ØØ	35.91	29.55	
UP	Ø.5Ø	Ø.87	1.37	1.35	
WB	1.61	3.12	4.85	3.61	
Average	1.41	2.Ø5	5.31	8.78	
Coeff. of variation	Ø.576	Ø.57Ø	1.563	Ø.853	
Gini Coef.	Ø.3Ø23	Ø.3124	Ø.5223	Ø.4418	

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.4

Share of Health Expenditure and its components
in Net State Domestic Product
(Current prices)

A. Total health expenditure

(Four year Average %)

States	Share in SDP # 1974-78	1978-82	1982-86	Share State series SDP @ 1974-78	1978-82	1982-86	1986-90
AP	1.481	1.741	1.900	1.487	1.763	2.046	2.349 *
ASM	1.343	1.806	2.139	1.415	1.873	2.188	3.034
BHR	1.160	1.766	1.942	1.190	1.739	1.931	2.044 *
GUJ	1.291	1.350	1.735	1.322	1.411	1.765	2.557
HAR	0.957	1.268	1.798	1.010	1.296	1.784	1.768 *
KAR	1.422	1.473	1.816	1.552	1.669	2.286	2.490
KER	2.109	2.465	2.652	2.286	2.751	3.058	3.020 *
MP	1.506	1.817	2.115	1.550	2.008	2.434	2.902
MAH	1.392	1.456	1.646	1.429	1.552	1.902	2.017
ORS	1.453	1.847	2.195	1.638	2.099	2.403	3.091
PUN	1.001	1.186	1.448	0.978	1.255	1.553	1.904
RAJ	1.986	2.796	4.000	1.996	2.857	3.981	4.068
TN	1.593	1.711	3.316	1.622	1.913	3.764	3.120
UP	1.098	1.294	1.533	1.069	1.301	1.588	1.741 *
WB	1.583	1.845	1.921	1.575	1.847	1.917	1.769
States 15	1.244	1.481	1.846	1.137	1.337	1.648	1.736 *
Centre	0.143	0.165	0.175	0.130	0.149	0.156	0.164
Cntr + St	1.387	1.646	2.020	1.267	1.486	1.804	1.853

(Contd ...)

Note: # Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.
@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.
* Relates to 1986-87 only

Table 3.4

H. Medical and Public Health Expenditure

(Four year Average %)

States	Share in SDP $ 1974-78	1978-82	1982-86	Share State series SDP @ 1974-78	1978-82	1982-86	1986-90	
AP	0.866	1.038	0.990	0.870	1.051	1.064	1.146	*
ASM	0.906	1.005	1.084	0.955	1.042	1.108	1.522	
BHR	0.555	0.799	0.799	0.570	0.789	0.794	0.922	*
GUJ	0.842	0.852	1.002	0.862	0.890	1.019	1.008	
HAR	0.697	0.753	0.856	0.735	0.771	0.850	0.789	*
HAR	0.882	0.906	0.957	0.962	1.026	1.205	1.034	
KAR	1.243	1.369	1.380	1.348	1.527	1.594	1.695	*
MP	0.825	0.965	0.983	0.850	1.064	1.130	1.266	
MAH	0.689	0.824	0.835	0.707	0.879	0.965	1.036	
ORS	0.879	1.071	1.093	0.991	1.220	1.195	1.298	
PUN	0.663	0.840	1.046	0.649	0.891	1.122	1.340	
RAJ	0.990	1.176	1.196	0.994	1.202	1.192	1.393	
TN	1.096	1.107	1.262	1.256	1.237	1.433	1.251	
UP	0.737	0.831	0.901	0.717	0.836	0.933	0.961	*
WB	1.192	1.266	1.194	1.186	1.268	1.194	1.205	
States 15	0.756	0.867	0.914	0.691	0.782	0.816	0.842	*
Centre	0.127	0.150	0.156	0.116	0.135	0.139	0.132	
Cntr + St	0.883	1.017	1.069	0.807	0.917	0.955	0.974	

(Contd ...)

Note: $ Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.

@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.

* Relates to 1986-87 only

Table 3.4

C. Medical Expenditure

(Four year Average %)

States	Share in 1974-78	SDP # 1978-82	1982-86	Share State series 1974-78	SDP @ 1978-82	1982-86	1986-90
AP	0.674	0.797	0.731	0.677	0.807	0.785	0.849 *
ASM	0.694	0.777	0.815	0.733	0.803	0.833	1.192
BHR	0.411	0.597	0.602	0.422	0.590	0.598	0.687 *
GUJ	0.562	0.540	0.671	0.575	0.565	0.682	0.750
HAR	0.546	0.544	0.618	0.575	0.557	0.614	0.582 *
KAR	0.689	0.704	0.744	0.751	0.797	0.937	0.875
KER	1.116	1.233	1.232	1.210	1.376	1.423	1.527 *
MP	0.604	0.700	0.693	0.622	0.769	0.797	0.948
MAH	0.460	0.546	0.480	0.472	0.583	0.554	0.558
ORS	0.658	0.781	0.817	0.742	0.889	0.893	0.960
PON	0.490	0.549	0.628	0.479	0.581	0.674	0.696
RAJ	0.790	0.927	0.973	0.793	0.948	0.970	1.175
TN	0.987	0.975	1.055	1.132	1.088	1.198	1.120
UP	0.535	0.611	0.651	0.521	0.615	0.675	0.740 *
WB	1.058	1.091	1.039	1.053	1.093	1.039	1.040
States 15	0.590	0.659	0.676	0.540	0.595	0.604	0.629 *
Centre	0.076	0.088	0.099	0.069	0.080	0.089	0.097
Cntr + St	0.666	0.748	0.776	0.609	0.675	0.693	0.726

(Contd ...)

Note: # Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.

@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.

* Relates to 1986-87 only

Table 3.4

D. Public Health Expenditure

(Four year Average %)

States	Share in SDP # 1974-78	1978-82	1982-86	Share State series SDP @ 1974-78	1978-82	1982-86	1986-90
AP	0.192	0.241	0.259	0.193	0.245	0.279	0.297 *
ASM	0.211	0.228	0.269	0.223	0.239	0.275	0.330
BHR	0.154	0.160	0.248	0.158	0.158	0.247	0.251 *
GUJ	0.280	0.311	0.331	0.286	0.325	0.337	0.257
HAR	0.151	0.210	0.238	0.160	0.214	0.236	0.207 *
KAR	0.164	0.182	0.189	0.179	0.207	0.238	0.159
KER	0.127	0.136	0.148	0.138	0.152	0.172	0.169 *
MP	0.221	0.265	0.290	0.228	0.294	0.334	0.317
MAH	0.229	0.277	0.355	0.235	0.297	0.410	0.479
ORS	0.221	0.290	0.276	0.249	0.332	0.302	0.337
PUE	0.135	0.241	0.391	0.132	0.258	0.419	0.594
RAJ	0.200	0.249	0.223	0.201	0.254	0.222	0.218
TN	0.109	0.132	0.207	0.125	0.148	0.235	0.130
UP	0.202	0.220	0.250	0.196	0.221	0.259	0.221 *
WB	0.133	0.175	0.155	0.133	0.175	0.155	0.166
States 15	0.163	0.202	0.238	0.149	0.182	0.212	0.211 *
Centre	0.052	0.061	0.056	0.047	0.055	0.050	0.035
Cntr + St	0.215	0.263	0.294	0.197	0.237	0.262	0.246

(Contd ...)

Note: # Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.

@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.

* Relates to 1986-87 only

Table 3.4

H. Family Welfare Expenditure

(Four year Average %)

States	Share in SDP # 1974-78	1978-82	1982-86	Share State series SDP @ 1974-78	1978-82	1982-86	1986-90	
AP	0.195	0.170	0.275	0.196	0.172	0.296	0.275	*
ASM	0.124	0.105	0.218	0.130	0.109	0.224	0.289	
BHR	0.154	0.160	0.248	0.158	0.158	0.247	0.251	*
GUJ	0.147	0.155	0.257	0.151	0.162	0.262	0.246	
HAR	0.118	0.087	0.211	0.124	0.089	0.209	0.170	*
KAR	0.224	0.148	0.212	0.244	0.167	0.267	0.397	
KER	0.172	0.158	0.257	0.187	0.176	0.297	0.469	*
HP	0.201	0.161	0.234	0.209	0.177	0.269	0.327	
MAH	0.100	0.094	0.177	0.102	0.101	0.204	0.155	
ORS	0.194	0.197	0.279	0.220	0.224	0.305	0.333	
PUN	0.095	0.077	0.144	0.093	0.082	0.155	0.195	
RAJ	0.150	0.126	0.288	0.151	0.129	0.287	0.311	
TN	0.166	0.127	0.196	0.189	0.142	0.223	0.232	
UP	0.174	0.146	0.308	0.170	0.147	0.320	0.348	*
WB	0.115	0.094	0.158	0.114	0.094	0.157	0.189	
States 15	0.135	0.119	0.209	0.124	0.107	0.186	0.196	*
Centre	0.011	0.011	0.014	0.010	0.010	0.013	0.018	
Cntr + St	0.147	0.130	0.223	0.134	0.117	0.199	0.214	

(Contd ...)

Note: # Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.
@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.
* Relates to 1986-87 only

Table 3.4

F. Water Supply and Sanitation Expenditure

(Four year Average %)

States	Share in SDP # 1974-78	1978-82	1982-86	Share State series SDP @ 1974-78	1978-82	1982-86	1986-90
AP	0.381	0.491	0.547	0.382	0.497	0.589	0.763 *
ASM	0.220	0.548	0.683	0.232	0.569	0.699	0.972
BHR	0.429	0.767	0.809	0.440	0.754	0.805	0.727 *
GUJ	0.261	0.310	0.376	0.267	0.324	0.382	0.831
HAR	0.122	0.398	0.667	0.129	0.406	0.662	0.676 *
KAR	0.260	0.316	0.478	0.284	0.359	0.601	0.540
KER	0.603	0.775	0.853	0.652	0.865	0.980	0.579 *
MP	0.424	0.643	0.845	0.434	0.713	0.975	1.231
MAR	0.570	0.487	0.571	0.585	0.516	0.661	0.699
ORS	0.316	0.493	0.687	0.354	0.557	0.753	1.201
PUN	0.227	0.254	0.240	0.221	0.266	0.257	0.323
RAJ	0.810	1.432	2.435	0.815	1.464	2.421	2.183
TE	0.194	0.376	0.729	0.221	0.421	0.828	0.624
UP	0.161	0.277	0.269	0.157	0.278	0.279	0.350 *
WB	0.223	0.384	0.419	0.222	0.384	0.418	0.262
States 15	0.309	0.438	0.573	0.282	0.396	0.511	0.509 *
Centre	0.001	0.002	0.004	0.001	0.002	0.004	0.012
Cntr + St	0.310	0.440	0.577	0.283	0.397	0.515	0.526

(Contd ...)

Note: # Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.

@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.

* Relates to 1986-87 only

Table 3.4

G. Nutrition Expenditure

(Four year Average %)

States	Share in SDP # 1974-78	1978-82	1982-86	Share State series SDP @ 1974-78	1978-82	1982-86	1986-90	
AP	0.039	0.043	0.089	0.040	0.043	0.096	0.166	*
ASM	0.093	0.148	0.154	0.097	0.152	0.157	0.251	
BHR	0.022	0.040	0.086	0.023	0.039	0.086	0.144	*
GUJ	0.041	0.033	0.100	0.042	0.035	0.102	0.472	
HAR	0.021	0.030	0.064	0.022	0.030	0.063	0.133	*
KAR	0.057	0.103	0.169	0.062	0.117	0.212	0.519	
KER	0.092	0.163	0.161	0.100	0.182	0.186	0.277	*
MP	0.056	0.048	0.053	0.057	0.053	0.060	0.078	
MAH	0.034	0.052	0.063	0.035	0.056	0.072	0.127	
ORS	0.065	0.086	0.136	0.073	0.097	0.149	0.260	
PUN	0.016	0.015	0.018	0.015	0.016	0.019	0.046	
RAJ	0.036	0.061	0.080	0.037	0.063	0.080	0.181	
TN	0.136	0.101	1.128	0.156	0.113	1.281	1.013	
UP	0.026	0.040	0.055	0.025	0.040	0.057	0.081	*
WB	0.054	0.101	0.149	0.054	0.101	0.148	0.113	
States 15	0.044	0.058	0.151	0.040	0.052	0.134	0.179	*
Centre	0.003	0.002	0.000	0.003	0.002	0.000	0.002	
Cntr + St	0.047	0.060	0.151	0.043	0.054	0.135	0.181	

Note: # Share in NDP at factor cost in the case of all States, Centre and all States plus Centre; SDP data are comparable across States.

@ Share in GDP at market prices in the case of all States, Centre and all States plus Centre; SDP data are not comparable across States.

* Relates to 1986-87 only

Table 3.5

Share of Health Expenditure in Total Expenditure
(Rev.+ Cap.)
(Four year Average %)

	1974-78	1978-82	1982-86	1986-89	
AP	9.333	9.Ø86	9.336	9.389	
ASM	9.177	1Ø.Ø99	1Ø.815	11.196	
BHR	9.72Ø	1Ø.127	1Ø.11Ø	11.926	*
GUJ	9.948	9.131	9.778	1Ø.6Ø4	
HAR	7.3Ø8	7.648	9.477	9.1Ø3	
KAR	9.583	8.688	9.8Ø6	9.675	
KER	12.911	12.71Ø	12.86Ø	11.553	
MP	9.289	8.97Ø	1Ø.444	1Ø.911	
MAH	11.Ø92	1Ø.149	1Ø.148	9.692	
ORS	8.586	8.946	1Ø.255	1Ø.28Ø	
PUN	8.362	9.365	1Ø.34Ø	13.651	**
RAJ	12.5Ø1	13.7Ø4	19.164	14.782	
TN	11.371	11.Ø52	17.632	13.943	
UP	7.97Ø	7.979	9.Ø36	8.965	
WB	14.423	12.977	12.677	1Ø.774	
STAT15#	1Ø.2Ø9	9.956	11.249	11.Ø57	*
C.	Ø.96Ø	1.Ø4Ø	Ø.984	Ø.894	
CEN&STT	5.165	5.357	5.924	5.665	*

* Relates to 1986-87.
** Relates to 1987-88.

Table 3.6

Share of Health Expenditure in Total Expenditure
(Revenue account)
(Four year Average %)

	1974-78	1978-82	1982-86	1986-89
AP	10.695	10.063	10.283	10.456
ASM	9.769	11.108	11.591	11.524
BHR	11.019	9.928	10.164	7.878
GUJ	10.667	9.610	9.948	10.496
HAR	8.040	9.153	10.901	9.728
KAR	11.015	10.254	10.892	10.337
KER	12.096	11.988	10.915	11.068
MP	12.313	11.890	13.379	13.038
MAH	11.415	10.760	10.860	10.204
ORS	9.755	10.960	12.086	12.527
PUN	9.238	10.364	11.661	10.952
RAJ	12.924	12.775	16.894	11.598
TN	11.679	11.582	18.406	14.305
UP	9.319	9.583	9.930	10.051
WB	14.957	13.524	12.995	10.969
STAT15#	11.184	10.886	11.944	10.908
C*	1.191	1.169	1.127	1.252
CEN&STT	6.968	6.960	7.468	6.688

Table 3.7

Composition of Health Expenditure by Major Components

A. Medical and Public Health

(Four year Average %)

States	1974-78	1978-82	1982-86	1986-89	
AP	58.75Ø	59.64Ø	52.26Ø	5Ø.46Ø	
ASM	67.653	55.927	51.ØØ4	49.878	
BHR	48.Ø89	45.571	41.424	45.131	*
GUJ	65.3Ø3	63.Ø27	57.786	42.894	
HAR	73.1Ø3	59.65Ø	47.833	45.576	
KAR	62.346	61.464	53.125	41.382	
KER	58.974	55.543	53.264	51.987	
MP	55.987	53.55Ø	47.312	43.132	
MAH	49.671	57.ØØ7	5Ø.891	52.833	
ORS	6Ø.335	58.2Ø5	49.915	43.3Ø1	
PUN	66.774	7Ø.386	72.39Ø	7Ø.414	**
RAJ	5Ø.241	42.2Ø6	3Ø.234	34.177	
TN	69.362	64.864	38.461	41.55Ø	
UP	67.289	64.3Ø5	59.32Ø	57.545	
WB	75.656	68.675	62.116	66.52Ø	
STAT15#	6Ø.886	58.532	49.533	49.Ø6Ø	*
C	88.473	9Ø.734	89.17Ø	76.95Ø	
CEN&STT	63.74Ø	61.76Ø	52.948	52.467	*

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.7

B. Medical expenditure

(Four year Average %)

States	1974-78	1978-82	1982-86	1986-89	
AP	45.832	45.762	38.636	37.607	
ASM	51.856	43.111	38.301	38.556	
BHR	35.623	34.068	31.241	33.600	*
GUJ	43.621	40.073	38.960	32.877	
HAR	57.403	43.150	34.833	33.282	
KAR	48.558	47.833	41.143	34.846	
KER	52.933	50.015	47.509	46.783	
MP	40.892	38.606	33.410	32.452	
MAH	33.056	37.753	29.258	28.566	
ORS	45.296	42.357	37.277	32.434	
PUN	49.518	46.344	43.361	36.627	**
RAJ	40.116	33.282	24.688	29.156	
TN	62.450	57.238	32.323	36.360	
UP	48.848	47.320	42.750	43.341	
WB	67.120	59.189	54.040	57.404	
STAT15#	47.516	44.533	36.674	36.649	*
C	54.361	53.639	57.051	61.634	
CEN&STT	48.102	45.435	38.430	38.281	*

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.7

C. Public Health

(Four year Average %)

States	1974-78	1978-82	1982-86	1986-89	
AP	12.918	13.878	13.624	12.854	
ASM	15.797	12.816	12.704	11.322	
BHR	12.785	9.139	12.881	12.268	*
GUJ	21.682	22.954	18.826	10.017	
HAR	15.700	16.500	13.000	12.294	
KAR	11.745	12.338	10.547	6.540	
KER	6.041	5.528	5.756	5.204	
MP	15.095	14.945	13.902	10.681	
MAH	16.614	19.254	21.634	24.267	
ORS	15.039	15.848	12.638	10.867	
PUN	13.324	19.842	27.134	31.165	**
RAJ	10.125	8.924	5.545	5.021	
TN	6.912	7.626	6.138	5.190	
UP	18.441	16.985	16.570	14.204	
WB	8.536	9.485	8.076	9.116	
STAT15#	13.143	13.616	12.881	12.352	*
C.	34.112	37.095	32.120	15.316	
CEN&STT	15.431	15.980	14.539	14.133	*

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.7

D. Family Welfare

(Four year Average %)

States	1974-78	1978-82	1982-86	1986-89	
AP	12.63Ø	9.767	14.385	11.921	
ASM	9.ØØ3	5.9Ø9	1Ø.Ø96	11.7Ø3	
BHR	12.785	9.139	12.881	12.268	*
GUJ	11.4Ø2	11.5Ø7	14.923	9.844	
HAR	12.332	6.871	11.792	9.51Ø	
KAR	15.467	1Ø.Ø6Ø	11.475	16.225	
KER	8.145	6.423	1Ø.123	13.951	
MP	13.Ø35	8.888	11.164	1Ø.Ø27	
MAH	7.Ø72	6.545	1Ø.78Ø	7.573	
ORS	12.9Ø6	1Ø.7Ø5	12.733	11.382	
PUN	9.699	6.513	9.97Ø	1Ø.174	**
RAJ	7.46Ø	4.566	7.381	7.496	
TN	1Ø.213	7.475	6.Ø21	7.885	
UP	15.926	11.336	2Ø.356	18.566	
WB	6.914	5.Ø72	8.232	11.284	
STAT15#	1Ø.663	7.997	11.295	11.473	*
C. [illegible]	8.485	6.748	8.218	12.Ø61	
CEN&STT	1Ø.371	7.868	11.Ø28	11.26Ø	*

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.7

E. Nutrition and I C D S

(Four year Average %)

States	1974-78	1978-82	1982-86	1986-89	
AP	2.795	2.433	4.563	6.884	
ASM	6.769	8.165	7.152	7.566	
BHR	1.94Ø	2.Ø18	4.148	7.Ø31	*
GUJ	3.196	2.411	5.5Ø1	18.725	
HAR	2.116	2.324	3.52Ø	9.595	
KAR	4.Ø23	7.ØØ2	8.825	21.137	
KER	4.355	6.6Ø2	6.1Ø6	12.541	
MP	3.613	2.647	2.554	3.194	
MAH	2.42Ø	3.636	3.769	6.692	
ORS	4.784	4.624	6.13Ø	9.245	
PUN	1.585	1.291	1.238	2.432	**
RAJ	1.825	2.199	2.Ø7Ø	4.424	
TN	8.668	5.959	34.1Ø9	3Ø.881	
UP	2.352	3.ØØØ	3.658	3.Ø51	
WB	3.462	5.486	7.793	6.Ø17	
STAT15#	3.519	3.9ØØ	8.151	1Ø.121	*
C	2.355	1.4ØØ	Ø.263	1.562	
CEN&STT	3.39Ø	3.653	7.468	9.1ØØ	*

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.7

F. Water Supply and Sanitation

(Four year Average %)

States	1974-78	1978-82	1982-86	1986-89	
AP	25.825	28.160	28.792	30.734	
ASM	16.575	29.998	31.747	30.853	
BHR	37.186	43.273	41.547	35.570	*
GUJ	20.099	23.055	21.791	28.536	
HAR	12.449	31.155	36.855	35.318	
KAR	18.164	21.475	26.576	21.257	
KER	28.526	31.432	30.507	21.521	
MP	27.364	34.915	38.970	43.646	
MAH	40.837	32.813	34.560	32.902	
ORS	21.974	26.466	31.223	36.071	
PUN	21.943	21.810	16.402	16.980	**
RAJ	40.473	51.029	60.315	53.903	
TN	11.757	21.701	21.409	19.684	
UP	14.432	21.359	16.666	20.837	
WB	13.967	20.768	21.859	16.179	
STAT15#	24.932	29.570	31.021	29.346	*
C:	0.677	1.089	2.348	9.097	
CEN&STT	22.498	26.716	28.556	27.173	*

(Contd ...)

* Relates to 1986-87 only
** Relates to 1986-1988 only

Table 3.8

Composition of Medical, Public health and Family Welfare Budgets by some Important Minor Heads (Revenue account)

A. Share of Medical Relief in Medical Expenditure (Revenue account)

(Four year Average %)

	1974-78	1978-82	1982-86	1986-90
AP	75.28	72.11	74.23	74.02
ASM	75.26	77.99	79.19	79.31
BHR	77.17	75.96	71.25	64.40
GUJ	62.31	58.81	57.82	60.45
HAR	58.36	46.62	45.30	46.99
KAR	65.63	65.38	65.37	60.54
KER	70.75	68.10	67.82	67.40
MP	69.75	69.82	66.34	57.05
MAH	52.11	48.90	53.44	54.10
ORS	74.25	72.87	66.99	64.76
PUN	69.01	69.84	71.24	72.66
RAJ	64.65	63.51	62.92	60.84
TN	74.72	74.77	75.43	70.67
UP	63.17	62.70	64.26	50.49
WB	58.39	57.69	58.72	60.49
States 15	66.17	64.73	65.12	61.23
Centre	33.86	31.34	30.95	NA
Cntr + Stts	63.17	61.70	61.72	NA

(Contd ...)

Table 3.8

B. Share of Employees State Insurance in Medical Expenditure (Revenue account)

(Four year Average %)

	1974-78	1978-82	1982-86	1986-90
AP	6.33	6.59	6.55	6.32
ASM	1.89	2.36	1.15	0.69
BHR	3.81	3.55	3.12	2.56
GUJ	18.72	20.13	19.71	15.94
HAR	11.48	14.42	13.52	12.11
KAR	9.31	10.78	11.96	12.41
KER	8.44	9.36	8.41	6.99
MP	4.75	4.64	4.60	3.93
MAH	26.89	28.58	22.46	17.77
ORS	3.34	4.47	4.62	4.62
PUN	6.23	8.22	7.71	7.24
RAJ	3.87	4.64	4.77	4.45
TN	10.62	9.91	9.05	8.59
UP	6.49	6.34	5.58	3.93
WB	13.32	14.02	13.95	11.67
States 15	10.41	11.10	9.95	8.09
Centre	18.99	18.45	18.53	NA
Cntr + Stts	11.21	11.77	10.80	NA

(Contd ...)

Table 3.8

C. Share of Medical Education and Research in Medical Expenditure (Revenue account)

(Four year Average %)

	1974-78	1978-82	1982-86	1986-90
AP	11.81	11.46	12.54	12.04
ASM	13.97	11.44	11.72	9.05
BHR	6.95	8.94	9.61	14.21
GUJ	9.51	10.70	10.07	12.61
HAR	19.72	27.89	23.60	26.08
KAR	11.08	12.27	12.17	17.80
KER	9.05	10.59	11.74	13.37
MP	11.20	9.36	8.08	7.68
MAH	11.37	13.87	14.08	13.58
ORS	12.52	9.68	9.76	10.94
PUN	13.26	12.81	11.95	11.97
RAJ	2.71	10.91	10.97	11.00
TN	10.01	10.25	9.07	9.84
UP	10.90	8.03	15.09	28.14
WB	6.62	6.88	7.67	8.05
States 15	9.87	10.62	11.39	13.90
Centre	34.97	37.57	37.63	NA
Cntr + Stts	12.20	13.06	14.00	NA

(Contd ...)

Table 3.8

D. Share of Direction and Administration in Medical Expenditure
(Revenue account)

(Four year Average %)

	1974-78	1978-82	1982-86	1986-90
AP	1.26	1.14	0.98	0.73
ASM	2.27	1.95	1.94	2.59
BHR	7.37	4.34	5.88	4.44
GUJ	0.40	0.45	0.31	0.72
HAR	3.05	2.86	3.16	3.13
KAR	0.62	0.55	0.51	0.49
KER	1.18	1.02	0.98	1.11
MP	2.13	1.84	2.04	1.99
MAH	1.44	1.13	1.22	1.22
ORS	3.09	2.25	2.23	1.62
PUN	2.95	2.39	2.49	2.34
RAJ	1.63	1.43	1.40	1.19
TN	2.28	2.12	2.10	2.34
UP	0.86	0.72	0.63	0.61
WB	3.61	3.14	3.26	4.52
States 15	2.13	1.75	1.82	1.82
Centre	3.19	2.87	2.48	NA
Cntr + Stts	2.23	1.85	1.89	NA

(Contd ...)

Table 3.8

E. Share of Prevention and Control of Diseases in Public Health Expenditure
(Revenue account)

(Four year Average %)

	1974-78	1978-82	1982-86	1986-90
AP	69.24	68.97	75.81	81.49
ASM	87.42	87.26	81.85	84.20
BHR	79.54	86.34	86.04	82.57
GUJ	76.20	71.94	56.51	65.35
HAR	82.52	80.96	85.81	85.63
KAR	70.00	71.48	71.40	72.78
KER	60.83	59.95	56.20	53.51
MP	88.07	67.16	51.04	49.81
MAH	60.60	48.01	46.46	36.90
ORS	74.91	82.55	77.74	77.38
PUN	82.96	47.93	24.21	41.38
RAJ	87.30	88.13	83.97	78.91
TN	38.88	48.58	21.42	56.82
UP	82.59	84.90	88.73	90.43
WB	72.99	69.31	69.75	71.98
States 15	73.46	67.79	60.54	62.30
Centre	24.47	27.12	21.64	NA
Cntr + Stts	68.77	64.05	56.60	NA

(Contd ...)

Table 3.8

F. Share of Maternity and Child Health Expenditure in Family Planning Expenditure (Revenue account)

(Four year Average %)

	1974-78	1978-82	1982-86	1986-90
AP	3.05	2.21	2.59	5.15
ASM	16.75	11.07	5.13	9.04
BHR	3.68	1.63	0.88	1.33
GUJ	1.64	0.68	0.04	1.88
HAR	0.00	2.91	1.55	6.19
KAR	1.32	3.49	3.64	5.50
KER	0.42	2.47	2.46	2.87
MP	0.88	0.80	0.08	0.96
MAH	1.80	3.41	3.55	9.67
ORS	0.00	0.06	0.06	0.68
PUN	1.24	0.50	0.98	0.71
RAJ	7.64	25.15	7.45	9.44
TN	1.11	1.49	0.10	5.50
UP	3.04	2.12	1.78	4.24
WB	3.10	1.92	0.78	2.02
States 15	2.39	2.53	2.00	4.43
Centre	2.98	12.03	3.54	NA
Cntr + Stts	2.47	3.39	2.10	NA

Table 3.9

Share of Rural Health Services in
Medical and Public Health

(Percent)

	1987-88			1988-89		
	PLAN	NON-PLAN	TOTAL	PLAN	NON-PLAN	TOTAL
APR	27.49	9.85	13.22	25.15	11.55	14.48
ASM	20.62	20.90	20.86	11.44	28.69	23.24
BHR						
GUJ	50.71	17.65	21.70	50.79	17.70	21.68
HAR	18.51	22.35	21.38	23.77	23.66	23.69
KAR	4.16	6.92	6.33	0.57	1.90	1.58
KER	34.14	7.49	10.39	22.85	18.78	19.20
MPR	4.12	24.45	18.56	14.66	25.90	21.69
MAH	0.04	5.75	4.09	0.35	3.66	2.81
ORS	26.79	27.72	27.49	35.08	28.00	30.02
PNB	10.09	38.44	34.42	0.00	0.00	0.00
RAJ	21.35	30.18	28.07	29.68	31.49	31.06
TND	34.20	14.90	17.12	27.92	11.83	14.26
UPR	9.79	26.96	22.51	15.34	28.10	24.58
WBN	17.22	18.53	18.42	22.78	19.15	19.31

Table 3.10

Share of Rural Water Supply and Sanitation in Total Water Supply and Sanitation Expenditure

(Percent)

Sts.	1975-76 TOTAL	1978-79 TOTAL	1981-82 TOTAL	1985-86 TOTAL	1988-89 TOTAL
APR	26.97	41.23	43.40	54.57	62.59
ASM	50.22	77.16	108.47	50.11	44.44
BHR	55.26	97.32	79.81	78.55	NA
GUJ	38.43	64.62	64.18	79.73	84.67
HAR	88.08	96.59	95.23	81.59	59.11
KAR	69.98	74.95	83.14	78.90	2.12
KER	26.75	45.73	48.83	NA	NA
MAH	16.70	25.86	63.63	70.13	59.43
MPR	15.03	69.13	61.04	36.35	71.65
ORS	28.28	57.67	48.38	24.08	62.07
PNB	23.33	99.74	79.30	60.53	NA
RAJ	73.67	59.89	64.86	60.66	52.44
TND	72.07	88.90	83.26	66.31	67.14
UPR	11.69	47.61	NA	NA	70.22
WBN	50.67	92.53	42.33	31.24	25.89
stt	31.11	58.19	66.03	58.40	57.17

Table 3.11

Expenditure on PHCs and Rural Dispensaries
as Per cent of Medical Relief

STATE/YEAR	1974-78	1978-82	1982-86	1986-9Ø
1 PHC TOTAL:AP	16.ØØ	16.75	21.25	21.83
2 PHC TOTAL:ASM	21.89	27.Ø5	25.Ø6	32.29
3 PHC TOTAL:GUJ	22.Ø5	22.19	19.67	33.16
4 PHC TOTAL:HAR	33.55	32.97	45.75	45.22
5 PHC TOTAL:KAR	25.Ø1	28.Ø1	24.65	28.27
6 PHC TOTAL:KER	13.43	11.87	13.84	23.Ø3
7 PHC TOTAL:MP	27.87	26.Ø4	22.83	35.Ø4
8 PHC TOTAL:RAJ	21.28	18.49	2Ø.32	39.46
9 PHC TOTAL:TN	15.14	16.Ø3	15.54	2Ø.94
1Ø PHC TOTAL:WB	32.89	26.98	24.39	27.97

Source: V.B.Tulasidhar, "Allocation of resources to primary health in India: Did Alma Ata make any difference?", New Delhi: National Institute of Public Finance and Policy.

IV. Other Issues

This section discusses three major, but unrelated, issues: input composition of medical and public health expenditure; and cost recovery in the health sector and imputed interest cost.

A. Input Composition of Medical and Public Health:

At the outset,it should be noted that the discussion in this section is based on an alternative official data set. This data set on `Economic-cum-Functional' classification of government budgets uses national income accounts concepts to reclassify government expenditure. Consequently, the concepts used have true economic meaning, unlike the concepts in budget documents. For instance, capital expenditure reported in this data set is the exhaustive one as it also includes expenditure on capital assets made under the revenue account. Further, this data set excludes medical education and training from medical and public health (that item goes to education sector).

Table 4.1 and 4.2 present the input composition of medical and public health expenditure and their growth rates respectively. Salaries in health sector grew at a fairly rapid rate of 9.85 per cent at constant prices. This growth is higher than the growth of Medical and Public Health spending. Growth of salaries is fairly uniform across States. In contrast, the growth of expenditure on materials and supplies (commodity purchases) was only 5.4 per cent. Further, the growth has been unevenly distributed across States. However, there appears to be no systematic relationship between the growth of expenditure on materials and supplies and the level of development of the state. All States expenditure on capital formation grew (4.6 per cent)

even slower than commodity purchases. In particular in two States growth of capital formation is negative and in three others it is significantly not different from zero.

On the average, States' spent 55 per cent of their medical and public health budget on salaries in 1974-78. Due to rapid growth of salaries, its share increased to nearly 60 per cent by 1985-88. The share of salary bill went up in all the States except Assam, Karnataka, Maharashtra, Punjab and surprisingly Uttar Pradesh. It may be noted that many of these are either middle income or better off States. The shares of expenditure on materials and supplies and capital formation fell. The share of commodity expenditure fell from 29 to 23 per cent and capital formation from 9 to 7.8 per cent. Notably, there has been a sharp increase in the outlay on buildings in Uttar Pradesh- 4 to 12 percent. In Haryana, exactly the opposite happened - the share of building outlay fell from 17 to 3 percent. For States' as whole, the share of expenditure on building stood at around 5.5 percent through out the period.

These trends show that, the policy of equalisation of pay scales at States' level and bringing a parity between the pay scales of the Central and State Government employees seem to have diverted resources to salaries from materials and supplies budget and capital outlay on works. The impact of such shifts in input composition on the quality of care and hospital utilisation pattern should be studies carefully.

B. Cost Recovery in the Health Sector:

There are four major items under which receipts under Medical and Public Health accrue. These are: Tuition fees charged by Medical Colleges, Hospital Receipts, Receipts under the Employees State Insurance (ESI), and receipts under Public Health.

A large proportion of total receipts are ESI receipts, and the receipts from tuition fees are negligible. Total receipts covered 12.5 per cent of the total expenditure on Medical and Public Health in 1975-76. This gradually fell to 9.85 percent in 198Ø-81, to 6.7% in 1985-86 and further declined to 5.5% in 1988-89. It is, in fact, inaccurate to take a ratio of total receipts to total expenditure as there is *quid pro quo* involved between ESI receipts and services provided under the ESI to its subscribes. Thus, the proper way to analyse receipts is to examine how much of the non - ESI Medical and Public Health Expenditure is covered by non ESI receipts. The non ESI receipts covered only 6.4 percent of the non ESI Medical and Public Health expenditure. This coverage ratio fell gradually to a 3.4 percent in 1984-85 and to a meager 1.6 percent in 1988-89. There was considerable variation in cost recovery rates across States. In some States, the recovery was fairly high punjab (15 %) and Maharashtra (12%) in 1975-76. But in 1988-89 the recovery rates in all the States gradually reached the rock bottom.

Cost recovery under the ESI in comparatively quite high. The ESI receipts covered 78 percent of ESI expenditure in 1975-76. This ratio gradually fell to about 52 percent in 1984-85 and then increased to 6Ø percent in 1988-89. Occasionally the recovery rate touched 1ØØ percent or more in a few States, but such occurrences are not frequent.

While it may be tempting to attribute lack of political will as the contributing factor for the general deterioration in cost recovery rates in medical services (outside the ESI), one important reason could be the absence of proper incentives for hospitals to raise revenues. Under the present dispensations, receipts under the heads Medical and Public Health are treated as non-tax revenue and go to the general pool. Therefore, agencies which collect will have no interest to charge user fees. One way to induce interest is to transfer hospitals under some autonomous

agency supported partially by government grants and ask them to raise supplementary resources. This would enable hospitals to fix user fees without going through the legislative process and retain the proceedings. An experiment of this kind is already under way in the state of Andhra Pradesh. In this state all district hospitals were brought under an autonomous agency. Another important problem in the cost recovery is the difficulties involved in identifying the poor - who need to be exempted from most of the user fee - either partially or fully. The fact that some States raised as much as 15 per cent of total expenditure as user fee, some time in the past, shows the scope for mopping up additional resources to improve hospital services.

C. Imputed Interest cost :

One major drawback of the present budget accounting system is that interest cost of borrowed fund are not charged to the departments which borrow funds to undertake some or all of its activities. Interest on public debt is usually charged to a separate head of account. Even though, interest is consolidated under one account - Finance Accounts give the stock of debt outstanding against each department. Using this information, and the average cost of borrowed funds to the government this study estimated the interest cost attributable to the Medical and Public Health activities. The calculations have been done at a disaggregated level, in that, the average cost of borrowed funds has been calculated separately for each state and for each year. In recent years borrowing of funds to construct even social infrastructure facilities like hospitals is on the increase. This has been happening because most of the State government have no surplus on the revenue account. The Imputed interest cost estimates for the periods 1974-75 and 1983-86 are presented in Table 4.4. Interest cost attributable to the health sector is still a small fraction of the total health expenditure. In most States it remained below one percent. But in many States there has been an increase in the share of imputed interest cost.

Table 4.1

Input Composition of Medical
and Public Health Expenditure

A. Commodity purchases

(Percent)

Sts.	1974-78	1978-81	1981-85	1985-88
AP	32.446	26.811	26.5Ø7	19.968
ASM	26.977	23.Ø17	34.787	33.283
BHR	19.167	19.386	18.Ø5Ø	12.897
GUJ	2Ø.114	28.721	14.618	17.694
HAR	23.9Ø4	23.49Ø	18.226	2Ø.741
KAR	27.557	23.3ØØ	25.281	24.852
KER	29.4Ø1	24.854	16.2Ø9	22.1Ø7
MP	28.916	29.95Ø	3Ø.352	22.452
MAH	26.458	14.3Ø5	21.Ø38	16.998
ORS	25.116	31.165	22.79Ø	14.Ø24
PUN	2Ø.794	18.Ø49	22.294	28.384
RAJ	29.859	32.249	21.352	18.561
TN	35.33Ø	3Ø.583	33.55Ø	26.934
UP	32.1Ø3	34.Ø84	35.128	29.285
WB	34.621	22.499	26.354	28.Ø41
STAT	29.261	25.98Ø	25.878	22.727

Note: STAT implies the 15 States. Contd..

Table 4.1

B. Salaries

(Percent)

Sts.	1974-78	1978-81	1981-85	1985-88
AP	52.Ø24	57.526	59.1Ø8	65.659
ASM	49.388	45.177	5Ø.15Ø	46.73Ø
BHR	62.511	64.911	68.182	65.512
GUJ	49.197	3Ø.782	4Ø.Ø94	49.425
HAR	51.884	55.49Ø	66.6Ø6	72.319
KAR	59.825	62.131	62.493	55.538
KER	64.116	68.5Ø6	77.365	68.583
MP	61.195	59.773	62.988	67.924
MAH	53.712	53.819	45.427	43.412
ORS	66.285	56.2Ø5	64.5Ø7	78.745
PUN	62.372	63.279	64.923	58.1Ø3
RAJ	64.1Ø5	61.256	69.399	68.Ø12
TN	49.844	56.515	48.8Ø2	61.Ø9Ø
UP	58.455	51.67Ø	5Ø.112	54.666
WB	46.862	5Ø.997	6Ø.899	61.3Ø2
STAT	55.188	54.859	57.ØØ2	59.451

Note: STAT implies the 15 States. Contd..

Table 4.1

C. Capital outlay on Buildings

(Percent)

Sts.	1974-78	1978-81	1981-85	1985-88
AP	3.1Ø3	4.Ø59	2.337	2.521
ASM	12.Ø19	16.Ø61	1Ø.413	13.925
BHR	1Ø.852	11.8Ø9	6.797	8.Ø77
GUJ	2.883	2.419	5.742	4.43Ø
HAR	17.Ø39	11.528	1Ø.143	3.97Ø
KAR	5.6Ø7	5.683	5.44Ø	3.956
KER	2.1ØØ	3.4Ø2	4.146	3.711
MP	6.439	4.656	3.417	2.377
MAH	2.67Ø	4.946	3.712	4.392
ORS	Ø.683	2.343	5.524	1.761
PUN	6.9Ø9	9.Ø69	6.793	6.Ø19
RAJ	Ø.939	2.177	2.215	4.378
TN	7.663	4.3Ø4	8.75Ø	3.867
UP	4.127	5.575	11.569	12.832
WB	9.524	6.498	4.3Ø4	4.7Ø9
STAT	5.78Ø	5.536	5.964	5.568

Note: STAT implies the 15 States. Contd..

Table 4.1

D. Capital outlay on Machinery and Equipment

(Percent)

Sts.	1974-78	1978-81	1981-85	1985-88
AP	1.2Ø3	1.935	1.134	Ø.476
ASM	2.172	2.672	1.664	2.566
BHR	Ø.799	1.599	Ø.88Ø	1.544
GUJ	Ø.53Ø	Ø.451	1.Ø97	Ø.523
HAR	1.365	1.1Ø8	Ø.963	1.276
KAR	4.476	3.435	2.5Ø8	Ø.959
KER	Ø.844	Ø.985	Ø.469	1.74Ø
MP	Ø.936	1.5Ø6	1.229	3.517
MAH	Ø.99Ø	1.814	3.135	Ø.783
ORS	1.647	4.517	4.331	2.861
PUN	6.784	5.864	4.Ø67	4.926
RAJ	4.ØØ7	2.773	2.292	4.88Ø
TN	3.7Ø3	5.19Ø	4.951	5.Ø54
UP	Ø.496	2.656	Ø.448	Ø.886
WB	1Ø.579	8.564	5.Ø59	3.694
STAT	3.248	3.39Ø	2.424	2.246

Note: STAT implies the 15 States. Contd..

Table 4.1

E. Total Capital outlay

(Percent)

Sts.	1974-78	1978-81	1981-85	1985-88
AP	4.3Ø6	5.994	3.471	2.997
ASM	14.191	18.733	12.Ø77	16.491
BHR	11.65Ø	13.4Ø8	7.677	9.622
GUJ	3.413	2.869	6.839	4.952
HAR	18.4Ø4	12.637	11.1Ø6	5.246
KAR	1Ø.Ø83	9.118	7.948	4.915
KER	2.945	4.387	4.615	5.451
MP	7.375	6.163	4.647	5.895
MAH	3.66Ø	6.759	6.848	5.174
ORS	2.329	6.86Ø	9.855	4.623
PUN	13.693	14.933	1Ø.86Ø	1Ø.945
RAJ	4.947	4.95Ø	4.5Ø7	9.259
TN	11.367	9.494	13.7Ø1	8.921
UP	4.622	8.23Ø	12.Ø17	13.718
WB	2Ø.1Ø3	15.Ø62	9.363	8.4Ø3
STAT	9.Ø28	8.926	8.388	7.814

Note: STAT implies the 15 States.

Table 4.2

Real Growth Rates of Health Sector Inputs

Sl.	State	Commodity Purchase	Capital Outlay	Salary Spending
1	APR	2.822	1.226*	11.326
2	ASM	13.367	9.786	11.495
3	BHR	6.274	4.846	12.115
4	GUJ	4.676*	11.172	9.608
5	HAR	4.505	-5.831	11.827
6	KAR	5.448	-1.868*	7.031
7	KER	2.430*	12.465	11.384
8	MPR	4.989	1.064*	9.460
9	MAH	8.755	13.840	10.272
10	ORS	1.227*	16.472	10.379
11	PUN	11.215	3.202	8.556
12	RAJ	2.310	10.539	9.020
13	TND	4.159	4.310	9.256
14	UPR	8.904	19.443	9.441
15	WBL	2.759	-5.893	8.903
16	STT#	5.352	4.641	9.852

Refers to only fifteen major states.

* Growth rates statistically not significant from zero.

Table 4.3

Recent Trends in Receipts from Medical and Public Health

A. Total Revenue from Medical and Public Health as Percent of Total Expenditure on Medical and Public Health

(Percent)

	1975-76	1980-81	1984-85	1988-89
APR	5.68	8.78	6.07	4.31
ASM	3.94	3.47	1.59	2.21
BHR	19.23	8.49	4.66	0.00
GUJ	13.95	14.34	7.46	9.61
HAR	12.36	17.48	8.27	8.13
KAR	11.03	7.83	4.93	12.61
KER	9.19	9.21	10.46	6.79
MPR	8.02	2.40	7.23	2.49
MHR	28.59	17.35	9.81	6.77
ORS	2.59	4.40	6.04	3.95
PNB	17.63	9.62	4.46	5.44
RAJ	6.36	8.88	3.44	4.74
TND	11.00	10.70	5.94	5.29
UPR	9.23	5.62	4.25	2.60
WBL	11.47	11.80	9.26	6.57
stt	12.40	9.85	6.72	5.53

Table 4.3

B. Total Non-ESI Revenue as Percent of Non-ESI Expenditure on Medical and Public Health

(Percent)

	1975-76	1980-81	1984-85	1988-89
APR	2.92	3.37	3.79	0.82
ASM	3.89	3.47	NA	1.58
BHR	16.99	8.49	3.27	NA
GUJ	3.65	4.99	1.90	2.58
HAR	6.44	3.87	7.66	1.48
KAR	11.00	3.23	2.67	6.56
KER	3.80	4.12	3.72	1.55
MPR	4.88	2.39	6.36	2.42
MHR	12.95	3.52	1.74	1.70
ORS	2.59	3.03	4.34	1.13
PNB	15.64	5.57	4.29	5.44
RAJ	3.98	3.87	2.53	0.80
TND	3.98	9.46	3.19	1.59
UPR	5.34	1.87	1.33	0.53
WBL	2.20	2.10	2.08	-0.78
stt	6.38	4.07	3.04	1.60

Table 4.3

C. Total ESI Revenue as Percent of Total Expenditure on E S I

(Percent)

	1975-76	1980-81	1984-85	1988-89
APR	59.72	107.52	48.59	78.38
ASM	4.25	NA	NA	NA
BHR	76.78	0.18	56.68	NA
GUJ	80.99	66.11	45.10	59.96
HAR	76.43	124.37	8.27	84.62
KAR	0.41	55.10	25.08	54.26
KER	74.69	58.41	95.82	88.60
MPR	82.33	0.33	27.98	2.39
MHR	107.08	75.80	75.87	50.05
ORS	0.00	43.37	44.16	71.31
PNB	42.67	76.51	3.44	0.00
RAJ	81.69	134.42	23.66	104.25
TND	79.36	14.50	37.13	45.98
UPR	82.21	79.03	74.54	68.06
WBL	80.75	84.43	57.64	74.50
stt	78.09	69.20	52.02	60.48

Table 4.4

Imputed Interest Cost

Rupees in 00' thousands

STATE	1974-77			1983-86		
	Total Exp. Medical & Public Health Rs.	Interest Rs.	Int/T.Exp. %	Total Exp. Medical Public Health Rs.	Interest Rs.	Int/T.Exp. %
AP	10429.28	47.00	0.45	37541.82	122.00	0.32
ASM	3333.42	14.00	0.42	13289.45	70.67	0.53
BHR	6241.66	8.67	0.14	23862.98	156.33	0.66
GUJ	9096.13	32.00	0.35	29147.67	194.00	0.67
HAR	3004.96	17.33	0.58	11724.47	66.67	0.57
KAR	8723.85	141.67	1.62	28792.51	449.00	1.56
KER	8701.68	5.00	0.06	25434.89	30.33	0.12
MP	8655.75	56.67	0.65	26953.34	209.33	0.78
MAH	15643.86	41.00	0.26	59116.07	1161.00	1.96
ORS	4831.86	0.30	0.01	15733.32	12.33	0.08
PUN	4801.19	20.00	0.42	18638.78	36.00	0.19
RAJ	7757.90	15.33	0.20	25871.11	52.00	0.20
TN	13563.66	252.67	1.86	41115.47	1010.67	2.46
UP	13831.21	169.33	1.22	55764.94	330.00	0.59
WB	17541.37	28.00	0.16	47197.11	69.33	0.15

V Summary

State Governments in India have the primary responsibility to provide health and they account for about 90 percent of the total government spending on the health sector. They do receive considerable amount of assistance from the central government mainly for Family Welfare programme and some other disease control programmes. The share of central assistance in States' health budgets has increased during the past fifteen years.

Real Health expenditure grew approximately two times faster than the real GDP. But there has been a deceleration in the growth of health sector spending during the eighties. This has happened in all the important components of health sector except nutrition. In particular, the growth rate of conventional curative medical services was lower than the growth of GDP during the eighties. Overall, the health sector spending increased from 1.2 percent of GDP to 1.85 percent during the fifteen year period ending with 1987-88.

Even through the growth of health sector spending was equitably distributed, there by reducing the overall inter-state in equalities to some extent, inequalities in expenditure on Public Health and Nutrition increased sharply. It appears that inequalities in IMR and per capita SDP also increased during the past fifteen years.

Targeting of expenditure has changed considerably. The importance of conventional curative type health spending has come down, with a corresponding increase in the importance of community based preventive type expenditures like Water supply and sanitation, and Nutrition. There also appears to be a perceptible shift in spending on rural health facilities such as Primary Health Centres and rural water supply schemes.

Input composition of health sector spending also changed during the past fifteen years. Salary component of health spending increased with a corresponding fall in the shares of material purchases and overall capital expenditure. In particular, the growth of real capital expenditure was either negative or statistically not significant from zero in as many as five States.

There was a considerable slippage in the cost recovery from the Health Sector. While the cost recovery rates from the organised sector workers covered by the Employees State insurance remained high, the fall in recovery rate was considerable in non ESI Medical and Public Health Expenditure. Interest burden attributable to health sector in still a very small proportion of total health spending. It is less than one percent of the expenditure in most States, but its importance is on the increase.