

Utilization of Funds under Centrally Sponsored Schemes: The Case of Health Sector

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Measuring Utilization

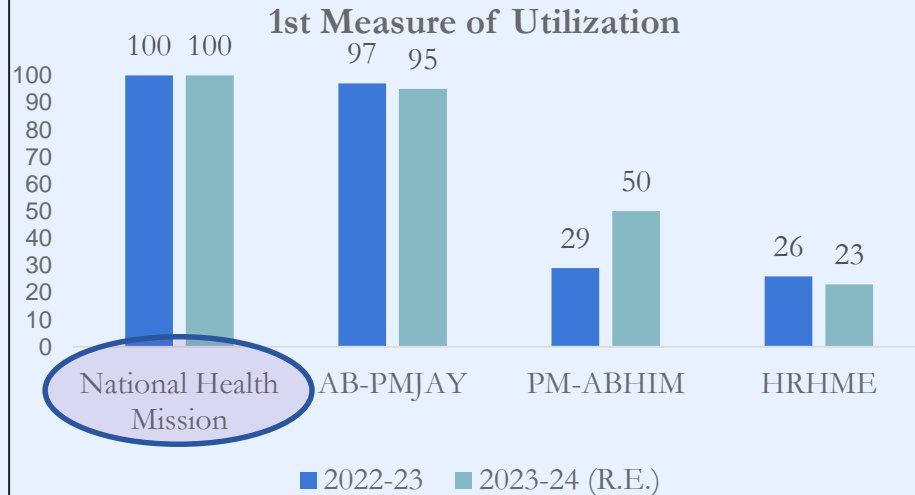
1st Measure

From Union Budget

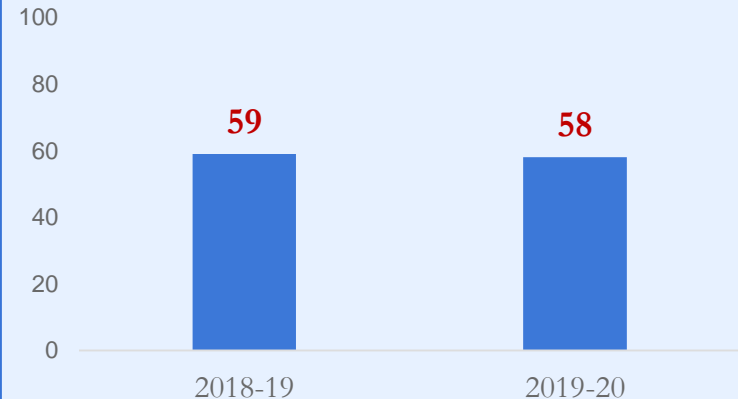
$$\text{Utilization} = \frac{\text{Actual Exp}}{\text{Budget Estimate}}$$

2nd Measure

$$\text{Utilization} = \frac{\text{Actual Exp by Implementation Agencies}}{\text{Combined Allocation of Centre and State}}$$



2nd Measure of Utilization (National Health Mission, 29 States)



Factors Affecting Utilization of Funds

Timeliness of Releases

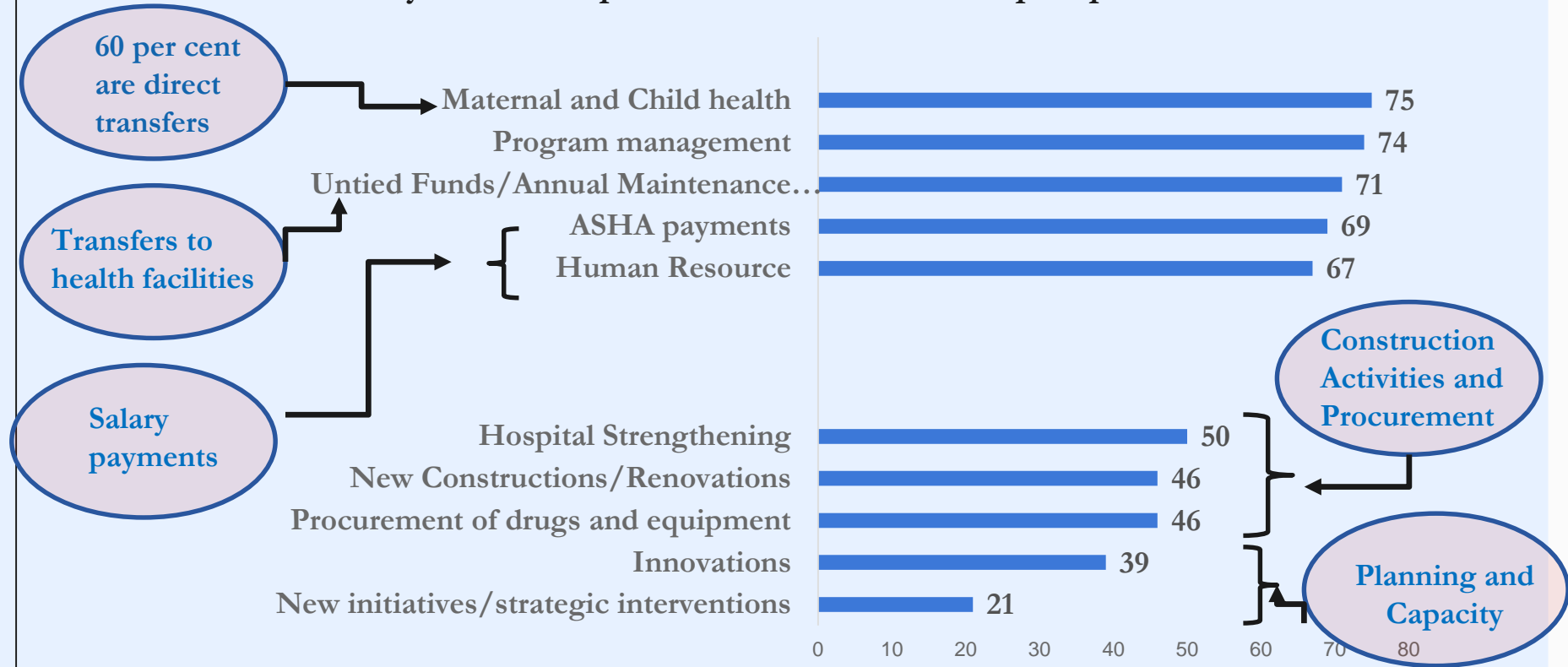
- ❑ In some 'high-focus' (relatively poor performing) states, fund releases from the Union Government get loaded towards the latter half of the financial year, leaving less time for utilization by IAs

Scheme	Illustrative of an EAG State 2023-24 (Till 23 rd Jan 2024)		
National Health Mission	Central Share		State share
	Receipt in state treasury	Release from State Treasury to SNA Account	Release of State share to SNA Account
	27 th Sep 2023 (50 %)	20 th Oct 2023 (92%)	21 st Dec 2023
		6 th Nov 2023 (8%)	
	29 th Dec, 2023 (50 %)	Not released till 23 rd Jan	

States	Cumulative Expenditure (%)			Expenditure in Q4 (%)
	Q1	Q2	Q3	
29 States (2018-19)	8	34	59	41

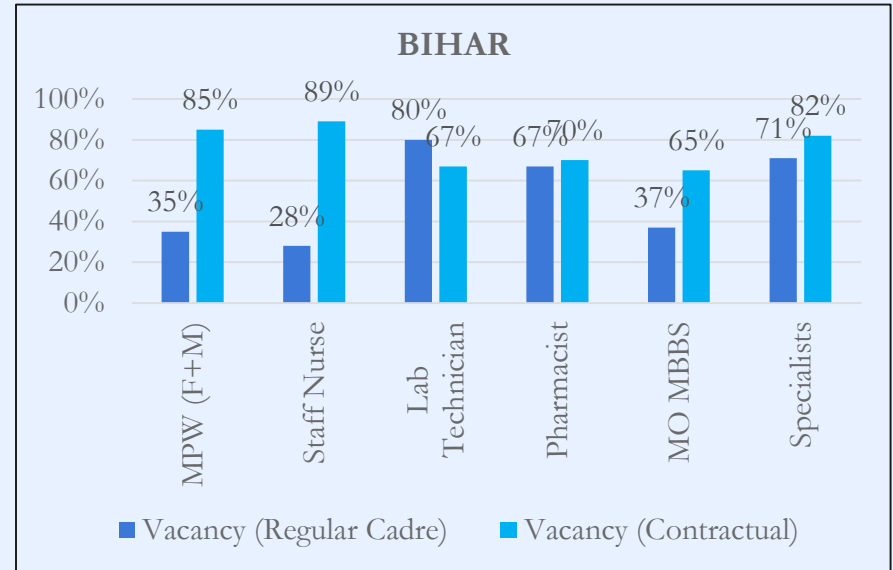
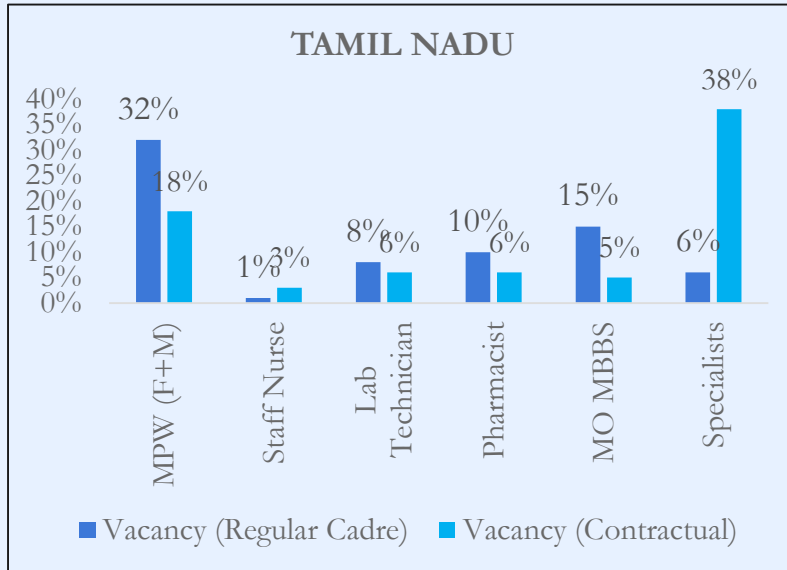
Components Involving Complex Processes (NHM)

Utilization is relatively low in components which involve complex processes



Functionality of State Health Systems

- Fund absorption is better in States with more functional Health Systems



Source: National Health Systems Resource Centre, 2021

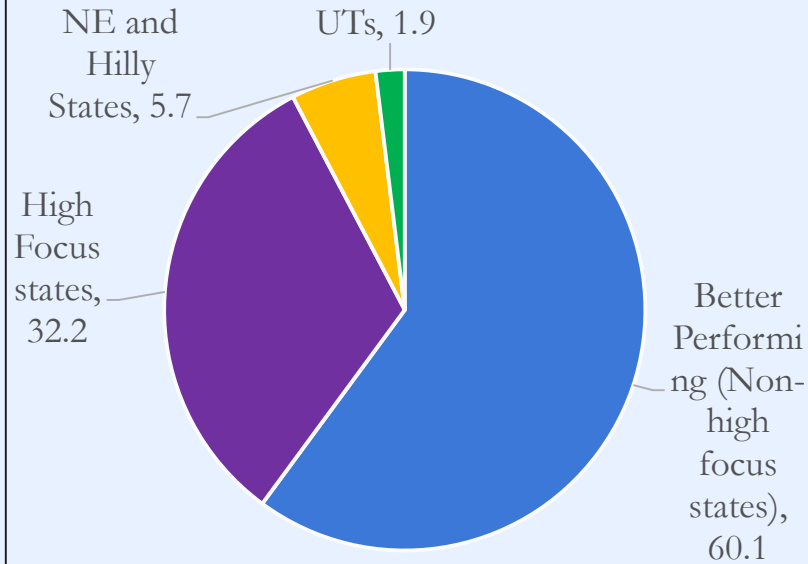
Utilization 91 per cent, 2018-19

Utilization 39 per cent, 2018-19

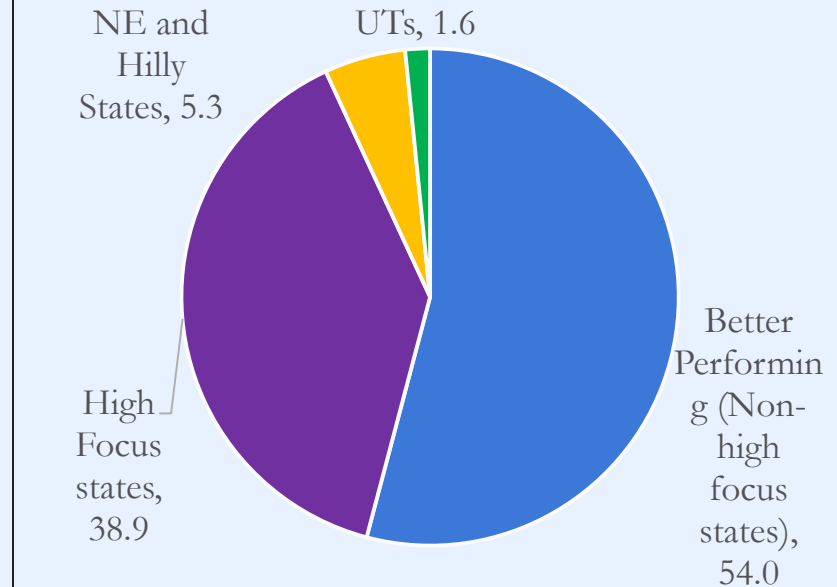
Functionality of State Health Systems affect Utilization in AB-PMJAY

- 60 % of Claims under AB-PMJAY are concentrated in relatively rich (better performing States)

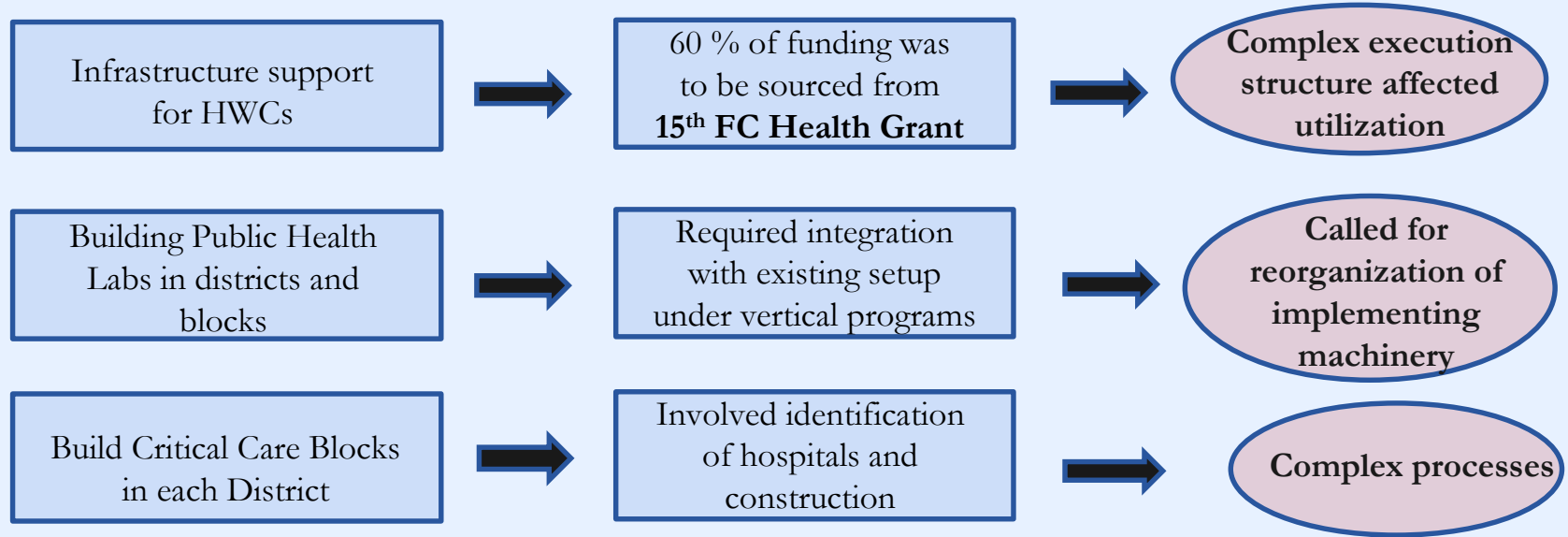
Claims



Empanelment of Hospitals



Factors Affecting Utilization of Funds under PM-ABHIM



Even if funds were utilized, there are other challenges:

- Guidelines on staffing norms of PM-ABHIM include specialists. As on March 2022, a third of the sanctioned positions of specialists in urban CHCs and two-thirds in rural CHCs were vacant.
- States have to bear the recurring costs (including human resources) associated with these infrastructure after 2025- 2026. Calls for additional financial commitment by states.

Utilization in Human Resource in Health and Medical Education (HRHME)

- The scheme strives to scale up medical personnel by establishing new medical, nursing and paramedical colleges, in addition to increasing seats in existing colleges. Also aims to upgrade district hospitals and attach them to newly established medical colleges built at district-level.
- Even if allocations were better utilized under HRHME, filling up the sanctioned teaching faculty positions could pose marked challenges
 - In Uttar Pradesh, where 17 government medical colleges were set up between 2019-2021, 30 per cent of teaching faculty positions were vacant as on March 2022.
 - In 11 of the 18 newly established functional AIIMS in the country, 40 per cent of the teaching faculty positions were vacant.
 - The challenges are likely to be higher in medical colleges attached to district hospitals.
- Apart from the structural challenges, here too additional financial commitment would be required from States to meet the recurring cost in these colleges.

Concluding Thoughts

- ❑ How do we ensure better absorption of funds in States, which are more in need of these funds?
- ❑ In schemes with a thrust on building physical infrastructure, how do we ensure that we realize the full potential of these investments?