

UNION BUDGET 2019-20: TOWARDS A HEALTHY INDIA

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Union Budget 2019-20 is broadly a step in the right direction. A number of the key health sector related programmes have seen a substantial increase in budgetary allocation this year. However, it is important to note that while the Union Budget is an important instrument, a large part of the action, both in terms of increased spending on the health sector as well as quality implementation at scale, lies in states. Thus, it will need the centre and states to work in tandem if the NHP 2017 goals of increased health spending as well as improved outcomes are to be achieved in a timely manner.

There is good news overall for the health sector in the Union Budget 2019-20 with the allocation¹ being enhanced from Rs. 54,302.5 Crore (2018-19 Revised Estimate) to Rs. 62,659.12 Crore, an increase of 15.39 per cent (Figure 1). Compared to the Budget Estimate 2018-19, the allocation for health in the 2019-20 financial year has increased by 18.67 per cent.

It is well known that investing in health makes sound economic sense. It saves lives, enhances wellness and happiness, raises productivity and generates jobs. Moreover, in order to maximise the potential of the current demographic dividend, a healthy and educated population is a must. Global evidence argues that the level of public financing for health is positively correlated with better health outcomes.

Only 30 per cent of the total health spending has been derived from public sources, with around



70 per cent being private expenditure. Globally, on the other hand, public spending² constitutes 60.1 per cent, on average, of the total expenditure on health.

As highlighted in the Economic Survey 2018-19, Government (Centre and State) spend on health as a per centage of GDP. As shown in Table 1, ideally the Union Health Budget should have been raised to approximately Rs. 70,000 crore in 2019-20 in line with the NHP 2017 target. However, an allocation of Rs. 62,659.12 crore is also fairly substantial and could perhaps be enhanced in the coming years as the flagship programmes of the Central Government such as *Ayushman Bharat* are scaled up by States.

Furthermore, it is important to note that States too have a critical role to play in ramping up Government spending on health. After all, as demonstrated by National Health Accounts data for 2015-16, of total Government health expenditure, the share of the Union Government was 35.6 per

Figure 1: Allocation for the Health Sector in Union Budget 2019-20 (Rs. crore)

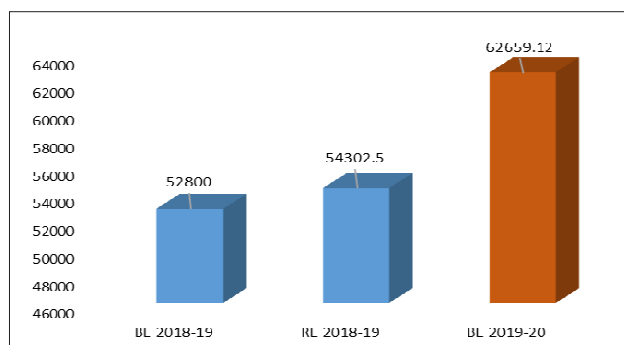


Table 1: Projected Expenditure to attain National Health Policy 2017 goal of 2.5 per cent of GDP spend on Health by Government (Rs. crore)

Year	% of expenditure	GDP assuming increase @7.2% at constant prices	GDP with Rate of Inflation @3% only	Expenditure (% of GDP)	68% of Expenditure for States	32% of Expenditure for Centre	Desired increase per annum	Remarks
1	2	3	4= [(3)*1.03]	5=(2*4)	7	6	7	8
2017-18	1.20%	1,48,87,081	-	1,78,645	1,21,479	57,166		
2018-19	1.38%	1,59,58,951	1,64,37,720	2,26,841	1,54,252	72,589	~15,000	RE 2018-19 54,200
2019-20	1.57%	1,71,07,995	1,76,21,235	2,76,653	1,88,124	88,529	~16,000	Ideally should raise to 70,000 Cr in 2019-2020
2020-21	1.75%	1,83,39,771	1,88,89,964	3,30,574	2,24,791	1,05,784		
2021-22	1.94%	1,96,60,235	2,02,50,042	3,92,851	2,67,139	1,25,712		
2022-23	2.12%	2,10,75,772	2,17,08,045	4,60,211	3,12,943	1,47,267		
2023-24	2.31%	2,25,93,227	2,32,71,024	5,37,561	3,65,541	1,72,019		
2024-25	2.50%	2,42,19,939	2,49,46,538	6,23,663	4,24,091	1,99,572		

** (a) The GDP calculations have been made assuming an annual increase of 7.2%. (b) The annual prices are expected to increase by 3%. (c) Centre: State expenditure is in proportion of 32.68. (d) 50% of central expenditure is earmarked for National Health Mission

cent and that of State Governments was 64.4 per cent. The challenge, however, is that approximately 9 states account for nearly 3/4th of the disease burden and an equal number of poor people³ While greater expenditure on health is required in these States, in particular, they might not have the requisite fiscal space. Overall, as shown in Figure 2, there is considerable scope for states to increase their spending on health in line with the NHP 2017 objective of enhancing state sector health expenditure to more than 8 per cent of their budget by 2020.

Allocations for several key programmes in the health sector such as *Ayushman Bharat*, National AIDS Control Programme and National AYUSH Mission, among others, have been increased substantially as shown in Figure 3.

Ayushman Bharat- Health and Wellness Centres

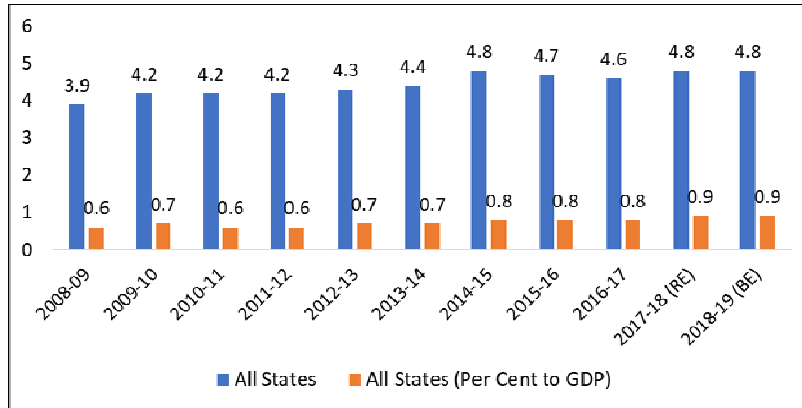
At the core of any universal coverage system is the provision of primary care in an equitable and timely manner. For a patient, primary care is often the first point of contact with the health system. At this level, there is considerable uncertainty stemming from a range of factors including genetic, environmental and behavioural. It is also true that a majority of illnesses can be tackled at the primary care level before they advance to more

complicated, challenging to treat and expensive diseases. Emphasising primary care becomes even more important in the context of an ageing population which will place additional demands on the health system which is already grappling with crowded hospital facilities, as pointed out in the Economic Survey 2019.

Historically, primary care in India has been largely focused on reproductive and child health; ensuring institutional deliveries and taking care of communicable diseases. However, there is a much broader package of services⁴ that should be delivered in primary care settings, particularly in view of the rising burden of non-communicable diseases. This includes early detection and referral of non-communicable diseases (cancer, heart disease, diabetes, hypertension, mental health disorders); education on use of safe water, toilets and menstrual hygiene management; school health interventions as well as early detection of blindness and congenital deafness.

Therefore, a key pillar of *Ayushman Bharat* is to build a system that provides comprehensive primary health services to people on the foundation of 150,000 Health and Wellness Centres (HWCs) in a phased manner between 2018 and 2022. Thus so far, 26,417 Health and Wellness Centres have been approved and 18,921 have been operationalised.⁵

Figure 2: Expenditure on Medical and Public Health and Family Welfare - As Ratio to Aggregate Expenditure



Through these Centres, the Government aims to expand the basket of services to include screening for non-communicable diseases like diabetes and cancers, in addition to reproductive, maternal and child health interventions. Drugs and diagnostics are also provided free of cost at these Centres. Further, emphasis is also placed on digitising the health records at the community level and linking them with district hospitals.

The Government has allocated Rs. 1349 crore for setting up Health and Wellness Centres under the National Rural Health Mission (NRHM) and Rs. 249 crore under the National Urban Health Mission (NUHM). In comparison to RE 2018-19, the allocations for Health and Wellness Centres under the NRHM and the NUHM have increased by 35 per cent and 25 per cent, respectively.

In addition to focusing on comprehensive primary healthcare through the Health and Wellness Centres, the Government has also enhanced the allocation of other schemes focused on health promotion and disease prevention under the National Health Mission such as the National Mental Health Programme which has seen a hike from Rs. 5.50 crore to Rs. 40 crore. Further, the budget for the National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular

Disease and Stroke has been increased to Rs. 175 crore from Rs. 100.50 crore.

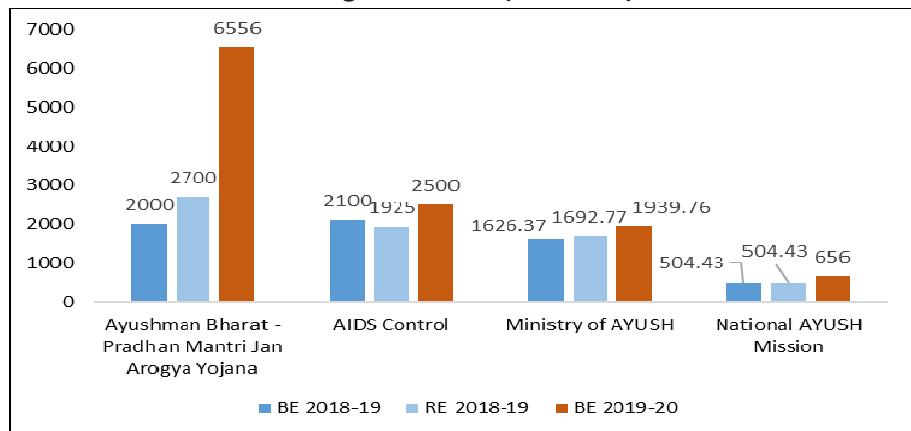
Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)

Irrespective of how effective our primary health system is, people will continue to need secondary and tertiary care. In the absence of a scheme like PMJAY, the second pillar of the *Ayushman Bharat* programme, poor patients would often be left with no choice but to delay or avoid

seeking treatment altogether. PMJAY endeavours to rectify this situation by providing approximately 10.74 crore of the poorest and most vulnerable families with an annual health cover of Rs. 5 lakh for hospitalization-related expenses. PMJAY currently covers around 1,350 medical and surgical packages across the categories of cardiology, oncology and neurosurgery, among others. By consolidating multiple health insurance schemes under PMJAY, the Government has taken a major step towards 'One Nation One Scheme', i.e., ultimately ensuring that all citizens can access a common package of secondary and tertiary health services regardless of the state in which they reside.

Since its launch, e-cards have been issued to more than 4 crore beneficiaries under the scheme and over 31 Lakh patients have availed treatment.⁶ Majority of the beneficiary verification (>90 per cent) has been done through *Aadhaar*.

Figure 3: Allocations for Key Health Sector Programmes in Union Budget 2019-20 (Rs. crore)



The scheme has empanelled over 15,000 hospitals thus far, around 50 per cent of which are in the private sector. This is encouraging because it was hitherto difficult for the poorest 40 per cent of the country's population to afford health services at private facilities, even though the latter account for more than 80 per cent of hospital beds. With considerably higher paying power on account of PMJAY and Government incentives, the supply of quality services by private facilities in Tier 2 and Tier 3 cities should ramp up. Of course, PMJAY also focuses on increasing the utilisation levels and quality of public hospitals.

The scheme has received a significant boost in the 2019-20 Union Budget, with its allocation increasing to Rs. 6,556 crore from Rs. 2,700 crore (RE 2018-19), a jump of over 142 per cent.

National AIDS and STD Control Programme

Another initiative in the health sector that has seen a major hike in budgetary allocation is the National AIDS and STD Control Programme. The allocated amount for this programme has risen from Rs. 1,925 crore (2018-19 RE) to Rs. 2,500 crore in 2019-20, an increase of nearly 30 per cent.

The National AIDS and STD Control Programme has undoubtedly been one of the more successful public health initiatives implemented in India at scale. The success of the programme is borne out by some impressive statistics.⁷ It is estimated that during 2007-2015, new HIV infections in the country reduced by 66 per cent and AIDS-related fatalities declined by 54 per cent. This translates into approximately 4.5 lakh deaths being averted. There is still, however, a long way to go before we can successfully end the AIDS epidemic.

NHP 2017 has reiterated the global goal of achieving 90:90:90 for HIV/AIDS by 2020. This implies that of all people living with HIV in India, 90 per cent should be aware of their status. Further, 90 per cent of those diagnosed with HIV should receive antiretroviral treatment and in 90 per cent of those receiving this treatment, a suppression of the virus should be achieved. Given the decline in funding of HIV programmes from external donors, it is an especially laudable move by the Government to enhance the domestic budget.

The substantial increase in budgetary allocation for the programme is also significant because a larger number of patients are now suffering from HIV along with other conditions such as TB. This is a particularly alarming development because co-infections are doubly harder and costlier for the health system to treat and manage. As emphasised in NHP, 2017, the HIV-TB co-infection, in particular needs tremendous attention given that India is grappling with a significant burden of TB and the Prime Minister has on several occasions reiterated India's commitment to eliminating TB by 2025, five years ahead of the global target.

AYUSH

After *Swachh Bharat*, there is a need to make *Swasth Bharat* a *Jan Andolan* through awareness about right nutrition, lifestyle and Yoga. India has a rich history of traditional medicine especially Ayurveda and Yoga. Over the last few years, the Government has made concerted efforts to formally mainstream AYUSH and revitalise local traditions under the National Health Mission. NHP 2017 has also recommended the mainstreaming of AYUSH.

Integration of AYUSH with modern medicine follows a more holistic approach where the goal extends beyond healing illness to promoting well-being. In fact, in countries like China, Traditional, Complementary and Alternative Medicine (TCAM) practitioners play an important role in providing health services to the population through the integration of Chinese and Western medicine in publicly-funded general hospitals as well as in mother and child care centres.

By increasing the allocation of the National AYUSH Mission and Ministry of AYUSH by 30.05 per cent and 14.59 per cent, respectively compared to RE 2018-19, the Union Government has signalled the importance of leveraging AYUSH for promoting the health and well-being of citizens, in addition to treating diseases.

Nutrition, Drinking Water and Social Welfare

In addition to several initiatives in the health sector, various programmes that directly or indirectly influence outcomes in health have also seen substantial increases in allocation in the 2019-20 budget (Figure 4). The National Nutrition

Mission (*POSHAN Abhiyaan*), for instance, has been allocated Rs. 3,400 crore compared to Rs. 3061.3 crore (RE 2018-19), an increase of over 11 per cent.

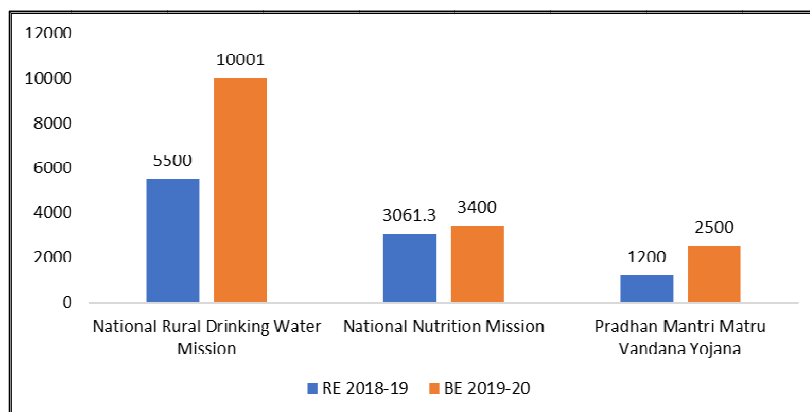
To address the challenge of malnutrition, *POSHAN Abhiyan* was launched in 2018 to provide an appropriate Governance structure reflecting the many overlapping factors that affect the nutritional status of an individual or household. The *Abhiyan* targets a reduction in stunting, under-nutrition, anaemia and low birth weight by at least 2 per cent, 2 per cent, 3 per cent and 2 per cent per annum, respectively.

Additionally, the allocation for the Pradhan Mantri Matru Vandana Yojana (PMMVY), a maternity benefit programme, has more than doubled from Rs. 1,200 crore (RE 2018-19) to Rs. 2,500 crore. The scheme provides Rs5,000 to pregnant women and lactating mothers for the birth of the first living child.

Furthermore, as part of its goal of providing piped water supply to all rural households by 2024, the Government has enhanced the allocation for the National Rural Drinking Water Mission by 82 per cent from Rs. 5,500 crore (RE 2018-19) to Rs.10,001 crore (BE 2019-20). Similar to the Government's massive sanitation drive under the *Swachh Bharat* Mission, the initiative of providing piped water to households is also likely to have important positive repercussions for public health. As highlighted in the Economic Survey 2018-19 improved toilet coverage over the last few years has played a significant role in reducing diarrhoea, malaria, still births and low birth weight cases in the country. Thus, the health impact of increased budgetary allocations for water and sanitation programmes, along with scaled-up implementation of such schemes, cannot be underestimated.

There is no doubt that the health sector has found a prominent place in India's political agenda over the last few years, leading to the implementation of a series of well-thought-out and carefully sequenced reforms and initiatives. A key step has been the roll out of *Ayushman Bharat*, perhaps the most ambitious initiative in India's

Figure 4: Union Budget 2019-20 Allocations for Key Schemes impacting Health Outcomes (Rs. crore)



health sector till date. Union Budget 2019-20 is broadly a step in the right direction. A number of the key health sector related programmes have seen a substantial increase in budgetary allocation this year. However, it is important to note that while the Union Budget is an important instrument, a large part of the action, both in terms of increased spending on the health sector as well as quality implementation at scale, lies in states. Thus, it will need the centre and states to work in tandem if the NHP 2017 goals of increased health spending as well as improved outcomes are to be achieved in a timely manner.

Endnotes

- 1 https://www.indiabudget.gov.in/exp_budget.php.
- 2 World Health Organization, Global Health Expenditure Database, 2016 (Data Year 2014).
- 3 K. Sujatha Rao. 2017. Do We Care? India's Health System.
- 4 <http://www.ijhdsdm.org/article.asp?issn=2347-9019;year=2013;volume=1;issue=3;spage=12;epage=128;aulast=Pandve>.
- 5 <https://ab-hwc.nhp.gov.in/home/login#>
- 6 <https://www.pmjay.gov.in/>.
- 7 <http://pib.nic.in/newsite/PrintRelease.aspx?relid=132173>.

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