

GOVERNMENT EXPENDITURE ON HEALTH INFRASTRUCTURE SERVICES

Merin K. Varghese

Research Scholar

Department and Research Centre in

Economics

Prof. Ramkrishna More Arts, Commerce &
Science College

Affiliated to Savitribai Phule Pune

University

Email ID - merinvarghese222@gmail.com

Dr. Manoj M. Pandkar

Associate Professor and Research

Supervisor

Department of Economics

Dr. Ambedkar Arts and Commerce College

Email ID - manojpandkar@gmail.com

Abstract - When social welfare became a priority, government spending gained increasing importance. Government expenditure occupies a central place in the development programs of socialist countries. Government corporations are spending huge amounts in various sectors through government activities. This has been a priority in India for nearly four decades since independence. The state governments have also continued to increase their expenditure for various reasons. In the last few years and especially when the program of economic reforms was being implemented, there was a universal discussion about government expenditure again. Can the government take a firmer stance on its spending, particularly in privatization and globalization programs? The answer is mostly yes. Education, health, housing, basic services, and many other things are still justifiable to continue to spend heavily and thus public spending is justified everywhere even in today's economic structure.

Keywords- Government Expenditure, Mathematics of Health Expenditure, Social Welfare

Introduction-

Expenditure incurred by Central and State Governments as per budget is Government Expenditure. The government has to incur huge expenses continuously to run the administration. The government has to carry out the projects of maintaining law and order, keeping the judicial system in good condition, implementing various development programs, eradicating poverty, and increasing employment. The government performs these tasks to eliminate economic and social inequality and to protect against foreign invasions. There are varying opinions on public expenditure. In eighteenth-nineteenth century England and Western Europe, the government generally had a policy of non-intervention in the overall economy. At that time, the government strongly believed in the principle that everyone knows how to protect their interests, and thus the interests of the society as a whole will be achieved through individual interests. But this picture changed in the twentieth century. Government expenditure has come to be considered indispensable for fulfilling the responsibilities of economic development and social justice.

Objectives of the Research Paper –

The researcher has set the following objectives for the research paper.

1. To study the theoretical approach of public expenditure.
2. To study public expenditure and budgetary expenditure on health infrastructure.

Research Methodology –

The type of research presented is descriptive.

Data Collection –

Secondary tools are used while collecting data for the research paper. The published information is used. In this, central and state government budgets, reference books, internet have been reviewed.

Government Expenditure Theoretical Background –

Rising government spending isn't just a coincidence or an economic crisis. The philosophical and theoretical meeting has been presented by many scholars before. Adolf Wagner (1835 – 1917), a German economist, was at the forefront. He showed a direct and clear correlation between growth in the economy and growth in government activities. The growth in government transactions is faster in both of them, he argued. It implies that the relative participation of the public sector in total economic transactions will be increasing. He also explained these previous reasons. E.g. – The major reason behind an increase in public expenditure is expenditure on law and order and war. Expenditure on these matters expands due to persistent war-like situations, persistent instability, and crime in the country. New modern and expensive technology has to be used for this work. Another factor behind the expansion of spending is the growing social responsibilities of the government. Behind this are the arrangements for health, education, and literacy, welfare schemes for the poor and disabled, and projects for the welfare of senior citizens. Child welfare, women's welfare, or other matters of public welfare fall into the third category.

Wiseman and Peacock Approaches -

Both collected general statistical information on public expenditure in England for the period 1890 to 1955. According to his study, the increase in public expenditure in the country is true, but it is not straight and continuous, it is in a shocking manner and at a lower rate. As such, public expenditure is fitted within the limits of the country's gross national income; But if the pressure of public needs increases and the total revenue of the government becomes insufficient, the government has to meet the situation by increasing its expenditure in various ways.

If necessary, the expenditure has to be met by increasing the income through tax or other means. Whichever theory of public expenditure is considered, one thing is common and that is that goods or services are not provided through market mechanisms in modern societies; Their arrangement has to be done by the government deliberately by other measures. For this

reason, the government inevitably incurs increasing expenditure on health care, education, pollution control, research, and development. In this type of service demand increases.

For example, as income levels rise during development, the demand for education services increases. In the advanced stages of development, research and development, professional education, and expansion of higher education institutions are taking place. They need a lot of money. Hospitals, universal health services, pensions for senior citizens, provision of social services, and urbanization all have to be provided for.

Mathematics of Health Expenditure -

While the government's share of total healthcare expenditure in the country is on the rise, it is encouraging, but as it is still very small compared to the Gross Domestic Product (GDP), there is a lot of room for improvement. The figures released by the National Health Accounts Office for the financial year 2017-18 illustrate the math of health expenditure. As these figures are from three years ago and the increase in public health expenditure in the last two years due to Corona does not make the NHA report out of date. Rather it shows the comparative status of health expenditure. In the financial year 2013-14, government expenditure accounted for 28.6 percent of the total expenditure on the health sector; It went up to 40.8 percent in 2017-18, an increase of over 12 percent in four years. 59.2 percent of the expenditure on health is still borne by the private sector. Only if it is reduced, the burden of health expenditure on the citizens can be reduced and the next step towards a welfare state will be taken. The proportion of individual expenditure on health by citizens has fallen below 50 percent in 2017-18. It was 48.8 percent that year and 64.2 percent in 2013-14. Although this decline is significant, it is higher than the global average (18 percent). Only if the government's share of health expenditure increases will the proportion of individual expenditure decrease. In 2017-18, the government spent 5.1 percent of its total expenditure on health. In 2013-14, it was only 3.7 percent. The need for government spending on both health and education to be significant relative to overall GDP is consistently expressed, but it is seen from the report of 'NHA' that there is a minimal increase in government expenditure. In 2013-14, the government spent only 1.15 percent of the GDP on the health sector. In 2017-18, the ratio improved marginally to 1.3 percent. There is a demand to spend at least three percent of GDP on health; The National Health Policy in 2017 also set a target of 2.5 percent, which is much higher than the same year. Everyone is feeling the huge cost of neglecting the public health sector during the Corona period. At a time when health costs are rising day by day and health insurance is far from common, an increase in the government's share of expenditure will only be healthy for social security.

The latest report of the recently published National Health Account Estimates has revealed that the state government is inexcusably neglecting an important sector like public health facilities. On the one hand, Maharashtra, which is considered to be economically advanced, shows enough concern for public health.

The latest report of National Health Account Estimates has revealed that only 0.7 percent of the total budget is spent on the health of the people of the state. There is a lack of government health facilities in many places in urban as well as rural areas of the state and the

picture is that citizens have to rely on private doctors and hospitals. The report says that the poor people of the state are suffering the most financial impact.

According to the latest report of National Health Account Estimates, the state government has spent only 0.7 percent of the total budget of the state to provide health facilities to the citizens during the year 2018-19. It means that the state government has spent only 1470 rupees per person on the health facility of the common citizen. In the year 2014-15, this percentage was as low as 0.5 percent. Statistics show that citizens spent a total of Rs 66,703 crore on health facilities in Maharashtra during the year 2018-19. Of this, only Rs 17,934 crore (26.9 percent) was spent by the government. The remaining expenditure of Rs 48,769 crore was borne by the citizens of the state from their own pockets. In 2018-19, the Maharashtra government has spent as little as 0.7 percent of the total budget on health care, but states like Himachal Pradesh have spent 1.7 percent of the total budget on health facilities for the citizens of the state.

Inadequate number of Government Health Centers -

A team from the Asian Development Bank recently surveyed the public health facilities available in Maharashtra. According to this survey, it has been seen that there is a dearth of government health facilities in many places in urban as well as rural areas of the state. There is a total requirement of 2,299 Primary Health Centers in the state and currently, 1,828 Primary Health Centers are functioning. A total of 471 Primary Health Centers are still facing a shortage. There is a total requirement of 14,122 sub-health centers in the state. Out of them, 10,668 sub-centers are functioning and 3,444 sub-centers are lacking. While there is a need for 574 community health centers in the state, community health centers are functioning in 364 places and there is a shortage of 210 centers. A total of 1165 primary health centers are needed in urban areas. But here too only 538 primary health centers are functioning and there is a shortfall of 627 centers.

Conclusion – Government hospitals are seen to be under pressure in many places. Due to this lack of government health facilities, common citizens have no choice but to go to private doctors or hospitals. Currently, available health facilities are lacking specialist doctors, surgeons, or health workers universally.

Reference Books –

- Central Government Budget (2022).
- Rasal Rajendra (2016), Indian Economy, Success Publication, Pune.
- Dhuri Neelam (2018), Research Methods, Phadke Publication, Kolhapur.
- Agalave Pradeep (2000), Research Methods Science and Technology, Vidya Prakashan, Nagpur.
- Daily Maharashtra Times (1 December 2021) Representative.