Source : www.thehindu.com Date : 2021-12-01

SMALL GRANT BUT A BIG OPPORTUNITY FOR LOCAL BODIES

Relevant for: Indian Polity | Topic: Devolution of Powers & Finances up to Local Levels and Challenges therein - Panchayats & Municipalities

In early November 2021, a potentially game-changing and transformative development went by, almost unnoticed — the release of 8,453.92 crore to 19 States, as a health grant to rural and urban local bodies (ULBs), by the Department of Expenditure, the Ministry of Finance. This allocation has been made as part of the health grant of 70,051 crore which is to be released over five years, from FY2021-22 to FY2025-26, as recommended by the Fifteenth Finance Commission. The grant is earmarked to plug identified gaps in the primary health-care infrastructure in rural and urban settings. Of the total 13,192 crore to be allocated in FY 2021-22, rural local bodies (RLBs) and ULBs will receive 8,273 crore and 4,919 crore, respectively.

The allocation in FY2021-22 is relatively small by some comparisons. It would be 2.3% of the total health expenditure (both public and private spending together) of 5,66,644 crore in India and 5.7% of the annual government health expenditure (Union and State combined) of nearly 2,31,104 crore (both figures for 2017-18), the most recent financial year for which national health accounts data are available (https://bit.ly/3I39G77).

Centre pitches for 10 lakh crore for panchayats from 15th Finance Commission

This grant is equal to 18.5% of the budget allocation of the Union Department of Health and Family Welfare for FY 2021-22 and around 55% of the second COVID-19 emergency response package announced in July 2021. Yet, it is arguably the single most significant health allocation in this financial year with the potential to have a far greater impact on health services in India in the years ahead.

In 1992, as part of the 73rd and 74th Constitutional Amendments, the local bodies (LBs) in the rural (Panchayati raj institutions) and urban (corporations and councils) areas were transferred the responsibility to deliver primary care and public health services. The hope was this would result in greater attention to and the allocation of funds for health services in the geographical jurisdiction of the local bodies. Alongside, the rural settings continued to receive funding for primary health-care facilities under the ongoing national programmes.

However, the decision proved a body blow, specially to urban health services. The government funding for urban primary health services was not channelled through the State Health Department and the ULBs (which fall under different departments/systems in various States) did not make a commensurate increase in allocation for health. The reasons included a resource crunch or a lack of clarity on responsibilities related to health services or completely different spending priorities. Most often, it was a varied combination of these factors. The well-intentioned legislative step inadvertently enfeebled the health services more in the urban areas than the rural settings.

Arise and rejuvenate the third layer of governance

In 2005, the launch of the National Rural Health Mission (NRHM) to bolster the primary health-care system in India partly ameliorated the impact of RLBs not spending on health. However, urban residents were not equally fortunate. The National Urban Health Mission (NUHM) could be launched eight years later and with a meagre annual financial allocation which never crossed

1,000 crore (or around 3% of budgetary allocation for the NRHM or 25 per urban resident against 4,297 per person per year health spending in India).

In 2017-18, 25 years after the Constitutional Amendments, the ULBs and RLBs in India were contributing 1.3% and 1% of the annual total health expenditure in India. In urban settings, most local bodies were spending from less than 1% to around 3% of their annual budget on health, almost always lower than what ULBs spend on the installation and repair of streetlights. The outcome has not been completely surprising. Both urban and rural India need more health services; however, the challenge in rural areas is the poor functioning of available primary health-care facilities while in urban areas, it is the shortage of primary health-care infrastructure and services both.

Urban India, with just half of the rural population, has just a sixth of primary health centres in comparison to rural areas. Contrary to what many may think, urban primary health-care services are weaker than what is available in rural India. Regular outbreaks of dengue and chikungunya and the struggle people have had to undergo to seek COVID-19 consultation and testing services in two waves of the novel coronavirus pandemic are some examples. The low priority given to and the insufficient funding for health is further compounded by the lack of coordination between a multitude of agencies which are responsible for different types of health services (by areas of their jurisdiction). A few years ago, there were a few reports of three municipal corporations in Delhi refusing to allocate land for the construction of *mohalla* clinics (an initiative of the State Health Department) and even the demolition of some of the under-construction clinics.

Editorial | Navigating the storm: On the Fifteenth Finance Commission

It is in this backdrop that the Fifteenth Finance Commission health grant — the urban share is nearly five-fold that of the annual budget for the NUHM and rural allocation is one-and-a-half-fold that of the total health spending by RLBs in India — is an unprecedented opportunity to fulfil the mandate provided under the two Constitutional Amendments, in 1992. However, to make it work, a few coordinated moves are needed.

First, the grant should be used as an opportunity to sensitise key stakeholders in local bodies, including the elected representatives (councillors and Panchayati raj institution representatives) and the administrators, on the role and responsibilities in the delivery of primary care and public health services. Second, awareness of citizens about the responsibilities of local bodies in health-care services should be raised. Such an approach can work as an empowering tool to enable accountability in the system. Third, civil society organisations need to play a greater role in raising awareness about the role of LBs in health, and possibly in developing local dashboards (as an mechanism of accountability) to track the progress made in health initiatives. Fourth, the Fifteenth Finance Commission health grants should not be treated as a ‘replacement’ for health spending by the local bodies, which should alongside increase their own health spending regularly to make a meaningful impact. Fifth, mechanisms for better coordination among multiple agencies working in rural and urban areas should be institutionalised. Time-bound and coordinated action plans with measurable indicators and road maps need to be developed. Sixth, local bodies remain ‘health greenfield’ areas. The young administrators in charge of such RLBs and ULBs and the motivated councillors and Panchayati raj institution members need to grab this opportunity to develop innovative health models. Seventh, before the novel coronavirus pandemic started, a number of State governments and cities had planned to open various types of community clinics in rural and urban areas. But this was derailed. The funding should be used to revive all these proposals.

Still no recognition of the third tier

India’s health system needs more government funding for health. However, when it comes to local bodies, this has to be a blend of incremental financial allocations supplemented by elected representatives showing health leadership, multiple agencies coordinating with each other, increased citizen engagement in health, the setting up of accountability mechanisms and guiding the process under a multidisciplinary group of technical and health experts. The Fifteenth Finance Commission health grant has the potential to create a health ecosystem which can serve as a much-awaited springboard to mainstream health in the work of rural and urban local bodies. The Indian health-care system cannot afford to and should not miss this opportunity.

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