

HITTING THE RIGHT NOTES WITH THE HEALTH BUDGET

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Health care has taken centre stage due to an unfortunate [novel coronavirus pandemic](#) that has devastated lives and livelihoods across the globe. Although India has performed relatively better in its COVID-19 management, even compared to countries with highly developed health systems, the impact of the outbreak on society and the economy is undeniable. Against this backdrop, the [Union Budget 2021–22](#) was an eagerly awaited one and the announcements for the health sector, in particular, have been widely discussed.

It is important to view the Budget in the context of the various Aatmanirbhar Bharat Abhiyaan packages announced by the Government of India, which also include several short-term and longer-term measures to strengthen the health sector. Production-Linked Incentive schemes have been announced to boost domestic manufacture of pharmaceuticals and medical devices. Mission COVID Suraksha has also been launched to promote the development and testing of indigenous vaccine candidates. At least 92 countries have approached India for a COVID-19 vaccine, thus bolstering the country's credentials as the vaccine hub of the world. Further, to ensure food and nutrition security for the poor and the vulnerable during the COVID-19 crisis, the Government of India launched the Pradhan Mantri Garib Kalyan Package for providing free foodgrains to 800 million beneficiaries. To facilitate access to subsidised grains across the country, the 'One Nation One Ration Card' scheme has been enabled in 32 States/Union Territories covering 690 million beneficiaries.

Union Budget 2021 | [Budget proposes 137% hike in health, well-being spend](#)

With respect to the “padding” of the health Budget, with allocations for water, sanitation, nutrition and clean air, as pointed out by some commentators, it is important to appreciate that the presentation of a combined ‘health and well-being’ budget, which sets the tone for greater integration of these areas, is in fact a welcome step. The National Health Policy (NHP), 2017, highlights the close links between health, water and sanitation. This year's Economic Survey too recognises that improvements in access to bare necessities such as water, sanitation and housing are strongly correlated with progress in health indicators.

The substantive allocation for the newly launched Jal Jeevan Mission (Urban) is especially commendable as access to adequate, good quality water supply has major positive externalities for the health sector. A report released by the Johns Hopkins Bloomberg School of Public Health in 2019 suggested that nearly one out of every 100 Indian children does not live to celebrate their fifth birthday on account of either diarrhoea or pneumonia. Suboptimal access to clean water and sanitation is directly linked to diseases such as diarrhoea, polio and malaria. Moreover, water contaminated with heavy metals such as arsenic increases the risk of developing heart ailments and cancer.

Another important public health-related announcement in Budget 2021 was the government's decision to expand the coverage of the pneumococcal vaccine across the country. Pneumococcal pneumonia is a major killer of children under the age of five years. Once universalised, this indigenously developed vaccine could save up to 50,000 lives annually. The Finance Minister has also made a special allocation of 35,000 crore for the COVID-19 vaccine in 2021–22, which could be increased if required. India has already delivered over eight million

doses of the vaccine to health-care and frontline workers thus far — the fastest vaccination drive in the world.

Data | [While “health and wellbeing” budget records 137% rise, health outlay declines 9.5%](#)

The priority accorded to capital expenditure through the launch of the Pradhan Mantri – Atmanirbhar Swasth Bharat Yojana (PMANSBY), is also a much-needed step. Capital expenditure has, historically, constituted only a small percentage of the overall health Budget, with the majority of funds going towards salaries and administrative costs. Further, PMANSBY lays emphasis on the health system being strengthened at all levels, including establishing integrated public health laboratories and institutes of virology. This is crucial as experts have repeatedly highlighted the need for enhancing disease surveillance and diagnostic capabilities to be better prepared for disease outbreaks. Additionally, the emphasis on expansion of health and wellness centres under PMANSBY, together with a 13,192 crore Finance Commission grant for strengthening the primary health system through local government bodies, is also noteworthy.

Another point of discussion in relation to the health Budget is the stagnant allocation for the Pradhan Mantri Jan Arogya Yojana (PM-JAY), a flagship scheme launched by the government in late 2018 as part of the Ayushman Bharat initiative. Despite being a relatively new scheme, the Economic Survey estimates a 20% decline in the infant mortality rate between 2015–16 and 2019–20 in States that adopted PM-JAY, compared to a 12% decline in States that did not. It is important, therefore, to persist with this highly ambitious scheme and accelerate its roll-out as the absorptive and governance capacity of States improve.

Union Budget 2021 | [Healthcare industry welcomes increased budget allocation](#)

A less talked about aspect of the health Budget is the nearly 40% hike for the Ministry of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH). The pandemic has catalysed a behavioural shift in favour of preventive care, holistic health and wellness. There is considerable potential for promoting ayurveda and yoga as well as integrative health-care approaches in the post-COVID-19 scenario, especially for stress reduction and the management of chronic diseases.

Undoubtedly the budgetary allocation for health needs to be ramped up over time. We also have to ensure adequate funds for critical and closely-linked sectors such as nutrition, water and sanitation. The onus of increasing health spending, however, does not lie with the Centre alone but also with the States also. In fact, as elucidated in the National Health Accounts 2017, 66% of spending on health care in India is done by States. It is imperative, therefore, that States increase expenditure on health to at least 8% of their budget by 2022 as recommended by the National Health Policy (NHP), 2017 and the Fifteenth Finance Commission.

Comment | [‘Budget lays foundation for Atmanirbhar healthcare system’](#)

The health sector has found a prominent place in the government’s agenda over the last few years, with the implementation of a series of well-thought-out and carefully sequenced reforms. While much remains to be done, the Union Budget 2021–22 has laid a strong foundation to increase the resilience of the sector in the post-COVID-19 era and achieving Universal Health Coverage by 2030 as part of the Sustainable Development Goals agenda.

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