

Union budget 2022 and Indian healthcare sector

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Union Budget 2022 is the second budget after the spread of the Covid-19 pandemic. India has already faced two waves of Covid-19 in September 2020 and May 2021 and is currently facing the third wave with the Omicron variant. Chapter 10 of Economic Survey 2021-22, "Social Infrastructure and Employment", discusses the performance of the education, health, and employment sector and its struggle in the wake of the Covid-19 pandemic. The Survey praises the vaccination programme India conducted for its population as one of the world's largest vaccination programs. Being the second-largest populous country globally, India has ensured free vaccines to its population and supported the production of COVID vaccines domestically. Union Budget for 2021-22 - the first budget during the pandemic had allocated Rs. 35,000 crores for the procurement of vaccines. With these, 93 per cent of 18 year and above persons have been vaccinated with the first dose and about 70 per cent with the second dose (Economic Survey, 2021-22; p. 343.).

The Covid-19 pandemic exposed the low levels of public spending on health and health infrastructure as well as some key challenges that hinder better progress in health outcomes. The State Finance Account, RBI, and the Fifteenth Finance Commission have highlighted the burden of out-of-pocket spending (60 per cent of total health expenditure) and suggested that the combined spending of both the Centre and state government on health should rise to 2.5 per cent of the GDP as envisaged in the National Health Policy, 2017. Thus, this budget is significant in this perspective and has a higher responsibility to map the public health expenditure of the country.

This article discusses how the Union Government, through its budget 2022-23, has approached the health system during the pandemic; whether the government identified the fault lines in the healthcare sector which was unmasked by the pandemic; and whether the budgetary allocations are sufficient to meet the healthcare expenditures.

Provisions in the union budget 2022 and healthcare

The government announced the following major schemes for the healthcare sector.

1. The pandemic had accentuated the mental health problems in people of all ages. Hence, the government announced a plan to set up a National Tele-Mental Health programme in India. The Minister announced that 23 tele-mental health centres would be launched with the National Institute of Mental Health and Neuro Sciences (NIMHANS) as the nodal centre, and IIT Bangalore will provide the technical support for the mental health programme.
2. The finance minister announced that 'Ayushman Bharat Digital Mission' - an open platform for the national digital health ecosystem - would be rolled out with an allocation of Rs 200 crore. It would consist of digital registries of health providers and health facilities, unique health identity and universal access to health facilities. The objective is to develop a repository of verified hospitals, clinics, doctors, physicians, nurses, and pharmacies. This is expected to revolutionise India's health ecosystem.
3. 95 per cent of 112 aspirational districts had made significant progress in health and other parameters, and those efforts would now be made to work on districts that were lagging.
4. Integrated architecture: Mission Shakti, Mission Vatsalya, Saksham Anganwadi, and POSHAN 2.0 to be launched. These are the umbrella Schemes of the Ministry of Women and Child Development. Mission Shakti envisages unified citizen-centric lifecycle support for women through safety and security and empowerment of women. While the objective of Mission Vatsalya is for the development of children. Mission POSHAN 2.0 is an Integrated Nutrition Support Programme. It seeks to address the challenges of malnutrition in children, adolescent girls, pregnant women

and lactating mothers through a strategic shift in nutrition content and delivery and by the creation of a convergent ecosystem to develop and promote practices that nurture health, wellness and immunity.

5. Two lakh Anganwadis to be upgraded to Saksham Anganwadis. These are new generation Anganwadis with better infrastructure, and audio-visual aids provide an improved environment for early childhood development. It comes under the umbrella scheme of Saksham Anganwadi and POSHAN 2.0. The scheme includes Umbrella ICDS - Anganwadi Services, Poshan Abhiyaan, Scheme for Adolescent Girls, and National Creche Scheme.

The total allocations to the healthcare sector are represented in Table 1. It reveals that total allocation to the health sector in 2022-23(BE) has declined 6.1% over 2021-22 (BE). This comes after a 137 per cent increase in the expenditure on health and wellbeing in the previous Union Budget. This decline is mainly due to the decline in vaccination allocation (85.7%). Apart from the Ministry of AYUSH, other ministries increased the budgetary allocation by more than 10% compared to 2021-22(BE). However, the relevant period to compare whether budgetary allocation in 2022-23 increased or not is 2021-22 (RE), not 2021-22(BE). This is because the revised expenditure shows how much expenditure is required to strengthen and modernise the healthcare sector. The RE figures for the 2021-22 budget show the demand for expenditure. Thus, the government was expected to spend more on top of the revised expenditure in 2021-22. The healthcare sector needs a continuous increase in allocation, not a one-off rise in budgetary provision. Thus, we compare the Union government's budgetary allocation in 2022-23(BE) over 2021-22(RE).

This comparison gives a depressing picture of the Union government's priorities. The total health expenditure in 2022-23(BE) is 9.6 per cent below the expenditure incurred in 2021-22(RE). This is primarily due to less budgetary provision for vaccination which declined by 87.2 per cent. The nominal allocation towards vaccination is a matter of concern since there was a risk of a third wave because different coronavirus variants emerged every other day. While Rs 5,000 crore was earmarked for Covid vaccination support to states in 2022-23, 2021-22's Revised Estimate shows a spend of Rs 39,000 crore on the vaccination drive that has covered over 75 per cent of the adult population since its launch. The argument behind this drop in allocation for vaccination is that the government feels that adequate jabs have been administered. On the eve of new covid variants, India opts for booster doses or doses

against new variants. It is essential to have a well-thought-out policy to ensure vaccines are available free of cost and accessible through the public health system. Thus, it was expected that the government should have made provisions for completing the second dose for all eligible citizens of the country and booster doses for everyone.

A ministry-wise analysis of budgetary allocations reveals that the allocation for health and family welfare and health research was up marginally by 0.1 and 3.9 per cent, respectively, over 2021-22 (RE). These budgetary provisions are less than 2021-22(BE) adjusting for inflation. Though this can be seen as an initiative from the government to boost the healthcare sector in nominal terms, it is not sufficient to recover the country's health challenges amid this pandemic.

Table 1. Allocation for Healthcare Sector (in crore)

Department	Actuals 2020-21	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)	FY 23BE over FY22BE (%)	FY23BE over FY22RE (%)
Department of health and family welfare	77569.33	71268.77	82920.65	83000	16.5	0.1
Department of health research	3124.59	2663	3080	3200.65	20.2	3.9
Ministry of AYUSH	2126.46	2970.3	2664.42	3050	2.7	14.5
Vaccination		35000	39000	5000	-85.7	-87.2
Department of drinking water and sanitation	15967.3	60030.45	51036.9	67221.12	12.0	31.7
Total	98787.68	171932.52	178701.97	161471.77	-6.1	-9.6

Source: Union Budget 2022-23.

Allocation towards the department of drinking water and sanitation rose by 31.7 per cent in 2022-23(BE) compared to 2021-22(RE) and 12 per cent compared to 2021-22(BE). The apparent massive increase of 31.7 per cent is because the actual spending was less than the budgeted expenditure of Rs 60030 crores. Irrespective of the quantum of increase, the budgetary allocations in 2022-23 show the government's commitment to improving the country's drinking water and sanitation infrastructure.

Decomposition of allocation towards health and family welfare departments reveals that three health items have significantly increased, namely National Health Mission, Pradhan Mantri Swasthya Suraksha Yojana, and health infrastructure. There has been an increase of over 7

per cent in the allocation towards the National Health Mission in 2022-23(BE) over 2021-22(RE). But the budgetary allocation saw an increase of 1 per cent from 2021-22(BE). Pradhan Mantri Swasthya Suraksha Yojana has also seen an allocation increase from Rs 7,400 crore to Rs 10,000 crore (35.15 per cent change over 2021-22(RE) and 43 per cent change when compared with the 2021-22(BE)). The health infrastructure mission, too, has seen its budget go up from Rs 315 crore to Rs 978 crore (210.5 per cent). However, this astronomical increase is for the setting up of AIIMS and upgradation of government medical colleges, not for other development expenditures. The capital expenditure is, of course, welcome, but not at the cost of development expenditure and the welfare of the people.

Moving on to the food and nutrition, the budget allocation for school midday meals, renamed as PM-POSHAN, has declined by 11 per cent. There has been a negligible increase in the newly renamed POSHAN 2.0 for pre-school children. In FY22BE, the corpus of Prarambhik Shiksha Kosh (PSK) is kept at Rs 10000 crores in the scheme of PM-POSHAN. With this additional allocation of 10000 crores towards POSHAN, it is also uncertain how two lakh Anganwadis will be upgraded with better infrastructure and audio-visual aids, powered by clean energy, but with the reduced midday meal. In the previous 2021-22 budget, 5 KG of free food grain was provided to 80 crore Indians under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). But the food subsidy budget has now been reduced by a third, which clearly indicates that despite 870 lakh tons of food grains overflowing in granaries, the government does not anticipate extending the PMGKAY or using the public distribution system as a weapon to alleviate hunger.

Disappointing health budget

Despite the lessons learned from the pandemic, the Union Budget 2022-23 did not significantly increase allocation toward the healthcare sector. The Budget has given importance to specific areas within health like tele-counselling and mental health. There is no doubt that these announcements are vital in the pandemic period. But it is equally important to spend a lot more on the health workforce and primary healthcare. The budget lacks investment in the workforce and in strengthening the district hospitals. Even in the tele-counselling, adding to the existing digital gap and confidentiality, the shortage of mental health professionals in rural areas is the biggest threat. The budget has given priority to mental health, but that too is only restricted to tele-counselling. The budget should have made investment in the prevention and treatment of diseases instead of creating the digital health

register. The Fifteenth Finance Commission has also emphasized the absence of an inadequate workforce in urban healthcare and the importance of strengthening the primary health centre.

A reading of the budget announcements indicates that the emphasis was given to critical and tertiary care. This would have been supplemented by a concomitant increase in primary healthcare allocations, whose importance was brought out by Covid-19. The government's budgetary provisions do not reflect the priority for healthcare that it deserves considering the current economic and social desolation. Years of negligence in the health sector led to such devastation in the last two years when the pandemic hit the nation. Building a resilient health system that minimizes the damages in the event of virus outbreaks should have been the utmost priority. The government should have focused more on Primary Health Centre (PHCs) and looked the healthcare as a priority sector.

Investments in health are highly important in a country like India, where health expenditure is the number one reason for families to go into poverty. Performance-wise, the current budget is highly disappointing. Through this budget, the government is signalling that Covid is no longer a threat to the 'people's health. The low priority toward the health sector in the union budget shows that for a country like India, the universal healthcare and the government's target of public health expenditure of 2.5 per cent of GDP (as envisaged in the National Health Policy, 2017) seems a distant dream. The reality is that while the union government's target is ambitious, the allocations in the budgets over the years do not come close to the targets.

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