

**TRENDING** Karnataka Play Premium IPL Health Express  
News / Explained / Explained Health / What the latest National Health Account figures say about India's healthcare sector

Premium

# What the latest National Health Account figures say about India's healthcare sector

The government spent 1.35% of the country's Gross Domestic Product on healthcare during the year, bouncing back from a slight drop seen in 2018-19 as per the report.

Written by [Anonna Dutt](#) [Follow](#)

New Delhi | Updated: April 29, 2023 09:22 IST



Healthcare staff wait to receive patients at the entrance of Covid-19 ward at Civil hospital, Asarwa in

## Listen to this article

00:00 1x 1.5x 1.8x

There has been a consistent increase in government spending, coupled with declining out-of-pocket expenditure by people on their healthcare needs, shows the National Health Account Estimates 2019-20, which was released earlier this week. The government spent 1.35% of the country's Gross Domestic Product (total value of the final goods and services in a year indicative of a country's economy) on healthcare during the year, bouncing back from a slight drop seen in 2018-19 as per the report.

The health account estimates describe the country's total expenditure on healthcare – whether by the government, private sector, NGOs, or individuals – and the flow of these funds. It answers questions such as what are the sources of healthcare expenditures, who manages the expenditures, who provides health care services, and which services are utilised.

### What were the main findings of the report?

There are four main findings of the report:

#### RECOMMENDED FOR YOU

**1** [Gum Arabic: why Sudan war could hit your fizzy drinks and candy](#)

**2** [Experts Explain | On World Malaria Day 2023, the challenges and new hopes in the fight against the disease](#)

**3** [Covid may increase the risk of Type 2 diabetes, researchers find](#)

One, the government spending on healthcare has been on the rise. The money spent by the government on healthcare as a percentage of GDP has increased from 1.13% in FY 2015 to 1.35% in FY 2020. Even this small percentage increase in the government's health kitty has translated into nearly double the money spent on each person – the per capita health spend of the government in this period has increased from Rs 1,108 to Rs 2,014.

Although the number is still far from the target of 2.5% investment in healthcare by 2025, the number is likely to shoot up in next year's report, with the increased

The government's share in the total money spent on healthcare in the country went up by a 12.4 percentage point between FY 2015 and FY 2020, increasing from 29% to 41.4%.

Two, money spent by people from their own pocket on healthcare has been going down. The report shows that 47.1% of the total spending on healthcare in FY2020 came directly out of people's pockets. But this is actually a 15.5 percentage point drop from 62.6% of the spend coming out-of-pocket in FY 2015. The aim is to bring this down as low as possible by investing in public health and insurance among others so that people don't have to shell out the money when they are sick.

-ADVERTISEMENT-

Ads by

Three, a major chunk of the government's health spend was in the primary sector. Out of the total spending by the government on healthcare in FY 2020, 55.9% went to primary care, 29.6% went to secondary care, and 6.4% went to tertiary care. To compare, the government spent 51.3% in primary care, 21.9% in secondary care, and 14% on tertiary care in FY 2015.

“It is heartening to see that there has been a consistent and fast increase in the government spending on primary healthcare. This is important because it forms the basis for preventive healthcare. This has been articulated in the National Health Policy that there will always be more spending on primary healthcare which is the backbone,” said [NITI Aayog](#) member (health) Dr VK Paul.

---

He added: “Now, there has been the great achievement of 1.5 lakh health and wellness centres across the country that can also screen people for cancers, diabetes, and eye disease.”

Four, the [union health secretary Rajesh Bhushan pointed out that there has been a consistent increase in social security expenditure by the government, which increased from 5.7% of the total spending on health in FY 2015 to 9.3% in FY 2020.](#)

### **Why does the decline in out-of-pocket expenditure bother experts?**

The marginal increase in the government spending while there is a significant drop in out-of-pocket spending bothers Dr Indranil Mukhopadhyay, health economist and professor at school of government and public policy at OP Jindal University.

He says: “First of all, the increase in government health expenditure as a percentage of GDP also takes into account capital spending (money spent on developing infrastructure). Other countries look at only the current health expenditure, which for India stands at 1.04% calculated based on this report. This puts India in 164th place out of 184 countries in terms of government health spending. Also, the marginal increase in percentage could be a factor of a shrinking economy – GDP growth was slow in FY 2020. In fact, this percentage is likely to go up further next year because the economy tanked as a result of [Covid-19](#).”

---

**[Also in Explained](#) | [Experts Explain](#) | [On World Malaria Day 2023, the challenges and new hopes in the fight against the disease](#)**

---

### **What is the reason for steadily dropping out-of-pocket expenditure?**

“If you look at the total spending on health (which includes health spend by government, private players and individuals) it has been going down as a proportion of GDP – from 3.9% in FY 2015 to 3.3% in FY 2020. This means that there is a decline in consumption of healthcare services. And, our work with NSSO data supports this as we saw a decline in hospitalisations and out-patient services. This is inexplicable!” says Mukhopadhyay.

He says that while the data might be hiding these facts, the government’s initiatives are on the right track to ensure that people’s expenses on health go down. Health

---

...become creating the treatment as the way to go, but the implementation has to be strengthened so the poor people can actually access care,” he said. The out-of-pocket expenditure can also be reduced by improvement in procurement of medicines that make a significant proportion of health costs and improving services in the public sector hospitals too.

## Best of Explained

---

[A top Pakistan minister will be in India soon, but there are no expectations from the visit. Why?](#)

[Supreme Court same-sex marriage hearing: What is the Centre's stance on the matter?](#)

[Why have Maoists killed again – and why do they repeatedly attack in Chhattisgarh?](#)

[CLICK HERE FOR MORE](#)

## Has there been an increase in spending on insurance?

Along with an increase in government spending, the report shows that there has been an increase in spending on privately purchased health insurance as well. Privately purchased health insurance made up for only 3.9% of the total health expenditure in FY 2015, which increased to 7.72% in FY 2020. The government financed health insurance spending also went up from 3.8% of the total money spent on healthcare in FY 2015 to 6.37% in FY 2020 as per the report.

Dr Paul said that increase in purchase of private insurance was an encouraging trend indicating that people accepted this as a way forward, supplementing the government's spending on healthcare. “The national regulator is also working on developing better products that people from the middle class and upper middle class would happily buy. This would increase the basket,” said Dr Paul.

## Has health spending by states gone up?

Dr Paul said that the data from the detailed report could be meaningfully used by the states to design their policy and budget. He said that there was a need for the states to increase their contribution towards healthcare and achieve the target set by the National Health Policy 2017, which says that 8% of states' budget should go towards healthcare.

“Right now except for one or two states, the target of 8% hasn't been achieved. Most

## Also Read | Healthcare in India has made great progress, but challenges remain

Only two big states and three of the smaller ones have crossed the 8% target in FY 2020 – Delhi (contributing 18.7% of its total spending on health), Kerala (8%), Puducherry (10.5%), Meghalaya (8.9%), and Goa (8.7%), according to the report.

### ALSO READ



**Gum Arabic: why Sudan war could hit your fizzy drinks and candy**



**Covid may increase the risk of Type 2 diabetes, researchers find**



**Experts Explain | On World Malaria Day 2023, the challenges and new hopes...**



**How biodiversity loss jeopardises human health**

Dr Mukhopadhyay added: “With health being a state subject, much of the government spending comes from the states. And, there is a need for the Centre to provide more support to states that demand it. At present, the government schemes force the states to spend by giving them a percentage from the Centre for the implementation of a scheme. However, if a state decides to implement a scheme, they need to be supported by Centre. Take for example, Rajasthan trying to implement the right to health bill, the Centre should encourage such efforts and give them additional funds.”

First published on: 28-04-2023 at 19:00 IST



**TAGS:** [Explained Health](#) [Express Explained](#) [Express Premium](#)

**SUBSCRIBERS READING NOW**