

## **Health Allocation - A Big Opportunity for Local Bodies**

### **Why in news?**

In early November 2021, Ministry of Finance, has released an amount of Rs 8,453.92 crore as health sector grant for rural and urban local bodies of 19 States as per the recommendations of the 15<sup>th</sup> Finance Commission.

### **What is the significance of this health grant?**

- The commission had recommended a total grant of Rs 4,27,911 crore to local governments including health grants of Rs 70,051 crore for the period from 2021-22 to 2025-26.
- Of this amount, Rs 43,928 crore has been recommended for rural local bodies and Rs 26,123 crore for urban local bodies.
- For FY 2021-22, Rs 13,192 crore has been allocated which would be 2.3% of the total health expenditure (both public and private spending together) and 5.7% of the annual government health expenditure (Union and State combined).
- This grant is equal to 18.5% of the budget allocation of the Union Department of Health and Family Welfare for FY 2021-22.
- It is around 55% of the second COVID-19 emergency response package announced in July 2021.
- These grants are meant to strengthen healthcare systems and plug critical gaps at the primary healthcare level.
- Interventions such as support for diagnostic infrastructure, block-level public health units, construction of buildings at sub centres, PHCs, CHCs will directly lead to strengthening the primary health infrastructure and facilities in both rural and urban areas.
- Rural and urban local bodies can play a key role in the delivery of primary healthcare services and in achieving the objective of universal healthcare.

### **What were the previous experiences of government funding?**

- In 1992, as part of the 73rd and 74th Constitutional Amendments, the local bodies in the rural and urban areas given the responsibility to deliver primary care and public health services.
- Alongside, the rural settings continued to receive funding for primary

health-care facilities under the ongoing national programmes.

- But, the government funding for urban primary health services was not channelled through the State Health Department and hence the ULBs which fall under different departments in various States did not increase the allocation for health.
- **Reasons** – The reasons for lesser allocation can be attributed to
  - Resource crunch
  - Lack of clarity on responsibilities related to health services
  - Completely different spending priorities
- In 2005, **National Rural Health Mission (NRHM)** was launched which partly improved the impact of RLBs not spending on health.
- The **National Urban Health Mission (NUHM)** was launched eight years later with a meagre annual financial allocation which never crossed Rs 1,000 crore (around 3% of budgetary allocation for the NRHM)
- In 2017-18, 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.

*The NRHM was launched on 12th April 2005 to provide accessible, affordable and quality health care to the rural population, especially the vulnerable groups.*

*The NUHM as a sub-mission of National Health Mission (NHM) has been approved by the Cabinet on 1st May 2013. to meet health care needs of the urban population with the focus on urban poor.*

### **What are the obstacles for localbodies in providing healthcare?**

- Urban India, with just half of the rural population, has just a sixth of primary health centres in comparison to rural areas.
- Urban primary health-care services are weaker than what is available in rural India.
- The low priority and insufficient funding for health is another issues for urban PHCs.
- The issue is further compounded by the lack of coordination between multitudes of agencies which are responsible for different types of health services.
- Land acquisition is another major hindrance and there were reports of

municipal corporations in Delhi refusing to allocate land for the construction of mohalla clinics (a State initiative) and even the demolition of some of the under-construction clinics.

- 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.

### **What can be done to improve the primary care?**

*As per the 15<sup>th</sup> Finance Commission, the urban share of health grant 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.*

- **Sensitise key stakeholders** - The grant should be used as an opportunity to sensitise key stakeholders in local bodies, including the elected representatives and the administrators on the role and responsibilities in the delivery of primary care and public health services.
- **Public awareness** - Awareness of citizens about the responsibilities of local bodies in health-care services will work as an empowering tool to enable accountability in the system.
- **Role of civil society**- Civil society organisations need to play a greater role in raising awareness and possibly in developing local dashboards to track the progress made in health initiatives.
- **Maintain fiscal health** - The local bodies should increase their own health spending and should not treat the 15<sup>th</sup> Finance Commission health grants should not be treated as a replacement for health spending.
- **Coordinated approach** - 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.
- **Health greenfield area** - Since local bodies remain health greenfield area, the young administrators in charge of RLBs and ULBs and the councillors and Panchayati raj institution members need to grab this opportunity to develop innovative health models.
- **Community clinics** - The funding should be used to revive the plan to open various types of community clinics in rural and urban areas.
- **More government funding** - India's health system needs more

government funding for health.

- This has to be a blend of incremental financial allocations supplemented by health leadership, setting up of accountability mechanisms and guiding the process under a multidisciplinary group of technical and health experts.

## References

1. <https://www.thehindu.com/opinion/lead/small-grant-but-a-big-opportunity-for-local-bodies/article37778293.ece>
2. <https://www.thehindu.com/news/national/finance-ministry-releases-8454-crore-to-local-bodies-of-19-states-towards-healthcare/article37467993.ece>

