STATUS REPORT ON MACROECONOMICS AND HEALTH INDIA
1. Introduction

India’s total health expenditure as a percentage of GDP was 4.9% in 2000. Government spending on health in India is 0.9% of GDP. In 2000, general government expenditures on health represented 17.8% of total health expenditures and health spending only represented 5.3% of the general government budget.

India’s health care sector is marked by an extremely high ratio of private spending. Private health spending represents 82.2% of total health expenditures. The proportion of public spending is increasing. The ratio of public expenditure on health to total public expenditure was 1.4% in 1980-81, 1.5% in 1990-91, and 1.8% in 1998-99.

The Commission on Macroeconomics and Health recommends that countries increase health expenditures by 1% of GNP by 2007 and 2% by 2015. The 2002 Indian national health policy strongly advocates increased spending by the central government. The policy envisages raising health expenditures from 5.2% of GDP in 2001 to 6% of GDP by 2010, with government health spending increasing from 0.9% of GDP to 2% of GDP.

States account for 51% of general government spending and exhibit significant variations in per capita health care spending. While allocative decisions probably play a role in differential per capita health spending, the main differences appear to stem from vast variations in state incomes.

India received the equivalent of 0.4% of its GNP in overseas development assistance (ODA) in 1999, less than half the developing country average of 0.9%. Of total external assistance utilized in 1997-98, loans accounted for 92.2% and grants for 7.8%.

2. Progress of Macroeconomics and Health Efforts

Based on the recommendations of the CMH report, the Government of India decided in January 2003 to establish a Temporary National Commission for Macroeconomics and Health (NCMH), co-chaired by the Health and Finance Ministers, to assess the place of health in global economic development. The NCMH will function to identify priority areas of health interventions, to investigate new financing options and to develop a program of long-term health systems strengthening especially at the local level. The commission will assess the non-financial constraints to scaling up interventions and identify cross-sectoral strategies to address these constraints.

The terms of reference were developed for the NCMH based on a macroeconomics and health framework and the composition of the NCMH decided. A sub-commission made of a full-time chair, 1-2 economists, 1-2 public health experts and the Secretary of the

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1 World Bank, Better Health Systems for India’s Poor: Analysis, Findings, and Options, May 2001.
Commission has been selected. The Sub-Commission is the actual technical and operational arm of the NCMH. It will conduct meetings and hire consultants and experts as necessary to carry forth the objectives of the NCMH and under the guidance of the NCMH.

3. Future Activities and Support

The work of the NCMH has been slow to commence, but with the active support of the WHO Representative’s Office, the momentum from the Global Consultation in October and an enthusiastic and dedicated focal point within the NCMH sub-commission, the NCMH technical sub-commission has developed a work plan for 2004, identifying the key issues for India and the resources that will be need to adequately analyse these issues. The main areas of analyses that will go into the development of a health investment proposal include an assessment of the current health financing mechanisms and options for mobilizing additional resources, costing of an essential health services package, the role of the public and private sector in delivery this package, and the implications of the HIV/AIDS epidemic. Overarching issues include monitoring and accountability, decentralization, inter-sectoral coordination, issues of equity and economic development.

The end product of the work of the NCMH sub-commission will be a report by October 2004 to presented to the NCMH. This report will be the foundation of a health investment plan that will be presented to the Government of India and further work will be undertaken to best ensure implementation and long-lasting effects of these recommendations.

4. Expected outcomes

As written, in the constitution of the India NCMH the objective of the Commission “will be to broadly assess the impact of increased investments in the health sector on poverty reduction as also the overall economic development of India. More specifically, this would involve establishing epidemiological baseline operations and targets thereof in order to formulate a long-term program for scaling up essential health interventions with the focus on the poor.”