

Determinants of Public Expenditures on Health Services in Mizoram, India

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Abstract: The expenditure on health is revealed as a kind of investment in human capital. Government has almost exclusive responsibility for providing public goods that create large positive externalities. Despite differences of opinion about the role of the government in health care, it seems that there is unanimity of view that universal access and equity are dependent on the government financial support of basic health care. The access to health services has to be need and state specific, depending on the socio-economic conditions, health outcomes and administrative capacity. Attempt is made in this paper to analyze the growth of public investment on health services in Mizoram, India. The study shows that there has been commendable growth of public investment on health services, both in current and constant prices.

Keywords: Health services, economic growth, public expenditure, investment, government.

INTRODUCTION

Health is an important constituent of human resource development and good health is real wealth of the society. It not only increases human efficiency but also decrease private and public expenditure on sickness and diseases (Becker, 1962). The global literature on health has recognized that public spending on health is essential for fighting with major diseases and meeting Millennium Development Goals (MDGs) targets. It further helps in reducing poverty deepening effect of high health (out-of-pocket) payments and overall economic development of a country (World Bank, 2004). Most of the developed countries, as a welfare state, realized this fact in advance and spent a sizeable amount of public funds in health sector as compared to the developing countries (Banerji, 1967). In the absence of enough private investment on health services, there has been unequal geographical spread of health care infrastructures in Mizoram, and many habitations in remote areas are yet to be covered by health facilities like hospitals, sub-centres, etc. In addition, poor access to health services remains the main problems faced by the poor in rural and urban areas of the state. In this situation, public investment (government spending) would be critical for the improvement of the health status of the people.

OBJECTIVES OF THE STUDY:

- (i) To analyze the growth of public expenditure on health services in Mizoram.
- (ii) To examine the share of health services in the total budgetary expenditure in Mizoram

SOURCES OF DATA AND METHODOLOGY

(a)Data Source: The study is based on Secondary data which are collected from different sources like Annual Financial Statement (various years), Demand for Grants, Finance Department, Government of Mizoram; Economic Survey-various issues, Department of Planning and Programme Implementation: Government of Mizoram; Statistical Abstract and Handbooks-various issues, Government of Mizoram ; Annual Report of Health and Family Welfare (various years), Government of Mizoram.

(b)Analytical Tools: Data collected from various sources are analyzed by using simple statistical techniques such as averages, percentages etc. The Compound Annual Growth Rate (CAGR) was also calculated by estimating log-linear regressions. A Wholesale Price Index (WPI) which is obtained from the website of the Office of the Economic Adviser, Ministry of Commerce, Government of India is used to convert the data into one series with a common base year (i.e.,1981-82=100). For this, the study covers 33 years i.e. from 1981-2014.

Socio-Economic Profile of Mizoram

Mizoram, situated in the North-Eastern region of India, is a small state with a total area of 21,081 sq. km. It is bounded by Myanmar in the East and South, Bangladesh and Tripura in the West, Assam and Manipur in the North. The state has been divided into 8 Districts, 26 Rural Development Blocks, 23 Sub-Division and 3 Autonomous District Councils. The total population of Mizoram according to 2011 census is 10,91,014 (P).

Growth Trends of Public Expenditures on Health Services in Mizoram

The significance of providing public health care facilities was perceived in Mizoram right from the colonial period where the state was very backward with no communication infrastructures. In spite of these hurdles, the colonial government had initiated several efforts to provide at least basic health services to the people, while significant contribution was also made by Christian Missionaries. The health care services provided during the colonial era was basically primary services in nature. Dispensaries were opened in different parts of the state by the government, missionaries and military establishment. The system of subsidization of private practitioners was also initiated in 1937. The State Government has shown commendable efforts towards the provision of healthcare facilities among the people. Several government medical institutions have been established in different parts of the states especially after 1987 when the Mizoram was elevated to the full fledged state. It may be noted that the modus operandi of providing health care infrastructure changes with the changes in the administrative set up of the state.

The trends of public investment on health services through budgetary expenditures in Mizoram are presented in Figure 1 & 2 and Table -1. For the sake of clarity, it is also attempted to convert the expenditure on current prices into constant price (1981-82=100) using the WPI obtained from the Chief Economic Adviser, Ministry of Commerce, Government of India. It would be clearly observed from the two figures that public expenditures on health services in Mizoram have shown gradual increase year after year both at current and constant prices. It can be seen that there are three major phases in the growth trend of public investment on health services as follows: there was more or less stable growth till 1994-95, relatively higher rate of growth from 1994-95 till 2004-05, and further increase afterward. Both the plan and non-plan expenditures have experienced a consistent growth trend till 2004-05. The non-plan expenditure has shown a downward trend during 2005-09. The total public expenditure on health services has significantly jump after 2009-10 till today, most probably due to the implementation of major centrally sponsored scheme like National Rural Health Mission and National Health Mission in the state.

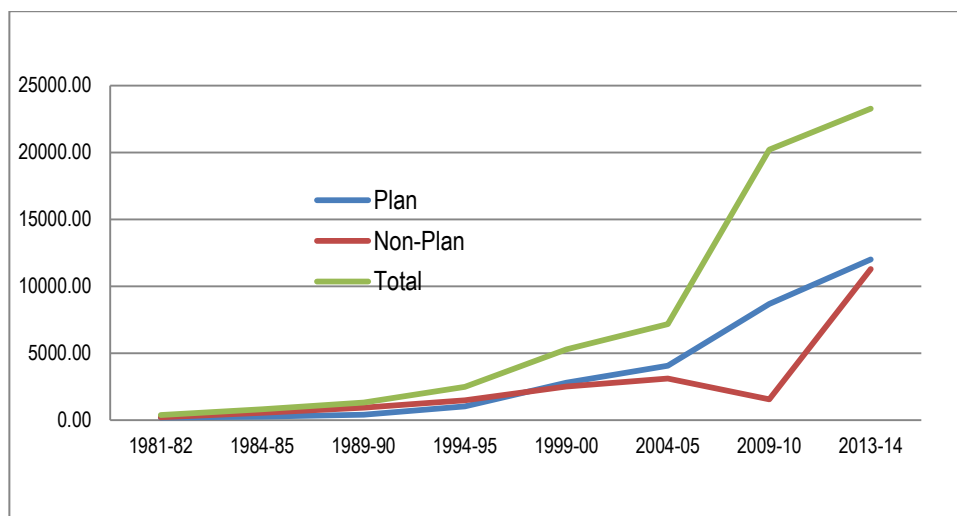


Figure 1: Growth of Public Expenditure on Health in Mizoram - Current Prices (Rs. lakhs)

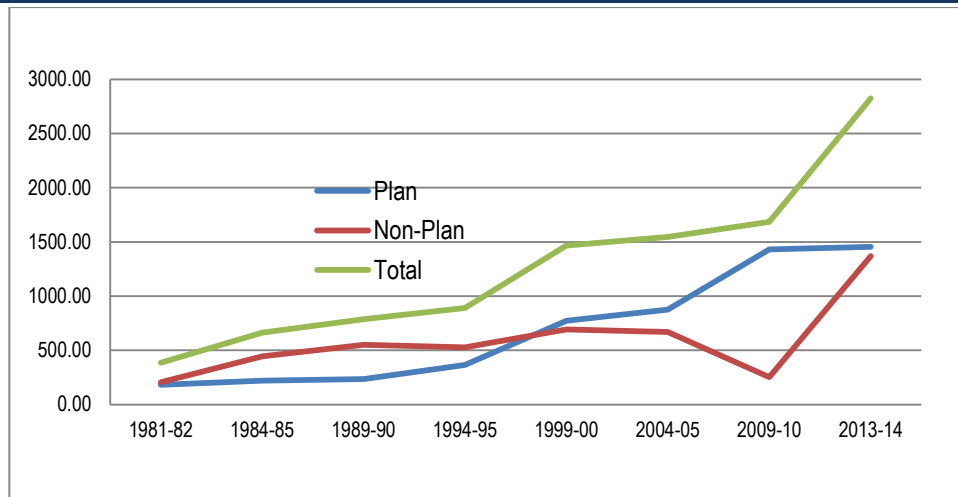


Figure 2: Growth of Public Expenditure on Health in Mizoram - Constant Price (Rs. lakhs)

It is observed from Table-1 that the plan expenditure on health services at current prices have increased from Rs.181.77 lakhs in 1981-82 to Rs.391 lakhs in 1989-90 and to a high of Rs.12003.68 in 2013-14 with CAGR of 15.26 percent, while the corresponding non-plan expenditures have increased from Rs.204.08 lakhs to Rs.11288.68 with CAGR of 10.52 percent

during the same period. At the same time, plan expenditure at constant price increased to Rs.1456.33 lakhs in 2013-14 from Rs.181.77 lakhs in 1981-82 with CAGR of 8 percent, while non-plan expenditure increased from Rs.204.08 lakhs in 1981-82 to Rs.1369.58 lakhs with CAGR of 3.46 percent during the same period.

Table 1: Growth of Public Expenditure on Health Services in Mizoram

Year	Current Price (Rs. Lakh)			Constant Price (Rs. Lakh)			Budget Share (%)
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
1981-82	181.77	204.08	385.85	181.77	204.08	385.85	4.22
1984-85	262.79	532.57	795.36	218.81	443.44	662.25	2.96
1989-90	391.00	914.08	1305.08	235.97	551.65	787.62	3.80
1994-95	1014.85	1473.52	2488.37	363.72	528.10	891.82	4.20
1999-00	2781.98	2493.81	5275.79	772.66	692.62	1465.28	5.20
2004-05	4067.35	3105.87	7173.22	876.34	669.18	1545.52	4.65
2009-10	8688.91	1536.41	20225.32	1431.17	253.07	1684.23	6.31
2013-14	12003.68	11288.68	23292.36	1456.33	1369.58	2825.91	3.00
CAGR (%)	15.26	10.52	13.2	8	3.46	5.76	

Source: Demand For Grants (Various Issues), Finance Department Government of Mizoram & Economic Survey (Various Issues), Mizoram

What is clearly observed from Table 1 with respect to the growth rate (CAGR) of public expenditures on health is the spurt of plan expenditure by 2009-10 when the plan budget was more than doubled and its growth afterward, side by side with the jump of non-plan expenditure by more than double by the year 2013-14. However, the state's inability to scale up its expenditure on health services in line with the increasing total budgetary expenses should be a matter of concern. It also revealed almost stagnating share of the expenditures in terms of its percentage share in the total budget of the state government. It has decreased to 2.96 percent in 1984-85 from 4.22 percent in 1981-82, but increased to 6.31 percent in 2009-10 and

decreased afterward to a low of 3 percent in 2013-14. Considering its ramification on the quality of life of the people, it is necessary that budgetary allocation is increased according to the pace of economic development as well as budget size.

Importance given to the health services by the government can be observed from the share of health on the total budget as presented in Figure 3. The health services occupied an important position across the period under study, taking into consideration the existing number of government departments (more than 40) which were allotted separate budgets. With the exception of significant fall during 1983-84, the percentage share of health

expenditure on total budget hovers around 3-6

percent throughout the period under observation.

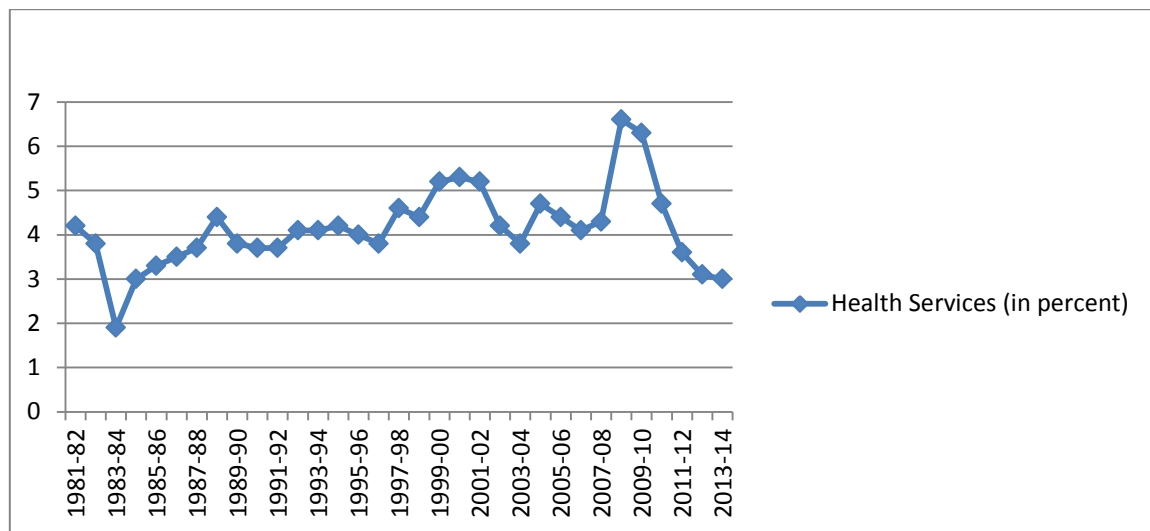


Fig-3: Share of Health Services in Total Budgetary Expenditures in Mizoram

FINDINGS AND CONCLUSION

Based on our analysis, we may draw the following findings and conclusion: *Firstly*, there has been commendable growth of public investment on health services for the state of Mizoram, both in current and constant prices during 1981-2014. The observed trend may be considered as the achievement of the state government to provide basic facilities for human resource development among the people.

Secondly, the study found that both plan and non-plan expenditures on health services increased over the period. The plan expenditure on health services at current prices have increased with CAGR of 15.26 per cent while the corresponding non-plan expenditures have increased with the CAGR of 10.52 per cent during 1981-2014. At the same time, the constant prices of plan and non-plan expenditure also increased with the CAGR of 8 per cent and 3.46 per cent. This shows that plan-expenditures increased faster than the non-plan expenditures in the state, most probably due to the implementation of major centrally sponsored scheme like National Rural Health Mission and National Health Mission in the state.

Lastly, with the exception of significant fall during 1983-84, the percentage share of health expenditure on total budget hovers around 3-6 percent throughout the period under observation. This can be otherwise taken to reveal the fact of the state government's inability to give priority towards the development of these key sectors of human capital. Thus, it is necessary to scale up the budgetary importance to ensure faster and sustained development of the state.

ACKNOWLEDGEMENT

The authors are the awardee of ICSSR Minor Research Projects. This paper is largely an outcome of the Research Project sponsored by the Indian Council of Social Science Research (ICSSR). However, the responsibility for the facts stated, opinions expressed and the conclusion drawn is entirely that of the authors.

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Source of support: Nil; **Conflict of interest:** Nil.

Cite this article as:

Lalfakawmi and Vanrammawia, K. "Determinants of Public Expenditures on Health Services in Mizoram, India." *Sarcouncil Journal of Public Administration and Management* 3.2 (2024): pp 1-5.