Chapter II Financial Resources



Chapter-II Financial Resources

2.1 Fund Management

2.1.1 Fund allocation and utilisation

The Health & Family Welfare Department, Government of Manipur received funds from two main sources: (i) State budget, which also included funds from North Eastern Council (NEC) and (ii) Grants-in-Aid from GoI, under National Health Mission (NHM) with corresponding share of the State Government.

2.1.1.1 Funds under State Budget

National Health Policy (NHP), 2002 envisaged the State Governments to increase commitment to Health Sector up to eight *per cent* of their budget by 2010, while NHP, 2017 envisaged raising Public Health Expenditure to more than eight *per cent* of the budget by 2020. The overall budget allotment and expenditure of the State Government and of the Medical, Health and Family Welfare Services (Grant No. 11) during 2014-19 was as shown in the table below:

Table 2.1: Budget allocation and expenditure during 2014-19

(₹in crore)

	S	tate	Health & Family Welfare Department		
Year	Budget Allocation	Expenditure	Budget Allocation (% of State budget)	Expenditure (% of State expenditure)	
2014-15	12,478.55	8,884.61	624.50(5.00)	578.04(6.5)	
2015-16	10,674.76	9,098.16	535.91(5.02)	485.66(5.3)	
2016-17	13,826.17	10,852.06	677.06(4.89)	479.56(4.4)	
2017-18	13,739.50	14,397.17	671.14(4.88)	583.13(4.1)	
2018-19	17,153.31	14,590.22	774.01(4.51)	614.33(4.2)	
Total	67,872.29	57,822.22	3,282.62(4.84)	2,740.71(4.74)	

Source: Demands for Grants and Appropriation Accounts.

As can be seen from the above table, budgetary outlay on Health Sector in the State during the five-year period 2014-19 declined from 5.00 *per cent* of the State budget in 2014-15 to 4.51 *per cent* in 2018-19. Further, expenditure on Health Services declined from 6.50 *per cent* of total expenditure of the State in 2014-15 to 4.20 *per cent* in 2018-19. Thus, there was a decline in both the budgetary outlays as well as actual expenditure on health as a percentage of the total State Budget and Expenditure.

Out of the total expenditure of ₹ 2740.71 crore incurred on Health during 2014-19, the revenue expenditure constituted ₹ 2446.95 crore (89 per cent) while the capital expenditure was ₹ 293.75 crore (11 per cent). The Department did not utilise the allocated funds optimally in five year period 2014-19, with the savings ranging from ₹ 46.46 crore (seven per cent) in 2014-15 to ₹ 197.50 crore (29 per cent) in 2016-17 and ₹ 159.68 crore (20.63 per cent) in 2018-19.

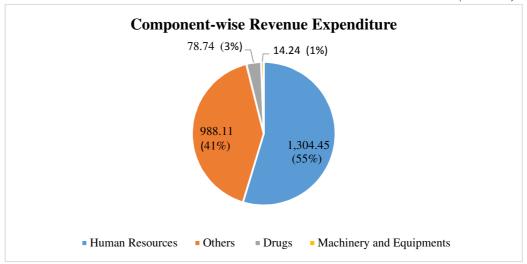
Further, NHP, 2017 stipulated that States increase expenditure on Health Sector to 2.5 per cent of Gross State Domestic Product by 2025. Against this

benchmark, the State's expenditure on Health Sector ranged between 2.27 *per cent* and 3.18 *per cent* during the period 2014-15 to 2018-19.

Revenue expenditure (component-wise) incurred by the Health Department during 2014-19 is presented in the following chart:

Chart 2.1: Component wise revenue expenditure during 2014-19

(₹in lakh)



Source: VLC data.

As can be seen from the chart above, 55 *per cent* of the revenue expenditure was incurred on human resources (Salary, Pensionary Charges *etc.*). Other expenditure, which constituted 41 *per cent* of the total Revenue Expenditure, included Grants-in-Aid ($\mathfrak{T}934.34$ crore), Office Expenses ($\mathfrak{T}42.97$ crore), Motor Vehicles ($\mathfrak{T}4.65$ crore), *etc.* The Department spent only three and one *per* cent of the total revenue expenditure on procurement of drugs and equipment respectively.

Further, the Department failed to utilise $\ref{9.99}$ crore out of the total budget provision of $\ref{88.73}$ crore for procurement of drugs during the period 2014-19. However, the Department incurred expenditure in excess of the budget provision of $\ref{83.29}$ crore for procurement of equipment during the period 2014-19 as detailed in the following table:

Table: 2.2 Budget and Expenditure for Drugs and Equipment during 2014-15 to 2018-19

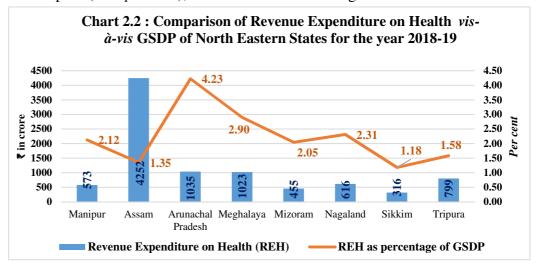
(₹in lakh)

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Particulars		2014-15	2015-16	2016-17	2017-18	2018-19	Total
Drugs	Budget	591.89	696.52	1021.60	2345.25	4217.24	8872.50
	Expenditure	570.47	418.54	411.07	2977.11	3496.58	7873.77
	Excess(+)/	(-)21.42	(-)277.98	(-)610.53	(+)631.86	(-)720.66	(-)998.73
	Savings(-)	(-)21.42					
	Budget	101.45	122.45	483.99	126.23	495.23	1329.35
Equipment	Expenditure	102.86	30.59	0.53	847.41	442.16	1423.55
Equipment	Excess(+)/	(1)1.41	(-)91.86	(-)483.46	(+)721.18	(-)53.07	(+)94.20
	Savings(-)	(+)1.41					(+)34.20

It is evident from the table above that the Department failed to utilise the entire budget provision during 2015-16, 2016-17 and 2018-19 for drugs as well as equipment.

2.1.2 Revenue expenditure on Health compared to other North Eastern States

In terms of revenue expenditure on Health during the financial year 2018-19, Manipur (₹ 573 crore) stood sixth after Assam (₹ 4,252 crore), Arunachal Pradesh (₹ 1,035 crore), Meghalaya (1,023 crore), Tripura (₹ 799 crore) and Nagaland (₹ 616 crore). However, when we compare the revenue expenditure on Health with GSDP, the position of Manipur (2.12 *per cent*) was better than that of Assam (1.35 *per cent*), Mizoram (2.05 *per cent*), Sikkim (1.18 *per cent*) and Tripura (1.58 *per cent*), as shown in the following Chart:



Source: Statement 14 of Finance Accounts.

2.1.3 Funds under National Health Mission (NHM)

Based on the Approved State Programme Implementation Plans (SPIP), GoI sanctions funds under NHM to the State in the form of Grants-in-Aid and the same were released to the Mission Director, NHM, Government of Manipur (GoM). Year-wise position of receipt of funds and expenditure incurred there against during the five-year period from 2014-15 to 2018-19 is given in the table below:

Table 2.3: Receipts and expenditure under NHM during 2014-19

(₹in crore)

Year	Opening Balance	Grants from GoI	Other receipts	Available fund [(4)+(5) +(6)]	Total Expenditure	Unspent Balance(%age) [(7)-(8)]
(1)	(4)	(5)	(6)	(7)	(8)	(9)
2014-15	51.98	143.79	50.64	246.41	175.94	70.47(29)
2015-16	70.47	167.80	60.21	298.48	213.19	85.29(29)
2016-17	85.29	75.81	23.07	184.17	127.38	56.79(31)
2017-18	56.79	178.49	36.25	271.53	174.26	97.27(36)
2018-19	97.27	215.62	53.93	366.82	301.87	64.95(18)
Total		781.51	224.1	1,367.39	992.64	

Source: Departmental Records.

As can be seen from the table above, the Mission Director, NHM failed to utilise the available funds in any of the years as the unspent balances ranged between 18 and 36 *per cent* of the total available funds during 2014-19. The Table showing NHM Health care programmes with less percentage of expenditure is as under:

Table 2.4: NHM Healthcare programmes with less percentage of expenditure during 2014-19

(₹in crore)

Programmes	Funds available	Expenditure	Unspent balance	Expenditure (% age)
National Vector Borne Disease Control Programme (NVBDCP)	23.59	14.82	8.77	62.84
National Programme for Control of Blindness (NPCB)	5.60	2.09	3.52	37.22
Intensified Diarrhoea Control Fortnight (IDCF)	0.61	0.35	0.26	57.35

Further, we noticed that the total expenditure under NPCB was only 37 per cent ($\stackrel{?}{\stackrel{?}{?}}$ 2.09 crore) of the total available funds of $\stackrel{?}{\stackrel{?}{?}}$ 5.60 crore during 2014-19.

Conclusion

The budget allotment and expenditure of the Medical, Health and Family Welfare Services (Grant No. 11) against the overall State Budget during 2014-19 was 4.8 per cent and 4.7 per cent respectively even as the National Health Policy, 2017 envisaged allocation of at least eight per cent of the total budget of the State for Health Sector. The outlay and expenditure as a percentage of total budget and expenditure had declined during the period 2014-19. The State's capital expenditure was 11 per cent of the total health expenditure incurred during 2014-19 and the State could further improve their spending for strengthening/ providing adequate health infrastructure. The Department did not utilise the allocated funds optimally in the five-year period 2014-19, with the savings ranging from ₹ 46.46 crore (seven per cent) in 2014-15 to ₹ 197.50 crore (29 per cent) in 2016-17 and ₹ 159.68 crore (20.63 per cent) in 2018-19. The expenditure on drugs/ medicines and equipment was only three and one per cent of the revenue expenditure on Health during the period respectively.

Against the normative requirement of 2.50 *per cent*, State's expenditure on Health Sector as percentage of Gross State Domestic Product, declined from 3.18 *per cent* in 2014-15 to 2.27 *per cent* in 2018-19.

The Mission Director NHM did not spend the allocated funds adequately, with unspent balances ranging from 18 to 36 *per cent* of the total available funds during 2014-19. Under National Programme for Control of Blindness, only 37 *per cent* (₹ 2.09 crore) of the funds were spent.

Recommendations

i. The State Government may enhance the budget provision and expenditure on healthcare services to the expected level of 2.50 per cent of GSDP to ensure that adequate and quality healthcare infrastructure and services are provided to the people of the State.

- ii. The Department needs to increase its spending under drugs and equipment.
- iii. The State Government may ensure optimum utilisation of the funds available under NHM by implementing the various health programmes more effectively.