

CHAPTER-2

FINANCIAL RESOURCES



Chapter - 2: Financial Resources

2.1 Fund Management

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

2.1.1 Funds under State Budget

As per the National Health Policy (NHP), 2002, State Governments were expected 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 Budget and expenditure of the State *vis-à-vis* Health Sector during the years 2014-15 to 2018-19 is given in table-2.1:

Table-2.1: Budget and expenditure *vis-à-vis* Health Sector of the State

(₹ in crore)

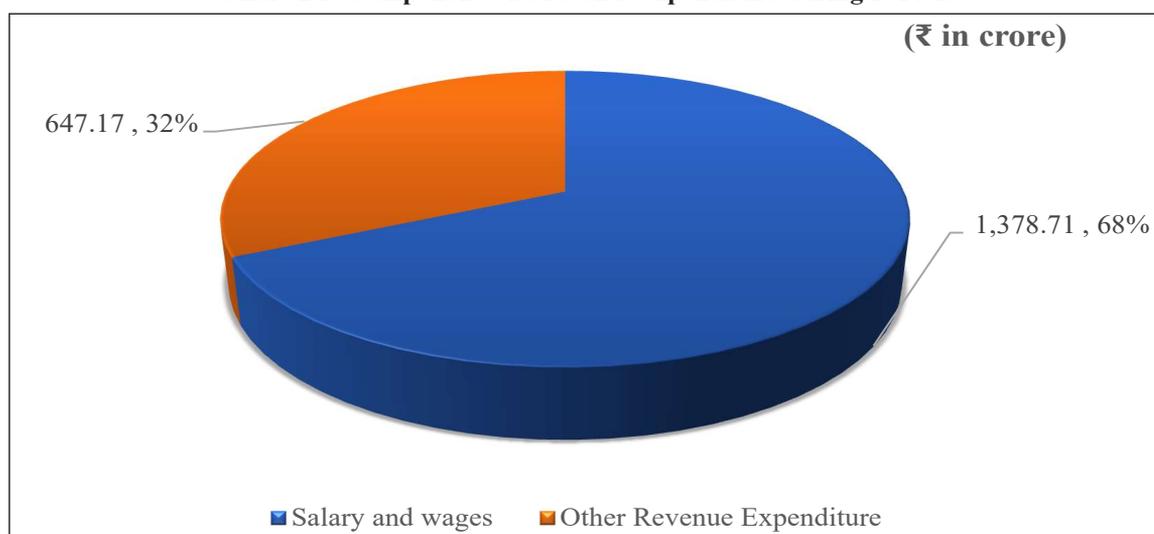
Year	State		Health		Health sector budget/ Expenditure expressed as <i>per cent</i> of State Budget	
	Budget	Expenditure	Budget	Expenditure	Health Budget	Health Expenditure
2014-15	9,106.50	7,868.97	444.88	331.53	4.89	4.21
2015-16	8,883.15	6,956.67	552.60	374.13	6.22	5.38
2016-17	9,864.03	7,580.40	573.63	399.95	5.82	5.28
2017-18	11,089.46	9,284.96	733.44	547.86	6.61	5.90
2018-19	12,599.30	9,790.41	754.34	576.85	5.99	5.89
Total	51,542.45	41,481.40	3,058.89	2,230.31	5.93	5.38

Source: Appropriation Accounts

It can be seen from the table above that the expenditure of the State Government was ₹ 41,481.40 crore against the budget outlay of ₹ 51,542.45 crore and the expenditure on Health Sector was ₹ 2,230.31 crore against the budgeted amount of ₹ 3,058.89 crore during the period from 2014-15 to 2018-19. The expenditure on Health Sector accounted for 5.38 *per cent* of the total expenditure of the State during the five year period. The actual expenditure on Health Sector was much lower than the budgeted provision, the shortfall ranging between ₹ 113.35 crore (2014-15) and ₹ 185.58 crore (2017-18). The expenditure on Health Sector fell short of the NHP stipulation ranging from 3.06 to 4.36 *per cent* during the five-year period.

Out of the total expenditure of ₹ 2,230.31 crore incurred on Health during 2014-19, revenue expenditure constituted ₹ 2,025.88 crore (90.83 *per cent*) while capital expenditure was ₹ 204.43 crore (9.17 *per cent*). Revenue expenditure (component-wise) incurred by the Health and Family Welfare Department during 2014-19 is presented in the following chart:

Chart-2.1: Component wise revenue expenditure during 2014-19



Source: Data from Voucher Level Compilation, AG, Mizoram

As can be seen from the chart above, 68 per cent of the revenue expenditure was incurred on human resources (salary and wages); while 32 per cent was incurred towards Office Expenses (₹ 26.36 crore), Supplies and Materials (₹ 14.45 crore), Machinery and Equipment (₹ 155.52 crore), Motor Vehicles (₹ 4.67 crore), Other charges (₹ 56.00 crore), etc. The expenditure under these heads increased by 47.16 per cent from ₹ 98.00 crore in 2014-15 to ₹ 144.22 crore in 2018-19. Further, expenditure on Supplies and Material showed a decreasing trend as it declined to ₹ 1.45 crore in 2017-18 from ₹ five crore in 2014-15. However, in 2018-19, the expenditure reached to the level of 2014-15. Moreover, expenditure on Machinery and equipment increased from ₹ 2.44 crore in 2014-15 to ₹ 34.13 crore in 2018-19.

The Department was not efficient in spending their budget since the savings during the period 2014-19 were to the tune of ₹ 828.58 crore and ranged between 25 to 32 per cent during the period. The State Government stated (October 2020) that due to financial crunch, the State could not allocate funds as per target set under NHP.

2.1.2 Funds under National Health Mission

Government of Mizoram received substantial funds from Government of India under National Health Mission (NHM) as detailed in the table below:

Table-2.2: Allocation and expenditure under NHM

Year	Opening Balance	Source of Funds				Expenditure	Closing Balance	Percentage of utilisation
		GoI	GoM	Interest	Total			
2014-15	15.31	77.36	5.72	0.12	98.51	54.71	43.80	55.54
2015-16	43.80	73.74	4.55	0.41	122.50	97.30	25.20	79.43
2016-17	25.20	84.92	8.30	0.69	119.11	93.38	25.73	78.40
2017-18	25.73	85.66	9.23	0.59	121.21	104.05	17.16	85.84
2018-19	17.16	84.91	16.08	2.04	120.19	100.68	19.51	83.77
Total		406.59	43.88	3.85	469.63	450.12		95.85

Source: Mission Director, NHM Mizoram

From the above table, it can be seen that the percentage of utilisation of available fund under NHM ranged between 55.54 and 85.84 *per cent* during 2014-15 to 2018-19 leaving a substantial balance during all years of the audit period.

2.1.3 Funds position of sampled District Hospitals

The expenditure of the three test-checked district hospitals *vis-à-vis* the total expenditure on Health during 2014-19 was given in table-2.3:

Table-2.3: Expenditure of sampled DHs

Year	State expenditure on health	Aizawl CH		Champhai DH		Lawngtlai DH	
		(in crore)	(in per cent)	(in crore)	(in per cent)	(in crore)	(in per cent)
2014-15	331.53	33.22	10.02	3.37	1.02	2.23	0.67
2015-16	374.13	32.73	8.75	2.94	0.79	2.04	0.54
2016-17	399.95	37.98	9.50	3.79	0.95	2.79	0.70
2017-18	547.86	40.00	7.30	4.07	0.74	2.97	0.54
2018-19	576.85	45.08	7.82	4.36	0.76	3.48	0.60
Total	2,230.32	189.01	8.47	18.53	0.83	13.50	0.61

Source: Voucher Level Compilation data

It can be seen from above that the expenditure incurred by the test-checked DHs was 9.91 *per cent* of the total expenditure incurred by the State Government on Health during the period 2014-15 to 2018-19. The expenditure of Aizawl Civil Hospital ranged from 7.30 to 10.02 *per cent* during the five year period while the expenditure of Champhai and Lawngtlai District Hospitals accounted for less than one *per cent* of the total expenditure of the State on Health during the five year period from 2014-15 to 2018-19.

Conclusion

The total expenditure on Health was ₹ 2,230.31 crore during the period 2014-19 and it had increased from ₹ 331.53 crore to ₹ 576.85 crore during the period. The Capital Expenditure was 9.17 *per cent* of the total expenditure during the period.

The total budget allocation for Health Sector by the State Government as compared to the overall State Budget for the period 2014-19 fell short of NHP, 2002 and NHP, 2017 stipulation in all the years. The budget allotment and expenditure of the Health and Family Welfare Department against the overall State Budget and State expenditure during 2014-19 was 5.93 *per cent* and 5.38 *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.

Recommendation

The State Government may enhance the budget provision and expenditure on healthcare services to ensure that adequate and quality healthcare services are provided to the people of the State.

