

Chapter-VI
Financial
Management

Chapter-VI Financial Management

Audit noticed that State specific Health Policy has yet not been framed in the State. Audit also noticed persistent savings and inadequate utilisation of available funds in the Healthcare sector, which is indicative of ineffective budgetary controls in the departments. Total Health Expenditure and Government Health Expenditure increased in absolute terms during 2016-17 to 2019-20 in the State.

This chapter comments on the Policy planning, provision, allocation, availability and expenditure of funds towards Healthcare in Rajasthan.

The financing to the State is based on the State's Programme Implementation Plan (SPIP). The SPIP is a document to be prepared by the States annually which helps them in identifying and quantifying their targets required for programme implementation for the proposed year.

6.1 Non formulation of State Health Policy

Public health is a State subject and States are expected to frame their own policies on the lines of National Health Policy (NHP) to guide the development of health sector in each State. Audit observed that the GoR had not framed a State specific Health Policy till date (May 2023).

The State Government stated (January 2024) that State Health Policy has not been framed, but State is making efforts to comply National Health Policy as far as possible.

6.2 Financial Management

Adequate and timely availability of funds is a fundamental pre-requisite for the delivery of quality and efficient healthcare services. Funds to the GMIs are made available through the State budget. Financial assistance under the NHM is also received from the GoI with corresponding share of the State Government. Apart from the State funding, expenditure is also incurred through the regular budget heads of DMH&FW and DME.

The year-wise budget estimates and actual expenditure during 2016-17 to 2021-22 in DMH&FW and DME are shown in **Table 6.1** below:

Table 6.1: Budget provision and actual expenditure in DMH&FW and DME
(₹ in crore)

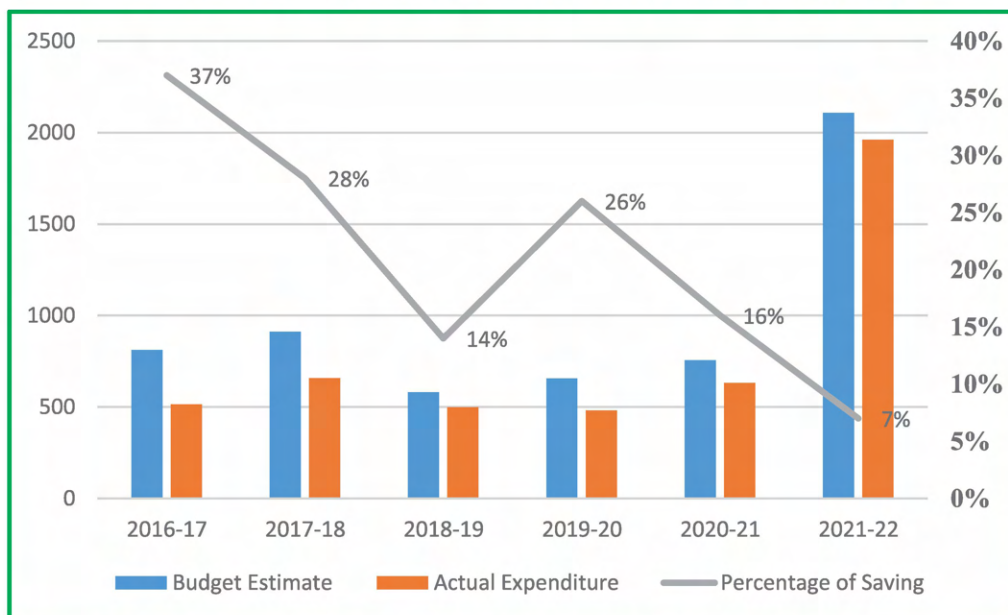
Year	Budget Estimate		Actual Expenditure		Saving		Percentage of saving	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
2016-17	811.73	9,456.75	514.30	7,737.83	297.43	1,718.92	37	18
2017-18	911.57	9,889.23	657.44	9,342.12	254.13	547.11	28	6
2018-19	581.49	11,581.92	499.17	11,362.32	82.32	219.60	14	2
2019-20	655.88	12,885.40	482.23	11,661.63	173.65	1,223.77	26	9
2020-21	756.59	12,637.71	631.85	11,988.14	124.74	649.57	16	5
2021-22	2,108.48	14,969.45	1,961.64	14,350.14	146.84	619.31	7	4
Total	5,825.74	71,420.46	4,746.63	66,442.18	1,079.11	4,978.28	19	7

Source: Income Expenditure estimates by Finance Department, GoR and Finance Accounts of GoR for respective years.

As evident from the above Table, out of the total budget (of Department of Medical, Health & Family Welfare and Medical Education Department) of ₹ 77,246.20 crore from 2016-17 to 2021-22, the expenditure incurred was ₹ 71,188.81 crore. There was a total saving of ₹ 1,079.11 crore (18.52 per cent) under Capital head and of ₹ 4,978.28 crore (7 per cent) under Revenue head in Healthcare sector during 2016-17 to 2021-22.

i. Saving under Capital head in the Healthcare sector

Saving under Capital head in Healthcare sector is shown in **Chart 6.1**:

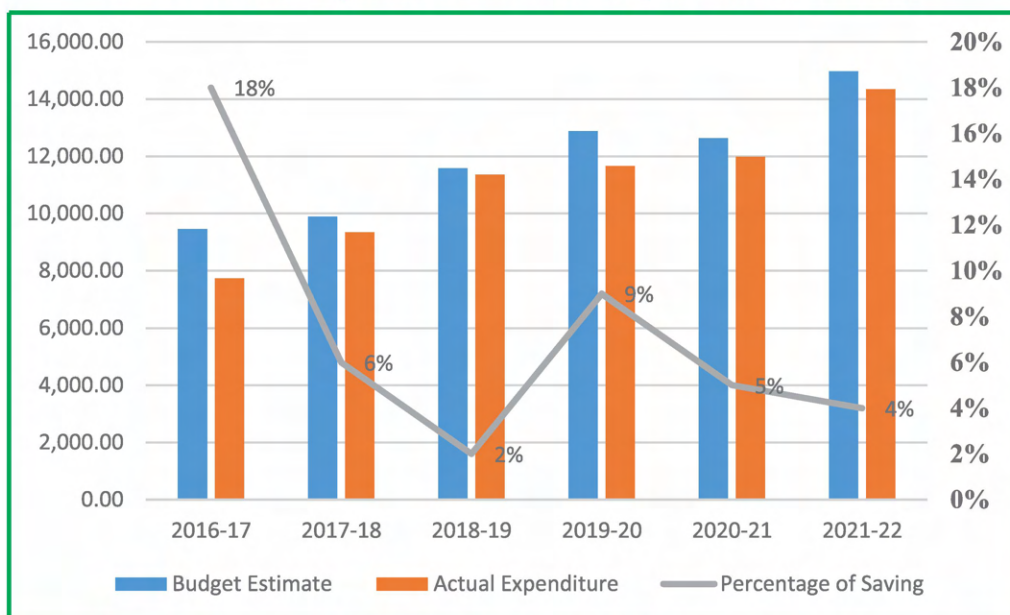
Chart 6.1: Saving under Healthcare expenditure (Capital)

Source: Finance Accounts of Government of Rajasthan for the respective years.

The above chart shows that savings during 2016-17 to 2021-22 under Capital head of Healthcare sector had decreased from 37 per cent to 7 per cent.

ii. Saving under Revenue head in healthcare sector

Savings under Revenue head in Healthcare sector during 2016-17 to 2021-22 is shown in **Chart 6.2**:

Chart 6.2: Saving under Healthcare expenditure (Revenue)

Source: Finance Accounts of Government of Rajasthan for the respective years.

The above chart shows that savings under Revenue head in Healthcare sector decreased from 18 per cent to 4 per cent during 2016-17 to 2021-22.

iii. Capital Expenditure vis-à-vis Revenue Expenditure

Out of the total expenditure of ₹ 71,188.81 crore incurred during 2016-17 to 2021-22, ₹ 66,442.18 crore (93.33 per cent) was incurred on revenue expenditure and ₹ 4,746.63 crore (6.67 per cent) was incurred on capital expenditure.

This indicated low priority on the creation and augmentation of infrastructure facilities in the State.

iv. Expenditure of funds at the fag end of the financial year

Audit also noticed expenditure of the funds at the fag end of the financial year, especially under Capital head, as shown in **Table 6.2** below:

Table 6.2: Expenditure at the fag end of the financial year

Year	Category	Total yearly Expenditure (₹ in crore)	Expenditure in March (₹ in crore)	Percentage
2016-17	Revenue	7,737.83	1,199.90	16
	Capital	514.30	271.23	53
2017-18	Revenue	9,342.12	2,007.12	21
	Capital	657.44	244.79	37
2018-19	Revenue	11,362.32	1,749.94	15
	Capital	499.17	126.48	25
2019-20	Revenue	11,661.63	1,625.59	14
	Capital	482.23	93.28	19
2020-21	Revenue	11,988.14	1,743.12	15
	Capital	631.85	295.90	47
2021-22	Revenue	14,350.14	1,566.22	11
	Capital	1,961.64	627.60	32

Year	Category	Total yearly Expenditure (₹ in crore)	Expenditure in March (₹ in crore)	Percentage
Total	Revenue	66,442.18	9,891.89	15
	Capital	4,746.63	1,659.28	35

Source: Finance Accounts of Government of Rajasthan for the respective years.

It is evident from the above Table that the percentage of expenditure in the month of March in respect of Capital and Revenue expenditure during 2016-17 to 2021-22 was 35 per cent and 15 per cent respectively.

The State Government stated (January 2024) that budget proposals were sanctioned in Budget Finalization Committee meeting organized by Finance department after discussion and keeping in view the necessities of the proposals presented by the DMH&FW.

However, rush of expenditure at the fag end of the financial year was not stated in the reply.

Recommendation 12: The State Government may make efforts to augment the capital expenditure in Healthcare sector.

6.3 Adequacy of funds for Healthcare

A few of the key health financing indicators as per the National Health Account Estimates prepared by the Ministry of Health and Family Welfare, GoI (available upto 2019-20) for the State are shown in **Table 6.3** below:

Table 6.3: Key financing indicators in the State during 2016-17 to 2019-20

Year	Range	Total Health Expenditure (THE) ¹²⁵		Government Health Expenditure (GHE) ¹²⁶			Out of pocket expenditure		
		₹ in crore	Percentage to GSDP	₹ in crore	per cent to THE	per cent to GSDP	₹ in crore	per cent to THE	per cent to GSDP
2016-17	Rajasthan	25,592	3.4	8,447	33.00	1.1	14,504	56.7	1.9
2017-18	Rajasthan	25,888	3.1	10,407	40.20	1.2	12,831	49.6	1.5
2018-19	Rajasthan	29,905	3.2	13,061	43.70	1.4	13,438	44.9	1.5
2019-20	Rajasthan	30,547	3.1	12,963	42.40	1.3	14,476	47.4	1.4

Source: National Health Account Estimates prepared by the Ministry of Health and Family Welfare, Government of India.

125 Total Health Expenditure constitutes current and capital expenditures incurred by Government and Private Sources, including external funds.

126 Government Health Expenditure constitutes spending under all schemes funded and managed by Union, State and Local Governments, including quasi-Governmental organisations and donors in case funds are channeled through Government organisations.

As seen from **Table 6.3**, Total Health Expenditure (THE) and Government Health Expenditure (GHE) increased in absolute terms during 2016-17 to 2019-20 in State.

The percentage of GHE to THE also increased from 33.00 *per cent* (2016-17) to 42.40 *per cent* (2019-20).

However, THE as a percentage of GSDP decreased from 3.4 in 2016-17 to 3.1 in 2019-20 while GHE as a percentage of GSDP increased from 1.1 (2016-17) to 1.3 (2019-20) in Rajasthan.

Out-of-pocket expenditure is directly made by a household at the point of receiving Healthcare and indicates the extent of financial protection available to households towards healthcare payments. As seen from **Table 6.3**, though the percentage of out-of-pocket expenditure to THE decreased in Rajasthan during the period 2016-20, it constituted 47.40 *per cent* of THE during 2019-20, indicating low financial protection available to households towards healthcare payments in the State.

The State Government stated (January 2024) that budget proposals were submitted to Budget Finalization Committee. It was further stated that the decision of fund allocation in all heads was taken and finalized after discussion held with the finance department. However, the point remains same that the State Government should take necessary steps to increase the budgetary allocation for healthcare sector.

Recommendation 13: *The State Government may take necessary steps to increase the budgetary allocation for Healthcare sector both as a percentage of State Budget as well as Gross State Domestic Product, in line with the National Health Policy.*

6.4 National Health Mission (NHM)

(i) Short receipt of NHM funds from GoI and GoR

NHM is a Centrally Sponsored Scheme (CSS) with a cost sharing arrangement of 60:40 between GoI and GoR. Year-wise allotment as per SPIP and funds received during 2016-22 for NHM pertaining to DMH&FW and DME are shown in **Table 6.4** below:

Table 6.4: Allotment of funds as per State PIP and funds received
(₹ in crore)

Year	Allotment as per SPIP			Funds received from GoI & GoR			Short (-)/Excess (+) receipt of funds			
	GoI (1)	GoR (2)	Total 3 (1+2)	GoI (4)	GoR (5)	Total 6 (4+5)	GoI 7 (4-1)	GoR 8 (5-2)	Total 9 (7+8)	(In per cent)
2016-17	1590.31	1060.21	2650.52	1196.14	668.65	1864.79	(-)394.17	(-)391.56	(-)785.73	29.64
2017-18	1731.11	1154.07	2885.18	1830.16	904.38	2734.54	(+) 99.05	(-)249.69	(-)150.64	5.22
2018-19	1885.06	1256.71	3141.77	1505.99	930.34	2436.33	(-)379.07	(-)326.37	(-)705.44	22.45
2019-20	2461.34	1640.90	4102.24	1659.38	1223.64	2883.02	(-)801.96	(-)417.26	(-)1219.22	29.72
2020-21	3457.00	2304.66	5761.66	2174.00	836.88	3010.88	(-)1283.00	(-)1467.78	(-)2750.78	47.74
2021-22	2024.38	1349.59	3373.97	2658.82	1311.32	3970.14	(+) 634.44	(-)38.27	(+) 596.17	17.67
Total	13149.20	8766.14	21915.34	11024.49	5875.21	16899.70	(-) 2124.71	(-) 2890.93	(-) 5015.64	
							16.16	32.98		

Source: Information provided by MD, NHM Rajasthan.

The above Table shows that in aggregate terms, there was shortfall in receipts of funds against allotment from both GoI and GoR during the period 2016-22, with the shortfall being greater in case of GoR.

(ii) Programmes implemented under National Health Mission

Audit noticed that during the period 2016-22, utilization of funds was less than 50 per cent in seven national programmes as shown in the **Table 6.5** below:

Table 6.5: Programme implementation and utilisation

(₹ in crore)

Budget Head	Approved Budget as per Project Implementation Plan during 2016-22	Expenditure incurred during 2016-22	Utilisation in per cent
At State level			
National Iodine Deficiency Disorders Control Programme (IDD)	13.48	2.95	21.88
National Leprosy Eradication Programme (NLEP)	27.17	9.85	36.25
National Programme for Control of Blindness (NPCB)	189.31	88.30	46.64
National Viral Hepatitis Control Program (NVHCP) ¹²⁷	39.60	7.28	18.38
National Mental Health Programme (NMHP)	43.92	12.49	28.44
National Programme for Health Care of the Elderly (NPHCE)	19.25	7.72	40.10
National Programme on Climate Change & Human Health (NPCCHH) ¹²⁸	2.18	0.00	0.00

Source: Information provided by MD, NHM, Rajasthan.

The State Government stated (January 2024) that the funds were less utilized due to reasons such as vacancy of sanctioned posts, non-recruitment of human resources, non-receipt of utilisation certificate from RMSCL and due to COVID-19 etc.

6.4.1 Non-utilisation of NHM funds transferred to RMSCL

Para 6.9.1 of the Operational Guidelines for Financial Management of NRHM stipulates that advances are to be given only for admissible activities under the programme and are to be settled within a maximum period of 90 days.

Audit noticed that MD, NHM transferred funds amounting to ₹ 3,035.21 crore during 2016-17 to 2021-22 as advances to RMSCL for procurement of drugs, medicines and equipment. The expenditure against these advances is shown in **Table 6.6** below:

127 Period 2020-21 and 2021-22.

128 Period 2020-21 and 2021-22.

Table 6.6: Position of expenditure against advances given to RMSCL
(₹ in crore)

Year	Funds transferred to RMSCL	Expenditure incurred	Refund to NHM	Unspent balances with RMSCL
2016-17	213.68	169.28	32.99	11.41
2017-18	227.57	191.23	23.45	12.89
2018-19	192.22	186.01	0	6.21
2019-20	488.66	498.59	0	(-)9.93
2020-21	870.12	670.73	10.00	189.39
2021-22	1,042.96	888.07	0	154.89
Total	3,035.21	2,603.91	66.44	364.86

Source: Information provided by NHM.

As evident from the above Table, NHM had transferred funds amounting to ₹ 3,035.21 crore to RMSCL, out of which ₹ 2,603.91 crore (85.79 per cent) was utilized and ₹ 66.44 crore (2.19 per cent) was refunded. The remaining fund amounting to ₹ 364.86 crore (12.02 per cent) was lying unspent with RMSCL as of March 2022. Out of the refunded amount of ₹ 66.44 crore, the entire amount (₹ 25.04 crore) was refunded to NHM in case of 18 drugs/equipment after a lapse of five to 24 months. Audit also noticed unspent balance lying with RMSCL for periods ranging from four to 68 months. Details are given in *Appendix 6.1 (i)* and *(ii)* respectively.

The State Government stated (January 2024) that procurement of equipment through RMSCL takes time of more than one financial year. Hence, administrative and financial sanction issued in that financial year kept as committed liability for next financial year.

6.4.2 Non-utilisation of NHM funds transferred to Chief Engineer, NHM

The Civil Construction Wing headed by Chief Engineer (CE), NHM was set up by the State Government for construction and renovation of health infrastructure facilities under NHM. It functions under the Mission Director, NHM.

Information provided (April-July 2022) by CE, Civil Wing, NHM regarding funds approved under Project Implementation Plan (PIP), allotment and expenditure incurred for construction and renovation of health infrastructure facilities under NHM during 2016-22 is shown in **Table 6.7** below:

Table 6.7: Non-utilisation of funds

Year	Total approved	Total Allotted	Total Expenditure	Expenditure against total approved fund (in percentage)
2016-17	405.43	156.26	196.81	48.54
2017-18	422.53	258.20	229.59	54.34
2018-19	478.66	247.95	256.77	53.64
2019-20	806.20	326.41	259.22	32.15
2020-21	967.48	312.22	315.20	32.58
2021-22	605.64	311.12	257.92	42.59
Total	3,685.94	1,612.16	1,515.51	41.12

Source: Information provided by CE, NHM.

The above Table shows that for construction and renovation of health infrastructure facilities, ₹ 3,685.94 crore was approved during the period 2016-22 as per approved State PIP. Against the approved State PIP, only ₹ 1,612.16 crore (44 *per cent*) was allotted. Out of ₹ 1,612.16 crore expenditure of ₹ 1,515.51 crore (94 *per cent*) was incurred.

The State Government stated (January 2024) that non-utilization of funds was due to land related issues including time taken in allotment process, land for construction not being readily available, shortage of field staff etc.