

Chapter-2 Financial Resources

2.1 Fund Management

The Health & Family Welfare Department, Government of Meghalaya 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 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 Health and Family Welfare Department during 2014-19 was as shown in the table below:

Table 2.1: Budget allocation and expenditure during 2014-19

(₹ in crore)

Year	State		Health & Family Welfare Department	
	Budget Allocation	Expenditure	Budget Allocation (% of State budget)	Expenditure (% of State expenditure)
(1)	(2)	(3)	(4)	(5)
2014-15	12577.06	7636.97	660.91 (5.25)	571.25 (7.48)
2015-16	10629.36	7958.75	589.11 (5.54)	604.87 (7.60)
2016-17	12246.30	10172.86	759.12 (6.20)	687.09 (6.75)
2017-18	13621.73	9858.37	744.04 (5.46)	702.48 (7.13)
2018-19	15391.88	12159.25	1237.50 (8.04)	1065.26 (8.76)
Total	64466.33	47786.20	3990.68 (6.19)	3630.95 (7.51)

Source: Finance Accounts and Appropriation Accounts.

As can be seen from the above table, budgetary outlay on health services in the State during the four years period 2014-18 ranged from 5.25 *per cent* of the State budget in 2014-15 to 6.20 *per cent* in 2016-17. It was only during 2018-19 that the State Government allocated 8.04 *per cent* of its budget to the Health Sector.

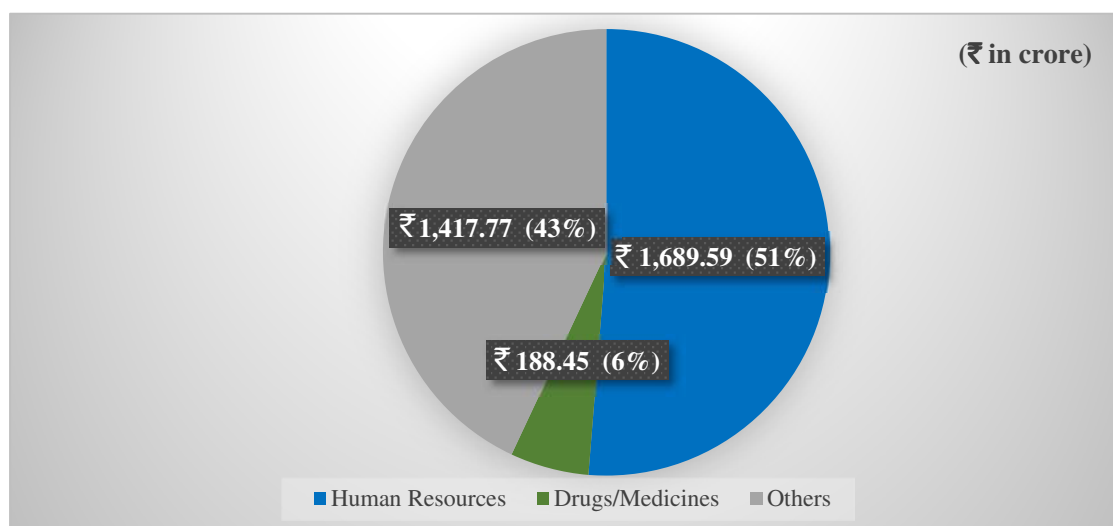
Expenditure on health services ranged from 7.60 *per cent* of total expenditure of the State in 2015-16 to 6.75 *per cent* in 2016-17. As with budgetary outlay, expenditure on health services touched and exceeded eight *per cent* (8.76 *per cent*) of total expenditure of the State only during 2018-19.

The Department did not utilise the allocated funds optimally in four years out of the five year period 2014-19, with the savings ranging from ₹ 41.56 crore (six *per cent*) in 2017-18 to ₹ 172.24 crore (14 *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 2.28 *per cent* and 3.09 *per cent* during the period 2014-15 to 2018-19.

Out of the total expenditure of ₹ 3630.95 crore incurred on health during 2014-19, the revenue expenditure constituted ₹ 3295.81 crore (90.8 per cent) while the capital expenditure was ₹ 335.14 crore (9.2 per cent). Revenue expenditure (component-wise) incurred by the Health & Family Welfare Department during 2014-19 is presented in the following chart:

Chart 2.1: Component wise revenue expenditure during 2014-19

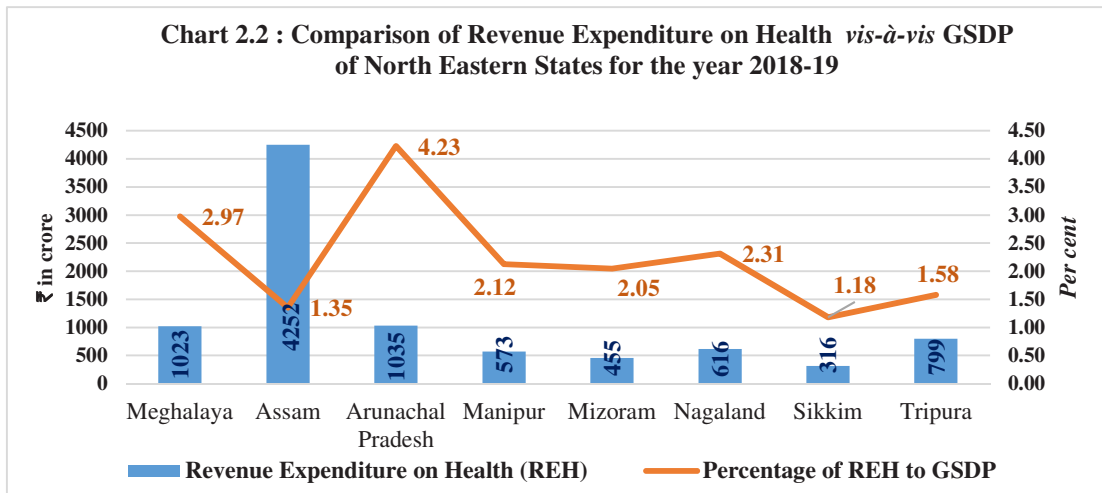


As can be seen from the chart above, 51 per cent of the revenue expenditure was incurred on human resources (salary). The Department spent only six per cent of the total revenue expenditure on procurement of drugs/ medicines. As detailed in **paragraph 3.4.1**, it was seen in audit that the successive budget proposals submitted by the DHS (MI) during the 2014-19, were less than the demand projected by the respective DHs for drugs procurement. Consequently, several instances of shortage or non-availability of essential drugs were observed by Audit.

The remaining 43 per cent revenue expenditure in the category “Others” included minor works (maintenance), repair/ purchase of vehicles, OE, Advertisements, Rent, Rate and Taxes, Scholarship & Stipend, 108 Ambulance Services, payments to NGOs who run the health facilities, Machinery and Surgical Equipment, etc. While the Department failed to provide category wise expenditure on items classified as “Others”, several cases of essential medical equipment being out of order were seen in the audit (**paragraph 4.7.1.2**) and thus, possibility of scarcity of funds for annual repair and maintenance could be one of the reasons.

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, Meghalaya (₹ 1023 crore) stood third after Assam (₹ 4252 crore) and Arunachal Pradesh (₹ 1035 crore). However, when we compare the revenue expenditure on Health with GSDP, the position of Meghalaya (2.97 per cent) was better than other North Eastern States except for Arunachal Pradesh (4.23 per cent), as shown in the following Chart:



Source: Appendix 1.1 of SFAR 2018-19, Government of Meghalaya.

The State Government have not furnished specific reasons for their failure to utilise fully the allocated resources, however, the Commissioner & Secretary during exit conference (16 July 2020), stated that the directives given by the NHP for spending on Health will be looked into.

The response of the Government during Exit Conference indicates that the Government has not taken into account the NHP guidelines while making budgetary allocation to the Health Sector. Moreover, the expenditure profile in Health Sector during the previous five years amply indicates that there is considerable scope for strengthening/providing adequate health infrastructure since capital expenditure was merely nine per cent of the total expenditure incurred during 2014-19.

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 Meghalaya (GoM). The funding pattern of NHM to the State of Meghalaya is in the ratio of 90:10 between the GoI and 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 2.2: Receipts and expenditure under NHM during 2014-19

Year	Allotment as per SPIP			Opening balance	Funds received from		Interest accrued/misc. receipts	Total funds available	Expenditure	Unspent balance (%age)
	Total	GoI	GoM		GoI	GoM				
2014-15	175.96	158.36	17.60	69.32 ²	115.62	44.30	3.49	232.73	97.94	134.79 (58)
2015-16	264.98	250.42	14.56	134.79	93.31	57.57	5.97	291.64	154.20	137.44 (47)
2016-17	272.84	258.56	14.28	137.44	70.07	9.55	19.50	236.56	165.14	71.42 (30)
2017-18	199.98	184.39	15.59	71.42	189.98	29.87	6.79	298.06	152.99	145.07 (49)
2018-19	295.80	278.24	17.56	145.07	189.31	9.91	4.57	348.86	224.77	124.09 (36)
Total	1209.56	1129.97	79.59		658.29	151.20	40.32	1407.85	795.04	

Source: Information furnished by the Jt. Mission Director, NHM, Shillong.

² RCH (₹ 55.28 crore); Communicable Diseases (₹ 3.68 crore); Non-Communicable diseases (₹ 2.42 crore); AYUSH (₹ 0.73 crore) and Interest (₹ 7.21 crore).

As can be seen from the table above, out of the total funds of ₹ 1407.85 crore available during 2014-19, the Mission Director NHM utilised only ₹ 795.04 crore (56 per cent) and the unspent funds during 2014-19 ranged between 30 to 58 per cent. The State Mission Director (NHM) did not provide the itemised details of contribution of the State's matching share, as such adequacy of State's contribution could not be analysed.

Further, during 2014-19, the total expenditure was less than 50 per cent of the available funds in respect of the following six programmes:

Table 2.3: Healthcare programmes where the expenditure was less than 50 per cent during 2014-19

(₹ in lakh)

Name of the programme	Amount received during 2014-19	Interest earned	Total fund available	Expenditure (per cent)	Closing Balance
Iodine Deficiency Disease Control Programme (IDD)- RCH	139.06 ³	12.54	151.60	10.07 (7)	141.53
National Mental Health Programme (NMHP)- NCD	613.03	24.17	637.20	114.67 (18)	522.53
NPCDCS (NCD)	959.63	61.36	1020.99	444.87 (44)	576.12
National Tobacco Control Programme (NTCP)- NCD	129.40	13.21	142.61	Nil (0)	142.61
Health Care for Elderly	69.20	0.25	69.45	Nil (0)	69.45
National Rabies Control Programme	10.00	0.00	10.00	Nil (0)	10.00

Source: Information furnished by the Jt. Mission Director, NHM, Shillong.

Healthcare cannot be considered in isolation but has to be seen in a holistic and integrated manner. Each one of the above programmes pooled under NHM have an impact on other health indicators and overall well-being of citizens.

The above table indicates that despite availability of allocated funds and unspent balances under various specific important programmes such as NCD, NTPC, NMPH and IDD-RCH, the resources were not spent. The Healthcare for elderly, NTCP-NCD and Rabies Control did not see any spending at all during the period. The expected outcomes and treatment would consequently suffer.

During Exit Conference (16 July 2020), the Commissioner & Secretary assured that necessary steps will be taken to ensure utilisation of the allotted funds.

Conclusion

The budget allotment and expenditure of the Health and Family Welfare Department against the overall State Budget during 2014-19 was 6.19 per cent and 7.51 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. However, in 2018-19, the State made efforts to increase its spending on health to 8.76 per cent of its Budget. State's expenditure on Health Sector stood at 3.09 per cent of Gross Domestic State Product. The State spent very little on strengthening/ providing health infrastructure, capital expenditure being merely nine per cent of the total health expenditure incurred

³ Including an opening balance of (-) ₹ 1.27 lakh.

during 2014-19. The Department did not utilise the allocated funds optimally in four years out of the five-year period 2014-19, with the savings ranging from ₹ 41.56 crore (six per cent) in 2017-18 to ₹ 172.24 crore (14 per cent) in 2018-19.

Further, NHM funds pooled under various important National Health Programmes were poorly utilised or not spent at all.

Recommendations

- i. The State Government may enhance the budget provision and expenditure on healthcare services to ensure that adequate and quality healthcare infrastructure and services are provided to the people of the State; and*
- ii. The State Mission Director, NHM may enquire the reasons for suboptimal or no spending on specific health programmes being administered in the State and ensure optimum utilisation of funds received under various National Health Programme through effective implementation and monitoring.*

