

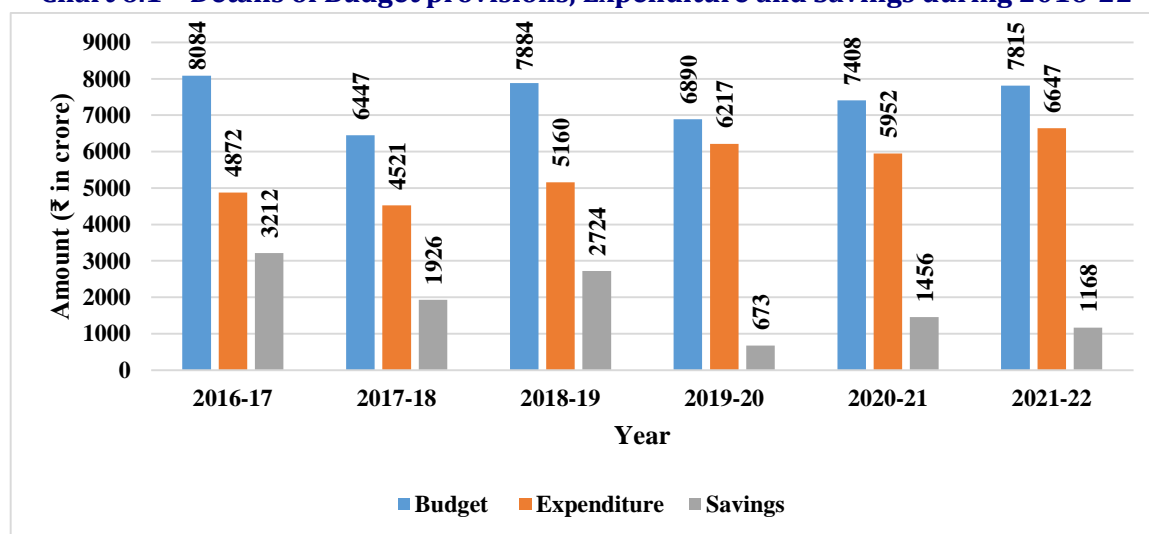
6.1 Introduction

A key requirement for any healthcare system is to ensure that adequate funds are provided and the available funds are directed to organisations in line with health system objectives. Such funding seeks to give Government and health authorities, both the financial capacity and the incentive to fulfill their objectives. Details of the planning and adequacy of funding of the healthcare sector by the State Government are discussed below:

6.2 Financial Management

The main aim of financial management is to operationalise an effective and accountable system for budgeting, release, monitoring and utilisation of funds. The State Government allocates funds under various heads from the State Budget for the proper functioning of the Department. The overall budget allocation, expenditure and savings in respect of the HM&FW Department¹ for the last six years, are given in the chart below.

Chart 6.1 – Details of Budget provisions, Expenditure and Savings during 2016-22



Source: VLC information of A&E

Audit noticed that, for the years 2016-17 to 2021-22, the budget had not been released fully. Even the budget released was not utilised in full thereby resulting in savings ranging from 10 to 40 per cent. Even during the COVID-19 years of 2020-21 (19.65 per cent) and 2021-22 (14.95 per cent) significant savings were there. Department did not furnish any response for savings.

¹ under the Heads of account 2210 for Infrastructure, Drugs & Medicines, Equipment, Consumables, Colleges, Construction and 2211 for maintenance of Buildings, etc.

6.3 Planning and Financial Assessment

6.3.1 Planning

6.3.1.1 Comprehensive Health Policy

The National Health Policy, 2017 (NHP, 2017) seeks to reach everyone in a comprehensive integrated way and to achieve universal health coverage and deliver quality healthcare services to all at affordable cost.

When the issue of the formulation of any specific Comprehensive Policy/ Comprehensive Plan by the State Government with reference to NHP, 2017 was called for, the Department did not furnish any response on this issue.

6.3.1.2 Allocation of budget and expenditure with reference to State Budget and Outlay

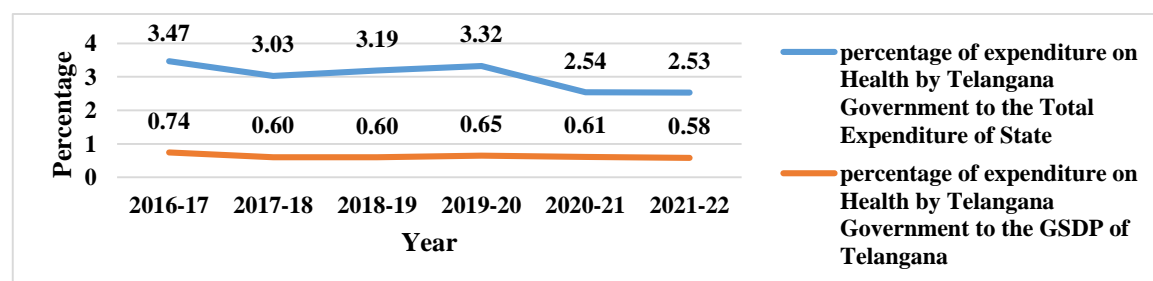
As per the NHP 2017, Health sector spending by the State should be increased to more than 8 per cent of their budget by 2020. NHP 2017, proposes a potentially achievable target of raising public health expenditure to 2.5 per cent of the Gross Domestic Product in a time-bound manner. It envisages that the resource allocation to States will be linked with State Development Indicators, Absorptive capacity and financial indicators. The States would be incentivised for an incremental increase of State resources for public health expenditure. Funds available under Corporate Social Responsibility (CSR) would also be leveraged for well-focused programmes aiming to address health goals.

Table 6.1 – Year-wise details of budget allocation, expenditure of State and Health sector (₹ in crore)

Year	Total State Budget	State Health Budget	% of State Budget	Total State Expenditure	Health Expenditure	Percentage to total Expenditure	State GSDP	% of Expenditure w.r.t GSDP
2016-17	1,72,269	8,084	4.69	1,40,606	4,872	3.47	6,58,325	0.74
2017-18	1,79,571	6,447	3.59	1,49,127	4,521	3.03	7,50,050	0.60
2018-19	1,99,051	7,884	3.96	1,61,570	5,160	3.19	8,57,427	0.60
2019-20	1,71,805	6,890	4.01	1,87,256	6,217	3.32	9,50,287	0.65
2020-21	2,09,090	7,408	3.54	2,34,087	5,952	2.54	9,61,800	0.62
2021-22	2,55,017	7,815	3.06	2,63,092	6,647	2.53	11,48,115	0.58

Source: - Appropriation Accounts (2016-22)

Chart 6.2: Expenditure on Health by Telangana Government to the Total Expenditure of State/GSDP



Source: Appropriation Accounts (2016-22)

From the above, the following were observed:

- During the period 2016-17 to 2021-22, the percentage of budget allocation in respect of the health sector showed a decreasing trend. Except for 2016-17 and 2019-20, in the remaining years the allocation was less than four per cent.

- Though as per the NHP, 2017, the spending on the Health sector in the State should be more than 8 per cent of the total State budget by 2020, during the period 2016-17 to 2021-22, the expenditure in respect of the Health sector ranged between 2.53 to 3.47 per cent, which was less than 50 per cent of the specified norm. Thus, the envisaged spending on the health sector had not achieved the required target in any of the years. The scheme-wise non-utilisation/short utilisation of expenditure are explained in the subsequent paragraphs. As seen from the above, the expenditure on Health Sector remained less, i.e., less than one per cent w.r.t Gross State Domestic Product (GSDP) as against the norm of 1.15 per cent to be achieved by 2025 as envisaged in the NHP 2017. Though it was observed that the expenditure in Health Sector was increasing during 2016-17 to 2021-22 (except in the years 2017-18 and 2020-21), it was also observed that the percentage of expenditure with reference to GSDP is also showing a declining trend during the period 2016-17 to 2021-22.

Government in its response while furnishing the Health Budget allocation for the period from 2016-17 to 2023-24 stated (August 2023) that per capita State Health budget was ₹3,532.67 which was highest among the States with population greater than three crore.

6.3.2 Budget allocation and expenditure on Health Sector

The overall budget allocation, expenditure and savings in respect of the HM&FW Department² for the last five years, with share of GoI and State Government are given in the chart below.

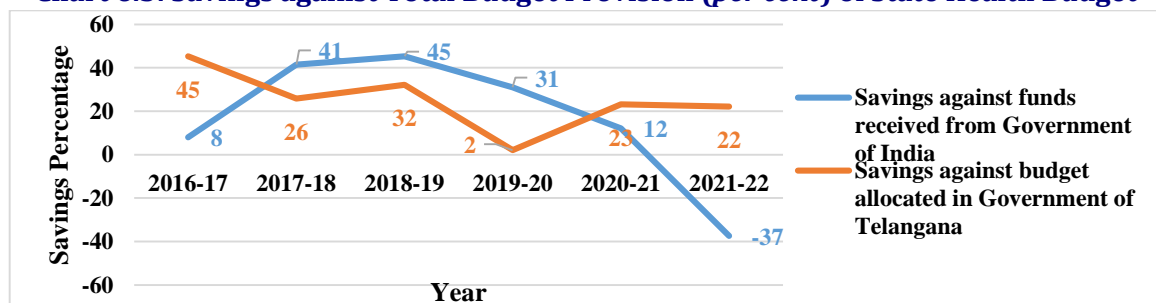
Table 6.2: Budget allocation and expenditure on Health Sector

(₹ in crore)

Year	Total Health Budget allocation	Total Expenditure	Government of India			Government of Telangana		
			Total Budget allocation	Expenditure (% of total expenditure)	Savings (%)	State Health Budget	Expenditure (% of total expenditure)	Savings
2016-17	8,084	4,872	1201	1106 (23)	95 (8)	6883	3766 (77)	3117 (45)
2017-18	6,447	4,521	1660	972 (22)	688 (41)	4787	3549 (78)	1238 (26)
2018-19	7,884	5,160	1466	802 (16)	664 (45)	6418	4358 (84)	2060 (32)
2019-20	6,890	6,217	1839	1268 (20)	571 (31)	5051	4949 (80)	102 (2)
2020-21	7,408	5,952	2310	2032 (34)	278 (12)	5098	3920 (66)	1178 (23)
2021-22	7,815	6,647	939	1290 (19)	-351 (-37)	6876	5357 (81)	1519 (22)

Source: - Appropriation Accounts (2016-22);

Chart 6.3: Savings against Total Budget Provision (per cent) of State Health Budget



Source: - Appropriation Accounts (2016-22)

² under the Heads of account 2210 for Infrastructure, Drugs & Medicines, Equipment, Consumables, Colleges, Construction and 2211 for maintenance of Buildings, etc.

From the above, it is evident that, the expenditure from both GoI and State Government funds are showing an increasing trend and savings had reduced.

6.4 Annual Health Surveys and Participation of Community

6.4.1 Health Survey

As per the NHP 2017, health, demographic and epidemiological surveys would be extended to capture information regarding costs of care, financial protection and evidence-based policy planning and reforms. The policy recommends rapid programme appraisals and periodic disease-specific surveys to monitor the impact of public health and disease interventions using digital tools for epidemiological surveys. When the details of the health surveys conducted were called for, Mission Director, NHM stated that the disease survey had been conducted by the State through Accredited Social Health Activists (ASHAs). Details of the health, demographic surveys were, however, not furnished to Audit.

6.4.2 Village Health, Sanitation and Nutrition Committee (VHSNC)

One of the key elements of the National Rural Health Mission is the VHSNC. The Committee has been envisaged to take leadership in providing a platform for improving health awareness and to improve the access of community to health services, to address specific local needs and to serve as a mechanism for community based planning and monitoring. The Committee is to be formed at the revenue village level and it should act as a sub-committee of the Gram Panchayat.

A community level campaign “Village-based Initiative to Synergizing Health Water and Sanitation” (VISHWAS) with guidance for VHSNC was launched by GoI in 2017 to strengthen the ‘local level action’ of the VHSNCs.

As per the VHSNC scheme guidelines, in Telangana, 10,431 VHSNCs had been formed at every Gram Panchayat and Revenue Village level. However, it was observed that no mandatory trainings³ were imparted to the VHSNCs during the period 2017-22 as stipulated in Section 8 of Guidelines relating to Community Processes 2014.

Department replied (December 2022), that no trainings were provided to the VHSNCs throughout the State due to the non-provision of funds. However, orientation was given to the members during the monthly meetings of VHSNCs.

Government in its response stated (August 2023) that the VHSNC Committee Members were trained alongwith ASHAs at the concerned PHC level about their roles and responsibilities in the year 2018-19.

6.4.3 Untied funds

An Untied fund of ₹10,000 is given⁴ annually to the VHSNC by State Health Society. The VHSNC can use these funds for any purpose aimed at improving the health of the village,

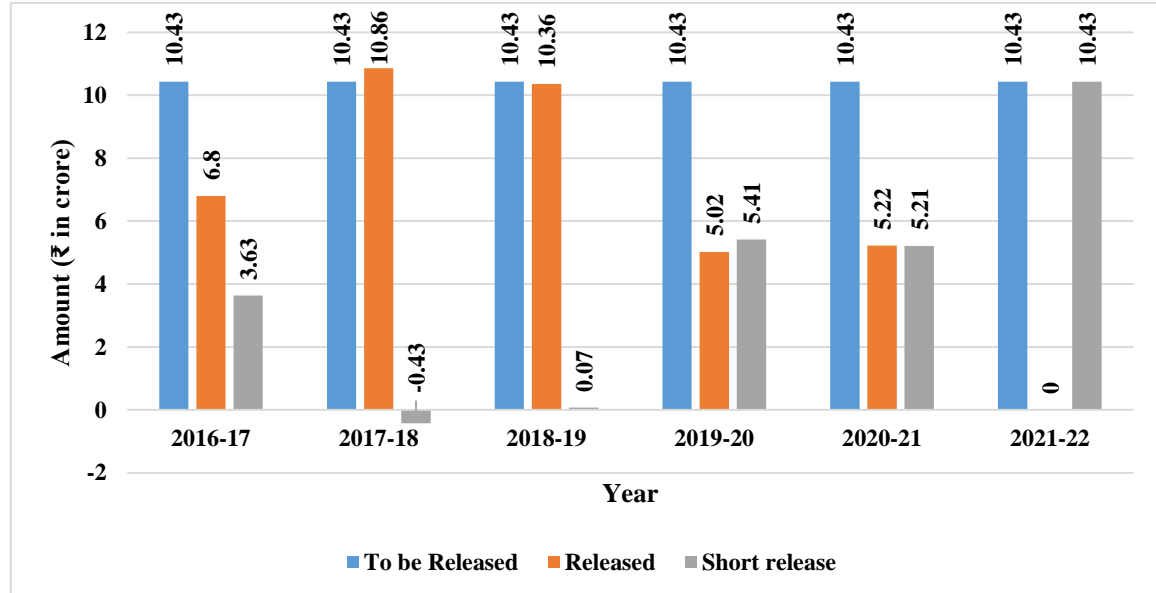
³ As per Section 8 of guidelines relating to community processes 2014, two to three days training was required to be given to the members of the VHSNCs. Further, one-day training was required at least once in six months

⁴ As per Village Health Fund under Guideline 3 relating to orientation and training

viz., nutrition, education, sanitation, environmental protection and public health measures, etc.

Year-wise details of funds released for VHSNCs during the period 2016-22 are as follows:

Chart 6.4 - Year-wise details of funds released for VHSNCs during the period 2016-22



Source: Information furnished by the Department

Scrutiny revealed that, no amount was released to VHSNCs during the year 2021-22 and during the years 2019-20 and 2020-21 only part releases were made. Against the requirement of ₹62.58 crore due to be released, during the years 2016-17 to 2021-22, only an amount of ₹38.26 crore was released resulting in a short release of ₹24.32 crore to the VHSNCs. Expenditure particulars in respect of funds released to VHSNCs were yet to be furnished by the Department.

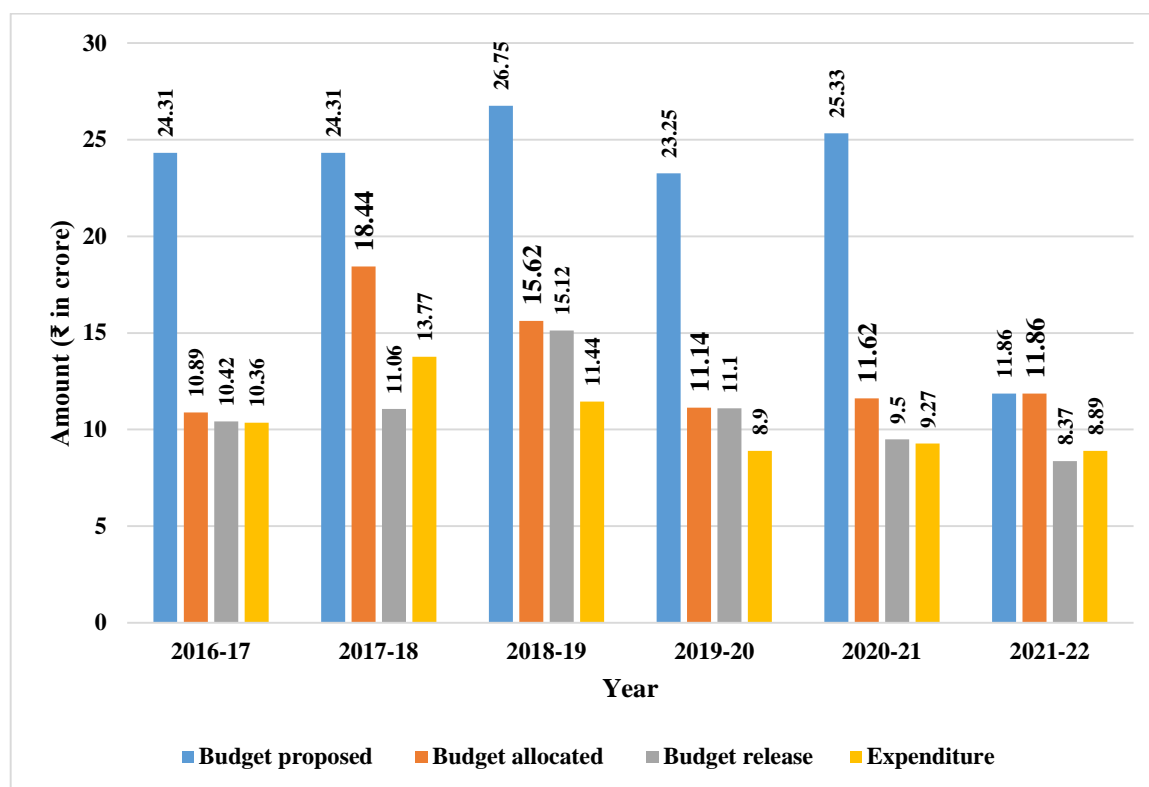
Government in its response stated (August 2023) that, the objectives envisaged in VHSNC were already being implemented through Palle Pragathi programme. Safe drinking water was ensured through Mission Bhageeratha and nutrition activities were covered under Poshan Abhiyan by Woman & Child Welfare Department. It was also stated that, since 2022, VHSNC budget was not proposed in the Programme Implementation Plans.

6.4.4 Allocation of budget to Health facilities

An amount of ₹10,000 to Sub centres, ₹25,000 to PHCs and ₹50,000 to CHCs is also paid annually towards Annual Maintenance Grant.

Year-wise details of funds released to and utilised by SCs, PHCs and CHCs during the years 2016-22 are given in Chart 6.5.

Chart 6.5 – Year-wise details of funds released to and utilised by SCs, PHCs and CHCs during the years 2016-22



Source: Information furnished by the Department

From the above, the following was observed

- During the year 2021-22, the entire proposed budget was allocated. In the remaining years, against the budget proposals, budget allocations ranged from 45 per cent (2016-17) to 76 per cent (2017-18).
- Similarly, during the period 2016-17 to 2021-22, out of the budget allocation, releases ranged from 60 per cent (2017-18) to 99 per cent (2019-20).

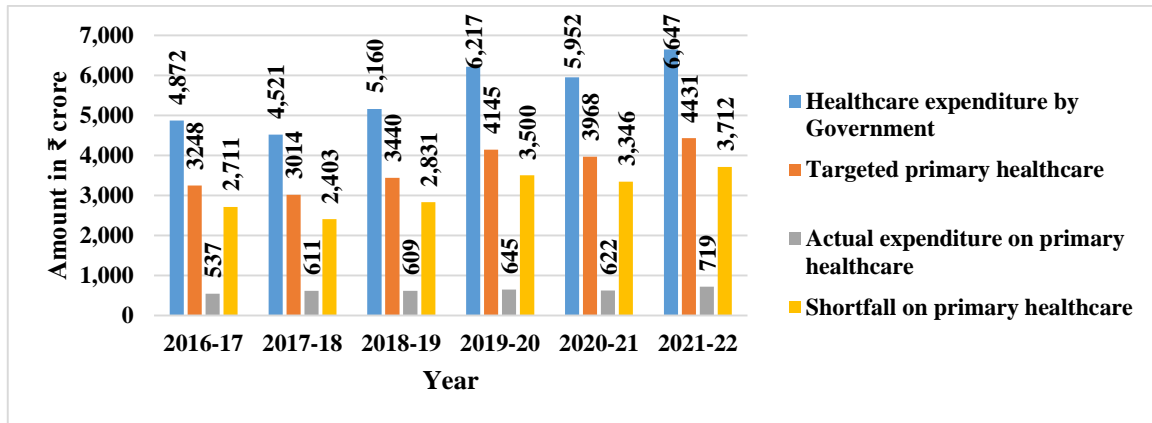
When the specific reasons for the short allocation of funds, the short release of amounts and the impact of the short release were called for from the Department, no response was furnished.

6.5 Allocation of budget for Primary Healthcare

As per NHP 2017, two thirds (66.67 per cent) of the total health budget should be allocated for primary healthcare. National Health Policy also stipulates that the allocation of resources in the budget is to be made based on differential financial ability, developmental needs and high priority Districts etc., to ensure horizontal equity through targeting specific population subgroups, geographical areas, healthcare services and gender related issues.

However, Audit observed that the health budget had not been prepared considering this aspect during 2016-22.

Chart 6.6 Health Care Expenditure by State Government



Source: Data extracted from VLC, PAG (A&E) as the Department has not provided the expenditure figures

The details of Government expenditure on healthcare along with the actual expenditure on primary healthcare during 2016-22 are given in Table below.

Table 6.3 - Statement showing target vis-à-vis actual expenditure during the period 2016-17 to 2021-22

(₹ in crore)

Year	Total healthcare expenditure by State Government	Targeted primary healthcare ⁵	Actual expenditure on primary healthcare		Shortfall on primary healthcare	
			Amount	Percentage	Amount	Percentage
1	2	3	4	5 (4x100/3)	6 (3-4)	7 (6x100/3)
2016-17	4,872	3,248	537	16.54	2,711	83.46
2017-18	4,521	3,014	611	20.27	2,403	79.73
2018-19	5,160	3,440	609	17.70	2,831	82.30
2019-20	6,217	4,145	645	15.56	3,500	84.44
2020-21	5,952	3,968	622	15.68	3,346	84.32
2021-22	6,647	4,431	719	16.23	3,712	83.77

Source: Data extracted from VLC, PAG (A&E) as the Department has not provided the expenditure figures

- From the above, it was evident that the actual expenditure on primary healthcare out of the targeted 66.67 per cent of healthcare budget in the State ranged between 15.56 per cent (2019-20) to 20.27 per cent (2017-18) which was far below the set target.
- Shortfall in respect of primary healthcare during the period 2016-22 was ranging between 79.73 (2017-18) and 84.44 per cent (2019-20).

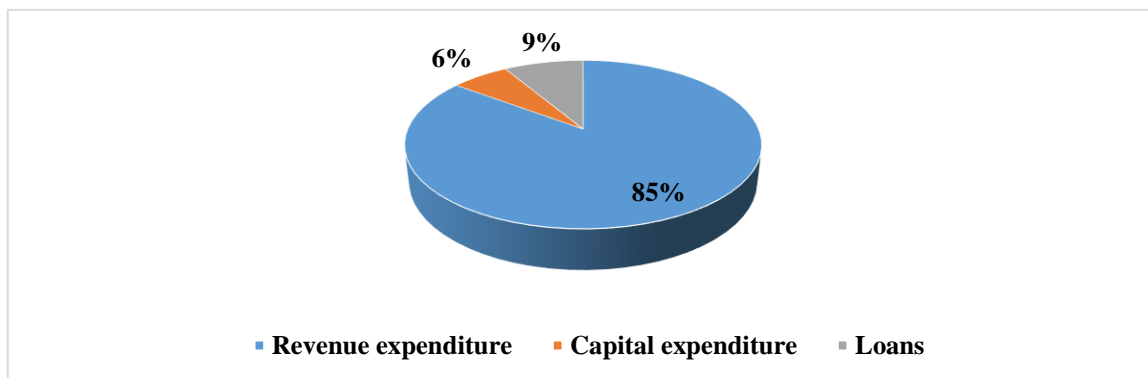
The targeted expenditure on primary healthcare of the State during the period 2016-17 to 2021-22 are not as per the NHP 2017 norms.

6.6 Component-wise Expenditure

Expenditure incurred under Revenue, Capital Heads and the Loans extended to Aarogyasri Health Care Trust (AHCT) during the period 2016-22 are given in Chart 6.7.

⁵ As per NHP 2017 (2/3rd of total expenditure)

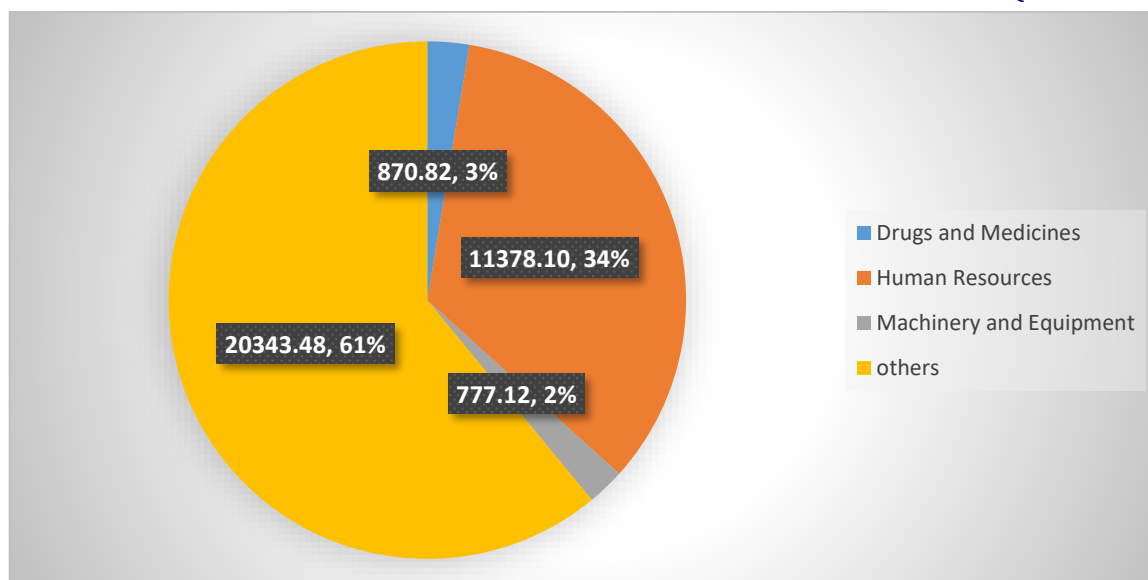
Chart 6.7 - Details of Revenue, Capital and Loans expenditure during 2016-22



Capital expenditure during the years 2016-17 to 2021-22 was showing a decreasing trend except in the year 2018-19. The component-wise expenditure of the Department during 2016-22 is shown in the pie-chart below:

Chart 6.8 – Component-wise expenditure

(₹ in crore)



Source : VLC data

Note: - Others includes Contingency Fund, scheme related expenditure mainly KCR Kit, Fixed Day Health Services etc., Grants-in-Aid assistance to TVVP also includes Human Resources component and Loans and GIA given to Aarogyasri Trust.

Of total health expenditure, the Department has incurred two *per cent* expenditure on Machinery & Equipment and three *per cent* expenditure on Drugs and Medicines.

6.7 Funding by the Private Healthcare sector

6.7.1 Investments by the Private sector

Para 2.3.3 of NHP 2017 envisages the growth of the private healthcare sector and medical technologies to ensure alignment with public health goals to enable private sector contribution to making healthcare systems more effective, efficient, rational, safe, affordable and ethical. Strategic purchasing by the Government to fill critical gaps in public health facilities would create a demand for the private healthcare sector, in alignment with the public health goals.

6.7.2 Collaboration with the Private Healthcare sector

In terms of the aim of ensuring greater private sector participation in healthcare, it was observed that, the Government was implementing the “Aarogyasri scheme”. The objective of the scheme was, improving access of Below Poverty Line (BPL) families to quality medical care for treatment of identified diseases involving hospitalisation, surgeries and therapies through an identified network of healthcare providers by involving both public and private partners in the Aarogyasri network to achieve the health goals. It was observed that an amount of ₹2505.14 crore expenditure was incurred for providing treatment to 9.47 lakh patients during 2016-22 in 236 empanelled Network Private Hospitals under the “Aarogyasri” scheme.

In May 2021, for implementation of PM Ayushman Bharat programme, a Memorandum of Understanding (MoU) was signed between the State and the GoI. As per the MoU, the expenditure would be shared in the ratio of 60:40. Government of India has released its share of ₹90.24 crore during the year 2021-22 and the same has been utilised by the State Government.

6.7.3 Corporate Social Responsibility (CSR) funding

As per para 13.3 of NHP, CSR is an important area which should be leveraged for filling health infrastructure gaps in public health facilities across the country. Further, as per the provisions of the Government, the amount under CSR is allocated and utilised by various Companies in accordance with the broad framework provided by the Government under Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014 as amended from time to time. Schedule VII of the Companies Act indicates the activities that can be undertaken by the companies, which inter-alia, include Healthcare, Education and Rural Development Projects, etc.

Department stated that, no CSR funds were received during the years 2016-17 to 2019-20 and CSR funds received during the period 2020-22 and the expenditure from those funds was as follows:

Table 6.4 – Details of funds received and expenditure incurred from CSR funds

(₹ in crore)				
Year	Opening balance	Funds received	Expenditure	Closing Balance
2020-21	Nil	18.26	2.06	16.20
2021-22	16.20	2.07	17.66	0.61

Source: Information furnished by TSMSIDC

Status of the utilisation of the equipment received under CSR are commented upon in the Chapter 3 ‘Healthcare Services’ of the Report.

Government in its response stated (August 2023) that periodical interaction was conducted by the Health Minister through meetings with private practitioners, Federation of Obstetrics and Gynaecology Society (FOGSI), Indian Academy of Paediatricians, Neonatology forum to align private sector with public health goals. Monitoring of private sector performance through Birth Monitoring System (BMS) is being done to promote facility based review.

Furthermore, tertiary care services were being provided in the private sector for BPL population of the State through Aarogyasree Trust. This is also serving as a strategic alignment with the private sector.

However, the fact remains that CSR funds received were not fully utilised.

6.8 Funding for Health Missions

6.8.1 Funding under National Health Mission (NHM)

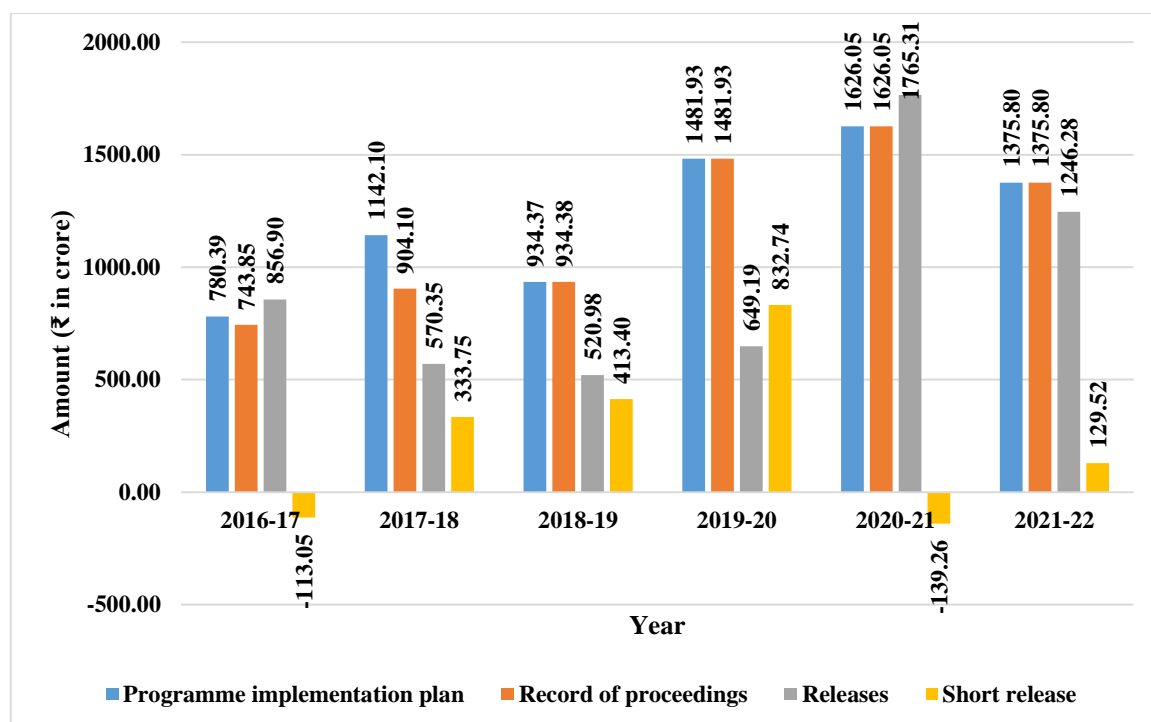
The NHM has been constituted to provide accessible, affordable and quality healthcare to the population, especially vulnerable groups. The key features of NHM include

- (i) Creation of a fully functional public health delivery system which is accountable to the community.
- (ii) Human Resources management, community involvement, decentralisation, rigorous monitoring & evaluation against standards and
- (iii) The convergence of health related programmes at the level of villages and flexible financing for improving the health indicators of the State.

As per the scheme guidelines of NHM, the latest fund sharing pattern is in the ratio 60:40 between Centre and State respectively.

Details of proposals submitted, Records Of Proceedings (approval) and amount released are as below:

Chart 6.9 - Details of Programme Implementation Plan, Record Of Proceedings and Releases under NHM



Source: Information furnished by the Department.

Table 6.5 – Year-wise details of Receipt and Expenditure during the period 2016-22 under NHM

(₹ in crore)							
Year	Opening balance	Funds received	Interest accrued /misc. receipts	Total funds available	Expenditure	Percentage of expenditure w.r.t funds available	Closing balance
2016-17	426.46	856.89	5.66	1289.01	0	0	1289.01
2017-18	1,289.01	570.35	19.01	1,878.38	670.65	35.71	1,207.73
2018-19	1,207.73	520.98	17.74	1,746.45	785.54	44.98	960.90
2019-20	960.90	649.19	2.63	1,612.72	838.78	52.00	773.94
2020-21	773.94	1,765.31	10.04	2,549.28	1,249.71	49.03	1,299.58
2021-22	1,299.58	1,246.28	3.98	2,549.84	1,610.87	63.18	938.97

Source: Information furnished by NHM

From the above, it was observed that, though the funds were available, utilisation ranged from 36 to 63 per cent only.

Government in its response (August 2023) while furnishing the details of the funds received during the period 2014-23 stated that, the utilisation of the available funds was 100 per cent.

Details of the funds released in respect of State Share, amount utilised on various activities scheme-wise and expenditure incurred scheme-wise were however not furnished.

Details of the non-utilisation of amounts and the components that were not taken up are discussed in the respective sub paragraphs.

6.8.1.1 Short utilisation/Non-utilisation of funds under different components

During the scrutiny, it was also observed that there were amounts lying in accounts without utilisation. Details of unutilised funds observed are as follows.

- Under the scheme “Tertiary Care in TVVP Hospitals”, an amount of ₹5.34 crore (Central Share: ₹3.20 crore, State Share: ₹2.14 crore) was released to TVVP in May 2019 by the Government. When the Department requested (February 2020) the State Government for the issue of guidelines for the utilisation of scheme funds, the Department was directed to approach GoI in this regard. When this issue was brought to the notice of GoI, Department was advised to submit an action plan in this regard. However, no action plan was submitted to GoI for obtaining the guidelines and the entire amount was surrendered (April 2020) to State Government without utilising any amount.
- Audit also observed that, out of the amount of ₹36.49⁶ crore released to Integrated Tribal Development Agencies (ITDAs) from the Mission Flexi pool and Reproductive and Child Health (RCH) Flexi pool funds for payment of salaries and

⁶ 2016-17 to 2020-21 from Mission flexi Pool :- ₹32.60 crore , 2017-18 from RCH flexi pool :- ₹3.89 crore

other related expenditure of Maternal and Child Health centres, only an amount of ₹25.12 crore expenditure was incurred leaving a balance of ₹11.37 crore with them to the end of March 2022.

6.8.2 Delay in release of State Share

As per the NHM guidelines, as and when Central Share is released, the same should be released to the State Health Society along with the State Share. Year-wise details of GoI Share and State Share released under NHM are given in the table below.

Table 6.6 – Year-wise details of GoI share and State Share released under NHM

(₹ in crore)

Financial Year	GoI Release	State Share liability	State Releases as a percentage of the State share liability							Balance of State share to be released	Percentage of Central share released	
			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23			Total
2016-17	398.58	265.72	195.05 (73%)	70.67 (27%)						265.72		66.67
2017-18	381.53	254.35		179.65 (71%)	74.70 (29%)					254.35		66.67
2018-19	713.40	475.60			154.40 (32%)	123.33 (26%)	197.87 (42%)			475.60		66.67
2019-20	991.39	661.31				22.66 (3%)	598.65 (91%)	40.00 (6%)		661.31		66.71
2020-21	671.87	447.91					6.00 (1%)	247.20 (55%)	65.17 (15%)	318.37	129.54 (29%)	47.39
2021-22	1,041.97	690.40						99.57 (14%)	92.15 (13%)	191.72	498.68 (73%)	18.40

Source: Information furnished by NHM

- As seen from the above, it is observed that the State share component was not fully released within the same financial year during 2016-22. The release of the State share within the same financial year is showing a decreasing trend from 73 per cent (2016-17) to 14 per cent (2021-22).
- Though the State share was released in subsequent years for the period 2016-17 to 2021-22, the State share was not fully released to the end of April 2022 in respect of the years 2020-21 and 2021-22.
- Against the amount of ₹447.91 crore to be released during the year 2020-21, an amount of ₹129.54 crore (29 per cent) was not released and similarly against ₹690.40 crore for the year 2021-22, an amount of ₹498.68 crore (73 per cent) was not released to the end of April 2022.

Government in its response stated (August 2023) that, most of the releases made by GoI were at the fag end of the financial year. It was also stated that the State Matching Share up to the financial year 2022-23 was completely adjusted and that there was no pendency of State Share adjustment from State Government.

However, details of the amounts adjusted for the years 2020-21 to 2022-23 were however not furnished.

6.9 Non-release of funds to Implementing Agencies

6.9.1 Non-release of State Share under National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)

For the implementation of the NPCDCS, GoI released an amount of ₹32.59 crore⁷ during the period 2020-22. Although the entire amount of GoI was released and utilised by MNJ Institute of Oncology, State Government had not released its matching share of ₹21.73 crore⁸ as of April 2022.

6.10 Budget allocation and expenditure on certain components under National Health Mission

Budget allocation and expenditure on some of the important components under NHM were as follows:

Table 6.7: Budget allocation and Expenditure on important components under NHM

Scheme	Funds incl OB (₹ in lakh)	Expenditure (₹ in lakh)	% of expenditure	Percentage of expenditure						
				2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
NVBDCP	4608	3906	85	18	17	34	30	30	60	
RNTCP	17480	17581	101	97	84	24	35	50	110	
NMHP	836	506	61	0	0	7	9	25	40	
NPHCE	781	439	56	0	0	8	20	37	18	
NLEP	2444	1470	60	7	6	50	90	9	39	
NTCP	363	173	48	0	9	13	13	21	28	

Source: Information furnished by the Department.

6.11 Funding under National AYUSH Mission

National AYUSH Mission is a flagship Centrally Sponsored Mission launched (2014-15) by the Ministry of AYUSH. The National AYUSH Mission (NAM), through which AYUSH services are provided to the people, is a part of public health services. The basic objective of NAM is to promote AYUSH medical systems through cost-effective AYUSH services, strengthening of educational systems, facilitate the enforcement of quality control of AYUSH drugs and sustainable availability of AYUSH raw materials.

The funding pattern under the scheme in respect of Central and State Government is in the ratio of 60:40. The Mission Directorate releases the GoI share while approving the State

⁷ 2020-21: ₹10.24 crore and 2021-22: ₹22.35 crore

⁸ 2020-21: ₹6.83 crore and 2021-22: ₹14.90 crore

Annual Action Plans (SAAP) through sanction orders. After the release of funds from GoI, it is further released to the executing agency (State AYUSH Society (SAS)) along with State share for implementation of the scheme. Year-wise details of budget allocation, releases and expenditure during the period 2016-22 are as follows:

Table 6.8 - Statement showing year-wise details of funds allocated, release and expenditure in respect of AYUSH

(₹ in crore)

Year	PIP Approved	Budget Allocation		Budget Releases		Amount not released		Expenditure	Balance available with SAS
		Central Share	State Share	Central Share	State Share	Central Share	State Share		
2016-17	22.00	13.20	8.80	13.20	8.80	0.00	0.00	17.29	4.71
2017-18	17.50	10.50	7.00	10.50	4.69	0.00	2.31	5.58	9.61
2018-19	11.50	6.90	4.60	6.90	0.00	0.00	4.60	2.76	4.14
2019-20	15.57	9.34	6.23	6.87	0.00	2.47	6.23	0.00*	6.87
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00*	0.00
2021-22	61.57	36.94	24.63	31.32	0.00	5.62	24.63	0.00*	31.32
Total	128.14	76.88	51.26	68.79	13.49	8.09	37.77	25.63	56.65

Source: Information furnished by State AYUSH Society

Note: *Due to non-finalisation of Accounts of AYUSH Society and non-release of State share, expenditure figures of 2019-20 to 2021-22 were not furnished

Scrutiny of the amounts released during the period 2016-17 to 2021-22 revealed the following.

- GoI had released its entire share of ₹30.60 crore during the period 2016-19. During the years 2019-20 and 2021-22 against the share of ₹46.28 crore due to be released, GoI had released only ₹38.19 crore, resulting in a short release of an amount of ₹8.09 crore to the SAS.
- State Government had released its share to the State AYUSH Society (SAS) fully only during the year 2016-17. During the year 2017-18, against the share of ₹seven crore to be released, State Government had released only ₹4.69 crore (70 per cent) and the balance ₹2.31 crore was not released even to the end of March 2022. From 2018-19 onwards, no State share was released to the SAS and the total amount which was not released by the State Government amounted to ₹35.46 crore. Specific reasons for short release of State Government share were called for from the Department, but the same are yet to be furnished.
- Though SAAP was submitted to Mission Directorate, GoI, no approval was received from Mission Directorate, GoI for NAM funds during the year 2020-21. When specific reasons for non-approval by GoI were called for, the reply was not furnished by the Department.
- It was also observed that the release of funds to the extent of ₹9.85 crore to the pharmacies for supply of medicines happened only during the period from June 2021 to February 2022. As a result, requisite medicines could not be supplied to the patients.

- As against the amount of ₹22.66 crore received for various components⁹ during 2016-18, only an amount of ₹8.94 crore¹⁰ could be expended to the end of March 2022.

6.11.1 Delay in release of GoI share to Implementing agencies

Based on the proposals submitted by the State Government, GoI releases its share to the State Government, which in turn had to release the amount to the State Health Society and State AYUSH Society by also including its own share. Though State Government released the GoI share to the State Health Society / State AYUSH Society headed by the Director of AYUSH during the years 2017-18 to 2022-23, the State share was released with delays of more than six months. The details of the delay in releases are as follows.

**Table 6.9 - Delay in release of funds to Implementing Agencies
by the State Government**

(₹ in crore)

Name of the Department/ Office	Total Amount sanctioned	Releases				
		without delay	With delay of 15 days	With delay of 6 months	With delay of more than 6 months	Yet to be released
State Health Society/ National Health Mission	6,994.03	4,856.07	1,509.74	628.22
Director, AYUSH	128.14	82.28	45.86*
Total	7,122.17	4,938.35			1,509.74	674.08

Source: Information furnished by the Department

**includes ₹8.09 crore Central share released by GoI not released to Ayush Society by State Government*

6.11.1.1 Non-submission of Utilisation Certificates

As per Para 8 of NAM Guideline a certificate of the utilisation of the grants should be submitted to ensure sanction of further Grants-in-Aid. In respect of recurring grants, based on the UC, the balance amount will be released. UCs for the period 2014-17 were submitted only in September 2019, with delays ranging from two to four years. The Department replied that the funds pertaining to the Central Share for the years 2017-18 and 2018-19 were released to the State AYUSH Society in the month of September 2020 and April 2021 respectively by the State Finance Department. Moreover, the State share is yet to be released by the State Government.

As per the provisions of the National AYUSH Mission, 15 per cent weightage will be given based on the performance determined on the submission of Utilisation Certificates (UCs) due and pending as of 31st March of the previous financial year. Due to the delay in the submission of UCs to the GoI, the State Government could not get the benefit of

⁹ Co-location of AYUSH facilities at District Hospitals: ₹4.34 crore; Upgradation of Hospitals/Dispensaries: ₹6.32 crore and Setting up of 50 Bedded Integrated Hospital: ₹12.00 crore

¹⁰ Co-location of AYUSH facilities at District Hospitals: ₹2.60 crore; Upgradation of Hospitals/Dispensaries: ₹0.34 crore and Setting up of 50 Bedded Integrated Hospital: ₹6.00 crore

15 per cent weightage in the allocation of resource pool. The forgoing of the 15 per cent weightage was also confirmed (March 2022) by the Commissioner, AYUSH.

As per the information furnished by the Commissioner, AYUSH, UCs in respect of an amount of ₹18.93 crore (out of the GoI released amount of ₹83.17 crore) were still pending as of February 2023. Details of UC pending year-wise is furnished in the table below:

Table 6.10 - Details of UC pending year-wise

(₹ in crore)		
Year	Amount of funds released by GoI	Amount for which UC due
2016-17	13.20	0.57
2017-18	10.50	0.95
2018-19	6.90	1.96
2019-20	6.87	2.69
2020-21	0.00	0.00
2021-22	31.32	12.76
Total	68.79	18.93

Source: information furnished by AYUSH Department

6.12 Emergency Response and Health System Preparedness Package

6.12.1 Package for Emergency Response to COVID

To build resilient health system for COVID-19, the MoHFW, GoI, introduced (7 April 2020) the Emergency COVID-19 Response and Health System Preparedness Package (ECRP).

ECRP-I was funded by GoI fully while funding pattern of ECRP-II, a Centrally Sponsored Scheme funded by Government of India and State Governments in the ratio of 60:40. The main objectives of ECRP, included, strengthening National and State healthcare systems to support prevention and preparedness, procurement of essential medical equipment, consumables & drugs and strengthening of surveillance activities including setting up of laboratories and bio-security preparedness. The NHM was made the implementing agency for the ECRP.

Table 6.11- Funds released for COVID related activities by GoI and State Government during 2019-20

Year	Purpose of release of funds	Funds released by (₹ in crore)		Total funds received (₹ in crore)	Expenditure incurred (₹ in crore)
		GoI	State Government		
2019-20	COVID related activities	33.40	22.66	56.06	Not furnished

Source: Compiled from records furnished by NHM

6.12.2 Emergency COVID Response Package (ECRP – I)

Table 6.12 - Details of funds received and expenditure incurred under ECRP I from GoI

(₹ in crore)		
	Funds allocated	Funds received
ECRP I during 2020-21	386.37	386.37
ECRP I 2021-22	6.37	6.37
Total	392.74	392.74

Source: Compiled from records furnished by NHM

The funds allocated under the COVID package in 2019-20 and for ECRP-I were expended at the State level by the Government and in view of this there was no District-wise expenditure in respect of COVID package and ECRP-I.

Government in its response confirmed (August 2023) that procurement was done at State level and released to Districts and was operationalised/implemented at Districts.

Activity-wise allocation and expenditure incurred under COVID package and ECRP-I are as follows:

Table 6.13 Activity-wise allocation and expenditure incurred under COVID package and ECRP-I

(₹ in crore)			
Sl. No	Activity/Item of expenditure	Amount sanctioned	Amount expended ¹¹
1	Testing and Lab Strengthening	59.21	2.69
2	Procurement (Excluding Central Supplies)	179.74	124.89
3	Health Facilities	88.44	119.03
4	Additional Human Resources engaged for COVID-19	34.49	33.28
5	Monitoring & Surveillance related	13.08	21.60
6	IT systems	0.01	0.07
7	Information, Education Communication/ Behaviour Change Communication	1.68	2.40
8	Training - No. of personnel	0.45	2.58
9	Miscellaneous	9.60	142.24
	Total	393.07	448.78

Source: Compiled from records furnished by NHM

It was observed that Utilisation Certificates were furnished to the GoI for the period ended March 2022 for the entire amount released under ECRP-I.

6.12.3 Emergency COVID Response Package (ECRP II)

The proposal submitted by the State Government for assistance under ECRP II was to the extent of ₹497.79 crore and approval of GoI was conveyed for the entire amount with a stipulation to expend it before March 2022.

Some of the main objectives of the ECRP II included:

- supporting the States to establish dedicated paediatric care unit in all Districts, duly supporting to establish Paediatric Centre of Excellence in each State,
- enable timely and quality management of COVID-19 patients at District and sub District level by increasing bed capacities wherever necessary,
- increase the availability of ICU beds including the paediatric ICU beds,
- support the States to have one Liquid Medical Oxygen (LMO) storage tank alongwith Medical Gas Pipeline System (MGPS) in all the Districts to enhance the availability of medical oxygen in public healthcare system,

¹¹ Includes the expenditure incurred from the funds released by GoI and State Government for COVID related activities during 2019-20

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- support the States in implementation of Hospital Management Information System (HMIS) and
- enhancing testing capacity for identification and clinical management of COVID-19 patients at public healthcare facilities closer to the public due to the spread of cases in rural, peri-urban and tribal areas.

Of these, establishing paediatric care unit in each District, one centre of excellence per State, functional HMIS across all Districts, RT-PCR testing facility in public healthcare system and atleast one LMO plant with MGPS in each District were priority non-negotiable components of the sanction.

The details of fund received and expenditure incurred for the period from April 2021 to March 2022 under ECRP II is given in Table below:

Table 6.14 - Details of fund received and expenditure incurred under ECRP II

Scheme	Funds allocated			Expenditure	Balance
	GoI	State	Total		
ECRP-II	298.68	199.12	497.80	416.57	81.23

(₹ in crore)

Source: Compiled from records furnished by NHM

Although the State Government was to transfer the funds to State Health Societies (SHS) within 7 working days of its receipt from the Central Government, it released amounts with delays. The delays in release of funds by GoI ranged from 21 days to 59 days while the delay in release of its own share by State Government ranged from 60 to 186 days. (details vide **Appendix 6.1**). The activities planned under ECRP-II and achievements in respect of each of these activities are as detailed in the table below:

Table 6.15 – Activities done against activities planned under ECRP II as of October 23

(₹ in crore)

S. No	Activities	Amount sanctioned	Amount expended	Remarks
Non-Negotiable items under ECRP-II				
1	Dedicated Paediatric Units (33)	86.91	86.90	All the oxygen supported beds, Intensive Care Unit (ICU) and High Dependency Units (HDU) beds were established. Only one item, i.e., Infrared Vein Finder could not be procured in 33 DPCUs of all Districts. Some of the expensive equipment, such as Paediatric Ventilators with NIV mode and Neonatal Ventilators with NIV mode, were left idle and unused by DH Bodhan.
2	Centre of Excellence (CoE), Niloufer Hospital	2.75	5.56	Though the work was stated to be completed on February 2023, the same was not handed over to Niloufer Hospital, Hyderabad till May 2023. Out of 33 spokes to be established in 33 DPCUs, only 18 were established upto May 2023.
3	Liquid Medical Oxygen Plants (33)	26.40	Nil	LMO plants were not established in any of the Districts.

S. No	Activities	Amount sanctioned	Amount expended	Remarks
4	RTPCR LABS	5.10	24.05	Against the GoI sanctioned amount of ₹5.10 crore, expenditure of ₹24.05 crore was incurred towards establishment of 20 RT-PCR labs.
5	Hospital Management Information System (30 DH)	51.00	4.63	GoI sanctioned ₹51 crore for establishment of HMIS in 102 health facilities. Agreement was concluded for Stage 1 of the agreement only i.e., Outpatient modules. Out of 8 O.P. modules of 1 st Phase, 2 modules i.e., OP and emergency modules were only implemented in 29 DME health facilities from 6 th March 2023. Further, agreement was not concluded for Inpatient modules as of May 2023. In view of this, HMIS was not established.
Negotiable items under ECRP-II				
6	Establishment of 825 ICU Beds (10 Teaching hospitals)	144.74	87.06	625 ICU beds were established in 9 Medical College attached Hospitals. Work in progress at Nizam's Institute of Medical Sciences (NIMS), Hyderabad for establishment of 200 ICU Beds
7	Establishment of 90 ICU Beds (3 DH)	15.16	Nil	Sanctioned ICU beds not provided.
8	RT-PCR Kits	15.39	12.23	Details not furnished by the Department.
9	RAT-Antigen Kits	77.00	62.06	Details not furnished by the Department.
10	Drugs	33.00	97.71	Details not furnished by the Department.
11	Human Resources	40.35	36.37	Payment of stipends to GNM Nursing students, Final Year B.Sc. Nursing students and Medical PG Residents
	TOTAL	497.80	416.57	

Source: Approval Proceedings of GoI - ECRP II – Telangana

It was observed that Utilisation Certificates were furnished to the GoI for the period ended March 2022 for an amount of ₹361.87 crore out of the released amount of ₹450.56 crore.

6.12.4 Diversion of ECRP-II funds - ₹17.46 crore

As per the guidance note of GoI, for implementation of the HMIS project an amount of ₹50.00 lakh per health facility was sanctioned to 102 health facilities. NIMS, Hyderabad was not on the list of health facilities for implementation of HMIS in the GoI sanction order. However, an amount of ₹5.46 crore was paid towards implementation of HMIS in NIMS.

Contrary to the directions not to incur expenditure from ECRP-II funds on unapproved activities of ECRP-II, Government issued orders (March 2022) to pay ₹6.12 crore to TSMSIDC towards outstanding payments to CDAC pertaining to eHMS, for providing operational maintenance services for the e-Aushadhi project and ₹5.88 crore for installation of CCTV Cameras in the PHCs & UPHCs (to be incurred from XV Finance Commission funds) from ECRP-II funds. The total expenditure to the extent of ₹17.46 crore remains un-recouped to ECRP II funds.

Government in its response stated (August 2023) that, implementation of eHMIS in 102 facilities was approved under ECRP-II and that e-Aushadhi was an integral part of eHMIS.

It was stated that payments were done in order to successfully implement eHMIS in 102 facilities. It was also stated that CCTV cameras were installed in all the PHCs/UPHCs to enable live monitoring to collect, analyse and disseminate data on COVID-19 cases, testing, vaccination, hospitalisation, etc.

The response of the Government did not provide the details of the hospitals and the number of modules of eHMIS implemented.

It may be pertinent to note that XV Finance Commission grants were available for installation of CCTV cameras in PHCs/UPHCs.

6.12.5 ECRP-I & II – Utilisation of NHM interest funds on the activities not provided for under the Scheme – ₹78.37 crore

State Government has accorded administrative sanctions to the extent of ₹144.17 crore during December 2020 – September 2021 for the management of COVID-19 and directed to meet the expenditure from NHM interest funds subject to reimbursement from COVID funds. It was observed that, out of the sanctioned amount of ₹144.17 crore, only an amount of ₹65.80 crore was in respect of activities sanctioned under ECRP I & II and remaining amount of ₹78.37 crore was incurred on activities not sanctioned under ECRP I & II from NHM interest funds on a reimbursement basis. Although Commissioner of Health & Family Welfare requested Government to take necessary action for reimbursement of the amount of ₹144.17 crore to NHM funds, the same had not been done till date.

Government in its response stated (August 2023) that, Commissioner of Health & Family Welfare and Mission Director/NHM had addressed for reimbursement of funds of ₹78.37 crore expended from ECRP and the same was awaited.

6.12.6 Ex-Gratia payment to the dependent of COVID deceased

As per the orders of National Disaster Management Authority and as per the orders of the Hon'ble Supreme Court of India in June 2021, an amount of ₹50000 ex-gratia is required to be paid from the State Disaster Response Fund (SDRF) to the next of kin of the deceased persons who died due to COVID-19.

Accordingly, Telangana Government had issued five orders during the period from November 2021 to January 2022 for release of ₹66.68 crore from the SDRF for payment of ex-gratia to the next kin of the 13,336 deceased due to COVID-19. Although details of payment made were called for from Disaster Management Department regarding the actual details of utilisation, response of the Department is still awaited.

6.13 Out Of Pocket Expenditure (OOPE)

Out Of Pocket Expenditure is the expenditure directly incurred by households at the point of receiving healthcare. Total Health Expenditure (THE) constitutes current and capital expenditures incurred by Government and private sources including external funds. THE as a percentage of GDP indicates health spending relative to the country's economic development. THE per capita indicates health expenditure per person in the country.

Government Health Expenditure (GHE) constitutes spending under all schemes funded and managed by Union, State and Local Governments including quasi-Governmental organisations and donors in case funds are channelled through Government organisations. It has an important bearing on the health system as low Government health expenditures may mean high dependence on household out-of-pocket expenditures.

As seen from the National Health Accounts, the year-wise details of the THE, GHE and OOPE in respect of Telangana for the period 2015-16 to 2018-19 are as follows.

Table 6.16 - Details of THE, GHE and Out of Pocket Expenditure

Year	THE		GHE			OOPE		
	(₹ in crore)	Per capita	(₹ in crore)	% of THE	Per capita	(₹ in crore)	% of THE	Per capita
2015-16	13,710	5,273	5,148	37.5	1,980	7,941	57.9	3,054
2017-18	15,789	4,267	6,281	39.8	1,698	7,844	49.7	2,120
2018-19	15,280	4,130	6,242	40.9	1,687	7,332	48	1,982

Source: National Health Accounts for the respective years.

Note: Telangana was not one of the selected States for conduct of review on OOPE. National Health Accounts for the years 2019-20 onwards are not available

Further scrutiny of GHE and OOPE of Southern Zone¹² States revealed that the OOPE of Telangana State does not compare favourably with that of Karnataka and Tamil Nadu.

Table 6.17 - Comparison of Out of Pocket Expenditure with neighbouring States

State	GHE (per capita)	OOPE (per capita)
India	1,815	2,155
Andhra Pradesh	1,576	3,140
Tamil Nadu	2,022	1,909
Karnataka	1,655	1,625
Telangana	1,687	1,982
Kerala	2,479	6,772

Source: National Health Accounts Estimates 2018-19

Scrutiny of the per capita expenditure revealed that, although it compared favourably with the OOPE per capita expenditure of National average, it was less when compared with the GHE of National average.

Scrutiny of GHE revealed that the GHE of Telangana was only ₹1,687 per capita. Government Health Expenditure showed a decreasing trend from 3.47 per cent (2016-17) to 2.53 per cent (2021-22) of total health expenditure of the State.

¹² State Reorganisation Act 1956

Government in its response (August 2023) stated that Telangana was ahead of Uttarakhand, Madhya Pradesh, Gujarat, etc. The response furnished by Government is not specific to the issue raised by Audit.

6.14 Implementation of State specific schemes

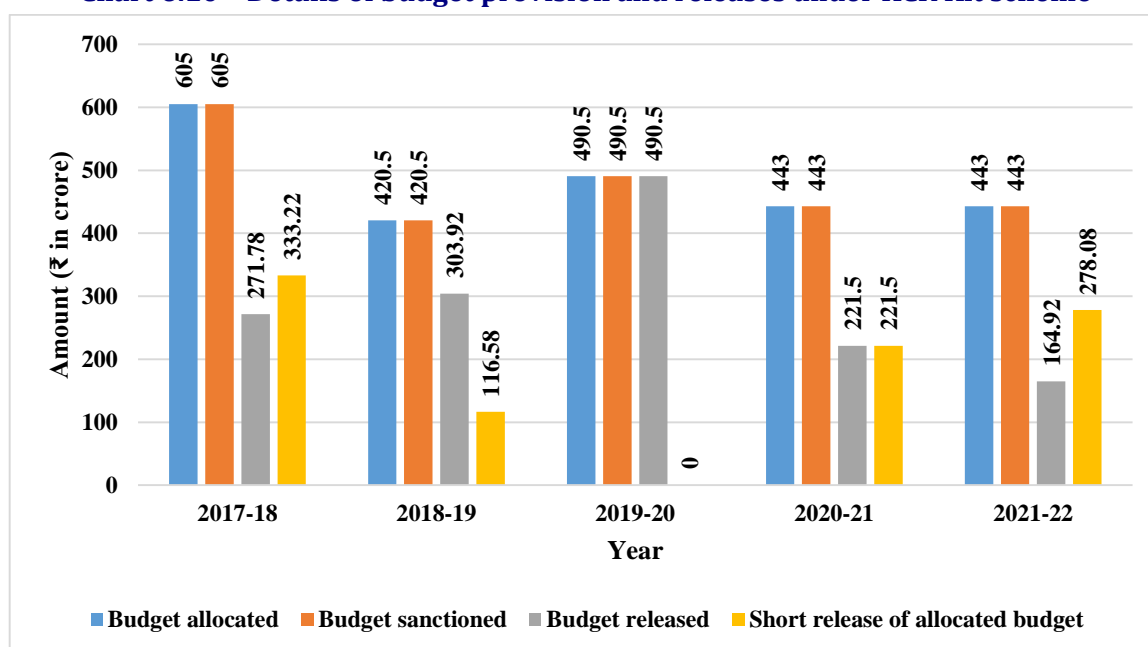
With a view to increase the Institutional deliveries as a part of SDG and to also provide proper Antenatal and Post Natal care, State Government launched the KCR Kit, Amma Vodi schemes. AMMA Vodi is a scheme where free transportation is provided to pregnant women for regular checkups and tests in the State from home to diagnostic centre or health centre and back to home.

6.14.1 Budget allocation for the KCR Kit scheme

KCR-Kit Scheme

Year-wise details of budget provision, releases and short releases are given in the Chart

Chart 6.10 – Details of budget provision and releases under KCR Kit scheme



Source: Information furnished by Department

Scrutiny revealed the following:

- Government had released an amount of ₹1452.62 crore during the period 2017-18 to 2021-22 under KCR Kit Scheme
- Initially, during the year 2017-18, an amount of ₹five crore was met from the funds from the RCH Flexi pool on a recoupment basis but the same has not been recouped to the RCH Flexi pool so far.
- Similarly, during the year 2017-18, an amount of ₹58.50 crore could not be utilised due to the lapse of the budget at the end of the financial year.

Government in its response (August 2023) assured that the amount of ₹five crore met from the funds of the RCH Flexi pool would be reimbursed shortly.

6.14.2 Kanti Velugu Programme:

Under the Kanti Velugu programme aimed at creating a “Avoidable Blindness Free” State, the Government has decided to provide universal eye screening for the entire population.

For the implementation of “Kanti Velugu” programme during the years 2018-19 and 2019-20, an amount of ₹177.54 crore (2018-19: ₹84 crore and 2019-20: ₹93.54 crore) was released.

Government in its response stated (August 2023) that, Medical Officers were appointed exclusively for the programme Phase-1 on temporary basis for a period of six months and that the remaining budget was utilised for implementation of the programme.

6.14.3 Other Issues

As per the State Bifurcation policy, out of ₹25.89 crore¹³ apportioned amount to be received from the erstwhile Andhra Pradesh, an amount of ₹12.95 crore was received during August 2015. The balance amount of ₹12.94 crore was yet to be received by the Government of Telangana even after eight years.

Government in its response (August 2023) did not furnish information about the balance amount to be received from Government of Andhra Pradesh.

6.15 Conclusion

State Government had not formulated a Specific Comprehensive Policy/Plan with reference to NHP, 2017 to achieve universal health coverage and deliver quality healthcare services to all at affordable cost.

State Government had not conducted health, demographic and epidemiological surveys and had only conducted disease survey.

Although as per the NHP, 2017, State’s spending on the Health sector should be more than 8 per cent of total State budget by 2020, the State’s expenditure on Health ranged between 2.53 per cent to 3.47 per cent during 2016-17 to 2021-22 which was less than 50 per cent of the specified norm.

The expenditure on Health Sector remained less, i.e., less than one per cent of the State GSDP as against the norm of 1.15 per cent as envisaged in the NHP 2017. Further, it was observed that actual expenditure on primary healthcare in the State ranged between 15.56 per cent (2019-20) to 20.27 per cent (2017-18) of the total health budget as against the set target of 66.67 per cent.

While expenditure on Human Resources constituted a major portion of the total incurred expenditure including the amounts extended towards Grants-in-Aid, the expenditure on drugs and medicines had a meagre three per cent share.

State’s share towards the Centrally Sponsored Schemes was not fully released within the same financial year during 2016-22. State Government did not release its matching share of ₹21.73 crore as of April 2022 for the implementation of the NPCDCS. Although the funds were available, utilisation ranged from 36 to 63 per cent only in respect of funds

¹³ Regional Emergency Health Transport Services (REHTS): ₹21.09 crore; State Population Policy (SPP): ₹0.86 crore; Sukhibhava: ₹0.69 crore; Department For International Development (DFID): ₹1.50 crore and Others: ₹1.75 crore

released for NHM. Due to delay in submission of UCs to the GoI, the State Government could not get the benefit of 15 per cent weightage in allocation of resource pool from National AYUSH Mission.

Contrary to the directions not to incur expenditure from ECRP-II funds on unapproved activities, total funds to the extent of ₹17.46 crore was incurred for unapproved items which remains un-recouped to ECRP II funds.

State Government had accorded administrative sanctions to the extent of ₹144.17 crore during December 2020 – September 2021 for the management of COVID-19 and had directed to meet the expenditure from NHM interest funds subject to reimbursement from COVID funds. The amount was not recouped to NHM till date.

Although Out-of-Pocket- Expenditure (OOPE) of Telangana compared favourably with the OOPE per capita expenditure of National average, it was less when compared with the Government Health Expenditure (GHE) of National average.

6.16 Recommendations

- State Government may consider increasing Health sector spending to move closer to NHP targets in terms of 8 per cent of State budget and at least 2.5 per cent of State GDP as specified in NHP 2017 by 2025 to reduce Out of Pocket Expenditure.
- State Government may consider allocation of up to two thirds of the total health budget for primary healthcare in terms of the norms prescribed by NHP 2017.
- Government should ensure that at least budgetary allocations are fully utilised by the Departments and timely release of NHM funds and its proper utilisation.
- Government may conduct health, demographic and epidemiological surveys as stipulated in NHP 2017.