

Chapter VI
Financial Management

Chapter VI

Financial Management

Financing is increasingly being recognized as an area of major policy relevance to achieve Universal Health Coverage (UHC). Appropriate Health Financing is a means to ensure adequate funds for health care, provide equitable access to all population groups and reduce barriers to utilize health services. National Health Policy, 2017 envisages increasing health expenditure by Government as a percentage of GDP to 2.5 *per cent* by 2025. Against this, the expenditure of GNCTD on public health as a percentage of GSDP ranged from 0.65 *per cent* to 0.79 *per cent* during 2016-17 to 2021-22. There were huge savings against budget allocation during the audit period (2016-2022), especially in infrastructure projects, which indicates unrealistic budget estimates, shortcomings in planning and delay in execution of works.

There were many instances of delay in releasing funds from State treasury to the implementing agency which is Delhi State Health Mission (DSHM). It was also noticed that DSHM could not even utilize the released fund as evident from the fact that ₹ 510.71 crore was lying unspent in the bank accounts of Delhi State Health Society (DSHS) and its 11 IDHSs. There were delays in submitting Utilization Certificates against Central fund.

There was under-utilization of budget (₹ 245.11 crore out of ₹ 787.91 crore) provided under India Covid-19 Emergency Response and Health preparedness package.

In respect of four selected hospitals, under-utilization of funds during 2016-17 to 2021-22 ranged between 13.14 to 34.95 *per cent* in Lok Nayak Hospital, 9.4 to 49.88 *per cent* in Rajiv Gandhi Super Specialty Hospital, 6.1 to 10.42 *per cent* in Janakpuri Super Specialty Hospital and 6.31 to 27.31 *per cent* in Chacha Nehru Bal Chikitsalaya.

6.1 Introduction

Finances for health infrastructure and management of health services in the State are sourced through the State budget. Government of India provides funds under Centrally Sponsored Schemes (CSS). Details of budget allocation, expenditure and savings against the funds provided by Government of India and GNCTD during 2016-17 to 2021-22 is given in **Table 6.1**.

Table 6.1: Budget allocation and expenditure on Health Sector (GoI and Government of Delhi)

(₹ in crore)

Budget allocation to the State for Centrally sponsored schemes				Government of Delhi			
Year	Funds released	Expenditure	Savings	Total budget provision	Expenditure	Savings	Savings (in per cent)
2016-17	231.72	Details of expenditure out of Central funds are not being maintained by DSHM	NA	5,238.71	4,008.24	1,230.47	23.49
2017-18	208.72		NA	5,710.45	4,735.91	974.54	17.07
2018-19	135.51		NA	6,699.96	5,482.03	1,217.93	18.18
2019-20	108.38		NA	7,498.22	5,756.96	1,741.26	23.22
2020-21	846.71		NA	7,652.78	6,314.31	1,338.47	17.49
2021-22	70.45		NA	9,870.25	9,016.97	853.64	8.64

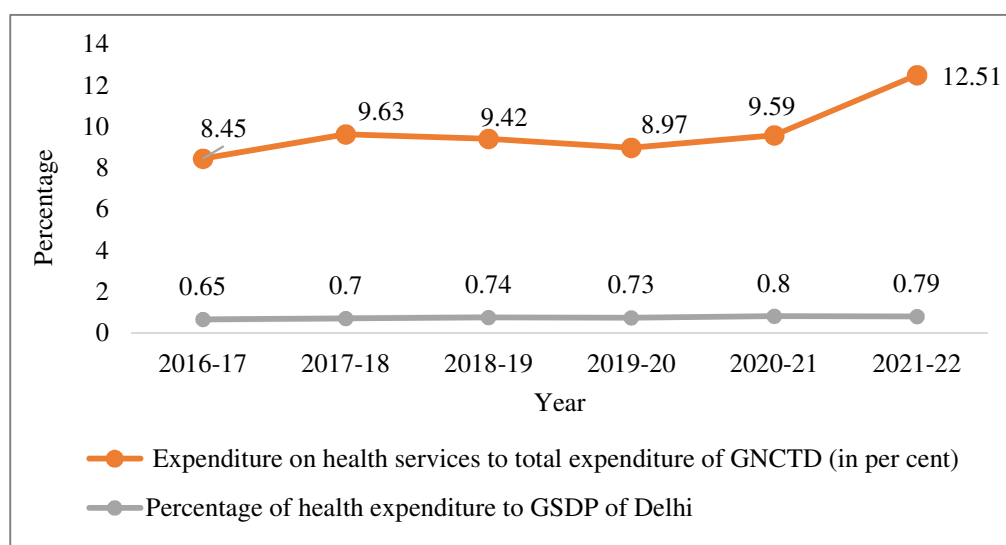
Source: Delhi Budget Speech and information furnished by Department

6.2 Expenditure on Health Sector by the State vis-a-vis National Health Policy norms

Paragraph 2.4.3.1 of NHP 2017 envisages increase in the health expenditure by Government as a percentage of GDP from the existing 1.15 per cent to 2.5 per cent by 2025 and increase State sector health spending to more than eight per cent of their budget by 2020.

The graph below indicates the percentage of the State expenditure on Health sector to GSDP of GNCT of Delhi and its total expenditure.

Chart 6.1: Expenditure on Health by Delhi Government to the Total Expenditure of State/GSDP



Source: Annual Reports and Information furnished by the Department.

From **Table 6.1**, it is seen that Government spending on health sector has increased from ₹ 4,008.24 crore (8.45 per cent of total expenditure of State) in 2016-17 to ₹ 9016.97 crore (12.51 per cent of total expenditure of State) in 2021-22. Against the target of raising public health expenditure to 2.5 per cent of the GDP (by 2025), the expenditure on health by the State Government increased from 0.65 per cent (2016-17) of the GSDP to 0.79 per cent (2021-22)

of GSDP. As such, there is still scope for the Government to increase public expenditure on Health Sector. It was also noticed that Government has not prepared any roadmap to increase the expenditure on Health Sector.

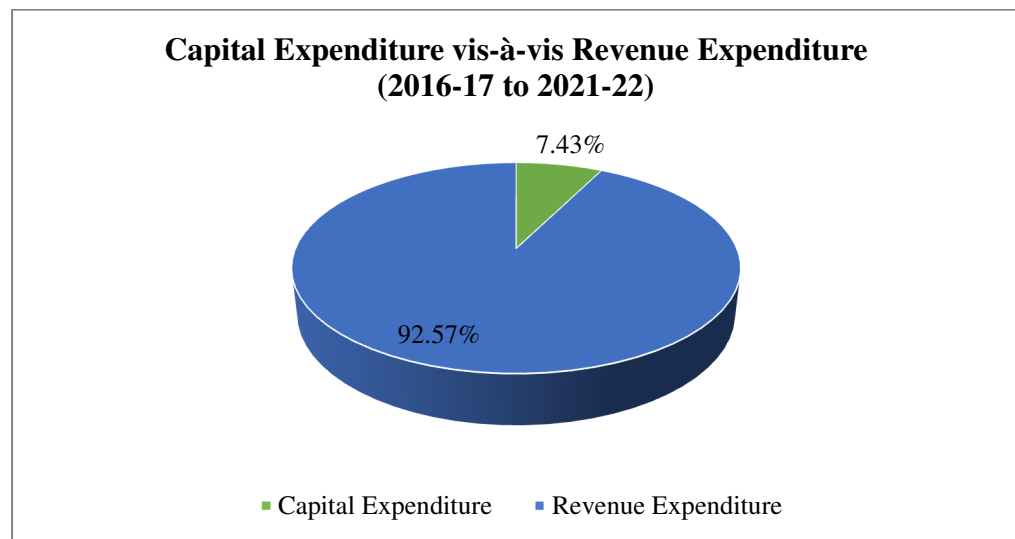
Government did not offer any comment in its reply dated 13 December 2023.

6.3 Revenue and Capital Expenditure

Revenue expenditure includes establishment expenses, Grants-in-aid to various Institutions (NHM, AYUSH, etc.), expenditure on training programmes, immunisation Programme, family planning programmes, Employees State Insurance Scheme, various schemes/ programmes of State/ Central Government, assistance to other Non-Governmental Institutions, purchase of medicines, etc. Capital Expenditure includes construction/ major repairs of buildings of Health institutions, acquisition of land, etc.

Out of the total expenditure of ₹ 35,314.42 crore incurred on health during 2016-22, Revenue Expenditure was ₹ 32,691.07 crore (92.57 per cent) while Capital Expenditure was ₹ 2623.35 crore (7.43 per cent) as indicated in **Chart 6.2**.

Chart 6.2: Capital Expenditure vis-à-vis Revenue Expenditure



6.4 Expenditure on Health infrastructure

The Department had allocated budget ranging from ₹ 518.26 crore to ₹ 1440.50 crore for different projects relating to healthcare infrastructure during the period 2016-17 to 2021-22 as detailed in **Table 6.2**.

Table 6.2: Budget allocation and actual expenditure for infrastructure projects

(₹ in crore)

Year	Budget Allocation	Actual expenditure	Saving	Percentage of saving
2016-17	625.49	337.04	288.45	46.12
2017-18	518.26	235.78	282.48	54.51
2018-19	706.24	152.48	553.76	78.41
2019-20	746.7	249.45	497.25	66.59
2020-21	866.5	399.58	466.92	53.89
2021-22	1440.50	1249.02	191.48	13.29

Source: Consolidated budget and expenditure of Health Department

It can be seen from the **Table 6.2** that during 2016-17 to 2021-22, 13.29 per cent (2021-22) to 78.41 per cent (2018-19) of allocation on health infrastructure remained unutilised.

6.5 Financial provision and management of Centrally Sponsored Schemes (CSS)

Audit examined provision of funds for health care services and its management with respect to CSS and deficiencies noticed are as follows:

6.5.1 Flow of funds

Delhi State Health Society (DSHS) prepares a Programme Implementation Plan (PIP) in line with the broad guidelines provided by MoH&FW, GoI. NHM was 100 per cent sponsored by the Central Government, but with effect from 2018-19, Central and State Governments provides 60:40 shares respectively to DSHS.

The status of funds received and expenditure incurred by DSHM during 2016-17 to 2021-22 is given in **Table 6.3**.

Table 6.3: Status of fund received and expenditure by DSHM

(₹ in crore)

Financial Year	Unspent balance	Received from GoI	Released by GNCTD	Other income (interest etc.)	Total Grant available	Actual Expenditure	Adjustment etc.	Unspent balance at the end of the year
i	ii	iii	iv	v	vi (ii+iii+iv+v)	viii	vii	ix (vi – vii-viii)
2016-17	109.44	231.72	47.87	32.82	421.85	140.88	22.74	258.23
2017-18	258.23	208.72	0.00	8.95	475.90	182.13	2.00	291.77
2018-19	291.77	135.51	70.00	6.78	504.06	134.08	0	369.25
2019-20	369.25	108.38	104.17	7.82	590.35	154.57	0	435.05
2020-21	435.05	83.47	100.80	12.26	631.58	213.02	0	418.56
2021-22	418.57	70.45	125.91	9.10	624.04	177.52	5.24	510.71 ¹
Total		838.25	448.75	77.73		1002.2	29.98	

Source: Annual accounts of DSHM and figures furnished by DSHM

The total expenditure during 2016-22 was ₹ 1002.2 crore and ₹ 510.71 crore was lying unspent in the bank accounts of DSHS and its 11 IDHSs (31 March 2022).

¹ Include unspent Central Share of ₹ 398.72 crore and State Share of ₹ 111.99 crore

Reasons for under-utilisation of funds were vacancies in various posts of contractual/outsourced staff approved under NHM, shortfall in conducting trainings, workshops, outreach activities etc., delay in approval of activities and shortage of staff in NLEP programme, shortfall in 'Monitoring, Evaluation & Supervision' activities under National Vector Borne Disease Control Programme (NVBDCP) etc.

Audit findings relating to implementation of selected Centrally Sponsored Schemes are covered under Chapter VII of this Report.

6.5.2 Delay in remittances of funds to Delhi State Health Society

MoH&FW, GoI issues sanction orders for NHM programmes to the Pr. PAO, GNCTD under National Health Mission for further remittance to the Delhi State Health Society. The Department of Economic Affairs, Ministry of Finance, has fixed (October 2017) the rate of interest that should be claimed by the State Health Society in cases of delay in transfer of funds from the State treasury for more than 15 days.

Scrutiny of Annual Accounts of DSHS for the year 2020-21 revealed that ₹ 29.93 crore was kept by the Pr. PAO and remitted to DSHS with delays ranging from 81 to 104 days as detailed in **Table 6.4**.

Table 6.4: Delay in remittance of funds to DSHS

(₹ in crore)

Year	Programme /head in which fund released by the Government of India	Date of credit from RBI to State Treasury	Date of Credit in Delhi State Health Society	Amount	Number of days delay released funds by the State Government to DSHS
2020-21	RCH	20.10.2020	1.2.2021	0.75	104 days
		20.7.2020	9.10.2020	3.02	81 days
		1.3.2021	23.6.2021	0.30	114 days
	HSS NRHM	20.7.2020	9.10.2020	17.38	81 days
		20.10.2020	1.2.2021	4.35	104 days
		2.3.2021	23.6.2021	0.82	113 days
	Other Health System Strengthening-NUHM	15.3.2021	23.6.2021	0.45	100 days
	6.11.2020	12.2.2021	2.86	98 days	
Total				29.93	

Delay in releasing funds to DSHS resulted in funds remaining unspent in 2020-21. Further, DSHS did not claim any interest from the Pr. PAO, GNCTD for delayed remittance of funds.

6.5.3 Delay in submission of Utilization Certificate to MoW&CD, GoI

As per the MoU signed between the Ministry of Health and Family Welfare, GoI and Department of Health and Family Welfare, the Utilization Certificates for the funds released for National Health Mission are to be submitted within the period stipulated in GF Rules, 2017.

DSHS was required to submit UC in respect of funds received in the preceding financial year in the month of July.

Audit revealed that there were delays in submission of UCs by DSHS from 23 to 187 days during the years 2016-21. Reasons for delay were stated to be delay in consolidation of accounting data and Covid-19 pandemic. In the absence of UCs, Audit could not verify whether the funds were utilized for the purpose they were sanctioned for.

Government did not offer any comment in its reply dated 13 December 2023.

6.6 Utilisation of fund received from Central Government for Covid-19

Under Emergency Covid Response Plan, GNCTD received total funds of ₹ 787.91 crore (Lump sum amount of ₹ 24.67 crore, ₹ 292.22 crore in first phase and ₹ 471.02 crore in the second phase) from GoI. Out of this, GNCTD utilised only ₹ 542.84 crore (November 2021) as per details given in **Table 6.5**.

Table 6.5: Budget allocation and expenditure for Covid

(₹ in crore)

Sl. No.	Purpose	Total amount released	Expenditure	Balance (+) Unspent (-) Excess	Significant savings (in per cent)
1	Lump-sum amount released during 2019-20	24.67	0	24.67	100
2	Diagnostics including Sample Transport	371.06	302.15	68.91	18.57
3	Drugs and supplies including PPE and masks	119.85	36.71	83.14	69.37
4	Equipment/facilities for patient care including support for ventilators etc.	108.69	134.05	- 25.36	-
5	Human Resources (including incentives for Community Health Volunteers)	52.00	21.48	30.52	58.69
6	Mobilities Support	33.70	39.20	-5.50	-
7	IT Systems including Hardware and software etc.	11.30	4.26	7.04	66.37
8	IEC/BCC	6.93	0.73	6.20	-
9	Training	0.42	0.25	0.17	-
10	Miscellaneous	61.11	4.00	57.11	93.45
Total		787.91	542.84	245.07	

It can be seen from the above table that percentage savings under several heads were significant. The reasons for under-utilization of funds for implementation of the programme Covid-19 Emergency Response and Health System Preparedness Package are awaited.

As regards expenditure related to COVID-19 by selected Hospitals, Audit observed that NHM had released a sum of ₹ 55.47 crore and ₹ 31.18 crore during the year 2020-21 to LNH and RGSSH respectively for dealing with Covid Pandemic. RGSSH received additional grant of ₹ 8.25 crore during 2021-22. These funds were mainly utilized for procuring equipment, consumables, accommodation of doctors and other staff, kitchen items, transportation, manpower outsourcing etc. during the COVID period. LNH and RGSSH utilized ₹ 54.18 crore and ₹ 31.05 crore respectively from the grant received during 2020-21.

RGSSH has not shown GIA received from Delhi State Health Mission and expenditure against the same separately from details of regular GIA received/expenditure of the hospital in its accounts. Further, separate Stock Registers or Inventory Records were not maintained in either of the hospitals against procurement and distribution of various items (Drugs, PPE kits, masks, gloves, medical equipment etc.) out of NHM funds. As such, Audit could not verify the expenditure incurred against the NHM fund.

6.7 Delay in release of funds for Covid-19 Vaccination

The Ministry of Health and Family Welfare (MoH&FW), GoI conveyed sanctions for Grants-in-Aid under the head “COVID-19 Vaccination” to the Department of Health and family Welfare, GNCTD for further remitting it to the Delhi State Health Society (DSHS). The Income and Expenditure Account (2020-21) of the DSHS and relevant sanction orders revealed that MoH&FW released Grant in-Aid of ₹ 9.60 crore in two instalments, ₹ 3.46 crore in January 2021 and ₹ 6.14 crore in March 2021 to the DoH&FW, GNCTD under the head “COVID-19 Vaccination” but these funds were released to DSHS in April and May 2021 only.

DSHS had remitted the funds to the Integrated District Health Societies for further distribution. As per utilisation certificate, ₹ 7.93 crore out of ₹ 9.60 crore remained unspent as of March 2022.

6.8 Under-utilisation of funds by the test checked Hospitals

Year-wise release and expenditure of funds during 2016-17 to 2021-22 pertaining to test checked hospitals were as shown in the **Table 6.6**.

Table 6.6: Utilisation of funds by selected hospitals

	(₹ in crore)					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
LNH						
Budget Allocation	362.64	437.19	508.48	531.79	606.97	730.69
Expenditure	345.64	416.46	473.53	496.59	563.21	717.55
Savings	17	20.73	34.95	35.2	43.76	13.14
RGSSH						
Grant received + Unspent GIA of previous year	51.40	56.74	71.06	70.47	114.28	110.39
Expenditure incurred	36.66	40.68	61.66	20.18	78.89	77.70
Savings	14.74	16.06	9.4	49.88	35.39	32.69
JSSH						
Grant received + Unspent GIA of previous year	56.53	45.24	52.1	54.3	40.81	45.28
Expenditure incurred	28.79	39.14	37.3	32.49	30.09	34.86
Savings	27.74	6.1	14.8	21.81	10.72	10.42
CNBC						
Grant received + Unspent GIA of previous year	76.23	85.13	104.08	99.81	89.94	99.93
Expenditure incurred	64.1	65.05	76.77	79.12	83.63	91.08
Savings	12.13	20.08	27.31	20.69	6.31	8.85

Source: Information provided by the Hospitals

It can be seen from **Table 6.6** that the test checked Hospitals were unable to utilize total available funds during 2016-17 to 2021-22. There was underutilization of allotted funds to the tune of 13 to 71 *per cent* in RGSSH, 13 to 49 *per cent* in JSSH, seven to 26 *per cent* in CNBC and two to seven *per cent* in LNH.

6.9 Absence of separate budget head for drugs

Standard Operating Procedure on Pharmacy of the Department envisages that “The health facility must specify the budget for drugs under a separate head, “Budget for Drugs”. Audit noted that in respect of Lok Nayak Hospital, budget for drugs was subsumed under the head Supplies & Materials which also covered equipment, surgical consumables, stationery, kitchen items and ration etc. The remaining three selected hospitals receive Grant-in-Aid from the Department under Salaries, General and Capital Asset Heads only. It was therefore, not possible for Audit to segregate expenditure made against purchase of drugs and other items.

CNBC in its reply (August 2022) admitted that its accounts branch was maintaining the records only under three specific heads under which budget has been allotted in the form of Grants-in-Aid.

Government did not offer any comment in its reply dated 13 December 2023.

Recommendation 6.1: State Government may increase the expenditure on health services to 2.5 per cent of GSDP in a time bound manner.

Recommendation 6.2: The Mission Director, DSHM may ensure optimum utilisation of funds received under various National Health Programmes through effective implementation and monitoring.