

Chapter 6 – Financial Management

The State allocated only 19.94 per cent of its total health care allocation to primary health care as against 66 per cent envisaged in the National Health Policy (NHP) to reduce morbidity/mortality at lower costs and to reduce the burden for secondary and tertiary care. The State could utilise only 26 to 41 per cent of total capital allocation during 2016-22 for creation of health infrastructure in the State.

Delays in transfer of funds were observed for Centrally Sponsored Schemes (CSS) to implementing agencies by the State Government, affecting their timely utilisation.

6.1 Introduction

Health is a State subject in India. Strategic planning and commensurate resource allocation by the State Government plays a crucial role in shaping and strengthening the State's health systems. Government spending on healthcare impacts how much protection citizens get against financial hardships due to Out of Pocket Expenditure (OOPE) for healthcare. The NHP, 2017 recommends increase in health expenditure by the Government as a percentage of GDP to 2.5 per cent.

Audit findings with regard to resource allocation and expenditure towards health sector in the State are discussed in this chapter.

6.2 Allocation of resources to health sector

Adequacy and timely availability of funds is a fundamental pre-requisite for the delivery of efficient health care services. Audit scrutiny of the health sector allocations and expenditure of the State revealed the following:

6.2.1 Health sector allocations and expenditure

The State Government makes budgetary allocations for the functioning of primary, secondary and tertiary level healthcare facilities in the State. The budget of PHD comprises allocations to seven horizontal departments¹ with separate demands for grants. Budgetary allocations and utilisation by the State and PHD during the period 2016-22 is detailed below in **Table 6.1**. The comparison of budget allocation, expenditure and percentage of savings is given in **Chart 6.1**.

¹ The budget allocation under PHD under the major head (2210 & 2211/4210) comprises seven separate Demand for grants viz. Goa Medical College and Hospital (Demand No.47), Directorate of Health Services (Demand No.48), Institute of Psychiatry and Human Behaviour (Demand No.49), Goa College of Pharmacy (Demand No.50), Goa Dental College (Demand No.51), Labour Department (Demand No.52) and Food and Drug Administration (Demand No. 53).

Table 6.1: Allocation and utilisation of State Government funds during 2016-22

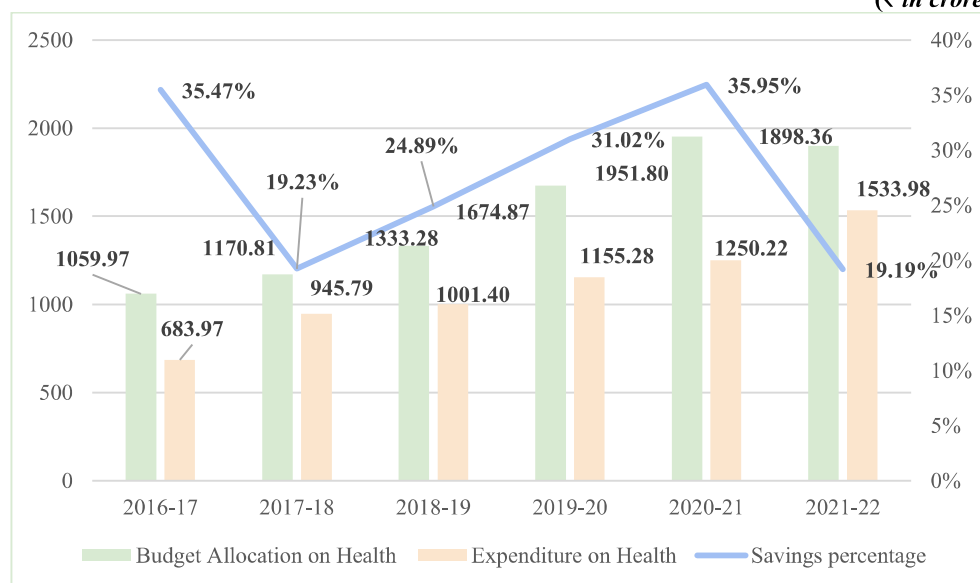
(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Overall Budget Allocation of State	15899.61	18244.66	19024.43	21557.25	22147.69	26745.90	123619.50
Overall Expenditure in State	12848.37	14718.23	16728.80	15525.88	18043.93	19654.20	97519.41
Budget Allocation on Health	1059.97	1170.81	1333.28	1674.87	1951.80	1898.36	9089.09
Expenditure on Health	683.97	945.68	1001.40	1155.28	1250.22	1533.98	6570.53
Savings w.r.t Budget Allocation	376	225.14	331.88	519.60	701.58	364.38	2518.58
Percentage of Savings w.r.t Budget Allocation	35.47	19.23	24.89	31.02	35.95	19.19	27.71
Percentage of Health Sector Budget outlay against State Budget	6.67	6.42	7.01	7.77	8.81	7.10	7.35
Percentage of Expenditure on Health to Total Expenditure	5.32	6.43	5.99	7.44	6.93	7.80	6.74

(Source: Detailed Appropriation Accounts of the State)

Chart 6.1: Budget allocation, expenditure and percentage of savings in Health Sector

(₹ in crore)



(Source: Detailed Appropriation Accounts of the State)

As per the above table and chart, against the total budget allocation of ₹ 9,089.09 crore during the period 2016-22, the PHD could utilise ₹ 6,570.53 crore (72.29 per cent) only with savings of ₹ 2,518.58 crore. As already discussed in Para 1.4.1, the health expenditure as a percentage of the

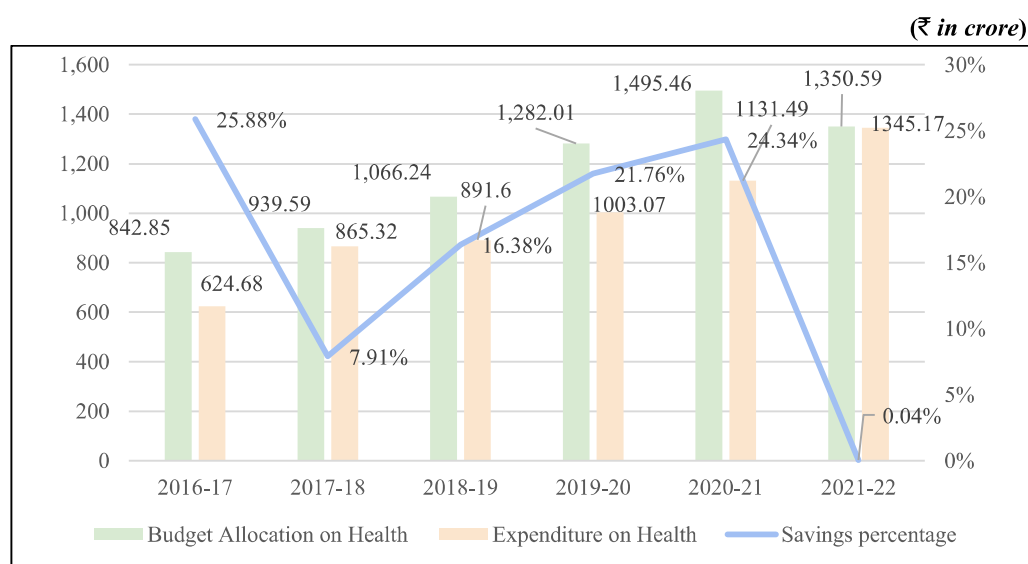
State GDP ranged between 1.09 and 1.72 *per cent* during the period 2016-22.

6.2.2 Revenue and Capital expenditure trends in health sector

Out of the total expenditure of ₹ 6,570.53 crore during the period 2016-22, revenue expenditure was ₹ 5,861.33 crore (89.21 *per cent*) while capital expenditure was ₹ 709.20 crore (10.79 *per cent*).

- **Revenue expenditure in healthcare:** Savings under revenue head of healthcare sector ranged between 0.04 and 25.88 *per cent* during 2016-17 to 2021-22 as shown in **Chart 6.2:**

Chart 6.2: Budget Allocation, Expenditure and Savings under Revenue head during 2016-22

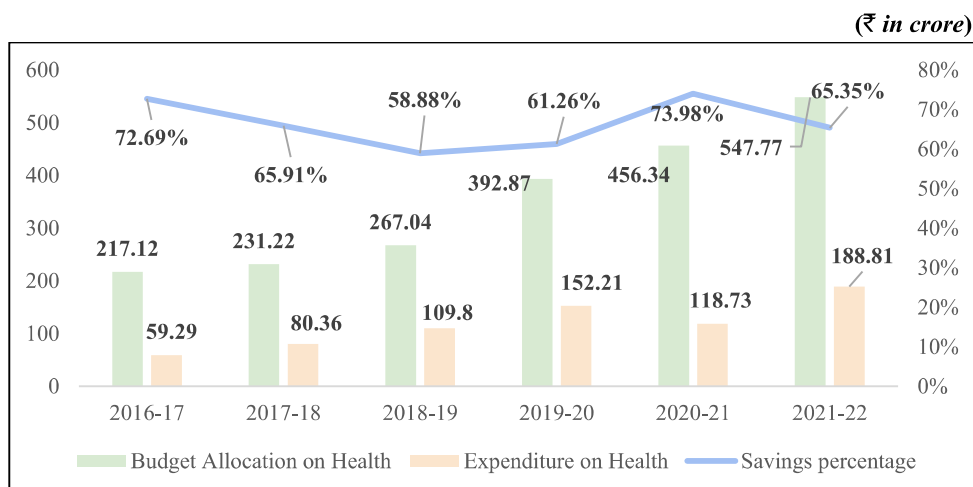


(Source: Detailed Appropriation Accounts of the State)

There was a total saving of ₹ 1,115.41 crore (15.99 *per cent*) during 2016-17 to 2021-22 under revenue heads of healthcare sector in the State.

- **Capital expenditure in healthcare:** Savings under capital head of healthcare sector ranged between 59 and 74 *per cent* during 2016-17 to 2021-22 as shown in **Chart 6.3:**

Chart 6.3: Budget allocation, expenditure and savings under Capital head during 2016-22



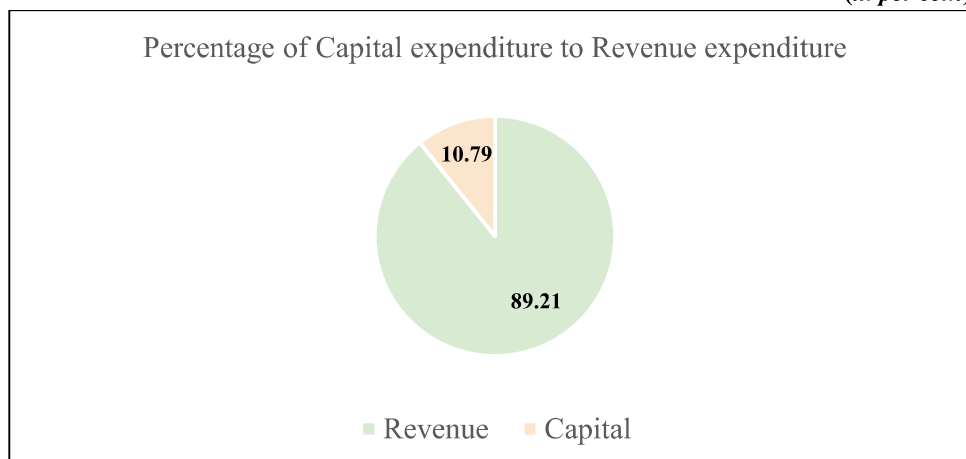
(Source: Detailed Appropriation Accounts of the State)

There was a total saving of ₹ 1403.16 crore (66.43 per cent) during 2016-17 to 2021-22 under capital expenditure of healthcare sector in the State.

- **Capital Expenditure vis-à-vis Revenue Expenditure:** As against the total expenditure of ₹ 6570.53 crore incurred during 2016-17 to 2021-22, ₹ 5861.33 crore (89.21 per cent) was incurred on revenue expenditure and ₹ 709.20 crore (10.79 per cent) was incurred on capital expenditure as shown in **Chart 6.4:**

Chart 6.4: Capital Expenditure vis-à-vis Revenue Expenditure

(in per cent)



(Source: Detailed Appropriation Account of the State)

The above chart indicates low priority on the creation and augmentation of existing infrastructure facilities in the state.

The Secretary, Health stated (February 2023) that the allocation would be looked into and creation of health infrastructure would be monitored.

6.2.3 Allocation of health budget towards primary care

Robust primary health care reduces morbidity and mortality at much lower costs and significantly reduces the need for secondary and tertiary care. The NHP, 2017 (Para 12) advocates allocating a major proportion (up to 66 *per cent* or more) of financial resources to primary care followed by secondary and tertiary care.

Scrutiny of budgetary allocations during 2016-22 revealed that the State allocated only ₹ 1812.08² crore (19.94 *per cent*) of total allocation on health (₹ 9089.09 crore) towards primary health care during the period as against the benchmark of 66 *per cent* envisaged in the NHP.

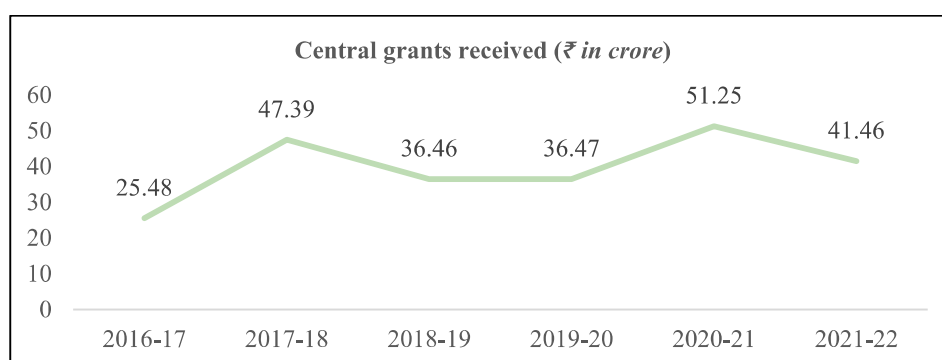
The Secretary, Health stated (February 2023) that the allocation would be looked into.

Recommendation 13: The State Government may review its budgetary allocations to health sector for strengthening health systems in the State as envisaged in the NHP.

6.3 Central assistance for State health sector

Public Health being a State subject, it is the responsibility of State Governments to provide medical assistance to patients of all income groups. MoH&FW also supports the States to strengthen their health care systems so as to provide universal access to equitable, affordable and quality health care services through its flagship missions. Central assistance received by the State for the health sector during 2016-22 is as given below in **Chart 6.5:**

Chart 6.5: Central assistance received for health sector during 2016-22



(Source: Finance Accounts, Government of Goa)

6.3.1 Delay in transfer of Central Assistance to implementing agencies

The funds received from GoI as grants-in aid by the State are routed through the State treasury to the Implementing Agencies, *viz.* Mission Director, NHM and State AYUSH Society.

² Figures provided by Directorate of Health Services.

Scrutiny of DHS records revealed that there were considerable delays in transfer of funds by the State treasury to the Implementing Agencies during the period 2016-22. Delay in transfer of National AYUSH Mission (NAM) funds ranged between 194 and 725 days while the delay in transfer of NHM funds ranged between 54 and 458 days during the period 2016-22, affecting their timely utilisation.

The Secretary, Health assured (February 2023) that delay in transfer of CSS funds to the implementing agencies would be resolved.

Recommendation 14: The State Government may ensure timely transfer of central funds to implementing agencies, to facilitate effective utilisation.