

Suggestions for Finance Minister pre-budget consultation – Social Sectors

Health Sector related

1. The Centre must immediately assure that its Health sector spending is atleast 50% of the total public health spending of the country. The states today spend (including Central grants) about Rs. 125000 crores and if the Centre matches this with Rs.125000 crores then the total public health expenditure would jump to Rs.250000 crores from the present Rs. 150000 crores and would then be nearly 2% of GDP. This first step must be taken if we have to achieve the 12th Plan target of 2.5% of GDP for public health expenditure. This is very much achievable immediately if political will to recognise healthcare as a right exists. A benchmark of Rs.3000 per capita for healthcare at 2015 prices is the minimum needed to run a good public health system. States like Mizoram, Sikkim, Puducherry and Goa have already reached this target and are hence able to provide robust public health services.
2. Frontline provider recruitments (doctors, specialists, nurses, paramedics) are not keeping pace with the requirements. Even the IPHS standards which are less than optimal, are far from being reached. Huge vacancies of doctors and specialists across the country hamper the functioning of the public health system and erodes the credibility of it. To save and reclaim the public health system immediately all vacancies as per IPHS norms should be fulfilled and to make this possible appropriate budgetary allocations must be made. Further to get doctors to work in the public health system compulsory public service for 2 to 3 years must be instituted and their license to practice and access to PG education should be linked to such public service – we produce 50000 allopathic and an equal number of non-allopathic doctors so there are enough human resources for deployment in public service.
3. The Centre must honour the 12th Plan commitment for free medicines and diagnostics at all public health facilities. Medicines constitute over two-thirds of out of pocket spending by households and this is a huge burden often leading to pauperization. The budget allocations to fulfil this must be done post-haste. Presently governments spend an estimated Rs. 5000 crores on medicines and this needs to be more than doubled.
4. The new Health Policy which was based on the HLEG recommendations must be tabled in Parliament and made public. The attempts to scuttle it by the Niti Ayog which seems to favour an insurance based and privatized health care system must be put to an end. Healthcare needs to be recognised as a fundamental right and for this the National Health Bill must be finalized and passed. Also all user fees in the public health system must be immediately abolished.
5. Budgetary allocations within health (and for that matter any service delivery system) should be done on a cost-based system so that the delivery system can function optimally. For instance if a Primary Health Centre needs to deliver good services as per IPHS norms then the present budget of around Rs.25 to 30 lakhs per PHC is grossly inadequate. We need atleast Rs. 125 lakhs at current prices for a PHC (and Rs. 200 lakhs including subcentres) that caters to 30000 population.
6. The National Health Mission has a great opportunity of participatory engagement in health planning and budgeting through the PIPs. The PIP formulation in most places is a clerical exercise and hence needs to be pushed to involve larger civil society so that need or demand based budgeting and planning happens. Adequate budget to make such PIP formulation possible must be done.

7. While the CBMP process had been piloted in 10 states it is now functioning robustly only in Maharashtra. The impact of CBMP in Maharashtra is huge in terms of improved service delivery and so it needs to be extended across the country.
8. There are a large number of private hospitals registered under the Trust and Society's Act as non-profits and others who have received direct subsidies like free or cheap land etc. with a provision to provide some proportion of services free. The laws mandate that they provide 10 to 20 percent of services and beds free to poor patients. Since this is not monitored effectively the private hospitals do not honour such commitments and this public subsidy in the form of tax expenditures does not return any social benefits. This despite cases in the Delhi and Mumbai High Courts which have issued orders to implement this provision effectively. Effective usage of this subsidy for the poor must be assured.
9. We failed to measure up to the MDGs. With the new SDGs in place the commitment to achieve these goals is dependent on effective strengthening of maternal and child health services on one hand and effective delivery of communicable diseases like tuberculosis, malaria and HIV/AIDS treatment and prevention. Adequate budgetary commitments for these must be made urgently.
10. The disabled, the mentally challenged, the elderly and victims of violence are grossly neglected under public health care and facilities and services for such persons need to be expanded rapidly.

Common Social Sector Issues

1. Privatization of public services must be stopped. Any PPPs when they are needed due to absence of public facilities should be regulated in a manner that the control and monitoring vests within public domain. No out sourcing should be done – if at all any PPP needs to be set up then it should be insourced.
2. Costing benchmarks should be established for each type of service so that optimal budget allocations can be made. For example the cost to run a PHC for 30000 population is around Rs. 125 lakhs and Rs. 200 lakhs along with subcentres, a district hospital should receive a budget of atleast Rs. 750000 per bed per year for a 500 bedded facility, a government school should have a budget of around Rs. 40000 per student per year in line with what KVs spend for good quality education etc...
3. Decentralization of planning and budgeting through DPCs and other sector specific spaces should be strengthened to make demand based plans and budgets
4. Transparency of budget and fund flow information should be at all levels from the unit (health centre, school etc) to Block and district levels so that citizen oversight and participation can lead to robust accountability and consequently good governance.
5. Attempts at converting public provisioning into cash transfers must be stopped completely. The focus should be on strengthening public services.
6. Social legislations that protect rights and services related to it need huge infusion of funds to realize their goals – National Food Security Act and its services of PDS, ICDS, IGMSY, MDM etc. ; PWDVA and its services like one-stop crises centres etc.; NREGA etc.. Allocations for all such services must be based on unit costs for delivering such services optimally.

General Budget Issues

1. Tax Expenditures for the corporate sector are a huge burden and need to be reduced substantially so that the Tax:GDP ratio is substantially increased. Similarly uncollected taxes or taxes in dispute should be collected upfront and disputes settled as per due course of law. This would increase the Tax:GDP ratio of the Union government substantially with additional

5 - 7 % of GDP and these increased resources could be directed to the grossly deficit social sectors

2. Bring back estate duties and wealth tax atleast for the group with incomes /wealth more than Rs 1 crore
3. India's growth is driven by the services sector and financial transactions are the main drivers. Atleast the speculative transactions in stock and commodity markets and currency exchange markets should be made to pay between 0.25 to 0.5% of financial transaction tax. This too will substantially up the tax:GDP ratio.
4. Public sector banks must take severe action on the huge NPAs and recover these by taking over assets of the companies defaulting
5. Please do not reduce the tax rate for corporates below 30% as the incidence of tax is already below 25%
6. With the Planning Commission decimated the Finance Ministry must pressurize states to activate the District Planning Committees which are constitutional bodies so that demand based budgeting happens especially now with the states having larger untied revenues due to the 14th FC award
7. Fund releases to states should be restructured. Once the Appropriation Act is passed the revenues and grants due to the states should be credited to their account and states would withdraw them as per strict accountability guidelines and all this should be in public domain so that civil society oversight over the fund flows and utilisation is possible
8. For stronger and more meaningful participation in pre budget consultations the Finance Ministry must issue a pre-budget statement atleast 3 months prior to tabling the budget as is done in many countries as per global standards of fiscal accountability
9. Strengthening sub-state budget transparency, especially the public access to the treasury database so that at local levels civil society groups can track fund flows and expenditures across sectors of their interest and strengthen accountability and governance

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On behalf of Jan Swasthya Abhiyaan (India circle of the Peoples Health Movement)

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