



# FFC Recommendations for Health Sector

## Why in News

The [Fifteenth Finance Commission \(FFC\)](#) has made **recommendations** about the need for **reprioritising public spending to fix the creaky health infrastructure** exposed by the [coronavirus pandemic](#).

- FFC has **submitted its report to the President** advising how to share tax revenues with states for the Financial Year (FY) 2022-26 period.
- The FFC report also makes **recommendations about performance incentives to states** in several reform areas.

## Key Points

### ▪ Recommendations:

- FFC has mooted a **greater role for public-private partnerships (PPPs)** to ramp up the health infrastructure and scale up **public spending on health** from **0.95% of GDP to 2.5% by 2024**.
  - While **public outlays should focus on primary health care** at the panchayat and municipality level, **private players** should be relied on for **specialty healthcare**.
  - The **total spending of around 0.95% of GDP** is **not adequate** in relation to the commitments under the **National Health Policy of 2017**.
    - The 2017 Policy proposes raising public health expenditure to 2.5% of the GDP in a time-bound manner.
  - There is a need for a **more holistic approach to encouraging PPP** in the health sector. There should be a **constant working relationship** and the government **should not resort to the private sector in the case of an emergency only**.
    - The **trust deficit** that exists between industry and government needs to be bridged.
  - **District hospitals** can become **great grounds** for training paramedics, creating health and employment multipliers.
- FFC Chairman emphasised on the need to create **a cadre for medical officers** as mentioned in the **All India Services Act 1951**.
  - **All-India health service** is needed to address issues within the health sector.
- There is a need for **substantial improvements in the working conditions for doctors** in government hospitals, many of whom are hired on a contract basis by States.

### ▪ Issues in the Health Sector:

- India's general **government expenditure** on healthcare as a percent of GDP was **just 1.0% in 2017**, according to the [World Health Organisation \(WHO\)](#) data, placing it at number **165 out of 186 countries** in terms of government expenditure on healthcare.

- **Skewed availability of healthcare** across India as poorer States have the worst facilities.
- In terms of **access and quality** of health services, **India was ranked 145 out of 195 countries** in a Lancet study published in 2018, below countries like China (48), Sri Lanka (71) Bhutan (134) and Bangladesh (132).
- **Availability of trained epidemiologists** is an issue due to low salary and job insecurity in the health system.
  - There should be one epidemiologist per 0.2 million population. An epidemiologist is a technical person to guide and monitor the process of contact-tracing, marking containment zones and isolating suspected cases.
- **India's expenditure on R&D** as a percent of GDP has continued to remain stagnant at 0.7% of GDP for three decades, with the public sector accounting for 51.8% of national R&D expenditure.
  - This compares to around 2.8% of GDP for the USA, 2.1% of GDP for China, 4.4% of GDP for Korea and around 3% for Germany where the dominant sector by spending on R&D is the private sector.

## Inadequate spending

The table lists the three States/Union Territories with the highest and lowest per capita public expenditure on healthcare, respectively according to FY20 (budget estimates)

### STATES SPENDING THE MOST

State/U.T.	Per capita public expenditure on healthcare
Delhi	₹3,808
Himachal Pradesh	₹3,780
Jammu and Kashmir	₹3,163

### STATES SPENDING THE LEAST

Bihar	₹781
West Bengal	₹988
Uttar Pradesh	₹1,065

## Recent Initiatives

- Recently, the government has **expanded the provision of financial support by means of viability gap funding for Public Private Partnerships (PPPs)** in infrastructure projects to social sectors such as health, education, water and waste treatment.
- Several **public-private partnerships** and collaborations are already underway. The **Defence Research and Development Organisation (DRDO)** which has developed ventilators, collaborated with industry to scale up production of ventilators.
- There have been **several examples** of how public research laboratories, public institutions like the IITs, and private players including startups have risen to the challenge of working on Covid-19 testing kits, masks, alcohol-based sanitizers, personal protective equipment (PPEs) and ventilators, to overcome challenges of global supply chain disruptions and to cater to domestic needs.
- The government has made several interventions in the health sector including **National Medical**

[Commission](#), [National Digital Health Mission](#), [Ayushman Bharat](#), etc.

- A total of **17 Global Health Security Agenda (GHSA) projects** have been started in India, with different government and private organisations.
  - GHSA, set in 2014, **builds on the WHO International Health Regulations (IHR)** that provide guidance for countries to assess and manage serious health threats that have the potential to spread beyond borders.
  - **Capacity-building of the healthcare workers** for surveillance and outbreak investigation is a vital step under workforce development of GHSA's action package.
  - One of the institutes responsible for workforce development under GHSA is the **National Institute of Health and Family Welfare (NIHFW)**, that has implemented the "**Public Health Systems Capacity Building in India**" project.

[Source: TH](#)

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