

India slashes its healthcare spending by 20 percent

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Singapore: After promising statements and assurances to transform the healthcare scenario of India, the Government led by Prime minister Mr Narendra Modi in India is taking a U-turn. Due to fiscal strains, the government has ordered a 20 percent cut on healthcare spending.

India already spends only 1 percent of its GDP on healthcare, compared to 8.3 percent in the United States and 3 percent in China. Around \$947mn has been slashed from the Health Ministry's budget allocation of around \$5bn for the financial year ending 31 March, 2015, reported Reuters.

The news could jeopardize key research and drug discovery initiatives already underway in many academic institutes and research organizations of India. The Finance Ministry also announced a further 30 percent slash in funding for India's HIV/AIDS program.

"We were not expecting (budget cuts) this time because of the commitments they made in the manifesto," one of the health ministry officials said, referring to Modi's Bharatiya Janata Party (BJP). "No reason was given ... but there is shortage of funds. It is not rocket science."

Earlier this year Mr Modi had announced an ambitious universal healthcare program that can provide free drugs and diagnostics to all, with insurance benefits. Officials estimate that the \$25 bn program might also be derailed because of financial strains.

India's healthcare is mostly dominated by private players is registering 15 percent growth annually, however, public spending has remained low, resulting in a dilapidated network of government hospitals and clinics, especially in rural areas.