INTRODUCTION

It is very widely acknowledged that health is an important component of human development. Empowerment of people comes from the freedom they enjoy, and this includes, among others, freedom from poverty, hunger, and malnutrition, and freedom to work and lead a healthy life. Access to health care is critical to improving health status and good health is necessary for empowerment. Ensuring access to health care helps to minimize absenteeism, enhance labor productivity, and prevents misery. Government intervention in health is also argued for, due to the presence of high degree of asymmetric information in the health sector. Not surprisingly, throughout the world, governments have had a significant role in providing and regulating health services and their role is particularly important in developing countries with large concentration of the poor. (Viswanath, K., W. Randolph Steele et al. 2006).

Recently there has been suggestion to increase the government budget allocations to health sector and increase it to 3 per cent of GDP (Rao M., D.R. Krishna, et al. 2011). Is this feasible goal and in what time-frame? Health being State subject in India and much depends on the ability of the State governments to allocate higher budgetary support to health sector. This inter alia depends on what are current levels of spending, what target spending as per cent of income the States assume to spend on health and given fundamental relationship between income levels and public expenditures, how fast expenditures can respond to rising income levels. The findings suggest that at state level governments have target of allocating only about 0.43 per cent of SGDP to health and medical care. This does not include the allocations received under central sponsored programmes such as family welfare. (Rao, M.G., and M. Choudhury 2012).

Like in developed countries health care expenditure in India is also steadily increasing. However, public health expenditure has been grossly inadequate right from the 1940s. The government has been spending less than private expenditures
on health. The Bhore Committee report stated that per capita private expenditure on health was Rs. 2.50 compared to a state per capita health expenditure of just Rs. 0.36 which is $1/7$th of private expenditures. In the 1950s and 1960s private health expenditure was 83 per cent and 88 per cent of total health expenditure respectively. Today also according to latest figures the proportion of public expenditure on health to GDP in India is only 0.9 per cent of GDP while the average public spending of less-developed countries is 2.8 per cent of GDP. Only 17 per cent of all health expenditure in India is borne by the government, the rest being borne privately by the people, making it one of the most highly privatized healthcare systems of the world (Duggal, Ravi 2007).