

## **Decentralised Curative Health Service Delivery in India: Evidence from Public Expenditure Benefit Incidence**

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*To critically evaluate the decentralised public health service delivery in India, this paper analyses the benefit incidence from public health expenditure on curative health care provided as inpatient care for three states of Bihar, West Bengal and Kerala to examine whether the spending is pro-poor. Using unit record data of NSS, it compares two points of time, i.e., 2004-2005 and 2014-2015, to find out whether the decentralised spending has led to improved targeting. The concentration curves and computed unit costs show regional and gender differentials across economic classes in access to inpatient health care.*

### **I Introduction**

Inequality effect of fiscal policy is an elusive area of research for which there is a growing recognition of the need to analyse the distributional impact of public spending, particularly on merit goods. Higher public spending on merit goods per se does not mean that the budget is pro-poor. It is equally important to ensure that the poor receive an appropriate share of the increased or existing allocation of public spending. But ascertaining whether the allocation is reaching the poor is not easy. Comprehending incidences of public expenditure is, therefore, crucial in this backdrop since not all the expenditures benefit households or individuals of different income levels to the same extent due to several factors including access.

Owing to non-rivalry in consumption and non-excludability, incidence of pure public goods provided to citizens are difficult to measure, while government-funded services on merit goods (e.g., health and education) are being used by individuals, and thus can be tracked (Demery 2000, Davoodi, Tiongson and Asawanuchit 2003). Since public spending on merit goods has redistributive effects, it is pertinent to analyse the effectiveness of such spending – whether it is well targeted to the poor, across gender and region. In this regard,

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