

Understanding the Pattern of Consumption Expenditure and Health Spending in India

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This paper examines the pattern of Monthly Per Capita Consumption Expenditure (MPCE) by socio-economic and demographic characteristics of households using unit data from 64th Round of National Sample Survey, India, 2007-2008. Household consumption expenditure is analysed with respect to food, non-food items, health and education. The results indicate that the share of health expenditure in India constitutes over five per cent of total consumption expenditure and it increases with age, economic status and educational level of the head of household. Medicine is the largest share of the total Out of Pocket (OoP) health expenditure. Around two-thirds of the households incurred catastrophic health expenditure. State differentials in OoP expenditure on health are large, possibly linking household expenditure to per capita income and share of public spending on health.

Introduction

In last decade, there has been growing interest in understanding the Out of Pocket (OoP) expenditure on health care of developing countries using unit level data at household and individual levels (Pal 2010, Garg and Karan 2009, Gupta 2009, Flores *et al.* 2008, Xu *et al.* 2003 and Peter *et al.* 2002). These studies suggest that the pattern of OoP expenditure on health care varies largely across the countries and is linked to the stages of demographic transition, development and public spending on health care. Studies also link the growing OoP health expenditure to poverty and indebtedness, and analyse the correlates and determinants of OoP expenditure (Rajeswari *et al.* 1999, Sen 2003, Krishna 2004, Krishna 2006, van Damme 2004, Krishna *et al.* 2005). Also, with an

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