

Measurement of the Impact of Economic Reforms on Public Expenditure on Health and Health Outcomes in Karnataka

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Paper Abstract: Economic reforms, typically in the form of liberalization, privatization, and globalization have far-reaching effects not only on the economy but also on the society of a country, and have now been amply appreciated. It should be emphasized that just as economic reforms have effects on the components of health and income, similarly the health and income would have implications for the economic reforms. In this paper the following research question are deemed to hold great significance to the understanding of health sectors performance in Karnataka, and drawing up an appropriate policy response on questions like, what has been the pattern of public expenditure on health? Has the introduction of economic reforms led to structural changes in government spending in social sector in general and health sector in particular? What is the impact of economic reforms on public health expenditure in Karnataka? Is there any links between economic reforms on public health expenditure and health sector performance in Karnataka? With the set of above questions we try to explore the relationships and impact of economic reforms on health expenditure and the health performance in Karnataka. With the help of a set of sector specific fiscal indicators for the state of Karnataka derived from cluster analysis, the pattern and structural shift in expenditure on health has been analyzed. We have also worked out the aggregated indices Using the factor scores for different set of indicators such as human man power capital (HM), health infrastructure (HI), and health performance (HP) in health services. Using the time series-wise estimated composite indices; a revenue deficit measure in relation to gross state domestic product (RDGSDP) is also used as to measure exact impact of reforms. We have analyzed the results with the help of two econometric models. Using these estimated models, regressions are estimated for health performance productivity. The study found that, in terms of expenditure on health as Percentage of total expenditure on economic reform has positive effect on health in the ten years of reform period at the same time it has negative impact on health during post-reform period.