## Health Expenditure and Household Age Composition in India: Consequences for Health System Development

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**Abstract :** India is a vast country with its 1.21 billion population at the dawn of new decade, which accounts for one sixth of the global human capital in the world today. It is well known that health expenditure in India is dominated by private spending. This is an unfortunate consequence of India's development because of large positive externality associated with health spending, which make health a merit good. This paper has used data from NSSO and Indian Government's spending on health as reported by Ministry of Health and Family Welfare. Understanding of the dynamism of age-structure of the population would greatly optimize the expenditure on health care services. A country with good public health indicators is bound to possess good human capital which is an asset to the economic growth and indicator of development status of country. The paper tries to present the linkages between the health expenditure incurred by different states at various levels of demographic transition levels and the efficiency in utilization of health expenditure. It also looks into the way in which allocative efficiency health services can be improved. Paper tries to explore the per capita spending on health and how the demographic transition taking place in different states of India affect the required quantity and quality of health services.

Keywords: age structure, demographic transition, health expenditure, morbidity

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