



Burden of Income Tax and Health Care Inequalities in India- An Empirical Analysis

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ABSTRACT:

Aim: The aim of this study is to evaluate the burden of income tax and health care inequalities in India.

Materials and Method: The data retrieved from various electronic databases such as Google Scholar, PubMed, Science Direct, Cochrane library and other sources regarding individual income tax, allocation of GDP for health sector and the out-of-pocket expenditure of the public for the health sector among top ten GDP countries. The data were analyzed using descriptive analysis.

Results: Though India ranks the fifth place in GDP, it spends only 1.4% of GDP on the health sector, which was very low when compared to top GDP countries, so the public spends more out of pocket for the health sector (67.78%), which forcibly pushes them into poverty.

Conclusion: The Government should make more effort and should allot more amount of GDP for the health sector in future for the beneficiaries of people.

KEYWORDS: Gross Domestic Product (GDP), Health sector, Income tax, Out of pocket expenditure, Poverty, India.

INTRODUCTION

Health care plays a pivotal role in maintaining the status and the quality of the administration of the country. The disparities in the health sector point out the importance in need of the government to enhance the investment in health for the beneficiaries of people [1].

Health spending measures the final consumption of health care goods and services, including personal health care (curative care, rehabilitative care, ancillary services and medical goods) and collective services (prevention and public health services), but excluding spending on investments.

Health care is financed through a mix of financing arrangements, including government spending and compulsory health insurance, voluntary health insurance and private funds such as households' out-of-pocket payments, NGOs and private corporations. This indicator is measured as a total and by type of financing and is measured as a share of GDP, total health spending and in USD per capita [2].

The income tax has been paid by the people to the government for the purpose of utilization of these taxes in improving the quality of health care services and infrastructure, roads and army forces, etc. Overall sectors, the health sectors are most important, and it is prioritized more than anything in the world. In general, the countries with high production of Gross domestic product (GDP) will spend more amounts for the health sector in prevention and treatment of diseases for the beneficiaries of people, but in fact, most of the countries with the enhanced promotion of gross domestic product are not focusing more on health [3,4,5].

Various studies have been conducted based on the health sector inequalities, but none of the studies has been conducted based on the association between income tax burden and health sector inequalities. Hence this present study aims to evaluate the role of higher income tax and out of pocket expenditure due to the incompetence of the government sector and its impact on poverty in India and top GDP countries.



MATERIALS AND METHOD

This study was conducted to evaluate the comparison of income tax burden and out of pocket expenditure in India and the top ten Gross domestic product (GDP) countries. The data were retrieved from using electronic databases such as Google Scholar, PubMed, Science Direct, Cochrane library and other sources (List of Countries by Personal income tax rate, 2020; Individual income tax rates table, 2020; List of countries by tax rates, 2020; Healthcare industry in India, 2020; U.S. health expenditure as a percent of GDP, 2019; Health care system in Japan, 2020; Salim and Ahmed, 2018; Wharton et al, 2020; Financing global health, 2018; UK public spending, 2020; Health expenditure as a percentage of GDP by country, 2018; Out of pocket expenditure, 2020) [6-17] regarding the Gross domestic product, personal income tax paid by the people, allocation of GDP for health sector and out of pocket expenditure for health among top ten GDP countries.

The inclusion criteria of this study are data were collected from the top ten GDP countries, only available data were obtained. The data were analyzed using descriptive statistics.

RESULTS:

Table 1: Personal Income Tax Rate Among Top 10 Gdp Countries

S.NO	COUNTRY	GDP	PERSONAL INCOME TAX RATE
1.	United States	21.44 trillion dollars	37%
2.	China	14.14 trillion dollars	45%
3.	Japan	5.75 trillion dollars	55.95%
4.	Germany	3.86 trillion dollars	45%
5.	India	2.94 trillion dollars	35.88%
6.	United Kingdom	2.74 trillion dollars	45%
7.	France	2.71 trillion dollars	45%
8.	Italy	1.99 trillion dollars	43%
9.	Brazil	1.85 trillion dollars	27.5%
10.	Canada	1.73 trillion dollars	33%

Table 1 depicts the personal income tax rate among the top ten Gross domestic product countries. Though Brazil ranks ninth place in GDP throughout the world, it had a very low-income tax rate compared to other countries.

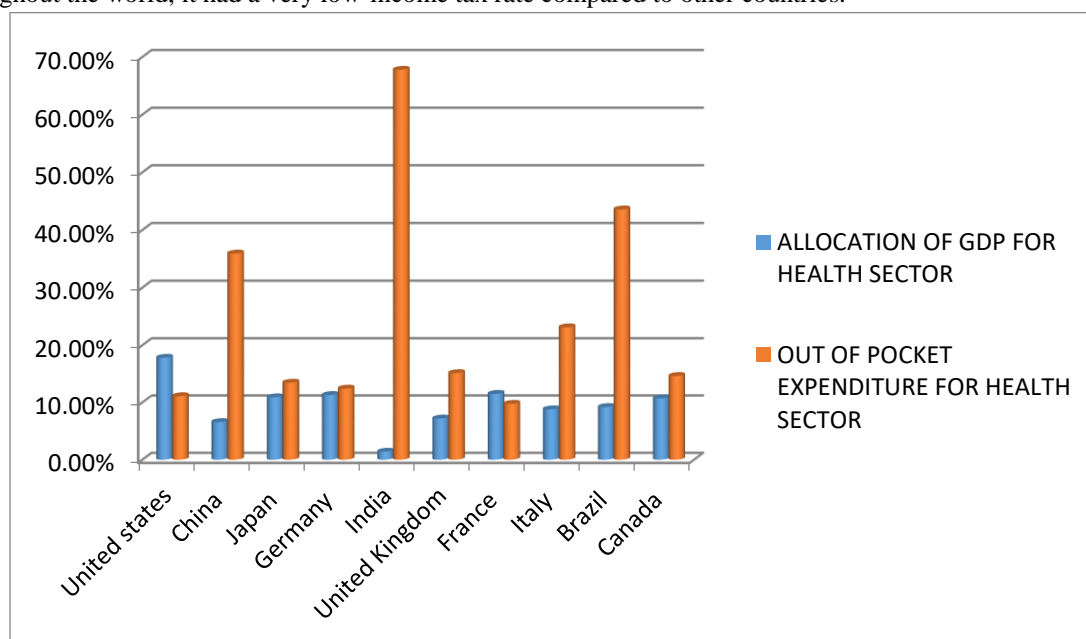


Figure 1: Out Of Pocket Expenditure And Allocation Of Gdp For Health Sector



Figure 1 depicts the association of out of pocket expenditure and allocation of GDP for the health sector. India had spent more out of pocket expenditure on health compared to other countries.

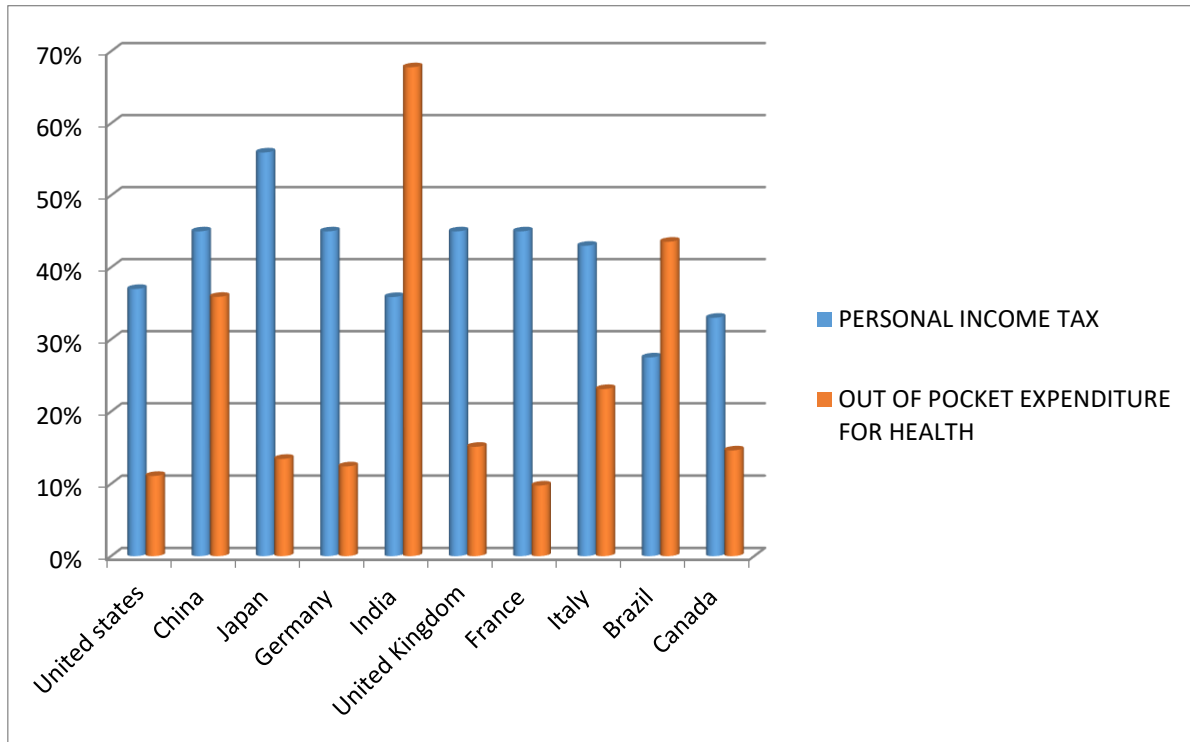


Figure 2: Personal Income Tax Rate And Out Of Pocket Expenditure Among Top Ten Gdp Countries

Fig 2 depicts the association of personal income tax rate and out of pocket expenditure among ten GDP countries. The out of pocket expenditure for health was found to be lowest in France, whereas the highest out of pocket expenditure for health was found in India.

DISCUSSION

The income tax and out of pocket expenditure for health is a great burden for the people globally. Even this problem exists among countries with a good production of Gross Domestic Product. Hence this present study was conducted to assess the burden of income tax and out of pocket health expenditure due to incompetence of the government sector and its impact on poverty among the top 10 GDP countries.

Overall top ten GDP countries, the percentage of individual income tax (55.95) was highest in Japan, whereas the percentage of individual income tax was found to be lowest in Brazil (27.5%) when compared to other countries. Though Japan ranks second place in GDP, it charges the highest percentage of personal income tax (55.95%) when compared to the top ten GDP countries, including the United States (37%), which ranks first place in GDP. Canada ranks the tenth place in the production of GDP, but the percentage of individual income tax was found to be higher (33%) when compared to Brazil, which ranks ninth place in GDP. India ranks the fifth place in GDP, but the percentage of the individual income tax rate is 35.88% which was found to be lowest when compared to the United Kingdom 45% (sixth place in GDP), France 45% (seventh place in GDP) and Italy 43% (eighth place in GDP).

Among the top 10 GDP countries, the United States ranks first place in the allotment of GDP for the health sector (17.8%), France ranks the seventh place in GDP, but it allotted more amount of GDP for health (11.5%), though China ranks second place in GDP it spends only 6.57% of GDP for health whereas India ranks the fifth place in GDP, it spends only 1.4% of GDP for health sector which was very low when compared to other countries. Even though Canada ranks the tenth place in GDP, it spends more amount



of its GDP on health (10.7%). The out of pocket expenditure for the health sector in the United States is 11.09%, whereas the out of pocket expenditure in France was 9.76%, even though it ranks the seventh place in GDP.

India ranks fifth place in GDP, but it spends only 1.4% of GDP on the health care of the public, which was very least so the out of pocket expenditure of the public in India for the health sector was 67.78%; this pushes the people into poverty. Although the people in India work and produces more Gross Domestic Product and pay more individual income tax (35.88%) for their country in turn, they didn't get any benefit even for their health needs which is the basic right for the people. Despite getting beneficiaries by the government in the health sector, the public has to pay for health from their own effort, which forcibly pushes them into poverty. The limitations of this study are only available data were collected, so this study may lack in providing up to date information.

CONCLUSION

This study concludes that the government of India should allot more amount of GDP to the health sector in the forthcoming year for the beneficiaries of the people and ensure them in reducing the burden of income tax and poverty.

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