

HEALTHCARE SECTOR



SECTOR OVERVIEW

India's healthcare delivery system is divided into two major components - public and private. The Government, i.e. public healthcare system, consists of limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centres (PHCs) in rural areas. The private sector provides majority of secondary, tertiary, and quaternary care institutions with major concentration in metros, tier-I and tier-II cities.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for Research & Development activities for international players due to its relatively low cost of clinical research.



ADVANTAGES IN INDIA

➤ Demand

Healthcare market in India is expected to reach USD 372 Billion by 2022, driven by rising income, better health awareness, lifestyle diseases and increasing access to insurance. As of 2021, the Indian healthcare sector is one of India's largest employers, as it employs a total of 4.7 million people.

➤ Enticing Opportunities

In the Economic Survey of 2022, India's public expenditure on healthcare was at 2.1% of GDP in 2021-22 against 1.8% in 2020-21.

Two vaccines (Bharat Biotech's Covaxin and Oxford-AstraZeneca's Covishield manufactured by SII) were instrumental in medically safeguarding the Indian population against COVID-19.

➤ **Manpower**

Availability of well-trained medical professionals in huge numbers in the country.

The number of allopathic doctors with medical qualifications (under the I.M.C Act) registered with state medical councils/national medical council increased to 1.3 million in November 2021, from 0.83 million in 2010.

➤ **Policy and Government Support**

The Union Budget 2022-23, Rs. 86,200.65 Crore (USD 11.28 Billion as of 20.03.2023) was allocated to the Ministry of Health and Family Welfare (MoHFW).

The Indian Government is planning to get a credit incentive programme worth Rs. 500 Billion (USD 6.8 Billion as of 20.03.2023) to support the country's healthcare infrastructure.



MARKET SIZE

- ✓ The Indian healthcare sector is projected to record a three-fold rise, increasing at a CAGR of 22% between 2016-22 to reach USD 372 Billion in 2022 from USD 110 Billion in 2016. By FY 2022, Indian healthcare infrastructure is expected to reach USD 349.1 Billion.
- ✓ As per the Economic Survey of 2022, India's public expenditure on healthcare stood at 2.1% of GDP in 2021-22 against 1.8% in 2020-21 and 1.3% in 2019-20.
- ✓ In FY 2022, premiums underwritten by health insurance companies grew to Rs. 73,582.13 Crore (USD 9.21 Billion as of 20.03.2023). The health segment has a 33.33% share in the total gross written premiums earned in the country.
- ✓ The Indian medical tourism market was valued at USD 2.89 Billion in 2020 and is expected to reach USD 13.42 Billion by 2026. According to India Tourism Statistics at a Glance 2020 report, close to 697,300 foreign tourists came for medical treatment in India in FY19. India has been ranked 10th in the Medical Tourism Index (MTI) for 2020-21 out of 46 destinations by the Medical Tourism Association.
- ✓ The e-health market size is estimated to reach USD 10.6 Billion by 2025.

GOVERNMENT INITIATIVES

❖ Initiatives taken by the Government of India to promote the Indian healthcare industry can be seen below:

1. Budgetary Allowance

- Total of Rs. 86,200.65 Crore (USD 11.28 Billion as of 20.03.2023) was allocated to the Ministry of Health and Family Welfare (MoHFW).
 - Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was allocated Rs. 10,000 Crore (USD 1.31 Billion as of 20.03.2023).
 - Human Resources for Health and Medical Education was allotted Rs. 7,500 Crore (USD 982.91 Million as of 20.03.2023).
 - National Health Mission was allotted a sum of Rs. 37,000 Crore (USD 4.84 Billion as of 20.03.2023).
 - Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) was allotted Rs. 6,412 Crore (USD 840.32 Million as of 20.03.2023).
 - The Government of India approved continuation of 'National Health Mission' with a budget of Rs. 37,000 Crore (USD 4.85 Billion as of 20.03.2023).
 - Rs. 5,156 Crore (USD 675.72 Million as of 20.03.2023) was allocated to the newly announced PM-ABHIM to strengthen India's health infrastructure and improve the country's primary, secondary and tertiary care services.
2. In July 2022, the World Bank approved a USD 1 Billion loan towards India's Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission. In order to promote medical tourism in the country, the Government of India is extending the e-medical visa facility to the citizens of 156 countries.
3. In November 2021, the Government of India, the Government of Meghalaya and the World Bank signed a USD 40-Million health project for the state of Meghalaya. Project will improve the quality of health services and strengthen the state's capacity to handle future health emergencies, including the COVID-19 pandemic.



4. In September 2021, Prime Minister Mr. Narendra Modi launched the Ayushman Bharat Digital Mission. The mission will connect the digital health solutions of hospitals across the country with each other.
5. In September 2021, the Telangana Government, as part of a joint initiative with World Economic Forum, NITI Aayog and HealthNet Global (Apollo Hospitals), launched ‘Medicine from the Sky’ project. The project will pave the way for drone delivery of life saving medicines and jabs in far regions of the country.
6. Indian Government is planning to introduce a credit incentive programme worth Rs. 500 Billion (USD 6.8 Billion) to boost the country’s healthcare infrastructure. The programme will allow firms to leverage the fund to expand hospital capacity or medical supplies with the Government acting as a guarantor and strengthen COVID-19-related health infrastructure in smaller towns.
7. In July 2021, the Ministry of Tourism established the ‘National Medical & Wellness Tourism Board’ to promote the medical and wellness tourism in India.
8. In July 2021, the Union Cabinet approved the MoU between India and Denmark on cooperation in health and medicine. The agreement will focus on joint initiatives and technology development in the health sector, with the aim of improving public health status of the population of both countries.



FOREIGN DIRECT INVESTMENT

Between April 2000-June 2022, FDI inflow for the drugs and pharmaceuticals sector stood at USD 19.90 Billion, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).



INVESTMENT OPPORTUNITIES AND RECENT DEVELOPMENTS

- ✦ By November 24, 2022, more than 219.88 crore COVID-19 vaccine doses have been administered across the country and by 16.11.2022, India has exported 28.13 crore vaccine doses.
- ✦ Multinational healthcare company Abbott has committed to convert 75 Primary Health Centers (PHCs) to Health and

Wellness Centers (HWCs) in nine Indian States, in collaboration with Americares India Foundation, a non profit organization dedicated to relief and development in the field of health.

- ✦ In November 2022, diabetes management app Beat raised USD 33 Million in its Series B funding round led by impact investor Lightrock India.
- ✦ In August 2022, Edelweiss General Insurance partnered with the Ministry of Health, Government of India, to help Indians generate their Ayushman Bharat Health Account (ABHA) number.
- ✦ The healthcare and pharmaceutical sector in India had M&A activity worth USD 4.32 Billion in the first half of 2022.
- ✦ In July 2022, the Indian Council of Medical Research (ICMR) released standard treatment guidelines for 51 common illnesses across 11 specialties to assist doctors, particularly in rural regions, in diagnosing, treating, or referring patients in time for improved treatment outcomes.
- ✦ In July 2022, the National Pharmaceutical Pricing Authority (NPPA) fixed the retail prices for 84 drug formulations, including those used for the treatment of diabetes, headache, and high blood pressure.
- ✦ Startup Healthify Me, with a total user base of 30 million people, is adding half a Million new users every month and crossed USD 40 Million ARR in January 2022.
- ✦ The number of policies issued to women in FY21 stood at 93 lakh, with one out of every three life insurance policies in FY21 sold to a woman.
- ✦ In December 2021, Eka Care became the first Co WIN-approved organization in India, through which users could book their vaccination slot, download their certificate and even create their Health IDs.
- ✦ As of 18.11.2021, 638 e-Hospitals are established across India as part of the central Government's 'Digital India' initiative.
- ✦ In November 2021, Aster DM Healthcare announced that it is planning Rs. 900 Crore (USD 120.97 Million) capital expenditure over the next three years to expand its presence in India, as it looks at increasing the share of revenue from the country to 40% of the total revenue by 2025.
- ✦ In September 2021, Russian-made COVID-19 vaccine, Sputnik Light received permission for Phase 3 trials in India and Biocon Biologics Limited, a subsidiary of Biocon, announced a strategic alliance with Serum Institute Life Sciences, a subsidiary of Serum Institute of India (SII).



ROAD AHEAD

India is a land full of opportunities for companies in the medical devices industry. The country has also become one of the important destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of the population. The Government aims to develop India as a global healthcare center, and is aiming to increase public health spending to 2.5% of the country's GDP by 2025.



India's healthcare sector is extremely diversified and is full of opportunities in every segment, which includes providers, payers, and medical technology. With the rapid increase in the competition, businesses are looking to explore the latest dynamics and trends which will have a optimistic approach on their business. The hospital industry in India is forecast to increase to Rs. 8.6 Trillion (USD 132.84 Billion as of 20.03.2023) by FY22 from Rs. 4 trillion (USD 61.79 Billion as of 20.03.2023) in FY17 at a CAGR of 16-17%.

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