



RESEARCH ARTICLE

IMPACT ON INDIAN ECONOMY WITH HEALTHCARE & IT

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ABSTRACT

Healthcare has become one of India’s largest sectors - both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well private players. Indian healthcare delivery system is categorized into two major components - public and private. The Government, i.e. public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centers (PHCs) in rural areas. The private sector provides majority of secondary, tertiary and quaternary care institutions with a 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. With the extended technology healthcare is more reliable and easy for patient and it is also providing a major hike in Indian Economy.

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INTRODUCTION

Deloitte Touche Tohmatsu India has predicted that with increased digital adoption, the Indian healthcare market, which is worth around US\$ 100 billion, will likely grow at a CAGR of 23 per cent to US\$ 280 billion by 2020. The revenue of India’s corporate healthcare sector is estimated to grow at 15 per cent in FY 2017-18.* India is experiencing 22-25 per cent growth in medical tourism and the industry is expected to double its size from present (April 2017) US\$ 3 billion to US\$ 6 billion by 2018. Medical tourist arrivals in India increased more than 50 per cent to 200,000 in 2016 from 130,000 in 2015. The Healthcare Information Technology (IT) market is valued at US\$ 1 billion currently (April 2016) and is expected to grow 1.5 times by 2020.# Over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms^. There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising. Rural India, which accounts for over 70 per cent of the population, is set to emerge as a potential demand source. A total of 3,598 hospitals and 25,723 dispensaries across the

country offer AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy) treatment, thus ensuring availability of alternative medicine and treatment to the people.

Investments Scenario

The hospital and diagnostic centers attracted Foreign Direct Investment (FDI) worth US\$ 4.34 billion between April 2000 and March 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP). Some of the major investments in the Indian healthcare industry are as follows:

- Kerala Institute of Medical Sciences (KIMS) has raised US\$ 200 million from True North, a private equity fund, for a 40 per cent stake in the company, which will be utilised towards funding its growth plans.
- Syngene, a subsidiary of Biocon Ltd, has acquired a contract from HerbalLife Nutrition, a nutrition company, to develop nutrition based products that can be sold by Herbalife in India.
- CureFit, a healthcare and fitness start-up, has acquired Kristys Kitchen, an online health-food delivery company, in a cash and stock deal.
- STEER Engineering has announced research collaboration with Merck, a German healthcare and life sciences firm, for creating a technology useful for

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processing special effect pigments for the plastic industry.

- Max Healthcare, a healthcare institute based in New Delhi, has plans to invest Rs 320 crore (US\$ 48 million) to build a cancer care hospital in Delhi, being a part of Max's larger plan to develop its hospital in Saket.
- Thyrocare Technologies, a diagnostic laboratory chain, plans to expand its lab centres from 7 to 25 and franchisees from 1,200 to 5,000 to achieve a target revenue of Rs 1,000 crore (US\$ 150 million) by 2020.
- OrbiMed, a healthcare-dedicated investment firm, plans to invest around US\$ 40 million in Kolkata-based pathology and radiology services chain Suraksha Diagnostics for expanding the diagnostics chain's laboratory network across India and enhancing its equipment technology backbone.
- International Finance Corporation (IFC), the investment arm of World Bank, has invested around Rs 450 crore (US\$ 67.5 million) for a 29 per cent stake in Healthcare major Apollo Group's subsidiary Apollo Health and Lifestyle Ltd for funding Apollo's expansion activities.
- Abraaj Group, a Dubai-based private equity investment firm, is in advanced discussions to acquire a controlling stake in south India's leading diagnostics services provider Medall Healthcare Pvt Ltd, at an enterprise value of around Rs 1,500 crore (US\$ 225 million).
- Practo Technologies Pvt Ltd, a digital healthcare start-up, has raised US\$ 55 million in series D round of funding led by Chinese investment holding company, Tencent Holdings Ltd, which will be used for expanding its product portfolio.
- Japanese financial services firm Orix Corp. is in talks to buy a minority stake in Bengaluru-based fertility clinic chain Nova IVI Fertility, from the company's promoters and existing private equity investors for Rs 250-300 crore (US\$ 37.5-45 million).
- UAE-based Gamma Group has outlined plans of investing around Rs 3,000 crore (US\$ 449.68 million) in the infrastructure, health and education sectors of Kerala, which is expected to generate around 2,000 indirect and direct jobs in the state.

Government Initiatives

Some of the major initiatives taken by the Government of India to promote Indian healthcare industry are as follows:

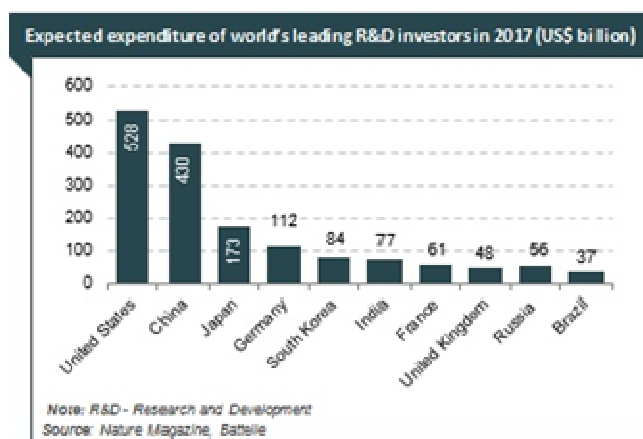
- In the Union Budget 2017-18, the overall health budget increased from INR 39,879 crore (US\$ 5.96 billion) (1.97% of total Union Budget) to INR 48,878 crore (US\$ 7.3 billion) (2.27% of total Union Budget). In addition, the Government of India made following announcements in the Union Budget 2017-18:
- Harmonise policies and rules for the medical devices industry to encourage local manufacturing and move towards improving affordability for patients.
- Modify the Drugs and Cosmetics Act to promote generics and reduce the cost of medicines.
- Set up two new All India Institute of Medical Sciences (AIIMS) in Gujarat and Jharkhand.
- Convert 1.5 lakh sub centres in Indian villages to health and wellness centres
- Set short and medium term targets for key health indicators and bring down the Maternal Mortality Rate

to 100 by 2018-2020 and Infant Mortality Rate to 28 by 2019.

- Prepare action plans to eliminate Kala Azar and Filariasis by 2017, leprosy by 2018, measles by 2020 and tuberculosis (TB) by 2025.
- The Union Cabinet, Government of India, has approved the National Health Policy 2017, which will provide the policy framework for achieving universal health coverage and delivering quality health care services to all at an affordable cost.
- The Government of India plans to set up a single window approval system for innovation in medical research, in order to grant permission/approvals within 30 days from the date of application to Indian innovation projects who have applied for global patent.
- Mr Shripad Naik, Minister of State with Independent Charge for AYUSH, has verified that the AYUSH Ministry is working with various agencies, institutions and Ayurveda researchers and practitioners across the globe to turn India into a global hub for knowledge, research, practice and developmental projects on traditional medicines.
- The Government of Assam has launched the Atal-Amrit Abhiyan health insurance scheme, which would offer comprehensive coverage for six disease groups to below-poverty line (BPL) and above-poverty line (APL) families, with annual income below Rs 500,000 (US\$ 7,500).
- The Government of India and the Government of the State of Nagaland signed financing agreement and project agreement respectively with The World Bank, for the 'Nagaland Health Project' for US\$ 48 million, which aims to improve health services and increase their utilization by communities in targeted locations in the state.

Future Prospective

- India's R&D investments increased to US\$ 71.48 billion in 2016 from US\$ 66.49 billion in 2015.
- R&D investments have helped Indian companies to overcome tight competition with affordable products internationally.



India is aggressively working towards establishing itself as a leader in industrialization and technological development. Significant developments in the nuclear energy sector are likely as India looks to expand its nuclear capacity. Moreover, nanotechnology is expected to transform the Indian

pharmaceutical industry. The agriculture sector is also likely to undergo a major revamp, with the government investing heavily for the technology-driven Green Revolution. Also, several automobile manufacturers, from global majors such as Audi to Indian companies such as Maruti Suzuki and Mahindra & Mahindra, are exploring the possibilities of introducing driverless self-driven cars for India. The Government of India, through the Science, Technology and Innovation (STI) Policy-2013, among other things, aspires to position India among the world's top five scientific powers.

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