

## **Imprimis Knowledge Series IV**

### **Fact Sheet: The Healthcare Scenario in India**

*We at Imprimis work continuously towards developing our information bank to keep you updated with the latest in the life sciences and healthcare sector. These fact sheets are collated from various credible sources to give you a complete picture of the topic under discussion. We endeavour to facilitate you with our resources for your benefit and convenience.*

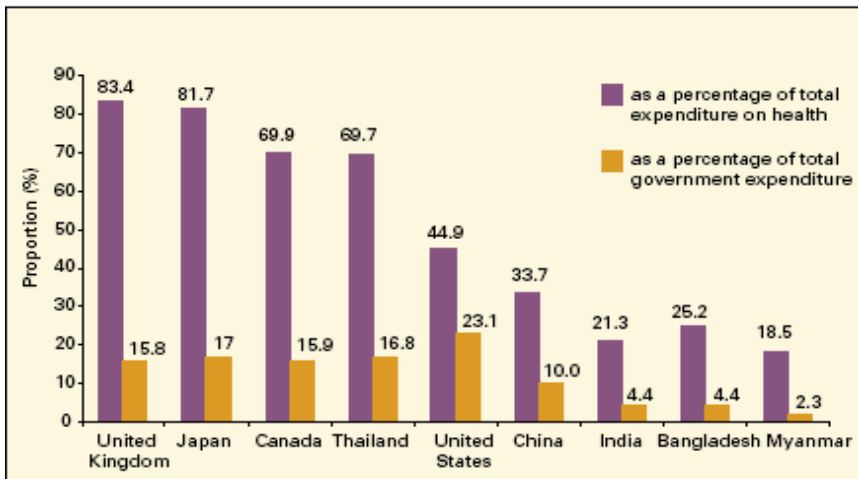
*'The Health Scenario in India' is an overview of the healthcare industry flourishing in India. It showcases the journey of healthcare in India from the early nineties to now, where it is touted as the ultimate destination for medical tourism, clinical tests and pharmaceutical industry.*

With global revenues of an estimated \$2.8 trillion, the healthcare industry is the world's largest industry. The Indian Healthcare sector is steadily gaining momentum in the global scenario. The shortage of premium medical facilities, the growing incidence of lifestyle diseases and growing income levels, have all led to a large unfulfilled demand for high quality healthcare services, translating into a large potential opportunity.

Today, healthcare is being touted as the next big boom. The Indian healthcare industry is currently estimated at US \$22 billion and the sector is expected to grow rapidly over the next decade, to reach a level of Rs. 200,000 to 300,000 crore by 2012, largely spurred by an increased corporate presence in the sector.

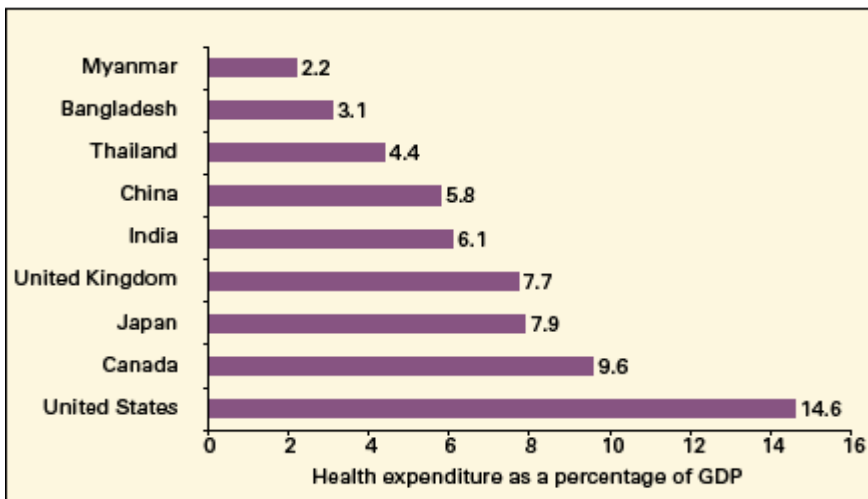
India spends Rs. 103,000 crore, or 5.2% of its GDP on healthcare annually. This is comparable to most other developing countries, who spend between 5 and 7% of GDP on healthcare according to a report submitted by Mckinsey & Company.

**Figure 1: Government expenditure on public health**



Source: World Health Organisation (2002)

**Figure 2: Comparison of health expenditure**



Source: World Health Organisation (2002)

## Primary Health Service

Health care facilities and personnel increased substantially in India between the early 1950s and early 1980s. But because of fast population growth, the number of licensed medical practitioners per 10,000 individuals had fallen by the late 1980s to three per 10,000 from the 1981 level of four per 10,000. In 1991 there were approximately ten hospital beds per 10,000 individuals.

By 1991, India had about 22,400 primary health centers, 11,200 hospitals, and 27,400 dispensaries. These facilities are part of a tiered health care system that funnels more difficult cases into urban hospitals while attempting to provide routine medical care to the vast majority in the countryside. Primary health centers and subcenters rely on trained paramedics to meet most of their needs.

Type of Healthcare Centers	Total number of Hospitals
Tertiary Medical Colleges/Hospitals	117
ESI and PSU Hospitals	1,200
District and Taluk Hospitals	4,400
Secondary Care: Community Health Centers	2,400
Primary Health Centers	23,000
Sub-Centers	1,37,000
Urban Health Posts	15,000

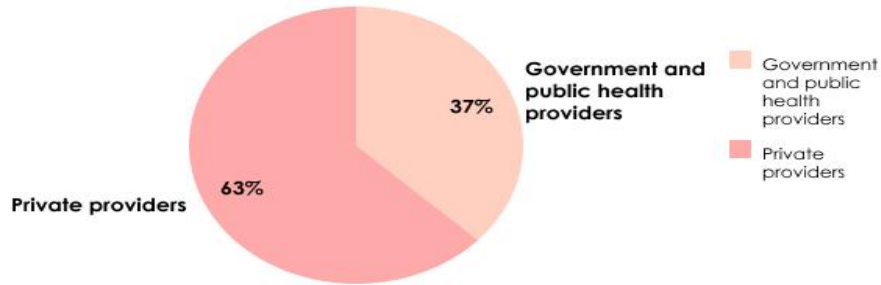
According to data provided in 1989 by the Ministry of Health and Family Welfare, the total number of civilian hospitals for all states and union territories combined was 10,157. In 1991 there was a total of 811,000 hospitals and health care beds. The geographical distribution of hospitals varied according to local socioeconomic conditions. In India's most populous state, Uttar Pradesh, with a 1991 population of more than 139 million, there were 735 hospitals as of 1990. In Kerala, with a 1991 population of 29 million occupying an area only one-seventh the size of Uttar Pradesh, there were 2,053 hospitals.

In India there were 13692 hospitals having 810548 beds in the year 1992. The number of Dispensaries and Primary Health Centres, which extend primary health care services, was 48000 in the same period. Medical Colleges, where advanced medical facilities are available are 146 in number in the year 1992.

### **Healthcare Infrastructure**

Although over the last 50 years, India has shown some improvements in its health infrastructure. According to some estimates, India has less than 100 beds per 10,000 population, which is in stark contrast to developed countries, where this ratio is much higher.

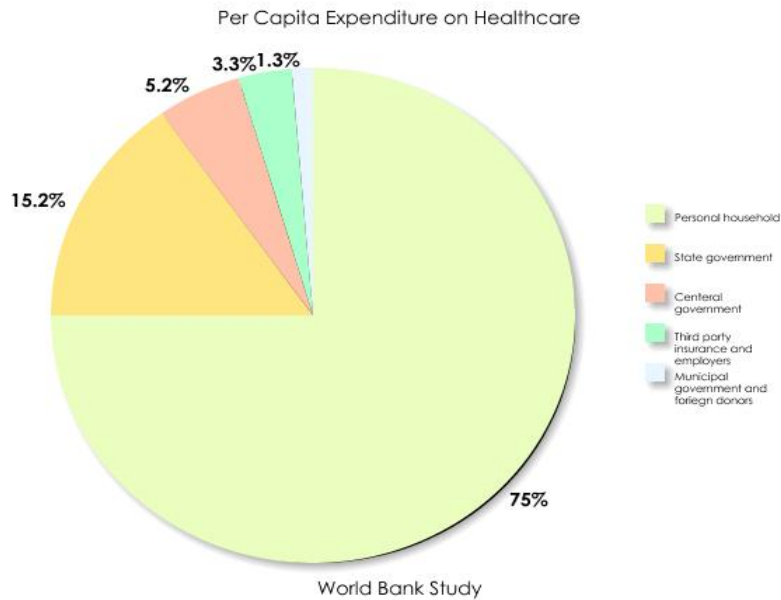
Market share of public and private providers in the healthcare sector in India



Mckinsey & Company Healthcare Report

### Healthcare India - Expenditures

In the mid-1990s, health spending amounts to 6 percent of GDP, one of the highest levels among developing nations. The established per capita spending is around Rs320 per year with the major input from private households (75 percent). Of these proportions, 58.7 percent goes toward primary health care (curative, preventive, and promotive) and 38.8 percent is spent on secondary and tertiary inpatient care. The rest goes for nonservice costs.



## **Clinical Research in India**

India is fast becoming the clinical trial hub of the world. This would help reduce the astronomically high cost of drug development (\$800 million to \$1.2 billion) by at least a third. The government policy to set up 20 globally recognized clinical research centers in India.

According to a Confederation of Indian Industry report, the global outsourcing market in pre clinical and clinical research is over \$ 13 billion. The contract research and clinical business in India during 2003-04 was USD 61.11 million as against last year's USD 30.00 million registering a growth of 104 percent.

The 2010 projections for the Indian clinical market of \$1.5-2 billion are based on the likelihood that Indian trial sites can contribute almost 20 percent patients to global clinical trials – the current acceptable FDA limit for data from developing country population. However, the current contribution of Indian affiliates of global CROs is around one percent of the global turnover. The journey from one percent to 20 percent is fraught with several challenges.

## **Pharmaceuticals**

The total BioPharma industry, comprising of vaccines, therapeutics, other products like statins, and diagnostics registered 29.72 percent growth in 2004-05 and the segment still is the single largest contributor to the Indian biotech industry. The total biopharma industry grew from USD 611.56 million in 2003-04 to USD 793.33 million. The vaccines business is the prime contributor, accounting for close to 47 percent of the total biopharma business, which also includes the diagnostics market. The vaccines business grew from USD 287.78 million in 2003-04 to USD 370.89 million in 2004-05.

<b>Total BioPharma Sector including Diagnostics</b>			
<b>BioPharma</b>	<b>Revenues in USD million (2003-04)</b>	<b>Revenues in USD million (2004-05)</b>	<b>Percentage Growth</b>
Vaccines	287.78	370.89	28.88
Therapeutics	92.22	111.11	20.48
Others	141.11	177.78	25.98
Total	521.11	659.78	26.61
Diagnostics	90.44	133.56	47.67
Total Pharma	611.56	793.33	29.72

### **Medical Tourism**

India as a healthcare hub is growing 30% annually and has a potential to attract over a million tourists per annum, augmenting its economic growth. India is also fast moving towards adopting international standards like accreditation of hospitals, providing the state-of-art healthcare facilities at far lesser prices compared to its western counterparts.

Lower costs are the main issue that weighs the balance heavily in favour of India. The cost-benefit advantage is phenomenal. An open-heart surgery could cost between \$34,000 and \$70,000 in the UK or the US, but in India the same surgery could cost between \$3000 and \$10,000 in the best of hospitals. Healthcare cost differences, therefore, could be anywhere between 200 per cent and 800 per cent.

### **Future scenario**

Indian economy is showing signs of liberalisation in many areas. Further, the Government and the insurance regulator seem keen to encourage health insurance. The obvious solution is to encourage competition by lowering the entry barrier for new players and to recognize the potential of health insurance as a stand-alone business.

The healthcare industry employs over four million people, which makes it one of the largest service sectors in the economy of our country. As medical costs skyrocket in the developed world, countries like India have immense potential for what is called

"Medical Tourism". India, with outstanding human resource talent and the setting up of world class medical facilities, is now poised to take leadership in the fast emerging arena of healthcare management which is witnessing the first signs of globalisation.

### **Imprimis Life Public Relations**

Imprimis Life is India's first dedicated Healthcare communication consultancy. Part of South Asia's largest communication group, Perfect Relations, Imprimis Life has its presence in more than 14 cities in India. We have unparalleled domain experience in Hospitals and Healthcare, Pharmaceuticals, HIV/AIDS (issues, products, organisations), Diagnostics, Foods and commodities, Biotechnology, Healthcare retailing and others.