

THE PRIVATE SECTOR IS LEADING THE HEALTHCARE REVOLUTION IN INDIA
A BRIEF REPORT
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Due to the lack of adequate healthcare facilities and services in the Gulf, India, until the later part of the 20th century, was the preferred and perhaps the only healthcare destination for the people of the Gulf.

With this background, in October 1969, I landed in Mumbai accompanying a close relative of mine for his medical treatment. The diagnosis was made at the Bombay Hospital, a charitable institution run by a Hindu trust. The operation was undertaken by a Dr. Mehta at Saifee Hospital, another charitable institution run directly from the office of Sayyedona Burhanuddin, the religious head of the Burha Muslim community in India. My relative received the most accurate diagnosis and the best medical treatment available at that time.

I never stopped visiting India since then. The most recent visit was in April of this year, 2010. I visited New Delhi and spent five days studying and trying to learn as much as possible about the phenomenal growth and development of the medical and healthcare sector in India. During my visit I met with some of the most outstanding and successful doctors, professionals, investors and leaders in the healthcare sector in India. I managed to read a number of articles and access a number of reports and studies conducted by professional agencies such as KPMG REPORT of 2009, the ACCELERATOR GROUP SURVEY, the ASSOCHAM STUDY of 2009, and the FICCI – ERNST & YOUNG STUDY.

I have also visited a few of the main hospitals and diagnostic centers, including the Medanta Medicity, India's largest and newest Medicity, built on 43 acres in Gurgaon. Medanta Medicity is a Rs1000 crores (US\$244 Million) technologically-advanced enterprise, a modern large medical complex focused entirely on patient satisfaction. With planned capacity of 1500 beds, it will be the largest hospital in Asia. Medicity is a new culture in India or rather a new concept of integrating super speciality hospitals under one management.

In between October 1969 and April 2010, a gap of more than 40 years, India made a huge leap and a remarkable achievement in developing a massive medical and healthcare infrastructure especially during the last 10 years. My observation was

further supported by the fact that the amount spent on medical infrastructure will touch Rs63,900 crores (US\$14.3 Billion) by 2013.

The growth of this industry is being led by the private sector and is a natural consequence of the growth and opening of the Indian economy. It is being fueled by the growing 300 million strong middle class, whose standard of living is improving, and as such, are seeking world standard quality healthcare services and are prepared to pay for it. They are looking for a higher hygiene standard, cleaner environment, shorter and fewer queues, advanced equipment and technology, and top quality medicine. The demand of India's affluent generation, the new-age patients, contributed to changing India's health delivery landscape beyond recognition. In terms of volume, it is estimated that India will need 100,000 beds each year for the next 50 years at the cost of Rs50,000 crores (US\$11.2 Billion) per year.

In a new environment, where a growing number of clients are not prepared to accept shabby wards, long delays, crumbling buildings, and antiquated techniques and outdated machines, the private sector realized the opportunity that exists and joined the Government and charitable institutions in the healthcare fray. It became very clear to investors and financial institutions that healthcare in India is a high growth area that does not get impacted by economic downturns.

Private equity investments became a major contributor. Rs900 crores (US\$203 Million) of private equity has already been committed for Indian healthcare companies in 2010 alone.

Today, the size of the healthcare industry in India is estimated at Rs200,000 crores (US\$45 Billion) and will reach Rs300,000 crores (US\$67 Billion) by the year 2012 and will then grow at the rate of 16% annually.

Today, India is one of the largest healthcare markets in the world. The industry is one of the largest sectors in the Indian economy employing more than four million people. Statistics show that 700,000 doctors, 800,000 nurses and 2,000,500 paramedics support the industry, which includes expanded medical education and research institutions. The need is still however growing to meet the explosive expansion. Over the next two decades, India will need twice as

many doctors, three times as many nurses, and four times as many paramedics as it has now.

The private sector has emerged as a very serious player in this industry. The share of the private sector in the healthcare market is estimated at 80%, the highest in the world. It controls 60% of the 15,393 hospitals in India. The growing participation of the private sector in the Indian healthcare market was stimulated by the fact that India for the last 50 years invested heavily in developing its medical education institutions, research centers and pharmaceutical industries. India produces and exports the largest number of the best doctors to different countries of the world. Some of the best doctors in the most advanced countries of the world are the products of India. Indian doctors today are the most sought after the world over.

Private sector spent on medical care industry reached Rs1,48,050 crores (US\$33 Billion) till the end of last year.

Today, quality hospital beds are almost at par with the global benchmark of 35 beds per 10,000 people in some of the cities.

Health imaging market alone stands at the value of Rs1,575 crores (US\$354 Million) and will double during the next five years. Indian medical equipment market today is estimated at Rs9,000 crores (US\$203 Million), which will grow to Rs22,500 crores (US\$5 Billion) by 2012.

In parallel, the health insurance sector in India is also undergoing an unprecedented growth. Until the recent past, health insurance was not considered a safety net in India. Today, it has reached a value of Rs25,875 crores (US\$5.8 Billion), adding new muscles to the health industry and growing at 20% per annum.

India is now climbing up the healthcare delivery ladder and is in the process of regaining its prime position as the preferred destination for quality and affordable medical care not only for the people of the Gulf but also for all the surrounding countries and its neighbours. Medical tourism is growing. Currently, 25,000 foreigners visit India per year seeking medical care and the number is growing at

the rate of 30% - 40% annually. This is confirmed by a recent study conducted by Deloitte Touche Tohmatsu India.

As a demonstration of the growing role of the private sector in the healthcare industry in India is the Fortis Group. It is now the biggest hospital network in Asia with 10,000 beds in 62 hospitals.

15 new major hospital projects will be launched this year with the total investment of Rs3,415 crores (US\$767 Million). 90% of these hospitals are multi-specialty corporate hospitals funded by private equity funds.

Apollo Hospitals already treat over seven million patients every year and employ 62,000 people in 50 operational hospitals with a total of 9,000 beds are planning to build another 32 hospitals within the next two years.

Rs400 Crores (US\$89 Million) will be spent by Wockhardt in four super speciality hospitals.

Columbia Asia is building 15 new hospitals. Another 15 hospitals will be built by DLF & Fortis with a total investment of Rs3,000 crores (US\$674 Million).

Rs10 crores (US\$2.2 Million) will be spent by Ruby General for their expansion plan.

A new health City in Chennai will be built by Global Hospital of Hyderabad.

Rs243 crores (US\$54 Million) will be spent by MAX for their expansion plan.

The cutting-edge medical technology and healthcare in India is not restricted to the Medicity concept. The luxurious Kokilaben Dhirubhai Ambani Hospital built by the Reliance Group in Mumbai is another example. The hospital amenities include hair dressing salons, massage parlour, cyber cafés and fine dining restaurants with hotel like receptions and bank like waiting rooms.

To add to the luxurious picture of healthcare services in India, the number of companies offering luxury chauffeur driven cars to patients able to pay are growing. Companies offering air ambulance and air rescue services are also on

the rise. Some of the pioneers in these fields are Air Ambulance India and Tops Air Rescue, to mention just two. Every new hospital has a helipad.

Furthermore, to compliment the medical care business, the doors of the feel-good, look-good world is being widely opened with the VLCC Group already leading the march with its 150 centers in India, offering world-class products and services in their holistic lifestyle approach to wellness and beauty. Apollo Group, as well, is geared up to explore in a big way the promising boom in the wellness arena building on India's age-old science of life, prevention, and longevity.

The major private sector players in the growth story of the Indian healthcare industry includes Fortis Hospitals, Apollo, Manipal Hospitals, Narayana Hrudyalaya, Christian Medical College, Max Hospital, Sevenhills Health City, Kles Hospital, Medanta Medicity, Arvind Hospital, Kastubra Hospital, Yashoda Hospitals, Amrita Institute of Medical Sciences and Research Centre, Lisie Hospital, Dayanand Medical College and Hospital, Sri Ramachandra Medical Centre, Global Hospitals, Care Hospitals, Little Flower Hospital and Research Centre, Kokilaben Dhirubhai Ambani Hospital and Sterling Hospitals.

The public sector, or the government of India, is not standing behind, as it also has its own growth story. But that's another story.
