

# Sector Brief – May 2015

**Background:** Indian Healthcare with a market value of US\$81.3 billion in 2014 and positioned sixth in terms of market size is expected to grow at a CAGR of 17% during 2011-2020 to reach US\$280 billion and be among the top three healthcare market. The low cost of medical services and high level of technical expertise attracts patients across the world and has made India one of the major destinations for medical tourism across globe. The Govt of India has identified healthcare as a priority area and has come up with notable policy level measures namely National Health Mission. Arguably India is better positioned than the West and Asia in terms of cost of high quality medical services, huge patient pool and favourable regulatory environment.

**Current Scenario:** Of the total healthcare revenues in the country Hospitals account for the major portion- 71% of revenue generated are contributed by Hospitals followed by Pharmaceutical's 13% and Medical equipments and supplies 9%.

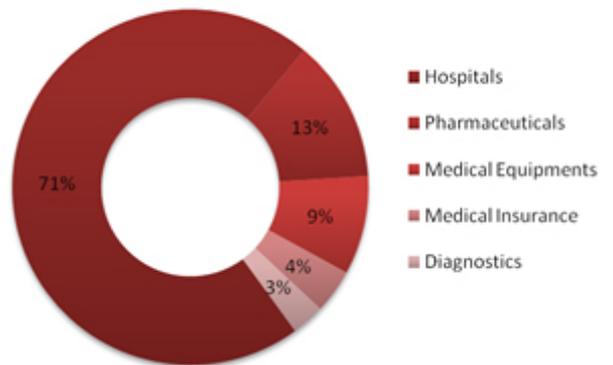
India's foreign investment policy is also very liberal for hospitals. Since January 200, 100% FDI is permitted under automatic route for hospitals which has played an instrumental role for fueling growth of Indian healthcare.

With steady rise in private top tier hospitals, private sector has emerged as a vibrant force in India's healthcare sector with notable increase in its share which now hovers around 72% of Indian Healthcare market size, 74% in terms of hospitals and 40% in terms of hospital beds.

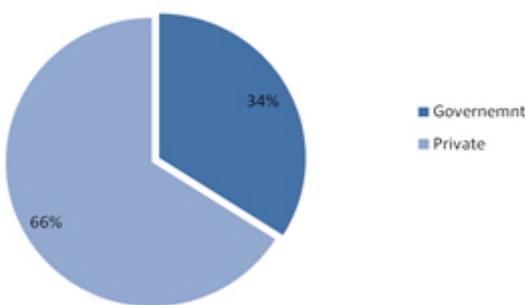
## Future Trend:

Strong growth in healthcare expenditure is expected in the coming years. Healthcare has become one of India's largest sectors both in terms of revenue and employment. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well as private players.

Market Break Up by Revenue



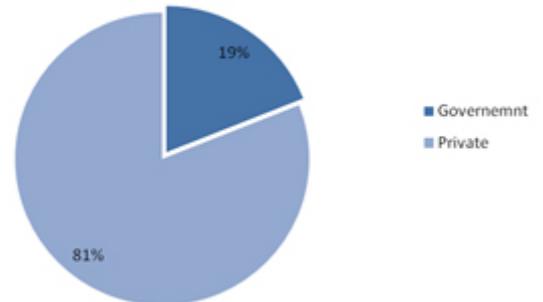
Market Share-Govt v/s Private , 2005



During 2008-2020, the market is expected to record a CAGR of 17 per cent

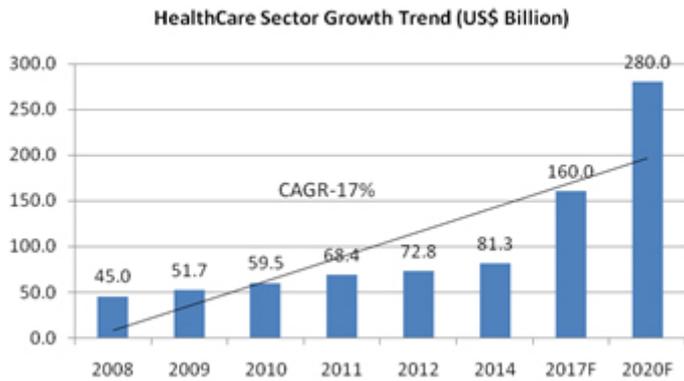
The total industry size is expected to

Market Share-Govt v/s Private , 2015



touch US\$ 160 billion by 2017 and US\$280 billion by 2020

**Policy level Updates:** Meeting of Health Ministers of SAARC Countries: The 5th Meeting of the Health Ministers of the SAARC member countries was held on 8th April 2015 at New Delhi, prior to which another meeting was held by Senior officials of SAARC countries on progress of addressing HIV/AIDS and population control measures. The meeting set a few agenda and making SAARC region polio-free with support from India, setting up National Reference Laboratory for TB and HIV/AIDS, to join hands to negotiate better



pricing of TB drugs, setting up Expert Committee for vector-borne diseases and holding annual meeting on non-communicable diseases & promoting access of medicine through the flexibilities under TRIPS Agreements, are some important ones among them.

National Health System Resource Centre (NHSRC) launched as a WHO Collaborating Centre for Priority Medical Devices and Health Technology Policy: The first WHO Collaborating Centre in South East Asian region was launched while WHO country office in India in

collaboration with Ministry of Health and Family Welfare and National Health System Resource Centre (NHSRC) formally announced the commencement of NHSRC for Priority Medical Devices and Health Technology Policy. The step is expected to provide a major fillip to medical technology and technical interfaces used in medical institutions in India.

Mission Indradhanush launched on 25th December 2014: The GoI has launched Mission Indradhanush on 25th December 2014 with an aim to cover all the children partially vaccinated or unvaccinated with a special focus on 201 districts. For this Mission, Govt has selected seven life threatening disease namely diphtheria, whooping cough, tetanus, polio, tuberculosis, measles and hepatitis B. The Mission aims to increase full immunization coverage of children by 5% annually and to expand it from 65% in 2014 to at least 90% in next five years.