

Doing Business with India 2011

Health and Social Care
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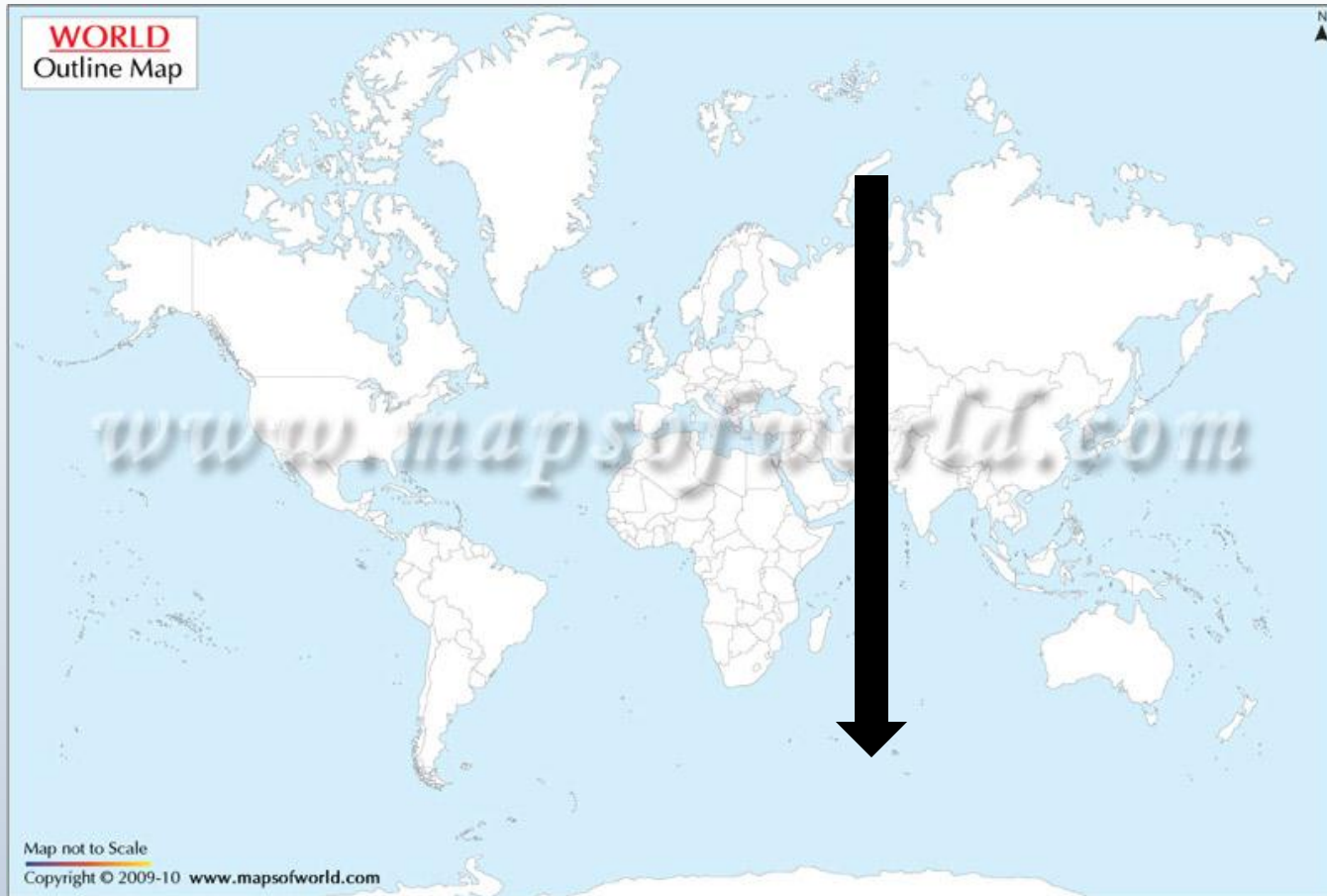
Points

- Historical and cultural issues
- Basic characteristics of the Indian healthcare system
- SWOT analysis of the Indian economy
- The healthcare sector main trends
- Opportunities in the main areas of the health sector

The Indian healthcare industry

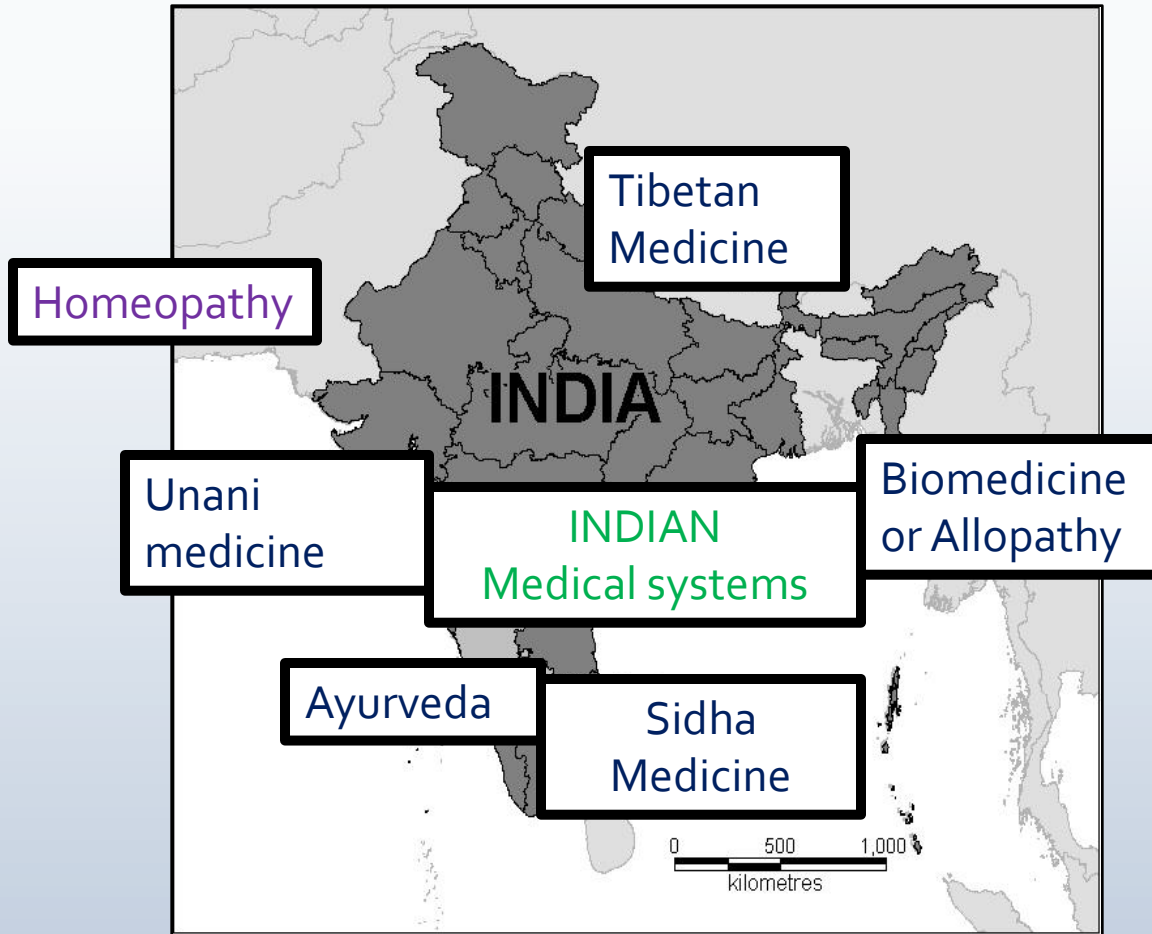
“The Indian healthcare industry has the potential to show the same exponential growth as the software industry”

West and East?



Medical Systems

- Emperor Ashoka (third Century BC)



Characteristics of Indian healthcare system

- The right to health for all is provided by the Indian constitution
 - This right comprises among others: functioning health facilities, free primary health care services, access to water and sanitation services and access to essential drugs.
- The Indian healthcare system is organised in three main layers:
 - Primary health care is provided in city and district hospitals and rural primary health centres
 - Secondary care or specialised care (complicated illnesses) is provided in district and taluk headquarters
 - Tertiary health care or acute and specialised care is provided in districts, states headquarters and teaching hospitals

Characteristics of Indian healthcare system

The Indian healthcare system presents a sharp contrast between urban and rural areas:

Urban

- 80% of specialists in healthcare live in urban areas
- Lifestyle diseases
- Massive range of incomes

Rural

- Poor standards in healthcare
- One million people die due to poor healthcare facilities
- 700 million people do not have access to health care services
- Malnutrition, safe access to drinking water and sanitation are more precarious here

Characteristics of Indian healthcare system

- Since independence (1947) the health sector has had some achievements in selected health outcomes.
 - Small pox has been almost eradicated
 - Polio and cholera are on the way out
 - Life expectancy has increased from 50 years to over 64 in 2000
 - Infant mortality has come down
- These achievements are patchy when disaggregated by populations (rural/urban and states)

Strengths, weaknesses, opportunities and threats of the Indian economy

S	W	O	T
<p>Demographics of India are favorable.</p> <p>There is much scope for increases in efficiency.</p> <p>India is well placed to benefit from globalisation and outsourcing.</p> <p>Positive Growth Forecasts</p> <p>A rapidly growing middle class with a strong desire to consume.</p> <p>A rich natural resource base, especially coal, iron ore, water, limestone and granite.</p>	<p>Inflation</p> <p>Poor educational standards (patchy: rural-urban, women)</p> <p>Poor infrastructure</p> <p>Inequality has risen rather than decreased</p> <p>Rigid labor laws</p> <p>Large budget deficit</p> <p>Heavy bureaucracy and corruption</p> <p>Size and dispersion of all the agents involved in the health sector</p>	<p>Reducing gap between rural and urban economies</p> <p>68% of the current growth in India comes through the SERVICES area (education and health)</p>	<p>India's inflation rate (8.4) is the highest among the Group of 20 leading nations, due to soaring food costs.</p> <p>Policy dilemma(between the poor and the middle classes)</p> <p>Market collapse as in the West</p>

The healthcare sector – main trends

- India faces a shortage of health professionals (doctors, nurses and paramedics)
- Income across the various groups is rising as is the increase of life-style related diseases:
 - Ischemic heart,
 - diabetes,
 - cancer,
 - respiratory diseases

The healthcare sector – main trends

- Satisfaction with public health services is low
- Private sector is poorly regulated and it ranges from high quality institutions to unqualified providers
- Despite heavy public interventions, the health burden (out-of-pocket money) carried by Indians is high
- Growing distrust of the medical profession due to unethical commercial links between healthcare providers and drug/device manufacturing
- Senior citizens(> 60 years) is set to double from the current 8% to 16% by 2026

Opportunities in the healthcare sector and subsectors

The main subsectors of the healthcare sector are:

- Healthcare sector
- The hospital services
- Pharmaceutical
- Generic drug marketing
- Biotechnology
- Clinical trials market

Healthcare industry is expected to become

- US \$ 70 billion in 2012
- US \$ 145 billion by 2017
- US \$ 280 billion industry by 2020

Healthcare sector

- Despite global economic slowdown, in 2011 the healthcare sector has shown a steady growth pattern and is further likely to witness more significant developments in the next 10 years.
- Growth of both mobile health and telemedicine is very attractive.
- Regulatory structure related to the healthcare industry has been so far very liberal and supportive.

Healthcare sector

- Medical Tourism in India will be one of the major sources for foreign exchange
- The acceptance of health insurance is increasing among middle classes

The hospital services

- It is expected to be worth US\$ 52.4 billion by 2012.
- India wants to cover the cumulative deficit of around 2.8 million hospital beds by 2014 to match up with the global average of 3 beds per 1000 population.
- Increased private sector investments will significantly contribute to the development of hospital industry, comprising around 80% of the total market.

Pharmaceutical

- Pharmaceuticals have emerged as one of the leading industries with the domestic market showing an unprecedented growth of around 9% to generate revenue of about (US\$ 11.1 billion) in FY 2009.
- The Indian pharmaceutical industry is projected to show double-digit growth in near future owing to rise in pharmaceutical outsourcing and consolidation of an earlier fragmented industry.
- Emerging sectors like biogenerics and pharma packaging will also pave the way for the pharmaceutical market to continue its upward trend.

Generic drug marketing

- The generic drugs market in India is growing more than 15% per a year.
- Due to the relatively low cost of generic drugs, its demand is increasing in India.
- India also exports them to the US and East Asian countries.
- The European and African countries have been added as new destinations for exports of generics.

Biotechnology

- Due to a large pool of scientific talent, world-class information technology (IT) industry the Indian biotech industry has remarkably grown over the past few years.
- During FY 2005-FY 2009, the industry grew more than 25% per year and generated total revenue of (US\$ 2.4 billion) in FY 2009.
- High demand for vaccines, biopesticides, biofertilizers, biodiesel and biotherapeutics being witnessed in India as well as at the global level.

Clinical trials market

- India's huge population and occurrence of some life threatening disease provide an opportunity for global medical practitioners and healthcare providers to look at India as an effective destination for research and clinical studies.
- The number of clinical trials will possibly reach 1950 by 2013.

Conclusion

- Despite the various contradictions and complexities of Indian society, the healthcare sector and its subsectors show a very optimistic scenario in all aspects related to future growth.