

A Study on Medical Tourism in India

Opportunities and Challenges

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Abstract

A recent outcome of the GATS and privatization of health services in India has been the cause for the growth of medical tourism to the extent that this sector is perceived as a fast growing segment of the economy.

India offers world class medical facilities, comparable with any of the western countries. India has state-of-the-art hospitals and best-qualified doctors. With the best infrastructure, the best possible medical facilities, accompanied with the most competitive prices, one can get the treatment done in India at the lowest charges.

India can capitalize on the increased opportunity of medical tourism with all its growth drivers in place like JCI accredited hospitals, globally appreciated clinical and paramedical talent, cost effective and qualitative medical treatment, third party intervention through the health insurance, etc.

Key words: Medical Tourism, GATS, Privatization of health care services, Opportunities and Challenges.

INTRODUCTION

Medical Tourism in India is currently generating around US\$ 2 billion in revenues and expected to generate around US\$ 3 billion by 2013, with the number of medical tourists to grow at a CAGR of over 19 per cent during 2011-2013 to reach 1.3 million by 2013. India's share in the global medical tourism industry is predicted to be around 3 per cent by the end of 2013 - according to a

report by research firm RNCOS, released in December 2010.

A recent outcome of the GATS and privatization of health services in India has been the cause for the growth of medical tourism to the extent that this sector is perceived as a fast growing segment of the economy.

World is in a healthcare crisis because of climate change, pollution and green house gas emissions. Patients are starting to travel overseas in search of the best quality and the most affordable medical care.

India offers world class medical facilities, comparable with any of the western countries. India has state-of-the-art hospitals and best-qualified doctors. With the best infrastructure, the best possible medical facilities, accompanied with the most competitive prices, one can get the treatment done in India at the lowest charges.

India has almost all sorts of destinations like high mountains, vast deserts, scenic beaches, historical monuments, religious temples etc. and also known for its hospitality for tourists, the country has opened doors to welcome medical patients.

OBJECTIVES

1. To know about the best and cost effective medical treatments in India.
2. To study the percentage of healthcare expenditure to GDP and its impact on medical tourism.
3. To analyze the opportunities and challenges of medical tourism in India.

RESEARCH METHODOLOGY

Research is descriptive and explorative in nature to meet the research objectives. Primary and secondary data is used to analyze the opportunities and challenges of Indian Medical Tourism. Surveys and interactions with Marketing Executives, International Divisions of select corporate healthcare providers are made to collect the necessary primary data. The secondary data is collected from published reports, journals and websites.

Tools and techniques of analysis

Data collected is logically analyzed, tabulated and the facts are proved through scientific methods. For the purpose of making the study more elaborate, the data collected is presented by tables, graphs and charts. The following statistical techniques are employed for the analysis:

- 't' – test
- 'z'– test
- Mean, Median, Correlation and Standard Deviation

HYPOTHESES

H1: There is a significant relationship between cost effectiveness and quality healthcare service towards the growth of medical tourism.

H2: There is no significant relationship between the percentage of healthcare expenditure to GDP and the number of medical tourists' arrival.

H3: There is no significant relationship between the type of medical treatments and the number of medical tourists' arrival.

MEANING OF MEDICAL TOURISM

Medical Tourism can be generally defined as provision of 'cost effective' personal health care in collaboration with the tourism industry for patients needing surgical healthcare and other forms of dedicated treatment. This process is being facilitated by the corporate sector concerned

in health care as well as the tourism industry - both private and public.

World Health Organization (WHO) defines Healthcare Tourism as an activity that covers:

- Medical care
- Sickness & well-being
- Rehabilitation & recuperation

The reasons why patients are seeking out Medical Tourism/Global Healthcare options are manifold:

- a. healthcare may be too expensive at home,
- b. waiting lists may be too long,
- c. patients wish to access treatments not available at home (e.g. stem cell therapy, termination of pregnancy, unlicensed medications, gender re-assignment surgery),
- d. patients wish for greater confidentiality than may be feasible at home (e.g. HIV/AIDS treatment, infertility treatment, gender re-assignment surgery, face lifts),
- e. new challenges arise from time to time, such as new medical developments which are not universally accessible, the emergence of the so-called "superbugs" (e.g. MRSA, VRSA, VRE, Clostridium difficile, ESBL-producing E. coli),
- f. problems with the blood transfusion supply (e.g. Chaga's disease in the USA, HIV, HTLV-1 etc.), and the social imponderables such as war, political change and natural disasters. Any of these factors may lead to a loss of public confidence in healthcare services, and a desire to seek out healthcare overseas. The environmental and political situation will constantly vary throughout the world, and this will need to be factored into the equations.

(Source: www.hospitaltour.com)

GATS AND MEDICAL TOURISM

The creation of GATS was one of the landmark achievements of Uruguay Round of Trade Negotiations in 1994. The General Agreement

on Trade in Services is an international trade agreement that came into effect on 1995 and operates under the umbrella of the World Trade Organization (WTO).

The aim of the GATS is to gradually remove all barriers to trade in services. The agreement covers services as diverse as banking, education, healthcare, tourism and others. GATS commit WTO members to successive rounds of

negotiations with a view to achieving a progressively higher level of liberalization in their service sectors. To achieve this, WTO members make liberalization requests of other member countries so as to open up to competition those sectors, which are of most interest to their own service providers. All WTO Members are at the same time Members of the GATS and to varying degrees, have assumed commitments in individual service sectors.

GATS MODES OF SERVICE DELIVERY

GATS distinguish four different modes of services. Four modes of services, which are relevant to health care services, are:

Table - 1

MODE	IMPLICATIONS	EXAMPLE
Mode – I Cross border supply	The services flow from territory of one Member to territory of another Member.	Tele health and tele medicines via Internet/satellite and International health insurance policies.
Mode – II Consumption abroad	A service consumer moves into another Member's territory to obtain a service.	Patients traveling to take advantage of foreign health care facilities or medical students training abroad.
Mode – III Commercial presence	A service supplier of one Member establishes a territorial presence, including through ownership or lease of premises in another Member's territory to provide a service.	Foreign Direct Investments in health service enterprises like health clinics, health insurance offices.
Mode – IV Presence of Natural persons	Persons of one Member entering the territory of another Member to supply a service.	Nurses, Doctors or Midwives travel to another country to supply a service there on a temporary basis.

Compiled by the author

Table 2
10 POPULAR MEDICAL TOURISM DESTINATIONS IN THE WORLD

Country	Cost (per cent of US)	No. of JCI Accredited Hospitals	Special treatment
Brazil	30-40	12	Reliable cosmetic surgeries (proximity makes it attractive for US patients)
Costa Rica	30-40	01	Dental and cosmetics (due to proximity to US)
Gulf States		38 (17 in Saudi Arabia)	Healthcare city designed to provide advanced healthcare services.
Hungary	40-50	No	Reliable dental and cosmetic surgery (mainly used by Europeans)
India	20	10	Cardiac, neurological, orthopedic surgery and offers a comprehensive solution for any and all medical needs (450,000 medical tourists in 2007, 600,000 in 2010 and estimated at 1.3million by 2013)
Malaysia	25	01	Cosmetic surgery and alternative medicine (300,000 medical tourists in 2006, 425,500 in 2009 and estimated at 689,000 by 2012)
Mexico	25-35	03	Dental and cosmetics surgery (high volume of US visitors due to proximity)
Singapore	35	13	Cosmetics, cardiology and cardiac surgery, gastroenterology, general surgery, hepatology, neurology, oncology, ophthalmology, orthopaedics and even stem cell therapy. (4,10,000 tourists in 2006)
South Africa	30-40	No	Suitable for cosmetic surgery
Thailand	30	04	Cosmetic surgery (1.2 million medical tourists in 2006, 10 million for the first eight months of 2010)

Source: Deloitte Analysis; 2008

India offers the cheapest and high quality medical treatment in comparison to other countries' medical destinations and ranks 2nd next to Thailand. Thus there is a significant relationship between cost effectiveness and quality healthcare service towards the growth of health care tourism (Hypothesis1).

India offers Cardiac, neurological, orthopedic surgery and a comprehensive solution for any and all medical needs of medical tourists but Thailand with only Cosmetic Surgery leads the globe in respect of total number of medical tourists arrival

i.e., more than 10 million compared to only 600,000 in India in 2010 (Table - 2). Thus there is no significant relationship between the type of medical treatments and the number of medical tourists' arrival (Hypothesis- 3).

The following table helps to know about government as well as private expenditure on health as percentage of GDP, and number of hospitals, nurses and physicians per 10,000 populations, where India ranks almost last in comparison with that of other countries:

Table 3

Contrasting Conditions					
Countries	Expenditure on health as % of GDP		Hospitals	Nurses	Physicians
	Government	Private	Per 10,000 Population		
Germany	7.8	2.7	82	108	35
UK	7.2	1.5	34	103	21
USA	7.3	7.9	31	98	27
Japan	6.7	1.6	138	41	21
Russia	3.1	1.7	97	85	43
Brazil	3.7	4.7	24	65	17
South Africa	3.3	4.9	28	41	8
Thailand	3	1.1	22	15	3
China	2	2.3	41	14	14
Vietnam	2.8	4.4	29	10	12
India	1.4	2.8	9	13	6
Global median	5	3.3	24	28	12
Correlation	0.1430		0.3134		0.7933
t –test	0.6390		0.9799		0.0006
Standard deviation	2.2585	1.9538	38.4671	38.1698	11.9478
Z-test	1.0000	1.0000	0.0009	0.0002	0.0350
Average	4.4417	3.2417	46.5833	51.7500	18.2500

Source: World Health statistics 2008

Correlation is low between Government and Private Expenditure to GDP-0.1430 (private health expenditure to GDP is low), high in hospitals and nurses ratio -0.3134 and also nurses and physicians ratio 0.7933.

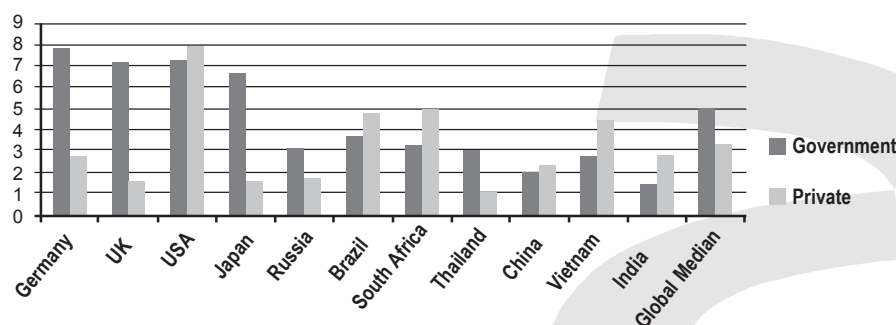
T-test analysis is compared between two variables like Government and Private expenditure, Hospitals and Nurses and finally with Nurses and Physicians. There is a significant difference

between government and private expenditure on health as percentage to GDP.

Standard deviation There is a high degree of deviation with respect to all variables.

Z – test is compared for individual variables like Government expenditure, private expenditure, Hospitals, nurses and physicians. There is no significant difference between countries expenditure.

Graph 1
Expenditure on health as percentage of GDP



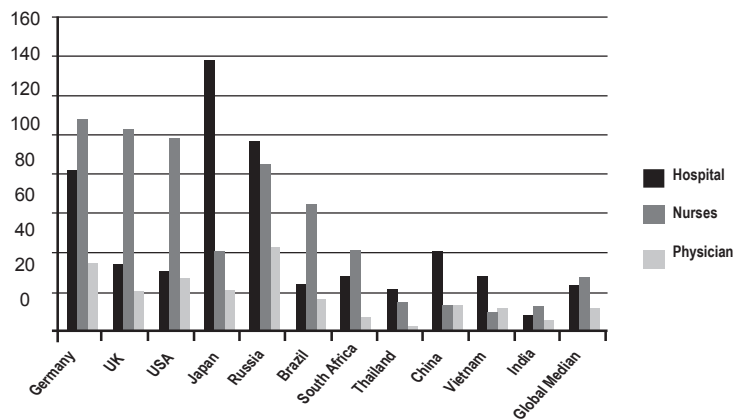
Percentage of government and private health care expenditure to GDP of Thailand is 4.1% and that of India is 4.2% but Thailand leads the list of number of medical tourists' arrival, i.e., more than 10 million compared to only 600,000 in India in 2010 (Table-3).

Thus there is no significant relationship between the percentage of healthcare expenditure to GDP and the number of medical tourists' arrival (Hypothesis – 2)

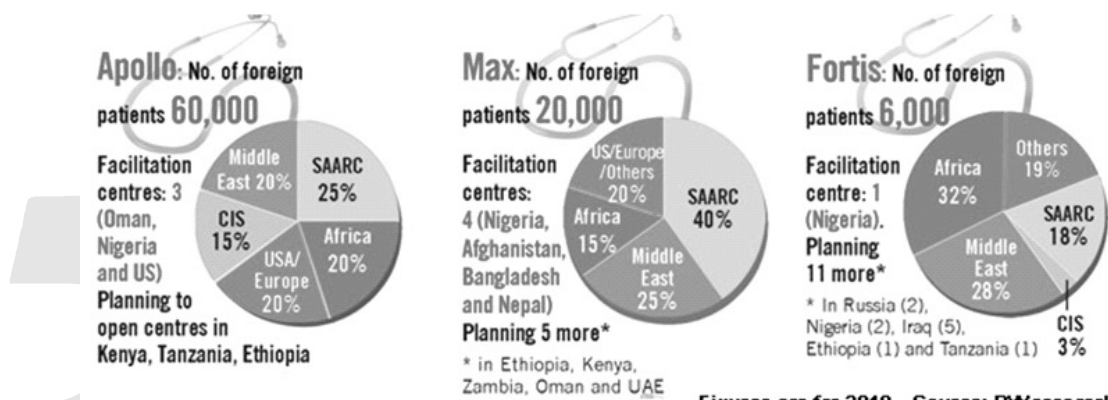
Graph 2
No. of Hospitals, Nurses and Physicians per 10,000 population

For every 10,000 population, India has 9 hospitals, 13 Nurses and 6 physicians to provide any and all types of medical treatments, but Thailand has 22 hospitals, 15 nurses and 3 physicians to offer mainly the cosmetic surgery to the medical tourists.

The following graph highlights the top Indian hospitals in global healthcare services:



Graph 3
Indian hospitals in global healthcare services



Apollo, Max and Fortis hospitals treat more number of medical tourists, i.e., 60,000, 20,000 and 6,000 respectively during 2010.

MEDICAL TOURISM IN INDIA – OPPORTUNITIES

- **Internationally accredited medical facilities using the latest technology**
- **Quality health care service by highly qualified physicians/surgeons and hospital support staff with fluency in English language**
- **Significant cost savings with no waiting lists**
- **Developed Pharmaceutical Industry and Health Insurance Market**
- **Economic Recession and Medical Outsourcing**
- **Healthcare marketing**
- **Travel and Tourism Industry**
- **Government's positive role**

Internationally accredited medical facilities using the latest technologies:

In addition to the Domestic Accreditation by the **National Accreditation Board for Hospitals (NABH), Joint Commission International (JCI)** has accredited the following hospitals:

- Ahalia Foundation Eye Hospital, Palakkad, Kerala
- Apollo Gleneagles Hospitals, Kolkata
- Apollo Hospitals at Chennai, Hyderabad and Bangalore
- Asian Heart Institute, Mumbai
- Fortis Escorts Heart Institute, New Delhi
- Fortis Hospitals at Mohali, Bangalore and Mumbai
- Grewal Eye Institute Pvt. Ltd. Chandigarh
- Indraprastha Apollo Hospital, New Delhi
- Moolchand Hospital, New Delhi
- Narayana Hrudayalaya , Bangalore
- Satguru Pratap Singh Apollo Hospital, Punjab
- Shroff Eye Hospital Bandra(W) and Marine Drive, Mumbai
- Sri Ramachandra Medical Centre, Chennai

(Source: JCI Accredited Hospitals in India, by WEBMASTER, 28/09/2011)

Other JCI accredited hospitals in India are:

- Manipal Hospital, Bangalore
- Max Super specialty Hospital, Delhi
- Max Devki Devi Heart and Vascular Hospital, Delhi

(Source: www.hospitaltour.com).

India offers the latest techniques like **Robotic Surgery and Gamma – Knife treatment** for brain tumors. The uses of **radioactive isotopes and scanning** through **Gamma Camera** have added matchless features to medical tourism in India.

The efficacy of treatment compared with that in the West, with the **death rate from Coronary Bypasses at 0.8% compared to 2.35%** in the US.

Medical infrastructure and technology is in par with those in USA, UK and Europe. India is the only mainstream option that offers a comprehensive solution for **any and all medical needs** and does this with the highest levels of service facilities and professional skills. **Thailand** which revolutionized medical tourism is more into **cosmetic surgery**, whereas in **India**, the focus is on **cardiac, neurological or orthopedic** problems.

Quality health care services by highly qualified physicians/surgeons and hospital support staff with fluency in English language

The global healthcare sector is a \$3-trillion industry, says Dr. Devi Shetty, CEO of Narayana Hrudayalaya. According to a global rating agency Fitch - the Indian healthcare sector, currently at US\$ 65 billion, is expected to reach US\$ 100 billion by 2015, growing at around 20 per cent a year, contributing an expected Gross Domestic Product (GDP) spend of 8 per cent by 2012 from 5.5 per cent in 2009. Some of the major factors driving the growth in the health sector include - increasing population, growing lifestyle related health issues, cheaper costs for treatment, thrust in medical tourism, improving health insurance penetration, increasing disposable income, government initiatives and focus on Public Private Partnership (PPP) models.

Table 4
Key players in healthcare industry

Company	No. of beds	Presence
Apollo Hospitals Enterprise Ltd	8,500	Chennai, Madurai, Hyderabad, Karur, Karim Nagar, Mysore, Visakhapatnam, Bilaspur, Aragonda, Kakindada, Bengaluru, Delhi, Noida, Kolkata, Ahmedabad, Mauritius, Pune, Raichur, Ranipet, Ranchi, Ludhiana, Indore, Bhubaneswar, Dhaka
Arvind Eye Hospitals	3,649	Theni, Tirunelveli, Coimbatore, Puducherry, Madurai, Amethi, Kolkata
CARE Hospitals	1,400	Hyderabad, Vijaywada, Nagpur, Rajpur, Bhubaneshwar, Surat, Pune, Visakhapatnam
Fortis Healthcare Ltd	5,044	Mumbai, Bengaluru, Kolkata, Mohali, Noida, Delhi, Amristar, Rajpur, Jaipur, Chennai, Kota
Max Hospitals	800	Delhi and NCR
Manipal Group of Hospitals	+7,000	Udupi, Bengaluru, Manipal, Attavar, Mangalore, Goa, Tumkur, Vijaywada, Kasaragod, Visakhapatnam

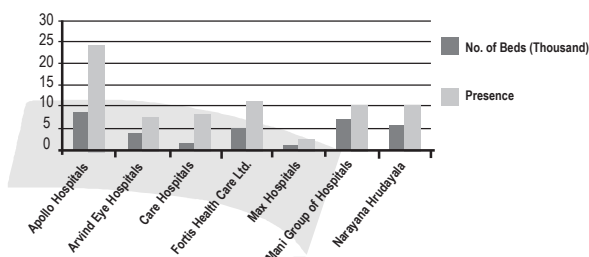
Source: E&Y, November 2010

The Narayana Hrudyalaya Private Limited (NHPL) Company is currently ranked fourth behind Fortis Healthcare, Apollo Hospitals and Manipal Group. By 2020, NHPL expects to take the company to 30,000 beds from 5,700 now. Its existing hospitals are at Bangalore, Kolar, Dharwad, Mumbai, Hyderabad, Ahmedabad, Jaipur, Jamshedpur, Raipur, Kolkata, and hospitals opening soon are at Mysore, Bhubneshwar, Siliguri and New Delhi. Its presence at abroad will be Cayman Islands and Malaysia.

increasingly **strong participation by the Corporate and Private sector**. Doctors employed at these hospitals are **highly educated with years of experience, including specialists for every department of medical care**. Most of the doctors have had a **good exposure working in the west** and understand patient needs.

Although the cost difference between treatments in India and Thailand is not much, India offers a language advantage – a patient would surely prefer a country where **English is widely spoken**. As part of the social and economic needs of the country, corporate hospitals are also obliged to care for patients who are economically disadvantaged.

Graph 5



Up until the 1980's government run hospitals were the main providers of healthcare in India. However, over the last decade the Indian Medical system has undergone a sea change with

Significant cost savings with no waiting lists:

Table 5

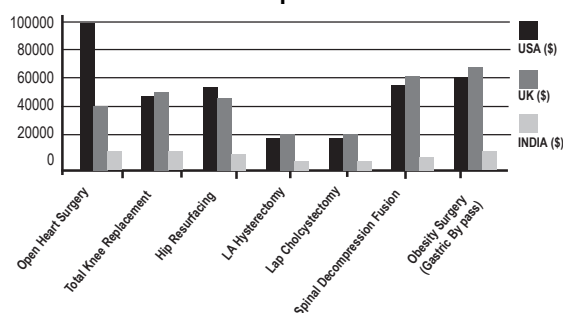
Cost Comparison between US, UK and India

Procedure	USA (\$)	UK (\$)	India(\$)
Open Heart Surgery (CABG)	100000	43000	7500
Total Knee Replacement	48000	52000	6300
Hip Resurfacing	55000	48000	7000

LA Hysterectomy	22000	24000	4000
Lap Cholcystectomy	18000	20000	3000
Spinal Decompression Fusion	60000	65000	5500
Obesity Surgery (Gastric Bypass)	65000	70000	9500

Source: Wockhardt Hospitals

Graph 6



Medical treatments in India are **lower by** at least **75-80%** when compared to similar procedures in the US and UK.

In Europe or US, there is approximately **9-11 months waiting time**, whereas in India there is almost **nil waiting time**. There is a possibility of getting immediate medical attention.

Developed Pharmaceutical Industry and Health Insurance Market

A highly organized sector, the Indian Pharmaceutical industry is estimated to be worth \$4.5 billion, growing at about 8 to 9 percent annually. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. India is self sufficient in drug production and exports drugs to more than 180 countries. India’s pharmacy sector has done commendable work in bringing low-cost drugs to the market, including international market.

The Indian health insurance industry has witnessed growth of 36.9% in FY’2011 which

was aided by the rising population, constant increase in the GDP, surging medical cost and increased awareness among the consumers. Information Technology (IT) has also been one of the important drivers of growth in the health insurance industry. The Health Insurance market is well developed. Unique covers such as Cashless hospitalization worldwide, Baggage loss, Passport loss, Trip delay and more. The Insurance also covers Pre-Existing Diseases in life-threatening situations.

Economic Recession and Medical Outsourcing

Recession – struck developed countries’ corporate, to cut their employees health care costs, have started to outsource the treatment options for its employees to overseas. India expects to be a key beneficiary. A recent report by Deloitte Center for Health Solutions on medical tourism says, with a growing number of healthcare facilities in other countries now accredited by JCI, perceptions about quality have undergone a radical shift and people are interested in pursuing treatment abroad if quality was comparable and the savings were 50% or more.

Healthcare marketing by Corporate Hospitals

Advertisements of Indian Hospitals are now seen regularly on the web space, specifically on American internet channels. Hospitals like Apollo are also now organizing large events in cities like New York targeting benefit managers of large corporate, outlining to them the cost advantages of signing up their employees for a program with an Indian hospital. The real advertisement for India, at the end of the day, are the Indian doctors working in the West.

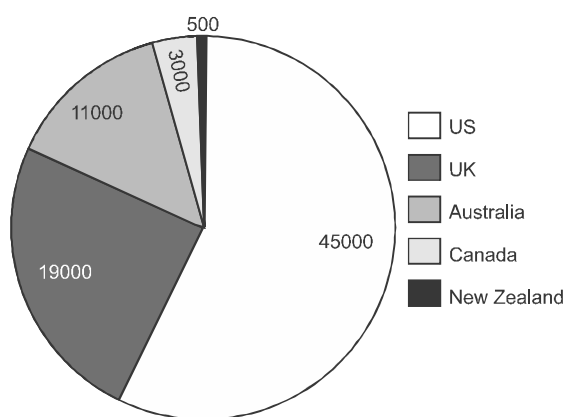
Table 6

NRI Doctors in Big 5

Countries	US	UK	Aus.	Canada	New Zealand	Total
Doctors	45000	19000	11000	3000	500	78500

Source - MCI estimates Sept.20,2009, Times of India

**Graph 7
NRI Doctors in Big 5**



Travel and Tourism Industry

India is currently ranked 12th in the Asia Pacific region and 68th overall in the list of the world’s attractive tourist destinations, according to the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum (WEF). Tourism in India is witnessing widespread growth on account of increasing inbound tourism by the burgeoning Indian middle class, rising inflow of foreign tourists and successful government campaigns for promoting ‘Incredible India’. Ministry of Tourism has made consistent efforts to develop quality tourism infrastructure at tourist destinations and circuits. Further the government has also allowed 100 per cent foreign investment under the automatic route in the Hotel and Tourism related industry.

**Table - 7
Foreign Tourist Arrivals (FTA) and Foreign Exchange Earnings (FEE)**

Particulars	2008	Growth rate %	2009	Growth rate %	2010	Growth rate %	2011	Growth rate %
FTA(Nos.)	52,82,603	4	51,67,699	-2.2	57,75,692	11.8	62,90,319	8.9
FEE(in Rs.Cr)	51,294	14.4	54,960	7.1	64,889	18.1	77,591	19.6

Source: Ministry of Tourism (MOT) GOI (compiled by the author)

Tourism Ministry has set a target of achieving 12 per cent growth during the 12th five-year plan which commences from 2012 in the sector with the aim of attracting six million more foreign tourists. Currently India attracts about 6.29 million foreigners in a year.

Government’s positive role

Seeing the huge potential in this sector, the Government has also started issuing M (medical) visa to the medical patient and MX visa to the accompanying spouse, which is valid for one year. Medical tourism is being treated as “deemed exports” and made eligible for all fiscal incentives extended to export earnings.

MEDICAL TOURSIM IN INDIA - CHALLENGES

- ✓ **Boom in Medical Tourism needs huge investments**
- ✓ **Many Asian Countries have initiated steps to explore medical tourism potential**
- ✓ **Chronic Human Resource Shortage**
- ✓ **Lack of Medical Infrastructure**
- ✓ **Limited Marketing budgets**
- ✓ **Improper supply chain management**
- ✓ **Medico-legal complications**
- ✓ **Terrorism**

Boom in Medical Tourism needs huge investments

- Hospitals chain Apollo Hospitals Enterprise Ltd plans to invest around US\$ 204.04 million and US\$ 226.70 million over the next two years.
- Wockhardt Hospitals plans to invest up to US\$ 158.32 million to double its bed capacity to 2,000 by 2013.
- Hospitals chain Fortis Healthcare plans to invest US\$ 146.81 million and add 2,100 new beds.
- The BCG Group plans to build a multidisciplinary health facility, BCG Health

square in Palarivattam in Kochi, Kerala, by August 2011. The company’s long-term plan is to set a 750,000 sq ft health village with an estimated cost of US\$ 88.91 million.

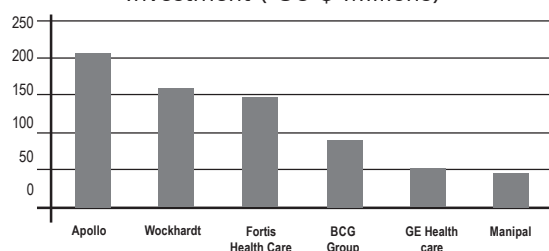
- GE Healthcare will invest US\$ 50 million to set up more facilities for developing diagnostic services.
- Manipal Hospitals plans to invest US\$ 45.23 million in the next three years .
- 100 per cent FDI is permitted for health and medical services under the automatic route.

(Source: BW research 2008)

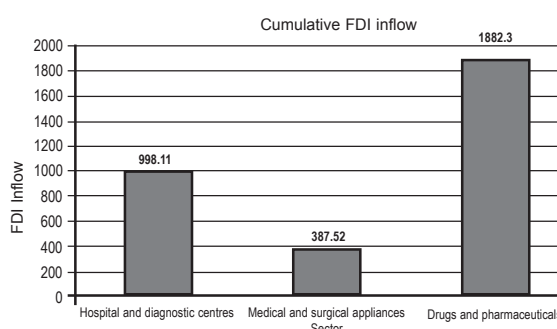
Table 8

Boom in medical Tourism needs huge investments						
Hospitals	Apollo	Wockhardt	Fortis Health care	BCG Group	GE Health care	Manipal
Investment (US \$ million)	204.4	158.32	146.81	88.91	50	45.23

Graph - 8
Investment (US \$ Millions)



Graph - 9



FDI inflows for various sectors like hospital and diagnostic centers, medical and surgical appliances and drugs and pharmaceuticals are as follows:

Table 9

Cumulative FDI inflow (April 2000 to Feb. 2011)

Sector	FDI inflow (US\$ million)
Hospital and diagnostic centres	998.11
Medical and surgical appliances	387.52
Drugs and pharmaceuticals	1,882.30

Source: Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP) “Booming Indian healthcare industry”, May 1, 2011, OIFC (Overseas Indian Facilitation Centre).

Many Asian Countries have initiated steps to explore medical tourism potential

Thailand, Singapore, Malaysia, India and Philippines are the major health care destinations in Asia. Thailand is more popular among Western European medical tourists for cosmetic surgery. Singapore formed a collaboration of industry and government representatives to create a medical hub. Taiwan works on a \$318 million project to develop medical services. China is a key target market for Taiwanese hospitals. The Malaysian government is aggressively promoting medical tourism. Its major hospitals are targeting new

markets such as Vietnam and Cambodia. South Korea plans institutions for international patients. Brazil which offers treatment at 50 per cent of US rates, does look to be a bigger threat. Indian government introduced cosmetic surgery tax in 2009 which puts India on the disadvantageous position.

Chronic Human Resource Shortage

The rural health statistics for 2011 show a shocking shortfall of human resources in the country’s government run healthcare system– be it doctors, nurses or other personnel:

Table 10

	Target	Actual	Shortfall (%)
Doctors	1,09,484	26,329	76
Specialists	58,352	6,935	88
Nurses	1,38,623	65,344	53
Radiographers	14,588	2,221	85
Lab technician	80,308	16,208	80

Source: Rural Health Statistics 2011, 12th Plan draft chapter.

In many states infrastructure is largely present but the absence of doctors and nurses renders the whole facility meaningless. There is a shortage of human resource in the private healthcare system also. Only 31 percent of the nurses were fully qualified in the country’s larger tertiary care hospitals.

Lack of Medical Infrastructure

A combined study by an industry body and Ernst & Young suggests that India will need as many as 1.75 million additional beds by the end of 2025. Further, an investment of US\$ 86 billion is required to achieve 1 doctor, 2 beds and 2.3 nurses per 1000 population by 2025. The growth of the country’s medical infrastructure is not keeping pace with the growth in demand for medical care.

India has 1.2% of the GDP in 2011 as public spending on health care. Private spending on health is 4.2% of the GDP in India. The allocation

for the health sector in 2011-12 budget is a little over 1% of the GDP. The Government expenditure as a share of total health expenditure in India is 26%, while 71% is paid by the patients and Insurance accounts for as little as 3%.

Limited Marketing budgets

The marketing budgets had to go up with hospitals having to look at new and innovative marketing strategies that incorporate the sensitivities peculiar to selling healthcare.

Improper supply chain management

Supply chain management of hospitals is to be streamlined further. Hospitals stored more than 12,000 stock-keeping units (SKUs) and purchased from more than 80 primary vendors. On an average, it was felt; hospitals had poor automation of purchases (only 50-60 per cent of the departments measuring up).

Medico-legal complications

Medical tourism industry faced a lot of legal implications, mainly by the doctors, while treating foreign patients. The hospital management needs to be more transparent and ensure that profiles of doctors are easily made available.

Terrorism

The height of terrorist activity in major cities of India has negative impact on all sectors of economy. But none of the hospitals reported any cancellations, although there have been several e-mails from patients due to visit, expressing concern and worry. Ultimately it all depends on response to the situation restore confidence.

CONCLUSION

With all the growth drivers in place – JCI accreditation, strong focus on cardiac, orthopedics and spinal care specialties (the maximum interest for foreign patients), globally appreciated clinical and paramedical talent, third party intervention through the health insurance, cheap treatment, there is no reason why we cannot capitalize on the increased opportunity of medical tourism.

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