

# Medical Tourism Is A Growing Sector In India: A Study

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## **ABSTRACT**

*Medical tourism, not only provides growth opportunities for the medical sector of the host country but also helps in tourism development. According to a recent market research report on medical tourism, “global medical tourism market was valued at approximately USD 15.5 billion in 2017 and is expected to generate revenue of around USD 28.0 billion by the end of 2024, growing at a CAGR of around 8.8% between 2018 and 2024”. Emerging economies with medical expertise and facilities with tourism resources are pushing for medical tourism. Hence, some of the popular destinations for medical tourism are emerging economies like India, Mexico, Malaysia, and Turkey among others. Historically, India has always been famous for its spiritual and natural healing image, which has brought people in search of tranquillity to our country. But for the past decade, international tourists are coming to India for modern medical procedures. The Indian healthcare sector, particularly the private entities, boast state-of-the-art infrastructure along with well-qualified practitioners. This has led to foreign tourists coming in for affordable treatment, while eventually allowing for tourism at other sites of the country. India’s medical facilities are famous for fertility, oncology, heart bypass surgery, orthopaedic and spine treatment. The number of foreign tourists coming to India for medical treatments has increased considerably in the past few years. The estimated number of Foreign Tourist Arrivals (FTAs) in India for the medical purpose was Rs 2.34 lakh in 2015 which almost doubled to Rs 4.27 lakh in 2016.*

*Keywords: -Medical, Abroad, Tourism, India, Health, Investment*

## **INTRODUCTION**

According to the Ministry of Tourism, the provisional estimates of total Foreign Exchange Earnings (FEE) through medical tourism during 2015, 2016 and 2017 were INR 1,35,193 crore, INR 1,54,146 crore, and INR 1,77,874 crore, respectively. Furthermore, NITI Aayog in its report has identified medical value travel (MVT) as a major source of FEE. India currently has around 18 per cent of the global medical tourism market. It has been estimated that by 2020, India’s medical tourism industry could be worth USD 9 billion, and account for 20% of the global market share. Based on these

projections, the Indian government has taken considerable steps to boost the medical tourism niche. Accessibility has been made easier through the Medical and Medical attendant visa which is processed within 72 hours. Medical tourism facilitation centres have been set up along with separate counters at major airports of Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru for tourists arriving on Medical Visas. For better promotion and dissemination of medical tourism for potential patients/tourists, the Department of Commerce along with Services Export Promotion Council (SEPC) has set up an online platform listing the top healthcare institutions in the country with comprehensive supplementary information on each. For better outreach and making the process comprehensive for the tourists, the portal is in four different languages. For better accountability, and efficacy of the medical tourism sector, a National Medical and Wellness Tourism Board has been constituted. The role of the board is not only to provide a dedicated institutional framework of the medical tourism sector but also promote other forms of Indian medicine and wellness practices like Ayurveda, Yoga and Homeopathy among others. The Ministry of Tourism has also taken up the responsibility of providing financial and technical support for individuals or organisations through marketing development and assistance programs as well as through workshop/events/seminars. The future of medical tourism looks solid, and India may yet emerge as an important medical tourism destination.

### **MEDICAL TOURISM IN INDIA**

Medical tourism is a growing sector in India. In October 2015, India's medical tourism sector was estimated to be worth US\$3 billion. It is projected to grow at a CAGR of 200% by 2020, hitting \$9 billion by 2020. In 2017, 495,056 patients visited India to seek medical care. The top 10 source countries for patients were Bangladesh, Afghanistan, Iraq, Maldives, Oman, Yemen, Uzbekistan, Kenya, Nigeria and Tanzania. To encourage applications and ease the travel process for medical tourists, the government has expanded its e-tourism VISA regime on February 2019, to include medical visas. The maximum duration of stay under this visa is 6 months. The promotion of Medical Tourism in India has helped private players capitalize on this market opportunity. Private institutions and organisations such as Max Healthcare and Health Travellers Worldwide have consulted and treated up to 50,000 foreign patients in hospitals across the country. Industrialist Sanjay Dalmia's healthcare company Dalmia Healthcare on 2018, declared medical treatment consultation to international patients. A growing number of tourists are flocking to India for the superlative medical treatment that is being provided by the skilled doctors. This has made India grow as a hub for the medical tourists every year. The prime reason being the cost of medical treatment in India being cheaper when compared to Western Europe, North America and some Southeast Asian countries. India has been getting a good revenue turnover from its medical tourism from past 4 to 6 years.

When asked about the revenue from foreign exchange, K.J Alphons, Tourism Minister of India declared an estimate of ₹1,35,193 crore in 2015, ₹1,54,146 crore in 2016 and ₹1,77,874 crore in 2017. The NITI Aayog (The National Institute of Transforming India) identified the Medical Value Travel as a major source of foreign exchange earnings. According to a report by FICCI and IMS

Health- India has nearly 18% of the global medical tourism market. In the sense, the MVT was pegged at \$ 3 billion in the year 2015 and is estimated to grow at a CAGR (Compound Annual Growth rate) of 15%. Also, it has been estimated that India's medical tourism industry could be worth \$9 billion, and account for 20% of the global market share by 2020. The report even pointed out that India enjoyed high credibility in wellness, prevention, and alternative medicines. "The total number of patients visiting India in the year 2017 was 4.95 Lakh," as said by KJ Alphonso in a written reply to Lok Sabha. Research also depicts that the number of the patients arriving in India for treatment stood 2.34 Lakh and 4.27 Lakh in the year 2015 and 2016 respectively. Of which, patients from Bangladesh and Afghanistan have always stayed at the top and continue to rank higher in terms of a maximum number of medical tourists arrivals in India. It is estimated that 2.21 Lakh medical tourists from Bangladesh came to India in the year 2017, 2.10 Lakh in 2016 and 1.20 Lakh in 2015. So, we can clearly see how the number is rising each year. Similarly, the highest number of medical tourists from Afghanistan was in the year 2015 – 27,505. In the year 2016 it reached to a whopping number of 61,231 and declined a little to 55,681 in the year 2017. Other than these two countries, medical tourists from Oman, Maldives, Uzbekistan, Sudan, Iraq and Yemen visit India as well.

### **MEDICAL TOURISM IN INDIA: INDUSTRY GROWING TO MEET DEMAND**

India is becoming an increasingly big player in the international medical tourism industry, otherwise known as Medical Value Travel (MVT). By 2020, India's MVT industry will more than double its current US\$3 billion in revenue to US\$8 billion, with a compound annual growth rate of 15.6 percent. Indeed, foreign nationals in need of complicated treatment, surgeries, and operations are increasingly choosing India because of the country's affordable, high quality medical care. In 2015 alone, 500,000 foreign nationals visited India for medical care. India's rapidly growing MVT market offers huge potential for new investments in private medicine as well as value-added travel, which focuses on a patient-oriented business model.

### **MEDICAL TOURISM MARKET: WHY CHOOSE INDIA**

India is one of the cheapest destinations in the world for most complicated surgeries and treatments. In India, a heart bypass surgery costs only US\$5,200 – compared to US\$144,000 in the US, and US\$15,121 in Thailand – India's biggest regional competitor for MVT. Despite these competitive prices, leading private hospitals in India deliver globally recognized standards of care. A 2013 study published in the *Harvard Business Review* found that the affordability of Indian healthcare has less to do with salary levels for its staff, and more to do with coordinated medical planning, which maximizes the use of expensive equipment and expertise, increasing productivity and reducing operational costs. As India's reputation as a global medical tourist hotspot grows, patients from Europe and North America are beginning to choose India as their destination for medical care. India's ability to couple medical treatment with alternative forms of healing – such as yoga, homeopathy, and ayurveda – has helped increase the attractiveness of MVT in the country.

**PATIENT-ORIENTED BUSINESS MODEL**

Medical tourists are often overwhelmed by both India's bureaucratic procedures necessary in attaining a medical visa (or 'M-visa') and the unstructured nature of India's medical tourism industry. There is great space for facilitating businesses that are competent in navigating the bureaucratic and cultural world of India for foreign patients. As the name 'Medical Value Travel' implies, medical tourism is a value added service that incorporates everything from bureaucratic procedures, to travel, and accommodation. Most patients choose their medical tourist destination based on price, availability of knowledge, proximity, and ease of attaining proper paperwork. A 'patient-oriented' business model puts the needs of the patient first, not just in medical care, but also in everything associated with the process. Pankaj Chandna, a representative of Vaidam Health, a growing player in India's MVT industry, told *India Briefing* that businesses that work in MVT need to be facilitators and "representatives" of the patient's needs and expectations. Facilitator companies working under a patient-oriented model are well positioned to create value-added services within India's existing tourism industry. India's tourism industry already accounts for over 6 percent of the country's GDP; MVT offers value added services for an already enormous market.

**INVESTMENT NEEDED TO REALIZE MARKET POTENTIAL**

India's leading private medical institutions are efficient and affordable while maintaining a high standard of care. International patients visit India predominately for major treatments and operations. As an increasing number of foreign patients visit India for medical care, there is huge room for growth in the development of new, internationally accredited hospitals that focus on advanced operations. While leading Indian hospitals offer high quality, specialized care, there are not enough of these hospitals. The Joint Committee International (JCI), a globally recognized accreditation center for medical services, has only accredited 27 hospitals in India. Investments in already accredited hospitals opening more centers in the country will make the country more competitive as a medical tourism destination. In tandem with the need for more facilities, India must diversify its medical expertise. According to a paper co-written by IMS Health and the Federation of Indian Chambers of Commerce and Industry (FICCI), India is a leader in cardiology and orthopedic treatments, but does not yet have credibility in other procedures, such as weight loss and cosmetic, spine surgery, and dentistry. More hospitals, and particularly, more specialized hospitals, will come up in India to facilitate this growing market. India allows 100 percent foreign direct investment (FDI) in the hospital sector, without the need of attaining approval of the Foreign Investment Promotion Board (FIPB). Another way of investing in the healthcare sector is through venture capital investments made with entities registered with the Securities Exchange Board of India (SEBI). Beyond these options, important business support functions are also required by the industry: organizations must make contact with patients in their home countries through networks with local care providers and provide clear, streamlined information about processes. MVT-focused call centers could help provide proper information and increase India's credibility as an MVT destination. The Indian government has already started promoting its medical tourism industry, and has announced plans to oversee its

regulation. Though no regulation yet exists, investing in value added medical travel as well as hospitals that cater to foreign patients will situate current investors as major stakeholders in India's growing MVT market.

### **TOP REASONS WHY INDIA IS BECOMING FAMOUS AS A MEDICAL TOURISM DESTINATIONS**

Being one of the fastest growing medical destinations around the world, India is predicted to drive higher with time. Everybody can get tertiary medical treatment in India which is either not available or people cannot afford it in their home country. Here are 7 major factors which make India an ideal medical tourism spot.

1. Low Cost of Treatment when compared to the first world countries like the US and UK.
2. Getting Visas for medical purpose is much easier than ever.
3. Access to immediate service is what attracts the foreign medical tourists. Surgeries are done almost immediately.
4. Even though India is a developing country, it provides world-class and standardized medical services and care with the help of the latest technology.
5. Post retreatment recovery provided to the patients with therapies like Ayurveda, Naturopathy and Yoga.
6. India provides an opportunity to the medical tourists to visit some of the most alluring and awe-inspiring places by taking them on a medical tourist trip.
7. India has a strong base of qualified and skilled doctors. Another major factor that has made India succeed in inviting the medical tourists is the populace of good English speaking doctors, guides and medical staff which makes it easier for the foreign tourists to correlate well to Indian doctors.

India has been world-renowned for its picturesque locales, rich heritage, vibrant culture and warm hospitality, making it a must-visit destination for many global travelers. But in recent times, the tourism sector of the country is witnessing the progression of a new trajectory—medical tourism. The Indian Medical Tourism Industry is facing a phenomenal growth percentage of 18% CAGR every year. Currently constituting of nearly 18% of the global medical tourism market, India is expected to reach 20% of the share with a worth of about USD 9 billion by 2020. According to the Medical Tourism Market Report 2015, India was found as '*one of the lowest cost and highest quality of all medical tourism destinations*'. India has diligently recognized the opportunity and is showcasing its strength and potential in global market through public-private partnership, thereby paving its way to become a hub for medical tourism.

### **FACTORS FACILITATING GROWTH**

India is known to offer a complete bouquet of healthcare services at an affordable price. Despite having a diversity of languages, India is one of the largest English-speaking nations. Further, easy availability of language interpreters, English-based documents etc. work as an advantage for the country especially with inward medical tourists. Be it cardiac bypass, heart surgery and bone-marrow transplant or even cosmetic surgery and dental care, India has become a popular destination for these procedures along with advanced and alternative medicine processes. Some of the major factors supplementing the robust expansion of medical tourism in India are:

**Affordability:** India boasts of well-certified, highly skilled and experienced medical professionals offering affordable services of optimum international standards. Additionally, India provides world-class hospital infrastructure at minimal charges when compared to countries such as the US, UK and Gulf nations. The above-mentioned 2015 market report on medical tourism has observed that India *'offers wide variety of procedures at about one-tenth the cost of similar procedures in the US'*. An instance provided by HealthStatus stated that while an open-heart surgery would cost around USD 150,000 in the US, it would cost somewhere between USD 3000-10,000 in the best hospitals of the country. A patient traveling to India for their medical treatment can therefore save anywhere between 30-70% of their expenditures, inclusive of travel and accommodation.

**Implementation of technology:** From sharing the entire treatment plan to post-hospitalization care management, India has been successively incorporating technological advancements for clinical outcome and for managing the complete life cycle of a patient. From machine learning to IoT sensor technology, these interventions are reshaping the future of healthcare. Being a fast adopter of these disruptions, India has certainly earned an advantage over the rest of the countries.

**Personalized care:** Largely provided by unorganized players and startups till now, personalized care is a booming segment of healthcare in the country. In such a system, focused attention is offered to a patient as per their convenience, thereby providing them with services customized according to their individual diagnostic traits. Through provision of such comfortable care and hospitality at affordable rates, India has been attracting a lot of medical tourists for personalized care, estimated to grow up to USD 6.2 billion by 2020, according to an analysis by Cyber Media Research (CMR).

**Post-treatment recovery:** Equipped with natural therapeutic practices such as Ayurveda, Naturopathy and Yoga, India provides the best of respites post-treatment. With such natural therapies that believe in holistic wellness through elimination of toxic imbalances, Ayurveda and Yoga are increasingly being accepted globally. The extent of this can be substantiated by the fact that Ayurveda has been recognized as an alternate form of medicine by WHO. Alternative medicine is also one of the most popular treatments sought by medical tourists in the country.

## **GOVERNMENT AND PRIVATE PLAYERS**

The growth of Indian Medical Tourism Industry can be accredited to both government and private players. By making the process simple and seamless along with drafting policies ensuring complete transparency and patient safety, the government is strengthening the cause. For instance, policies such as the introduction of Medical VISA and e-Medical VISA allowing multiple entries and longer stays as per medical conditions have been implemented. Further, the government is actively mandating accreditation to wellness centres and Medical Value Travel (MVT) facilitators. The recently-launched Ayushman Bharat Yojana stands as a testament of active government involvement in the provision of holistic healthcare. Private healthcare players are also playing a crucial role by dynamically focusing on building and improving the infrastructure to make it at par with international standards. Additionally, these providers are working extensively on the enhancement of skills to provide cost-effective medical care on the same level of quality as any developed country. Currently, India has over 38 JCI-accredited (Joint Commission International) and 563 NABH-accredited (National Accreditation Board for Hospitals and Healthcare) hospitals across the country. The country has understood the significance and the immense potential for medical tourism to thrive in the global market. By initiatives such as launching several incentive schemes for healthcare providers and promoting them in international events, an effective public-private partnership is emerging in the sector. This, along with the cost benefits and localized resource advantages, is strengthening India's position as a high potential hub in the medical tourism market.

## **CONCLUSION**

Yet, there is an ethical aspect that just cannot be ignored. Approximately 22% of the Indian population lives below the poverty line, and many do not have access to healthcare services. Despite being a fundamental right under Article 21, primary healthcare remains in shambles. The under-investment in the primary healthcare sector is evident from the fact that public health expenditure from 2008 – 2015 was approximately 1.3 % of GDP whereas, in 2016-17, it was approximately 1.4 %. This is way below the world average of 6%. Furthermore, healthcare in India is considered the most affordable across the globe, yet for most Indians it is expensive. Additionally, the rate of Indian's out-of-pocket spending on healthcare is one of the world's highest since the health insurance penetration rate in India is approximately only 20% [5]. World Bank's 2017 report on 'Tracking Universal Health Coverage' also points out the "catastrophic spending on health" by Indians, illustrating that out-of-pocket medical expenditure exceeds "10 and 25% of household total income or consumption". These are only some of the problems in the Indian healthcare system. To conclude, the government has taken some major steps in resuscitating the healthcare sector. In 2018-19 approximately INR 56,600 Crore has been allocated to the Ministry of Health and Family Welfare which is a 2% increase from 2017-18. Moreover, the National Health Mission (NHM) received its highest allocation of INR 30,130 Crore which is roughly 55% of total allocation. More concrete reforms and policies are required for making healthcare more affordable for Indians. It would be a shame to see India thrive as a medical tourism destination, while Indians cannot afford primary healthcare services.

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