

A laboratory setting with a gloved hand holding a test tube over a machine. The background is blurred, showing a window with vertical blinds and a computer monitor. The foreground shows a gloved hand in a white lab coat holding a test tube with a black cap, positioned over a piece of laboratory equipment. The equipment has a circular platform and a black frame. The overall scene is brightly lit, suggesting a clean and professional environment.

Demand Drivers for Growth of Indian Healthcare Industry

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The Indian healthcare industry, today, is on its pathway to tremendous growth and global transformation. There are so many healthcare reforms and fiscal restraints that are prominently gaining attention from political and business leaders that are further catalyzing its growth. The reason for the health care industry to gain momentum across the world is the increasing demand for healthcare services. It is expected that the healthcare sector would grow at the rate of 22.87 in the upcoming years, and reach a whopping market growth of \$280 billion in 2020. (Source: ibef)

Particularly in India, the pace of growth of the healthcare industry is booming in the recent years due to four drivers;

1. The expanding pool of consumers and their healthcare expenditure,
2. The growth of the sector is also propelled by the ancillary segments in the healthcare industry, such as retail pharmaceutical, medical tourism, telemedicine, and diagnostic equipment and supplies,
3. The churning out of highly qualified manpower due to availability of opportunities,
4. And the stake of hospitals especially in the private sector is high, as the growing medical tourism industry demands them to be compared, with the best in the world.

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With the growth of healthcare industry, having a significant contribution to the country's economic development, it is important to analyze the existing economic and social drivers of growth that are influencing the sector.

As one of the fastest growing industries, the Indian healthcare sector is poised to grow multifold, and is expected to soon reach the top three markets in the world. Innovation and digital transformation have accelerated the growth of the sector, offering a strong solution for increased quality services at affordable costs.

Today, the Indian healthcare sector is growing at a brisk pace, both in terms of revenue and employment, evolving into one of the largest growth sectors of India. The reason for such a tremendous pace of growth is the increasing expenditure by both public and private players. Moreover, the changing demographic profile, rising awareness of health care, and the recent shift in the disease patterns have favorably contributed to the growth.

Currently, the healthcare market is comprised of hospitals, nursing homes, diagnostics centers, and pharmaceuticals, which constitute more than 65 percent of the overall market. (Source: <http://health.economictimes.indiatimes.com/news/industry/health-care-industry-2016-where-is-it-taking-us/51920628>).

With the health care delivery services expanding to ancillary sectors, the industry is expected to witness a steep rise in the near future. However, this unprecedented growth in the healthcare industry today, is influenced by several demand drivers of the industry.

Here are five most important influencing growth factors that would further accelerate the industry growth in the upcoming years:

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a) Rising Private Expenditure on Healthcare

While the private sector constitutes over 80 percent of the total healthcare service providers, the outpatient and inpatient services are becoming costlier than the public healthcare. However, despite the rising costs, there has been observed an increasingly higher healthcare expenditure by people in the recent years. The rising income of the middle-class population is likely to be one of the major factors for rising demand for better healthcare services. Moreover, the increasing awareness for healthcare, precautionary treatments and improved diagnostics has increased the healthcare expenditure multifold and this trend is expected to further escalate much higher in the coming years.

b) Recent Initiatives

The recent initiatives such as Make in India and Digital India would propel technology into the sector which would lead to promotion of active integration of healthcare and information technology.

c) Shift in the Disease Pattern

Currently, India is on a greatly accelerated path of shifting from the scenario of communicable diseases to lifestyle diseases. The urbanization, unprecedented economic growth, and prosperity of the country have contributed to this epidemiological transition. This shift has increased the demand for specialized care and curative healthcare interventions. Moreover, the prevalent increase in non-communicable diseases has driven the need for increased diagnostics and advanced devices, contributing to the growth of the private healthcare sector.

d) Government Spending On Healthcare

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The Government of India has recognized the potential of the Indian healthcare sector and has aimed at making it a global healthcare hub. In that regard, the government has implemented regulatory measures and tax exemptions to facilitate the long-term growth of the sector. The National Health Insurance Mission NRHM is allocating USD10 billion for providing healthcare facilities in India. (source: ibef). Besides, the government has created new drug testing labs to further strengthen the existing 31 laboratories. Various reductions in excise and customs duty, exemption in service tax, conducive policies for encouraging FDI, and favorable government policies, have collectively created promising growth prospects for the sector in the near future. According to the latest National Health Policy (NHP) 2017, the government intends to increase its spending on healthcare from 1.2% currently to 2.5% of GDP.

e) Medical Tourism

In the recent years, India has become a potential medical tourism hub. It is increasingly sought-after by westerners and other country travelers as a preferable choice for medical tourism. The Indian medical tourism industry has succeeded in obtaining a whopping US\$ 3 billion per annum, with an estimated tourist arrival of 2,30,000. (Source: <http://health.economictimes.indiatimes.com/news/industry/health-care-industry-2016-where-is-it-taking-us/51920628>). By 2018, the industry is expected to reach US\$ 6 billion, as the number of medical tourists is estimated to double over the next four years. The reasons behind the booming medical tourism sector in India are the presence of well-trained medical professionals and super-specialty hospitals offering quality medical facilities at cost-effective rates. Moreover, a large number of hospitals in India are gradually getting international accreditation, which further raises its global recognition. With the trend going this way, India will potentially become Asia's number one healthcare hub soon.

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Thus, it is evident that in the current healthcare scenario, the rising income levels, healthcare awareness, and adoption of health insurance has resulted in escalating demand for better and quality healthcare services. This has also raised the personal healthcare expenditure among the population, aiding in the overall growth of the healthcare sector in India.

So far, the booming scope within the healthcare sector in India has presented a big opportunity for industry players to increase investment within the sector. No doubt, India is standing ahead of the world with a large pool of well-trained healthcare professionals, cost-effective treatments, and efficient delivery of quality healthcare services, but the current transformation in the healthcare sector brings in the necessity of focusing on the administrative needs of the sector to accommodate the projected increase in growth. There exists a good demand for administrative non-medical professionals who could manage administrative duties effectively in healthcare sector. Besides, advancements in medical technologies are also expected to aid the curve of growth, with innovative diagnostic and medical equipment and thereby lot of healthcare IT professionals would be needed. These competitive advantages of the Indian healthcare sector over the western countries have become the major driving factors behind the growth and development of the healthcare industry in India.

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