

# Private Healthcare Sector – A Vibrant Force in Indian Healthcare Industry



In the past, India's private hospitals had to put in strenuous efforts to sustain their growth and achieve recognition in the healthcare market. However, the scenario has changed a lot today, and that is primarily owing to the healthcare reform initiatives and growing privatization of industries.

The Indian healthcare industry has successfully leveraged the technological developments and adapted itself to the diverse social and economic fabric of the country. Currently, there is a radical consolidation in the industry, with the private healthcare sector dominating more than 80% of the entire market. Most of the metro hospitals in India today offer state-of-the-art infrastructure, world-class medical facilities, and efficient healthcare services. In that regard, the private healthcare sector is already being considered as a vibrant force in the Indian healthcare industry.

The healthcare sector today comprises, collectively of hospitals, diagnostics, pharmaceuticals, telemedicine, health insurance, medical devices, and equipment, as well as other goods and services related to medical care. The rising demand for healthcare services in the global market has generated immense opportunities for the private players in the sector, and as a result, has turned out to be a potential investment for large corporates.

## Rise of the Private Sector in the Healthcare Industry

In the Indian scenario, the private healthcare sector has emerged as a vibrant force, gaining national and international reputation. Owing to the high-end technologies, superior devices, and trustworthy surgical procedures, the private healthcare sector is gaining higher preference by Indians for their health related needs, further contributing to the growth of the private sector to multifold.

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According to reports, it is estimated that **Indians spend eight times more on private hospitals** than on public ones, contributing to the larger flow of revenue and resources in the private health care sector. On the contrary, there is an abysmally low public spending, constituting hardly 29% of the total expenditure, which means private healthcare sectors are increasingly sought-after by many. Moreover, the gross inefficiency, dysfunctioning, and acute shortage of the healthcare delivery systems in the public sector appear to be insufficient to match up with the growing needs of the population.

Initially, to combat the scenario, private sectors started acting complementary to the public sector, but in the course of time, they started sprouting their facilities across the country with affordable services. However, later, private healthcare facilities started gaining preference among the public, owing to the quality, efficiency, and reliability of the services.

To mitigate the mushrooming of private healthcare facilities, there were regulatory measures taken by the government, however, it did not alleviate the growth of the private sector. In today's economic scenario, private healthcare organizations are largely attracting investments from big industry players at a competitive level, since the industry offers high potential and promising growth.

## Factors Contributing to the Growth of Private Healthcare Sector:

The private healthcare sector in India has always been known for its easier access to quality and reliable services. The growth is however owing to a number of factors that range from the consumer demand to the governmental support.

### High Quality Healthcare

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The increased use of technology has allowed healthcare services to reach millions with improved operational efficiency. The private healthcare providers are consistently adopting new and advanced technologies to offer better quality healthcare services to the consumers. Particularly, telemedicine has increased the accessibility of healthcare services in rural areas by creating a network of quality health service providers. Overall, the innovative business models and competitive environment has paved way for providing quality services in a cost-effective manner.

## Rising Income and Healthcare Expenditure:

Today, owing to the rising income levels, more and more consumers willingly demand access to quality healthcare facilities. Moreover, easy access to medical insurance has further contributed positively to the affordability of healthcare and related services. In addition, the current demographics of the increasing aging population is also a major contributing factor for higher healthcare expenditure and growth of the private healthcare sector in India.

## Public Awareness of Health

The current healthcare sector is seeing a shift from communicable diseases to lifestyle diseases. Today's urbanization and problems associated with modern living have replaced traditional health problems with lifestyle diseases, which has further increased the demand for specialized healthcare services. This has heightened the current generation's awareness towards personal health and hygiene, as well as precautionary treatments. As a result, all of these have led to improved diagnostics treatments, resulting in increased hospitalization.

## Governmental Factors:

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In the past decades, the government has significantly contributed to the growth of the private sector. To add to the fact, the Indian Government had subsidized private sector organizations by providing low rates for hospital establishments and giving exemptions from taxes and duties for imported medical equipment and drugs.

## Medical Tourism:

According to reports, [medical tourism in India](#) is becoming a billion dollar business. Everything from cosmetic and regenerative treatments to cardiac treatment and other serious ailments, is being handled successfully by the Indian private healthcare sector. High-end technology, advanced medical facilities, professionally qualified healthcare providers and relatively low-cost treatments are the reasons for the international recognition and growth of medical tourism in India. It has also encouraged international accreditation and private health insurance, bringing further changes in the financing and regulations of private hospitals.

## Future Prospects

The Indian private healthcare sector is full of opportunities for industry players and has emerged as a vibrant force that contributes to the country's economy and growth. No doubt, India has become a high-end destination for medical tourism with state-of-the-art diagnostics and technology driven healthcare services.

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Besides, the country's population has created a strong demand for the need of healthcare services, owing to the rising incomes, access to medical insurance, and increased healthcare awareness among the consumers. Strong governmental policies, support, and competitive investments have also aided the development of the private sector. Overall, the private sector in the Indian healthcare industry has established itself in a well-poised place to tap growth opportunities and future developments.