

Opportunities in Indian Healthcare Industry

India - An Introduction



| | |
|------------------------|----------------|
| ➤ Population | Over 1 billion |
| ➤ States/UTs | 35 |
| ➤ Geographical Area | 3.3 mn sq kms |
| ➤ Languages recognised | 22 |
| ➤ Business language | English |
| ➤ Per Capita Income** | US\$ 534 |
| ➤ GDP** | US\$ 650 bn |

Source:CSO Statistics

India – Growth in Fast Lane



- Largest democracy in the World
- 4th largest economy by PPP index
- 6th largest energy consumer
- ForEx reserves skyrocket from US\$ 42 bn (2001) to US\$ 250 billion (November 2008)
- GDP growth to continue between 7-8%
- 3rd largest economy by 2050: Goldman Sachs
- Leading in IT, KPO and BPO
- Oil & Gas, Healthcare and Biotechnology sunrise industries

India - Advantages

- India is one of the top 3 countries where companies plan to spend the most R&D dollars over the next 3 years.
- Favoured destination ahead of countries like Israel, Philippines, Canada, China, Ireland & Russia in terms of Overall Climate (*Gartner Report, January 2003*)
- Some of the top medical/technical universities in Asia
- The clinical community is populated with English speaking, western-trained graduates
- Sophisticated technological infrastructure
- 100 million plus English speaking / trained professionals (Largest outside US)
- Over 2 million science post graduates

India - Advantages

- Cost effective operations
- Higher GMP/GLP/GCP Compliance and other standards for Diagnostic Labs and Hospitals
- Maximum number of approved GMP plants outside USA
- Excellent quality management, Technology and infrastructure
- Strong IT industry availability of IT skilled manpower

India – Beyond Cost Advantage

The Indian healthcare story is not about cost advantage only. It has a high success rate and a growing credibility.

- Indian specialists have performed over 500,000 major surgeries and over a million other surgical procedures including cardio-thoracic, neurological and cancer surgeries, with success rates at par with international standards.
- The success rate of cardiac bypass in India is 98.7 per cent against 97.5 per cent in the U.S.
- India's success in 110 bone marrow transplants is 80 per cent.
- The success rate in 6,000 renal transplants is 95 per cent.

India's Vital Clinical Statistics

- Cancer: 3 million
- Diabetes: 34 million
- HIV: 8-10 million
- Epilepsy: 8 million
- Hypertension: 150 million
- Schizophrenia: 1 million
- Asthma: 40 million
- Alzheimer's: 1.5 million
- Cardiac-Related Deaths: 2 million

Indian Healthcare Industry

- Indian Economy growing at 8%+ despite global economic meltdown
- Size of the Indian Healthcare Industry - US\$35 billion – contributes over 5% of GDP and offers employment to over 4% population
- Indian Healthcare Industry – Growing at Rapid pace of 18%+ - fastest in the world
- 600,000 practicing physicians
- 15,000 hospitals
- 875,000 hospital beds
- 737,000 nurses
- 170 medical colleges
- 350,000 retail pharmacies
- 18,000 new doctors every year
- 50,000 pathology laboratories

Indian Healthcare Industry

- 280 million strong upper middle and middle class population, with 10 – 12 million high income group which could afford the lifestyle of their western counterparts
- By 2012 industry size is expected to increase to \$60 billion.
- India spends 5.1% of GDP on health – government spending is increasing
- Per capita expenditure on health is US\$80 in year 2001
- Two thirds of healthcare spending is out of pocket, I.e. about US\$20 billion is private spending

Indian Healthcare Industry

- Life expectancy in India has improved from 37 years in 1951 to 63 years in 2001 and improving
- Expanding working population group – 65% by 2020
- Reasonably Recession Proof due to growing domestic demand
- Healthcare infrastructure in India is dominated by government hospitals

Indian Healthcare Industry

Key Segments in Healthcare

1. Pharmaceutical – US\$10 billion growing at 12% despite global economic pressures
2. Hospitals/Nursing Homes – \$12 billion – growing at 20%
3. Medical Equipment – \$2 billion, growing at 15%
4. Clinical Lab Diagnostics –US\$2 billion – growing at 30%
5. Imaging Diagnostics – US\$1 billion – growing at 30%
6. Other Services (includes Training & Education; Aesthetics & Weight loss; Retail Pharmacy; etc.– US\$2 billion – growing at 40%

Doctor/Nurses Demand & Supply

- Europe doctor to population ratio – 3.5 doctors per 1,000 population.
- India doctor to population ratio is 1 doctor per 1,784 people
- US Number of Nurses per 100,000 population – 972
- India Number of Nurses per 100,000 population - 78

Health Insurance

- Less than 15% of population is covered through pre paid insurance scheme – this is very low.
- Medical Claim schemes has less than 3.5 million members.
- 3.4% Population is covered through ESI Scheme
- 5% Population is covered by Employer Schemes
- 5% Population is covered through Community Insurance Schemes
- 85% Population pays out of pocket, known as private spending
- Slow entry of Health Insurance companies, due to regulatory issues and market dynamics
- In the last two years growth of insurance cover is 100%

Healthcare IT

- Hospitals and other healthcare businesses are realising that IT can be a great tool to increase efficiencies
- IT companies are offering wide ranging solutions
- Indian IT market is poised to be US\$250 million by 2012

Medical Tourism - Why India?

- High Quality Medical Facilities – Apollo; Fortis, Max; Escorts; Hinduja are some of the best facilities comparable with any good international facility
- Indian doctors are perhaps amongst the best doctors in the world - NRI doctors recognized as amongst best in adopted countries
- Cost Advantage – First world treatment at Third world costs
- English speaking manpower – better communication with the patients
- Indian Nurses are now in demand worldwide
- Software technologists facilitating tech revolution in healthcare

Why India?

- Extensive use of Computerized Hospital Information Systems
- Excellent 24-Hour On ground Support
 - Well Equipped Ground & Air Ambulance Support
 - Doctors on call
 - Nurses
 - Pharmacies
 - Diagnostic facilities
 - Transportation
 - Hotels
 - Internet & Mobile Phones

Why India?

- India is an attractive tourism destination
 - 5000 year old civilization
 - Renowned for Historical, Cultural and Religious diversity
 - Diverse geographical landmarks; vast coastline
 - Traditional arts and crafts
 - Vibrant democracy: Freedom for citizens; empowered women population

India – Cost Advantage

Procedures costs in India and US

All figures in US\$

| Procedure | US | India |
|------------------------|-----------|---------------|
| Heart Surgery | 30,000 | 7,000 |
| Bone Marrow Transplant | 250,000 | 30,000 |
| Liver Transplant | 500,000 | 40,000 |
| Orthopaedic Surgery | 20,000 | 4,500 - 6,000 |
| Cosmetic Surgery | 20,000 | 2,000 |
| LASIK | 3000 | 700 |
| Metal Free Bridge | 5500 | 500 |

Key International Companies with major investments in India (select examples)

- Philips
- Siemens
- Drager Medical
- GE Medical Systems
- Proton Healthcare
- Quest Diagnostics
- Gleneagles
- Qunitiles
- Novartis
- Pfizer

Future of Healthcare Industry

- The current healthcare infrastructure in India is inadequate
- The overall number of beds, physicians and nurses is low compared to other developing countries and international averages. The situation is worse in the case of tertiary beds and specialist physicians.
- The quality of provision too is poor due to the dominance of unqualified practitioners and sub-optimal size of facilities.
- Higher Investment in Training required.
- Meeting the expected demand in 2012 will require and investment of US\$25 billion

Future of Healthcare Industry

- An additional 750,000 beds will be required (from 1.5 million today to 2.25 million in 2012), of which 150,000 beds need to be tertiary beds.
- The number of doctors and nurses enrolled in medical colleges and nursing schools will have to triple over the next 10 years. Additional 520,000 students physicians will be required by 2012.
- The bulk of the investment will need to be made by private providers
- Total Healthcare Market in India could increase from US\$35 billion today to US\$60 billion by 2012.
- Preventive Healthcare market is for over 160 million people – largely funded by corporate / government sector

Manpower Demand

- The manpower demand of the healthcare industry would double up in the next 7 years. For example, the current Marketing & Sales manpower in the healthcare and pharmaceutical segment is 200,000 plus, which is expected to double up in the next 7 years. In clinical research the current shortage is 10,000 personnel, which is going to increase to 50,000 personnel by 2012.
- At present there is huge shortage of trained healthcare & pharmaceutical marketing and sales executives, medical representatives and managers.
- There is a major shortage of quality professionals for hospital services; service professionals for bio medical equipment, diagnostics, pharma R&D professionals.

Training Opportunities in Healthcare/Medical Sector

- Short term programs for hospital staff offering technical courses; hospital services, bio medical equipment maintenance – Target market – both hospitals & direct students.
- Short term professional development programs / continued medical education for the clinicians, nurses and other healthcare staff in the clinical and non-clinical/management areas.
- Medium to Long term programs for skill enhancement – directly for science graduates/post graduates
- Programs in the field of clinical research.
- Program Delivery – Online; Classrooms; Distance Learning & Corporate Programs

Business Opportunities in India



(This list is broad and only indicative in nature – please feel contact us for your product or service)

- **Service providers** Curative and preventive in primary, secondary and tertiary care; lab and imaging diagnostics; retail pharmacies rehabilitative - geriatric and others

- **Training & Education** Doctors, managers, nurses, technicians, clinical research, healthcare management, clinical research

- **Devices** Medical equipments & Service equipments; Telemedicine

- **Services** Health Insurance; Architecture; Hospital Management; Healthcare Business / Knowledge Process Outsourcing (e.g. medical billing/coding); Telemedicine

- **Materials** Medicines / Disposables / Surgical Products

- **Pharmaceutical & Biotechnology** R&D; Clinical Research; Contract Manufacturing

Favourable Policies

- Custom Tariff on medical equipment is reducing – 0% to 15%
- 100% Foreign Investment allowed in the Healthcare, Pharma, Clinical Research – most investments are under automatic route
- Tax Holidays for R&D companies
- Favourable profit repatriation policies

MEDIMINDS – YOUR INDIAN CONNECTION

Business Management Services

- ✦ Market Entry Strategy Services
- ✦ Setting up Indian Subsidiary and Joint Ventures
- ✦ Office Infrastructure & Human Resources
- ✦ Representative Office
- ✦ Market Research
- ✦ Identify Office / Hospital / Business Premises and Lease Negotiations
- ✦ Business Strategy
- ✦ Distribution & Marketing Network
- ✦ Licensing Technology
- ✦ Product Registration & Regulatory Services
- ✦ Contract Manufacturing
- ✦ Lobbying with Federal & State Governments
- ✦ Public Private Partnership Opportunities

MEDIMINDS – YOUR INDIAN CONNECTION

- ⊕ Regulatory Services
- ⊕ Investigators' Site Identification & Qualification Services
- ⊕ Clinical Research Outsourcing
- ⊕ Medical Writing & Content Development
- ⊕ SOPs Development
- ⊕ Education, Training & Recruitment

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