Research Article

The Growth and Contribution of the Indian Private Healthcare Sector

Surya Kant, Ram Awadh Singh Kushwaha, Ankit Kumar*

Department of Respiratory Medicine, King George's Medical University, UP, Lucknow, India

*Corresponding Author:** Ankit Kumar, Department of Respiratory Medicine, King George's Medical University, UP, Lucknow, India.

Citation: Surya Kant, Ram Awadh Singh Kushwaha, Ankit Kumar. The Growth and Contribution of the Indian Private Healthcare Sector. Journal of Pediatrics, Perinatology and Child Health 7 (2023): 142-148.

Abstract

The Indian healthcare sector has experienced significant growth, driven by both the private and public healthcare sectors. Private hospitals and clinics have played a pivotal role in expanding the infrastructure, particularly in areas where public healthcare institutions face challenges in meeting the growing demand for services. The Private healthcare sector expansion has resulted in improved access to healthcare, reduced burden on public facilities, and increased affordability of medical services.

The healthcare sector in India faces challenges related to a shortage of qualified medical personnel. Additionally, the prevalence of non-communicable diseases (NCDs) such as diabetes and hypertension is increasing, placing a growing demand on healthcare services.

In India, private healthcare providers serve a significant portion of both rural and urban residents. The private sector accounts for a substantial share of healthcare infrastructure. However, there is still a need to address the disparity in the distribution of medical facilities, as a large proportion of healthcare infrastructure is concentrated in major cities.

The private sector has made significant contributions to the healthcare industry and introduced competitive pricing, innovative financing options, and cost-effective practices to improve affordability. They have also invested in modern

medical equipment, advanced technology, and specialized training, leading to enhanced diagnostic capabilities and improved patient outcomes.

Private hospitals and clinics have played a crucial role in offering specialized treatments, reducing the need for patients to seek medical care abroad. This sector also positioned India as a preferred destination for medical tourism, attracting patients from various countries. The private sector's emphasis on patient-centric services, shorter waiting times, and personalized care has further contributed to positive patient experiences and increased patient satisfaction.

The growth of the private healthcare sector has not only created employment opportunities for healthcare professionals but has also stimulated economic development. Private hospitals and healthcare facilities have attracted investments, both domestic and foreign, leading to infrastructure development and job creation. The growth of medical tourism has brought in revenue, stimulating the local economy and supporting related industries.

However, challenges such as inequitable access to healthcare and disparities in healthcare infrastructure distribution remain. It is crucial for the public and private sectors to collaborate and for the government to implement appropriate regulations and policies to ensure equitable access to healthcare for all segments of society.

Keywords: Indian; Growth; Private healthcare sector; Non-Communicable Diseases (NCDs)

1. Introduction

The Indian healthcare sector is characterized by a blend of public and private services [1]. About 70% of India's rural residents receive medical care from the private sector, while 80% of the country's urban residents do the same. The private sector has played a pivotal role in expanding the healthcare infrastructure in India, particularly in areas where public healthcare institutions face challenges in meeting the growing demand for services. This has helped alleviate this burden by providing alternative options for individuals seeking medical attention, thereby reducing the burden on public facilities [2,3].

India has been dealing with the world's highest population. The current number of hospital beds and qualified healthcare personnel is less than required. There are 1.3 hospital beds for every 1,000 people. In addition, there is a lack of qualified medical personnel, with just 1.3 nurses and 0.65 physicians per 1,000 inhabitants, respectively [2].

Similar inequalities exist in terms of access to treatment services, as up to 60% of medical facilities nationwide are centralised in only a few major cities. In India now, about 30 to 35 percent of patients have surgery, compared to 60 to 65 percent worldwide. Similarly, only 15%–20% of patients in India receive radiation therapy, compared to 40%–50% globally [2].

By 2025, there will be 90 million diabetics in India, up from the present 60 million. In India, it is thought that every fourth person over the age of 18 has hypertension. Every year, NCDs (heart and lung conditions, stroke, cancer, and diabetes) claim the lives of almost 5.8 million Indians [2].

The demand for healthcare services is increasing due to an ageing population, a growing middle class, increased longevity, and an upsurge in non-communicable diseases. Amidst this growing demand, the private sector has been instrumental in expanding the healthcare infrastructure, particularly in areas where public healthcare institutions face challenges.

2. Indian Healthcare Sector: An Overview

India's healthcare infrastructure includes approximately 69 thousand public and private hospitals, with the private sector contributing around 62%. 43,486 private hospitals, 1.18 million beds, 59,264 intensive care units, and 29,631 ventilators are included in this total. In contrast, there are 25 778 public hospitals with 713 986 beds, 35 700 intensive care units, and 17,850 ventilators [4].

3. Economic Impact of the Private Healthcare Sector

The private healthcare sector is predicted to reach a value of USD 372 billion by 2022. With a Compound Annual Growth Rate (CAGR) of over 22% since 2016, the healthcare sector has not only bolstered the Indian economy but has also emerged as one of the country's largest employers. With 4.7 million direct employees, the healthcare industry rose to the fifth-largest employer status in 2015 [2].

The National Skill Development Corporation (NSDC) has predicted that between 2017 and 2022 there might be an additional 2.7 million jobs in the Indian healthcare sector. The expansion of private healthcare facilities has led to the creation of a significant number of job opportunities. This has provided employment opportunities for healthcare professionals at various levels of expertise, contributing to the reduction of unemployment rates in the country [2].

The growth of the private healthcare sector has indirect economic benefits as well. It leads to increased consumer spending on healthcare services and related goods and services.

4. Private Healthcare Sector: A Catalyst for Medical Innovation and Access

The private sector has been pivotal in adopting advanced medical technologies and introducing specialized treatments that were previously limited or unavailable in the country. These technological advancements have improved the quality of healthcare services, expanded access, and even positioned India as a preferred destination for medical tourism.

Private healthcare providers in India often collaborate with renowned international institutions and experts to exchange knowledge, conduct research, and develop innovative treatments. These collaborations facilitate the transfer of expertise and advanced medical practices to the Indian healthcare system. They also enable the introduction of new treatments

and therapies that were previously inaccessible, benefitting both domestic and international patients [2].

Private hospitals and healthcare organizations in India actively engage in research and development initiatives to drive innovation in the healthcare sector. They invest in clinical trials, medical research, and academic collaborations to advance medical knowledge and contribute to the development of new treatments and therapies. These initiatives have led to breakthroughs in areas such as genetics, regenerative medicine, and personalized medicine, offering new avenues for specialized treatments [2].

5.   Role of the Private Sector in the Pharmaceutical and Medical Device Market

The Indian pharmaceutical market is currently worth USD 41 billion and is projected to grow to USD 100 billion by 2025. The nation is the largest generic drug supplier globally, contributing 20% of all generic drug exports worldwide. In 60 therapeutic areas, India has about 60,000 generic brand names. Eight of the top 20 worldwide generic companies are currently based in India [2].

More than 200 nations throughout the world receive Indian medications for export. India currently ranks as Asia's fourth-largest market for medical products. India is thought to import close to 86% of its medical equipment at the moment. The nation is particularly dependent on imports for more expensive medical goods like cancer diagnostics, imaging equipment, ultrasound scans, and PCR technology. Despite being a net importer, India's trade in medical devices has expanded. India imported USD 1.77 billion worth of medical devices in 2019–20, compared to USD 0.99 billion worth of exports. However, in recent years, the CAGR of exports has outpaced the CAGR of imports, demonstrating the sector's expanding export potential [2].

In India, the market for biosimilars is currently worth about $3 billion and is projected to reach $12 billion by 2025. India had 98 biosimilars approved as of 2019, which was the most in the entire world. India also meets 62% of the demand for vaccines worldwide. India actually ranks first in the world for the supply of DPT, BCG, and measles vaccines [2].

Additionally, the medical devices market in India is expected to reach USD 50 billion by 2025, further highlighting the private sector's influence. Over the last three years, the medical devices sector has been expanding consistently at a CAGR of 15% [2].

India ranked third globally in terms of export volume and eleventh globally in terms of export value in 2019, according to data from the World Trade Organization. India exports pharmaceutical products on a net basis. India's pharmaceutical exports increased by 5.98 percent annually between 2016 and 2020, reaching USD 16.29 billion in the financial year 2020 [2].

6.   The Surge in Medical Tourism

With improved accessibility and the introduction of advanced medical treatments, India has become an attractive destination for medical tourism. Private hospitals have established dedicated international patient departments and streamlined processes to cater to the specific needs of medical tourists, further enhancing India's reputation as a healthcare hub.

The number of Foreign Tourist Arrivals (FTAs) on medical visas is expected to rise to 6.19 million in 2022, thereby enhancing India's global standing in healthcare and significantly boosting the economy. Patients from around the world, including neighbouring countries, seek treatment in India due to the availability of advanced healthcare services at relatively lower costs [2,4].

The growth of medical tourism has also contributed to the sector's economic impact. The increased economic activity in the private healthcare sector contributes to the overall growth of the healthcare industry and the broader economy.

7.   Addressing Disparities and Expanding Healthcare Access

While the growth of the private healthcare sector is evident, significant disparities in healthcare access persist, particularly in rural areas. The private sector's growth must be strategically harnessed to ensure equitable distribution of medical services, reduce the burden on public facilities, and extend quality healthcare closer to people's homes.

Private hospitals in India have been quick to embrace advanced medical technologies to enhance the quality of healthcare services. They have invested in infrastructure and medical equipment such as advanced imaging systems, robotic surgery platforms, and precision medicine technologies. These technologies enable more accurate diagnostics, minimally invasive procedures, and improved patient outcomes.

Private hospitals and clinics often invest in modern medical equipment, advanced technology, and specialized training for healthcare professionals. These investments have led to improved diagnostic capabilities, access to cutting-edge treatments, and enhanced patient outcomes. The integration of technology and the availability of specialized treatments contribute to better treatment outcomes and higher success rates for complex procedures.

Private healthcare providers tend to emphasize a customer-centric approach, which has positively influenced the overall patient experience, enhancing the accessibility and attractiveness of private healthcare services. They have adopted practices that prioritize the needs and preferences of patients.

8.   The private healthcare sector addressed Challenges

Private healthcare providers in India have introduced competitive pricing and innovative financing options, making healthcare services more affordable. They have implemented cost-effective practices and streamlined operations to offer services at lower prices. Additionally, private healthcare providers have introduced insurance tie-ups, instalment

payment plans, and other financing options to make healthcare more accessible to individuals from diverse socio-economic backgrounds.

Private hospitals and clinics have implemented efficient systems to minimize waiting times for patients. This enhances convenience for patients and contributes to a positive healthcare experience. Private healthcare providers strive to create a comfortable and welcoming environment for patients. They invest in well-maintained facilities, comfortable waiting areas, and amenities that contribute to a positive patient experience. This includes factors such as cleanliness, pleasant ambience, and accessibility for individuals with disabilities.

The private sector has embraced technology to streamline processes and enhance the quality of healthcare delivery. Electronic medical records (EMRs) and digital systems enable seamless communication between healthcare providers, ensuring that patient information is readily available and easily accessible. Advanced diagnostic technologies improve accuracy and speed in diagnosing medical conditions.

The private sector's growth has also driven the demand for skilled healthcare professionals. This, in turn, has led to the development of specialized training programs and continuing education opportunities. Healthcare professionals can enhance their skills and expertise through these programs, contributing to their professional growth and increasing the overall quality of healthcare services.

The growth of the private healthcare sector has also given rise to ancillary services and businesses. These include pharmaceutical companies, medical equipment manufacturers, diagnostic laboratories, rehabilitation centres, and home healthcare services. The expansion of these ancillary services further boosts employment opportunities and contributes to overall economic growth.

Despite existing gaps in healthcare access and availability, the sector has seen a consistent surge in growth, particularly attributed to the private sector. By offering a wider range of healthcare services, private hospitals and clinics have eased the pressure on public facilities, allowing them to focus on more critical cases and specialized treatments. This expansion has bridged the gap between demand and supply of healthcare services, reducing the burden on public healthcare institutions.

9.   Conclusion

The Indian private healthcare sector has significantly evolved over the years, driving economic growth, fostering employment, and enhancing patient outcomes. The private sector's involvement has resulted in competitive pricing, innovative financing options, and improved affordability of healthcare services. Investments in modern medical equipment, advanced technology, and specialized training have enhanced the quality of care and patient outcomes. The customer-centric approach, emphasis on patient satisfaction, and adoption of advanced technologies have transformed the patient experience. Private healthcare providers have introduced specialized treatments, reducing the need for

patients to travel abroad for medical care and positioning India as a preferred destination for medical tourism.

However, the sector needs to balance its growth with the imperatives of equity, accessibility, and affordability. With strategic planning and emphasis on broad-based growth, the private healthcare sector in India can continue to play a pivotal role in shaping the country's healthcare future. Efforts should be made to ensure equitable access to healthcare for all segments of society through collaborative efforts between the public and private sectors, along with government regulations and policies.

References

1. Kumar A, Kumar A. The Transformation of the Indian Healthcare System. Cureus 15 (2023): e39079.

2. NITI Aayog. Available from: https://www.niti.gov.in/

3. Health Care - India | Statista Market Forecast. Available from: https://www.statista.com/outlook/dmo/ecommerce/beauty-health-personal-household-care/health-care/india

4. Private Healthcare in India: Boons and Banes | Institut Montaigne. Available from: https://www.institutmontaigne.org/en/expressions/private-healthcare-india-boons-and-banes