

Globalization of Healthcare Market: An Analysis of Indian Medical Tourism Industry

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Abstract

Medical Tourism is not a new phenomenon, but it is taking on a completely different persona to what was earlier envisaged. Today, with the globalization of information and the empowerment of the consumer, medical tourism involves individuals acting as a consumer, making their own decisions regarding their health needs, deciphering how they can best be treated, and then finding the most appropriate provider.

Paper intends to deal with how countries across the world are competing on quality and price, how they are getting more competitive and developing their own health tourism strategy. Today, medical tourism is no longer about cheaper procedures and holiday trips. Paper would also correlate the impact of quality of doctors and technology, and care models that countries are pursuing on rise of health tourism in respective countries.

The central pillar of the paper would revolve around how disruption caused in the aviation industry via low cost airlines and social media has impacted the flow of patients from developed nations to other regions making medical tourism a considerable norm rather than something reserved only for the affluent.

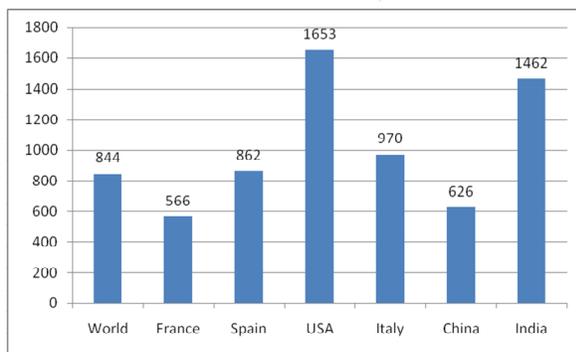
Paper would also throw a brief light on alternative medicine such as Ayurveda, acupuncture and homeopathy that are gaining popularity among medical tourists.

1. Introduction

India, a land of diversities, has a varied tourism resource base to offer its visitors. Both domestic as well as foreign tourists have thronged various tourist spots that adorn almost every nook and cranny of the country. While some tourist spots have emerged as prime ones, drawing numerous visitors from around the world, it goes without saying that, the country is yet to realize its true potential it has to offer the world. There are umpteen resources that still remain unexplored and in a dynamic world springing up surprises with new variants of tourism every year, India has a lot to offer the world as well.

Table: 1. Estimated foreign exchange earnings per Countries vs. India

(Source: World Tourism Organization)



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2. Objectives of the Study

To achieve the aim of the study, the objectives for the proposed research are as follows:

- Examining the existing level/ status of infrastructure relating to Air, Road, Rail and Sea network in India
- Examining the existing level/ status of Hotels and other accommodations in India
- Review of policies at the central as well as the state level in order to promote tourism
- Identification of bottlenecks in existing amenities, policies as well as promotional strategies

3. Scope of Study

The scope of the proposed research was as follows:

- Policy of integrated development of tourist circuits/ destinations
- Policy of public/ private participation in development of tourism infrastructure
- Facilitation services including visa, customs, immigration etc.
- Tax structure on various tourism related services

4. Tourism in India

Foreign tourist arrival in the country has been growing steadily for the past few years. According to Ministry of Tourism, Government of India, foreign exchange earning, which had witnessed a de-growth in the year 2012, recorded a stupendous growth in the year 2013. Major states being visited by the foreign tourists are Tamil Nadu, Maharashtra, Uttar Pradesh, Delhi, West Bengal as well as Rajasthan. Off

Late (in the year 2014), Karnataka as well as Andhra Pradesh, Goa as well as Kerala has also entered this “Achiever” group of states. These states, have, for last 5 years, recorded arrival of 5 – 10 lakh tourists per annum.

Next in line is the “Aspirant” group of states (States recording more than 1 lakh tourist arrivals per annum). These include the likes of Madhya Pradesh, Himachal Pradesh & Haryana. A few states which are “Emerging” as foreign tourist destinations are Uttaranchal, J&K, Gujarat and Orissa.

Other States in the Indian union are yet to make their mark impressively in recording total no. of foreign tourist arrivals per annum. These “Struggler” states also have the potential but for one reason or the other have failed to make a mark amongst the foreigners.

Table: Achievers, Aspirants, Emerging and Struggler States In India

ACHIEVERS	Maharashtra Tamil Nadu Uttar Pradesh Rajasthan Delhi West Bengal Karnataka Andhra Pradesh Goa
ASPIRANTS	Kerala Himachal Pradesh
EMERGING	Madhya Pradesh Haryana Uttaranchal Jammu & Kashmir Orissa
STRUGGLER	Gujarat Bihar Pondicherry Chandigarh Sikkim Meghalaya Punjab Assam Andaman & Nicobar Islands Jharkhand Daman & Diu Tripura Chhatisgarh Lakshadweep Nagaland Mizoram Arunachal Pradesh Manipur

Dadra & Nagar Haveli Tourism across the globe has been on the rise over the last few years and is no longer confined and defined by the geographical boundaries. Reasons for people to travel to different nations have also expanded with the time. Today, with the globalization of information and the empowerment of the consumer, medical tourism involves individuals acting as a consumer, making their own decisions regarding their health needs, deciphering how they can best be treated, and then finding the most appropriate provider.

5. SWOT Analysis of Indian Tourism Industry

Strength

- India has an immense bouquet of destinations of diverse types, more than what many countries have to offer together at an aggregate level.
- A rich saga which offers a unique combination of past and present, which includes architecture, culture, modern amenities and facilities as well
- Some products like “Rural Tourism” are unique in nature, which no other country has thought of or conceived of.

Weaknesses

- **Lack of co-ordination amongst the States as well as Centre in promoting destinations/ products**
- The Centre as well as the State promotes destinations independently. Such multiplicity of destinations create confusion in the minds of the foreign tourists visiting / willing to visit India as where should one start from?
- Procedure for release of Visa is a comparatively lengthy procedure, compared to the South East Asian nations
- Certain airports lack appropriate infrastructure which promulgates foreign airlines to shy away from them
- Lack of appropriate connectivity amongst certain prime destinations within the country e.g. Air fares between certain domestic destinations within the country is equivalent or somewhat more than connecting flights abroad
- **Lack of quality accommodation facility amongst major destinations across the country**
- Demand spurs higher room rent, which eats up considerable proportion of a foreign tourist’s budget. Subsequently, the tourist stays for a considerably lesser time and in the process has limited period of exposure to the country and its resources in general
- Climate of certain locations within India being temperate in nature, there is considerable hindrance in marketing those places as a “365 day destination” unlike major South East Asian Countries, which have geared up its infrastructure to deal with this type of climate

Opportunity

- India as a destination provides “value for money” compared to the other South East Asian as well as South Asian nations
- India offers diverse kinds and types of destination, in form of a complete package, compared to the south east/ far east countries which strongly promote one or two themes/ products.
- Wide base of English speaking population – a major advantage compared to the South East Asian nations
- Booming economy, growing foreign investment in the major sectors have prompted immense flow of foreigners in recent times. Word of mouth has promoted Indian Tourism on the whole.
- The International events like the upcoming Commonwealth Games in New Delhi in the year 2010 presents India with a platform to attract more and more foreign visitors.

Threat

- China is developing its infrastructure keeping in mind the 2008 Olympics and it plans to use this as a major event in attracting tourists.
- The Beijing – Lhasa railway line is an important indicator in this direction.
- Pro active and systematic marketing efforts of the comparatively smaller South East Asian nations and their focus on developing an infrastructure based on tourism.
- Off late, Sri Lanka is actively promoting its tourism resources with focus mainly on its natural resources (sprawling beaches, evergreen forests, tea gardens)
- Dubai is aggressively marketing itself as a major tourism destination. The world’s most ambitious project, the Dubai waterfront is shaping up to be a major tourist attraction of the world, which on completion is likely to draw scores of tourists to witness this engineering marvel.

6. Rise of Medical Tourism

Medical Tourism is not a new phenomenon, but it is taking on a completely different persona to what was earlier envisaged. Many healthcare systems – in the U.S., U.K. and Germany – are undergoing significant challenges: waiting lists, shifting priorities for healthcare, tightened eligibility criteria, etc.

TOP 14 MEDICAL TOURIST DESTINATIONS BY VOLUME OF CARE	
1-Thailand	8-Costa Rica
2-Hungary	9-Brazil
3-India	10-Mexico
4-Singapore	11-South Korea
5-Malaysia	12-Columbia
6-Philippines	13-Belgium
7-United States	14-Turkey

Source: Frost & Sullivan

7. Medical Tourism in India

Asia is and has been a popular destination for elective and cosmetic procedures, but in recent years, this trend has expanded to include more complex procedures. An increasing pool of patients are opting to have heart and orthopedic procedures performed in countries like Singapore and India.

As per PHD Chamber’s Medical and Wellness Tourism Report, India is one among the top five medical tourist spots in the world having hosted nearly 166,000 medical tourists from across the globe in 2014. The medical tourism industry in India is expected to reach an estimated value of \$6 billion (₹36,060 crore) by 2018, it added.

“The growth of medical tourism in India has led to the enhancement of better and advanced medical facilities in the country. More tourists are coming to India because cost of treatment here is much less compared to the US and the European countries. We are also trying to integrate medical tourism with normal tourism,” said Dr. Mahesh Sharma, Ministry of Tourism, and Government of India.

The guidelines for the new electronic visa have been finalized and new incentives for the promotion of medical and wellness tourism has also been advised.

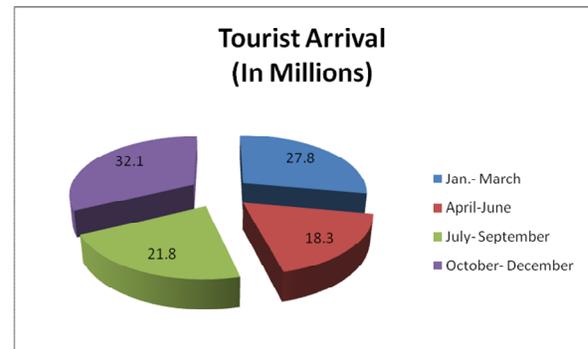
Still the overall percentage of tourists’ influx out of the cumulative basis is still not on appreciable ground. Even on comparison basis with other nations of the world India is lagging behind.

This is quite evident from following data provided by

Table: 2. Medical tourism as proportion of total tourism

Country	Total Proportion of Medical Tourists out of Total Tourists Influx
Thailand	10-11%
Mexico	4-5%
Singapore	7-8%
India	2-3%

Highly-skilled doctors coupled with improvement in medical infrastructure are attracting medical tourists. The union ministry of health and family welfare is also trying to engage international agencies for the promotion of alternative and traditional medicine.

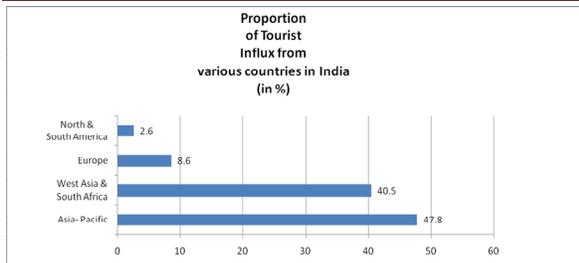


India is also trying to get a foothold in the promotion of traditional medicine like Ayurveda and yoga in around the world with the help of World Health Organization (WHO). Promotion of herbal industry and propagating cultivation of medicinal plants is done with all seriousness. Government mulls enhancing facilities, promoting alternative treatments to cash in on sector’s growth.

Fresh guidelines to promote and market medical tourism by sufficiently incentivizing tour operators and market facilitators have also been incorporated to cash in on hidden potential. Incentives would also be extended to NGOs for the promotion of eco-tourism.

These incentives would comprise part reimbursement of expenses, undertaken by tour operators and market facilitators to propagate medical tourism in India. Apart from this, some amount will also be given to the market facilitators, undertaking travels to take part in symposium, seminar, trade fairs and other such activities beyond Indian borders for promotion of Indian Medical Tourism.

Even though India has yet to develop a fully dedicated website for marketing its existing super medical facilities to tour operators and medical facilitators, the Indian Medical Tourism segment is anticipated to reach a value of USD six billion by 2018, boosting the number of medical tourist arrivals in India to a projected level of four lakh in the next four years. Indian Medical Tourism segment in value terms would be growing at CAGR () of 20 per cent between 2014 and 2018. Currently, the size of the segment in India in value term is estimated at little over USD three billion with tourist arrivals estimated at 2.3 lakh.



Since Indian corporate hospitals enjoyed a large pool of skilled doctors, nurses and supporting staff, and with its highly skilled doctors coupled with their relevant international exposure, prospects of ballooning the size of its Medical Tourism would go up many a time in the future too. The vast pool of medical professionals, expanding private healthcare infrastructure, growing technical expertise, cheaper medical procedures, world-class healthcare infrastructure and government support are likely to boost the number of medical tourist arrivals.

8. Corporates Input for Growth of Medical Tourism in India

Apollo Hospitals, Gandhinagar, which now gets around 5-10 per cent patients from overseas, is eyeing to take that up to 35 per cent of net patient admissions over the next few years. Apollo handles around 20 international patients every month who mainly come for transplant surgeries, cardiac and cancer surgeries. The success rates are impressive too. For instance, the success rate for heart-related issues is around 99 per cent, and for liver transplants, it is about 90 per cent.

The cost of these surgeries is around ten times more in major western countries. A knee replacement surgery costs around \$4,500 (Rs 2.8 lakh) in Ahmedabad, it would cost in the range of \$35,000-45,000 overseas (Rs 21.8- 28 lakh). Ahmedabad has already earned a reputation as preferred knee replacement surgery destination, and on an average, around 5,000-7,000 such surgeries happen in the city every year.

COST ADVANTAGE

Average cost* for some of the procedures in various countries (in \$)

	US	India	South Korea	Thailand
Coronary artery bypass surgery	70,000 -133,000	7,000	31,750	22,000
Bypass surgery with valve replacement	75,000 -140,000	9,500	42,000	25,000
Hip replacement	33,000 -57,000	10,200	10,600	12,700
Knee replacement	30,000 -53,000	9,200	11,800	11,500

* In 2011 (before the rupee's fall); the 18% depreciation increases the advantage for India Source: KPMS

Another hospital chain, Sterling Hospitals is planning to set up representative offices in key countries like Nigeria, Kenya and Uganda apart from the UK to get more patients. Sterling is also planning to set up representative offices in key African markets.

Another major hospital, Shalby Hospitals gets around 10-12 per cent of its patients from African countries mainly for joint replacement surgeries, cosmetic and cardiac surgeries. It is aiming to grow at a 10-12 per cent rate in terms of international patient admissions.

India, with a current market share of nearly three per cent, is perceived to be among the fastest-growing markets. And, there are various factors going in favor of the country. The cost of health care here ranges from a fourth to a tenth of that in advanced countries. Many of the US patients are familiar with Indian doctors, as many of them are trained there. And many of Indian hospitals that attract foreign patients have world-class facilities and are accredited by internationally-recognized Joint Commission International.

Cost advantage is not the only thing going in favor of the Indian medical tourism sector. A sharp depreciation of the rupee, too, has provided a helping hand. The impact of the rupee's depreciation on medical tourism has yet to show up on numbers, because of seasonality, but that will be visible in a few months. Industry experts say the cost differential, which used to be in the range of 20-25 per cent between India and other low-cost destinations, will now be in the range of 30-35 per cent because of the rupee's movement. Such a cost advantage will be hard to resist.

The Indian medical tourism sector is also eyeing a large chunk of big outbound medical tourism, likely to emanate out of the US, following the full implementation of Obamacare. Until two years back, the number of Americans going out of the US annually for medical treatment was only 85,000 — and, very few of them came to India. However, the number is expected to go up to two million going forward, and India has already started attracting many. However, policy makers will have to remove several bottlenecks to take full advantage of the situation.

9. Bottlenecks in Indian Medical Tourism

Affordability, quality, anonymity, communication and travel options are some of the important reasons based on which a medical tourist chooses a destination. One of the biggest factors stunting the industry growth in today's era of Internet is the fact that the Indian government has yet not devised and developed a fully dedicated website for Medical Tourism, where pan-India public/private hospitals, tour operators and medical facilitators are listed with their specialists and best of the doctors.

As of now, a foreign resident has to go hospital-to-hospital, surfing their websites and then deciding how to go about the medical treatment they are looking to avail in India.

The report also further states that in India, there is a stark lack of interoperability. For instance, if a medical patient gets treated at a hospital for an ailment and he wants to switch to another hospital for another ailment, then the underlying procedure of document preparation, transfer, billing, shifting is in itself a challenge.

This is essentially because not all hospitals have implemented computerized systems like Hospital Management Information System (HIMS) and associated software packages in their administrative framework.

While our health care infrastructure is world class, physical infrastructure outside hospitals is not in a great shape. That works as dampener. The health and tourism ministries should have a coordinated plan of action to boost the sector.

Brand India needs to be promoted as a healthcare destination. This needs a campaign like Incredible India. Some of the initiatives that need attention are easing of visa

norms and creation of cheaper accommodation for relatives. This is where Thailand and Singapore score.

For India to emerge as a global medical tourism destination, it has to fix the problem of “poor nursing care”. Senior doctors are paid well by leading hospitals hosting foreign patients, but nurses and other support staff are a demotivated lot, as they are made to work long hours without proper monetary compensation.

As things stand today, delays in visa processing are rampant, even in case of genuine medical emergencies, and the fee for visa processing is much higher when compared to Thailand or Malaysia. Another visa-related hassle is the requirement for foreigners to periodically report to the police during their stay in India. Tweaking the visa rules will go a long way in making India. Speedier grant of visas and their easy availability would go further in enabling the Indian medical sector

10. Analysis of Infrastructural Facilities in India

➤ Status of Different Modes of Conveyance

Air Travel

Presently, there are 16 international airports, 7 custom airports and 23 non-custom domestic airports operating in India. There are also a number of smaller airports having limited domestic operations other than these major airports. Landing capacity of major airports is being upgraded to facilitate landing of major types of aircrafts. Bilateral Air Service Agreements exist with major nations. The Ministry of Civil Aviation, Government of India has allowed additional capacities under the “selective open sky policy” to manage tourist rush.

Airports Authority of India has scheduled the modernization of the 35 non-metro airports in three phases under the public private partnership (PPP) model. Host of International airlines are starting or have already resumed operational or are touching new base in India

• SEA TRAVEL

The volume of foreign tourists arriving by sea remains considerably lower than those arriving by air as well as land. The trend of arrival by this mode is also erratic and no distinctive seasonality can be observed for the same.

The Ministry of Tourism identified cruise tourism as having an immense potential for India. It carried out a study to assess the potential of cruise tourism in India and formulate a plan to develop cruise tourism circuits for the international market.

➤ Status of accommodation facilities in India:

The accommodation facilities available at different destinations in the country vary considerably; while some of the locations have a variety of accommodation facilities to suit the different categories of travelers, some locations are lacking in even the basic accommodation facilities.

- International hotel chains (such as Six Continents, Carlson Hospitality and Marriott) are looking to increase their capacity in India, one of the fastest growing hospitality markets across the globe. A host of midmarket and budget hotel brands like Accor are also chalking entry plans for the market.
- Providing accurate up to date information on market demand/ supply of accommodation in the country for

specific sites of key products like Medical, MICE, Wildlife, Adventure

- Encourage unclassified/ approved hotels to set up self-regulatory organization

➤ Infrastructural Amenities

• Facilitation Norms

In order to visit India, foreign travelers require visa permission prior to entering the country. The Consular Passport and Visa Division of the Ministry of External Affairs are responsible for issuance of Indian visas to the foreign nationals for their visit for various purposes. This facility is granted through various Indian missions abroad. At present, visa application is chargeable according to the type of visa applied.

• Tourism Service Providers

There are around 6000 travel trade companies and firms comprising of tour operators, travel agents and tourist transporters. Approximately, 1500 are members of representative trade bodies, i.e. associations

• Tourism related Training

In order to meet the manpower requirements of the tourism and hospitality industry, tourism related training and education facilities there are a number of hotel management and travel & tour Institutes in the country offering a wide variety of degree, diploma and certificate courses

• Improving quality of roads, national as well as State

Highways linking airports & rail heads to important tourist destinations

Luxury Trains to trudge across important heritage locations

Introduction of Bharat Darshan Trains – a semi premium category to link important locations

Setting up “Paryatan Bhawan” at the Gateway of Entry---- To set up a “One Window Outlet” for providing better service to foreign tourists

11. Future Roadmap - Developing the New Concept Of Medical Tourism

- a. Medical Tourism needs be promoted aggressively along with CII in countries like Germany, France, Spain, UK, Netherlands, USA, Africa,
- b. Initiate Corporate hospital chains – Escorts, Fortis, Apollo to tie up with travel operators and LCA by providing a package deal to the medical tourist for the entire duration of stay.
- c. Identify serene/ reclusive spots near Medical tourism locations – Bangalore, Hyderabad, Chennai, Trivandrum and promote the same amongst intending visitors
- d. MOT in association with MOHFW, organize aggressive campaign - Medical Conclave in select overseas location with help of leading practitioners – heart specialists, physiotherapists, organs transplantations, cancer specialists, kidney, ophthalmologists to promote major treatments along with 4/5 days leisure packages to nearby locations
- e. Promote medical tourism in the African countries like Nigeria, Zaire, Mauritius, and Mozambique etc.

12. Conclusion

Although India is Superpower in Medical Tourism across the globe, we still need to work for clearing the bottlenecks.

Our strength lies primarily in the medical expertise and cost advantage. We do have an immense pool of expert Doctors and support staff to spur the influx of tourist in our country. Combine this with the cost of treatments; and we end up being the most feasible country for medical

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treatments. This can actually give us huge monetary benefits.

But still at the back hand we are lacking in terms of infrastructure. Government intervention is utmost important for improving the modes of conveyance etc. Also on policy framework front, easing of extensive documentation & shortening the process of Visa grant can help us in good deal.