

## Healthcare Indicators

### **Summary**

This report presents the healthcare indicators for India and discusses industry trends.

Despite the improving health status of the Indian population, healthcare infrastructure in India has a long way to go towards achieving 100% quality, technology and superior healthcare delivery systems. While the Central (Federal) Government is limited to family welfare and disease control programs, the state governments are responsible for primary and secondary medical care with a limited role in specialty care. Looking at the healthcare indicators and the growing prevalence of non-communicable lifestyle related diseases, both the government and private sector, realize the need to meet this basic demand. Today, the private sector provides 80 percent of the healthcare service.

### **Market Overview**

Increasing private sector participation in healthcare services is stimulating change in the Indian healthcare industry. According to an ICRA industry report on Healthcare, India spends 5.1 percent of its GDP on health. The health market is estimated at Rs.1, 408 billion (\$30 billion) and includes retail pharmaceutical, healthcare services, medical and diagnostic equipment and supplies. While India's overall expenditure on health is comparable to most developing countries, India's per capita healthcare expenditure is low due its large billion-plus population and low per capita income. This scenario is not likely to improve because of rising healthcare costs and India's growing population (estimated to increase from 1 billion to 1.2 billion by 2012).

The government's share in the healthcare delivery market is 20 percent while 80 percent is with the private sector.

Structure of the government healthcare service:

- Primary Care (in rural areas): 22,271 primary healthcare centers and 137,271 sub-centers.
- Secondary Care (healthcare centers in smaller towns and cities): 1,200 PSU (public sector units) hospitals, 4,400 district hospitals, and 2,935 community healthcare centers.
- Tertiary Care (hospitals): 117 medical colleges and hospitals.

The private healthcare providers consist of private practitioners, for profit hospitals and nursing homes, and charitable hospitals. They are numerous and fragmented. In the absence of a national regulatory body, some private providers practice without minimum standards and the quality of treatment varies from one provider to another. The average size of private hospitals/nursing homes is 22 beds, which is low compared to other countries.

### Size of hospitals

84 percent of private hospitals	<30 beds
10 Percent	30 –100 beds
5 percent	100-200 beds
1 percent	>200 beds

## **Market Trends**

Changing demographic profile: Improving overall health status and socio-economic pressures have resulted in changes in the demographic profile. With the decline in birth rates, the population aged 0-14 has declined, while on the other hand improvement in life expectancy has led to an increase in the old age population. On average this has led to higher per capita demand for health services.

The type of healthcare service requirement has changed due to the rise of lifestyle-related diseases such as diabetes, cardiovascular diseases, and diseases of the central nervous system. There are around 700,000 new cases of cancer each year and approximately 2.5 million cases. It is estimated that there are around 40 million people in India with diabetes, 5.1 million HIV/AIDS patients, and 14 million tuberculosis cases. In the past year, the Indian pharmaceutical industry witnessed a growth of 7 percent, the cardio-vascular segment recorded a growth of 15 to 17 percent and the anti-diabetes segment 10-12 percent growth.

Compared to a few private institutions primarily in the form of charitable trusts and small nursing homes, recently a number of large sized Indian companies have ventured into healthcare delivery. Companies like Max India, Ranbaxy Laboratories, Escorts, Wockhardt and Birla have established Specialty Hospitals. There is increased interest in diagnostic service as well, with companies such as SRL-Ranbaxy, Nicholas Piramal, and Dr. Lal's laboratory venturing into this field. Emergence of corporate hospitals has led to increased professionalism in medical practices and use of hospital management tools.

The demand for quality healthcare has increased with patients preferring to use private healthcare facilities. Private healthcare service varies in terms of quality and caters more to the needs of the rich, middle class and urban segments of the population. The growth in affluence of the Indian middle-class is adding to this demand. In the period 1993-94 to 2001-2002, aggregate household expenditure on health services has increased at an annual rate of 9.3 percent.

According to a 2002 McKinsey & Co. report on Healthcare, only 14 percent of the population is covered through prepayment because of poor healthcare coverage. Of total healthcare spending, 64 percent is out of pocket expenditure or direct household spending.

## **KEY INDICATORS**

### **Economic indicators**

GDP (in \$ billion, 2004)	674.8
Per Capita (in \$, 2004)	603
Real Growth (in %, 2004)	6.4
Health expenditure (in \$ billion, 2003)	29.3
Health expenditure as % of GDP	5.1
Public expenditure as % total	20
Private expenditure as % of total	80

### **Demographic indicators**

Population (in million 2004)	1,065,462
Population growth (in %, during 2004)	1.9

Demographic profile - Age/years	1991	2001	2010
0-4	36%	35%	29%
5-54	55%	55%	59%
54 and above	10%	12%	12%

### **Health indicators**

Life expectancy (years)	65.4
Birth rate (per 1000)	25.4
Death rate (per 1000)	8.1
Infant mortality rate (per 1000)	66

### **Healthcare Infrastructure**

Hospitals (numbers)	15,393
<i>Public</i>	4,049
<i>Private</i>	11,344
Hospital beds (numbers)	875,000
Doctors	592,215
Nurses	737,000
Dentists	80,000
Medical colleges	170
New doctors every year	18,000
Retail chemist (pharmacy) outlets	350,000

### **Size of medical and pharmaceutical market**

Pharmaceutical market (in \$ million for 2004)	8,790
Estimated growth rate per year (for 2004)	7-8 %
Medical equipment market (in \$ million for 2004)	1,318
Estimated growth rate per year (for 2004)	6-7%

Source: Ministry of Health, Medistat Outlook Espicom report January 2005, ICRA report Indian Healthcare sector February 2005, Confederation of Indian industry.

### **Indicators of health status of the Indian population**

Ophthalmology: Annual incidence of cataract, the cause of 80 percent of blindness, is 3.8 million cases. The total potential for surgical cataract removal is 1.75 million cases per year.

Cancer: The total number of cancer cases in India was estimated at 924,790 in 2001. This is projected to increase to 1,229,968 by 2011 and to 1,557,800 by 2021.

Cardiovascular diseases: The mortality rate due to cardiac arrest and related causes was estimated at 2.4 million in 1990. With increasing urbanization the problem is on the rise.

Malaria: Projected to increase from 2.03 million cases in 2001 to 2.62 million cases in 2021.

Hypertension, diabetes and renal diseases: These stress and lifestyle related disorders are on the rise. The diabetic population in India is projected to increase from 40 million of 2001 to 47 million people in 2010. Hypertension is lower in rural areas but on an increase in urban cities. Prevalence rate in Delhi alone is 17.34 percent. Both hypertension and diabetes further cause renal disorders.

Neurological and psychiatric disorders and addictions: The current prevalence rate for neurological disorders is 15 to 20 people per thousand. The most common ailments are epilepsy, migraine, cerebrovascular disorders, Parkinson's disease and peripheral neuropathies. It is estimated that 1 percent of the population is suffering from serious psychiatric illnesses, 10-15 percent have neuro-disorders, and 2.5 percent are mentally retarded.

Source: ICRA report on Indian Healthcare and TIFAC

### **Prospects**

In view of the growing population and higher incidence of non-communicable diseases, it is estimated that the demand for quality healthcare in India will increase. The role of the private sector is likely to further increase with preference for private care and government's constraints of limited resources.

For more information or assistance in exploring business opportunities and establishing a presence in the Indian market, please contact:

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