

# Impact of Medical Tourism and Industry on Indian Economy

## Abstract

It is estimated from different reports that Indian is witnessing 22-25 percent growth in medical tourism and healthcare providers expect the industry will double to \$6 billion by 2018 from \$3 billion now. The market for healthcare will three fold to Rs. 8.6 trillion (US\$133.44 billion) by 2022. The hospital and diagnostic centers attracted Foreign Direct Investment (FDI) worth US\$5.25 billion between April 2000 and June 2018, according to data released by the Department of Industrial Policy and Promotion (DIPP). On November 15, 2017 the GOI approved the National Medical Commission Bill 2017. It aims to promote medical education reform. The estimate is that 20000 to 30000 doctors and nurses are required each year to fulfill the requirements of medical tourism industry. Medical tourists to India typically seek joint replacement surgeries, heart, liver and bone marrow transplants, spine and brain surgeries, cancer and kidney treatments and in vitro fertilisation (IVF).

To address the potential, a national medical and wellness tourism has been board has been constituted to provide a dedicated institutional framework to take forward the cause of promotion of medical tourism, wellness tourism and yoga, Ayurveda tourism and any other format of Indian system of medicine covered by AYUSH ( Ayurveda, Yoga, Unani, Siddha and Homeopathy). The board works as an umbrella organization that governs and promotes this segment of tourism in an organized manner.

In the Future the potential for India to attract tourists for medical treatment is unlimited and medical tourism can play a vital role for revenue generation for Indian economy.

**Keywords:** Medical Tourism, FDI, IVF, AYUSH.

## Introduction

Earlier Tourism was limited to travel for recreation leisure religious, family or business purposes, usually for a limited duration. But now Tourism has not been simply limited to leisure and recreation. Due to health awareness, infrastructure development and growing expertise in the field of medicine in the last few decades, has led to the development called, "Medical tourism". Medical Tourism is becoming a flourishing industry, with countries in Europe, Asia and South America. Some are going outside their native country because of cost, while other medical tourists are immigrants who return to their home country for care. Moreover, these countries not only offer medical care, but also provide excellent tourism opportunities.

According to Patients Beyond Borders, approximately 900000 Americans went outside the U.S. to find medical treatment in last year and the number has been rising consistently over the last decade. But medical tourism in not limited to America. Patients Beyond Borders details that nearly 8 million patients from around the world seek overseas treatment contributing to a global industry valued at somewhere between \$20billion and \$40 billion.

A recent report from Deloitte forecasts that India's medical tourism market will grow to nearly \$4 billion, doubling what it was few years ago. According to Patients Beyond Borders, of the 250000 international patients, the majority head to cities like Bangalore, Chennai, Hyderabad, Mumbai and New Delhi.

The main cause for such a boom is that a number of patients are coming from surrounding countries that offer far less developed health care, such as Pakistan, Bangladesh and Myanmar. Many people from other regions such as Africa, the Middle East, Canada and the U.S. are finding the cost savings too hard to pass up in India. If we read the Medical Tourism Resource Guide, it is clear that a heart valve costs about

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\$15000 in India which has \$150000 in the U.S. Popular treatments in India consist of those for fertility, orthopedic, cardiac and oncology problems and organ transplants.

#### **Objective of the study**

Medical Tourism is a big source for generating dollars irrespective of varying cost of treatment in different countries as, besides treatment, the consumer of health services has to spend on stay outside hospital and food industry. While going back home, the patients and their attendants also like to shop thus they contribute greatly towards the economy. India has gotten a strong position in the field of Medical Tourism over the years for the reasons of offering Medical Services of international standards at the lowest possible cost. India has an excellent opportunity to improve its economy by the earning from Medical Tourism. That's why it has become necessary to study the impact of medical tourism and industry on Indian Economy.

#### **Kinds of Medical Treatment**

When we discuss about Medical Tourism, we can see that different fields of modern, traditional and alternatives medicines are available in India. They can be classified in the following manner:

##### **Ayurveda**

Since 600 BC this health care system was indigenous in India. Ayurveda is the branch of medicine and is especially based on a "naturalistic system". Ayurveda consists of treatment of all health problems since earlier time but due to the lack of support of government it has not become so popular in previous time. But this natural method of rejuvenation and overcoming ailment has gained more popularity in the recent times.

##### **Yoga**

Yoga is an ancient physical and spiritual discipline and branch of philosophy that originated in India reportedly more than 5,000 years ago. The word yoga comes from the Sanskrit word yuj, which means to yoke, join, or unite, presumably union with the God. India is known as the country where Yoga & Meditation are a way of life. Maharishi Patanjali is the 'father of Yoga' who compiled 195 Yoga Sutras that became the foundation of Yoga philosophy. The commentary on these sutras is called Bhasya. The core essence of Patanjali is the eightfold path of Yoga (Ashtanga Yoga) that focuses upon healthy living through Yoga. That's why International Yoga day is celebrated each year in India and it is gaining more and more popularity in India.

##### **Allopathic Medicine**

In this category oral medication is given. Joint replacements, organ transplants, diagnostic tests, cosmetic surgeries, multi-specialty care and treatment of Infertility, Hematology or diseases related to blood vessels are also included. Various other treatments such as dental implants and orthopedic care, laser hair, hair transplant and spa and beauty treatments are also accompanied in Allopathic Medicine.

Different types of Alternative Medicines includes Homeopathy, Naturopathy, Meditation and

Music Therapy, Aroma Therapy, Pranic healing and Reiki.

#### **Growth of Medical Tourism in India**

Medical Tourism is a big source for generating dollars irrespective of varying cost of treatment in different countries as, besides treatment, the consumer of health services has to spend on stay outside hospital and food industry. While going back home, the patients and their attendants also like to shop thus they contribute greatly towards the economy. India has gotten a strong position in the field of Medical Tourism over the years for the reasons of offering Medical Services of international standards at the lowest possible cost. India has a large pool of healthcare facilities of global standard and medical professionals par excellence besides highly trained and empathetic support staff. The country offers the best of treatment at cost, which is in many cases, less than 25 percent of what one would spend in Europe or USA. Today, on an average, corporate sector hospitals treat every year. This number runs into tens of thousands bringing huge much needed foreign exchange that may run into billions of dollars. The hospital and diagnostic centers attracted Foreign Direct Investment(FDI) worth US\$5.25 billion between April 2000 and June 2018, according to data released by the Department of Industrial Policy and Promotion (DIPP). On November 15, 2017 the GOI approved the National Medical Commission Bill 2017. It aims to promote medical education reform.

Hospitals chains like Apollo, Fortis, Max, Narayan Hridayalaya, Seven Hills, Wochhardt, Medanta, BLK, Pushpanjali Crosslay, Vijaya Hospitals, Manipal, Malya to name a few are doing a yeoman's service to the nation by attracting patients from across the world and offering medical services equal to best anywhere in world.

In brief, Medical Tourism not only helps to generate foreign currency, but also is a grand vehicle to market the country to citizens of different countries.

In conclusion, it is high time to declare the Medical Tourism an Industry in India with well-defined guidelines with the goal to provide "Winning Experience" to visitors.

#### **Growth, Future & Suggestions for Tourism in India**

The 12<sup>th</sup> Plan document has mentioned in detail the facilities for skill development at an institutional level. GOI's flagship program 'Hunar Se Rozgar' aims to train 8<sup>th</sup> class pass-outs (up to 28 years of age) in Food Production and Food & Beverages services. MOT sponsored Institute of Hotel Management (IHM) and Food Craft Institute's (FCIs) conduct this program at selected State Government Institutes and certain hotels which are under the category of Star.

The Ministry of Tourism has been making efforts to develop quality infrastructure at tourist destination and circuits. The Ministry has launched schemes for development of nationally and internationally important destinations and circuits through Mega Projects. 53 mega projects have been identified, out of which, 35 projects have already been

sanctioned. The mega projects are a judicious mix of culture, heritage, spiritual and eco-tourism a holistic perspective.

At the time of addressing both the houses on 23<sup>rd</sup> February, 2015, Shri Pranab Mukherjee, 13<sup>th</sup> president of India said, "To harness the enormous potential in the tourism sector, a new Tourism Policy for growth and sustainability of tourism ins on the anvil. Tourist Visa On Arrival enabled with Electronic Travel Authorization, has been expanded to 44 countries. Infrastructure and amenities are being upgraded in major tourist and pilgrimage destinations. River Ghats in several pilgrim destinations are being renovated. A special initiative for protecting and preserving the sanctity of our tourist destinations and monuments of national heritage has been launched. Dedicated tourist trains covering Jyotirling Circuits, Sukhmangal Circuit and Dakshin Dham Circuit have been started. A new scheme has been launched for development of tourist circuits called Swadesh Darshan, which includes Krishna Circuit, Himalayan Circuit, Coastal Circuit, Buddha Circuit and North East Circuits. A Statue of Unity is being constructed to commemorate the memory of Sardar Patel.

World Travel and Tourism Council's report describes that The Indian travel and tourism industry is likely to see a spurt in growth this year on the back of new visa reforms. India's travel and tourism economy is poised to grow 7.5% in 2015 over last year, exceeding the 6.9% growth that the global forum has predicted for the South Asian region. In 2014, the industry contributed Rs7.64 trillion and 36.7 million jobs to the Indian economy. By the end of 2015, the travel and tourism sector will contribute Rs 8.22 trillion or 7% of India's gross domestic product (GDP) and 37.5 million jobs-almost 9% of total employment, the report said.

"India has an excellent opportunity to benefit from visa reforms and infrastructure improvements under the new government," David Scowhill, president and chief executive of WTTC, said in an email interview, adding that India's projected tourism growth was the highest for any major economy. "But the overall contribution of India's travel and tourism sector to the overall economy is still relatively low (6.7% of GDP, against a global average of 9.8%)."

Investment in the sector is likely to rise by 9.3% in 2015 over 2014 when travel and tourism investments in the country accounted for Rs2.11 trillion, or 6.2% of total investments. "It should rise by 6.5% per annum over the next 10 years to Rs4337.8 billion in 2025 or 6.9% of the total," the report said, adding that the sector had potential to contribute 46 million jobs to the Indian economy by 2025. The healthcare industry of India is one of fastest growing sectors and it is expected to reach \$280 billion by 2020. The country has all become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities. The hospital industry in India is forecasted to increase to Rs. 8.6 trillion (US\$61.79 billion) by financial year 2022 from Rs.4 trillion (US\$61.79 billion) in financial year 2017 at a CAGR of 16-17 percent.

The report cautioned that although recent improvements in the process of granting visas are welcome, visa liberalization still has a long way to go. The recent insistence upon biometric data for visitors

from France and the UK will have far reaching impacts on travel to India from these countries, it said.

India also needs to recast and relaunch its Incredible India campaign to "maximize India's new visa regime", described the report. Security and safety of tourists remain the major concerns. "Government strategy is required to offset the damaging impact on the country's international reputation, from the negative perceptions of the treatment of women and women travellers in the country," the report said.

While it is possible for India to achieve 1% of global tourists by 2017, Scowhill said, it will need to act fast to achieve it.

"The country has recently improved its visa processes but needs to be done on the implementation side and to bring ever more countries into the visa waiver programme. This is fundamental," he said.

Now we can say that in order to exploit the tourism potential in the country in an efficient and effective way, there is need for a conducive environment for tourism to grow. The industry needs to evolve an efficient system with updated technology. The same goes for the hospitality sector that needs to upgrade technology and have inventories with simple and contemporary designs an interiors. Alongside big five star brands, there should be a choice of budget hotels and reasonable transport facility. Highway tourism should be promoted as it would help decongest the cities. This would further help in the development of motels and budget hotels. For tourism industry to benefit from the domestic market, there is further need to tap the young Indian population with attractive travel packages.

In the Future the potential for India to attract tourists is unlimited and tourism can play a vital role in the Indian economic development and it will be a boon for Indian economy in the coming years.

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