

Indian healthcare industry's demand for workforce to double to 7.4 mn in 2022: Report

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The Indian Healthcare industry is seeing a robust growth trajectory and is expected to grow vigorously at a CAGR of 16 per cent from \$73.92 billion in 2011 to \$280 billion in 2020, says FICCI-KPMG report titled - "Healthcare: The neglected GDP driver."

The report was today released by Dr Jitendra Singh, Minister of State for Development of NE Region and Minister of State for Prime Minister Office, GoI at the two-day FICCI Annual flagship Healthcare Conference - FICCI HEAL 2015, this year on the theme - "India's Healthcare: Time for Paradigm Shift". Many other eminent dignitaries were also present during the report launch.

The FICCI-KPMG report highlights how a robust healthcare system drives GDP growth in the presence of adequate investments and an encouraging environment by not only acting as a productivity and employment generator, but also as a magnet to attract foreign exchange earnings and provide opportunities for innovation and entrepreneurship.

With Indian healthcare workforce expected to double to 7.4 million in 2022 from 3.6 million in 2013 and the sector's revenue expected to grow by a robust 16 percent CAGR to \$280 billion in 2020 from \$73.92 billion in 2011, Indian healthcare sector has already established itself to be an important contributor to nation's GDP.

Another important finding of the report is that increasing investments, growing innovation and entrepreneurship are expected to enhance the size of the healthcare market, thereby increasing the contribution of the healthcare sector to India's GDP.

India has received an aggregate of \$377.3 billion in Foreign Direct Investment (FDI) from April 2000 to May 2015. Hospitals and diagnostics centres received FDI of \$3.1 billion, or about 1.21 percent of the FDI inflow. The share of healthcare FDI has almost doubled since 2011, highlighting the growing interest of foreign players in the sector.

Mr. Ashok Kakkar, Co-Chair, FICCI Health Services Committee & Managing Director, Varian Medical Systems International India Pvt. Ltd. said "For India to become a developed nation, it needs to first cross the milestone of becoming a healthy nation. The talk of demographic dividend can soon turn into demographic liability if the healthcare sector remains in the state of neglect. India carries 1/5th of the global disease burden & growing. There is an urgent need for a paradigm shift towards wellbeing that includes both emotional & physical, instead of just focusing on the physical sick care. We have a unique opportunity to adopt healthcare models that can deliver superior outcomes at much lesser costs."

"The aim of this report is to highlight that investment in healthcare propels overall economic growth and is more than just social expenditure in India. Improvements in the health of citizens contributes to overall economic prosperity of the nation. Today, healthcare is one of the largest employers in India. The sector has attracted billions of dollars from private ventures, foreign investors and inflow of equity capital through numerous deals in the past year. Additionally, medical tourism is growing well and is contributing significantly to the overall growth in the sector," said Mr. Nilaya Varma, Partner and Head, Government & Healthcare, KPMG in India.

Investment opportunities in the Indian healthcare sector have increased significantly and the sector is expected to be one of the most attractive investment targets for private equity (PE) and venture capital (VC) companies.

India's healthcare sector has attracted about \$1 billion in hospital assets from domestic and foreign financiers. PE investments in hospitals and diagnostics chains nearly quadrupled over 2011-13. The sector attracted about 100 merger-and-acquisition deals, with an average deal size of \$30 million, amounting to \$3 billion since 2010.

The increasing interest of foreign players and new financial provisions have benefited existing players, which are expanding, and given birth to a new set of entrepreneurs, which is changing the face of the Indian healthcare industry. Innovations focused on patients have begun to appear on the healthcare horizon.

Medical tourism has emerged as a strong segment due to India's growing strength in healthcare delivery. People from different parts of the world travel to India to benefit from the comparative cost advantage and quality services. This market is expected to triple to \$10.6 billion in 2019 from \$2.8 billion in 2014-a 30 percent CAGR.

India's telemedicine market has been growing significantly due to its potential to offer increased access, lower costs, better patient outcomes, greater patient engagement and improved safety.

The global telemedicine industry is expected to grow to \$27 billion by 2016 from \$10 billion in 2010-a CAGR of 18 percent. Indian telemedicine though is in a nascent stage, growing by about 20 percent a year. It is expected to more than double to about \$19 million by 2017 from \$8 million in 2012.