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Indian healthcare market projected to reach $638 B by 2025: Bajaj Finserv AMC

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Medical tourism market stands at $7.69 billion in 2024 and is likely to reach $14.31 billion by 2029



The Indian healthcare sector is growing rapidly and is projected to reach $638 billion by 2025, according to a recent study by Bajaj Finserv AMC. Valued at $110 billion in 2016, the Indian healthcare market reached $372 billion in 2023, marking a

22.5% CAGR growth during this period.

Overall, the sector has seen a 17.5% CAGR growth over the past 10 years, primarily driven by large-scale innovation in hospitals, pharmaceuticals, diagnostics and other industries.

Speaking about this boom, Sorbh Gupta, Senior Fund Manager - Equities, Bajaj Finserv AMC, says: “The sector has experienced a massive surge in private healthcare spending during and post-COVID-19, with the hospital market size growing from $62 billion in 2020 to $132 billion in 2023. In pharmaceuticals, India emerged as a global vaccine hub, led by organizations like the Serum Institute and Bharat Biotech. In diagnostics, a core shift occurred towards digital diagnostics, while demand for home testing kits accelerated post pandemic. Additionally, the functional foods and personalized nutrition market is growing at a 16% CAGR and is expected to reach $12 billion by 2027. Meanwhile, the fitness and wellness industry are projected to grow at a 27% CAGR, reaching $12 billion by 2025”.

There has also been a marked improvement in healthcare infrastructure in India, driven by rising investments in Tier 2-6 cities. Medical education has significantly expanded and the number of medical colleges has increased by 1.8 times, reaching 758 in FY24 (over 8 years). The number of doctors has increased by 1.1 times over the past 4 years and the number of hospital beds is expected to increase by 12 times by 2045.

However, the sector still has a long runway for growth. Three million beds are needed to meet the 3 per 1,000 targets by 2025, and 1.54 million doctors and 2.4 million nurses are required to meet the rising demand.

Medical tourism contributes approximately 10-12% of overall healthcare revenue and is expected to grow at around 2 times the current rate in the near to medium term. Currently, the Indian medical tourism market stands at $7.69 billion in 2024 and is likely to reach $14.31 billion by 2029.