

# Indian Medical Tourism Industry: Challenges and Future Prospect

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## Abstract

*India is rapidly becoming an upcoming destination for medical tourism thereby contributing towards socio-economic development of the common man by enhancing employment opportunities, increasing foreign exchange earnings; thereby helping in elevating living standards of the host community by developing infrastructure and a high quality education system. An Indian hospital today is well equipped with the latest technology from the medical world and houses a highly competent cum well experienced staff capable of providing timely quality medical treatment to its patients. Present paper highlights the potential of Medical Tourism industry in India. It also sheds light on the Hospital Accreditation system for Medical Tourism, government's role in promoting infrastructure and analyzing the latest trend to increase the flow of medical tourists. For analyzing the potential and significance of medical tourism in India, the data has been collected through secondary sources which include Books, Magazines, Journals, E-Journals and websites etc. Post fact analysis reveals that India is in a profitable position to tap global opportunities up for grabs in this sector. The government's role is vital for the development of medical tourism industry. The government should take steps in the role of a controller and also as a facilitator of private investment in healthcare. Steps should be taken to enable quicker visa grants to foreign tourists for medical purposes wherein patients can contact the Immigration Department at any point of entry for quick clearance.*

Keywords--Medical Tourism, Medical Tourist Management, Medical Care, Rejuvenation Centers, Quality Policy, Medical-Visa

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## Introduction and Significance of Medical Tourism

Medical tourism is a new form of a niche tourism market which has been rapidly growing in the recent years globally. The term medical tourism is the act of traveling to other countries to obtain medical, dental and surgical care. According to Goodrich & Goodrich (1987), medical tourism is the effort to attract tourists by deliberately promoting its health-care services and facilities, in addition to its regular tourist amenities.

Connell (2006) describes medical tourism as a popular mass culture where people travel to foreign countries to obtain healthcare services and facilities such as medical, dental and surgical care whilst having the

opportunity to visit the tourist spots of that country. Carrera and Bridges (2006) have defined medical tourism as travel which is systematically planned to maintain one's physical and mental health condition. The main reasons for the growing popularity in medical tourism in India are: (a) the long waiting lists in the other developed nations, (b) the low cost of medical treatments in India as compared to the other developed countries. In India, complex surgical procedures are being performed at one-tenth of the cost as compared to the procedures in the developed countries, (c) reasonable international air fares and favorable exchange rates, (d) the Internet; with the development of communications, new companies have emerged which act as middlemen between international patients and hospital networks, giving patients easy access to information, prices and option, (e) the state-of-art technology, expert doctors, nurses and para-medical staffs that has been adopted by the big hospitals and diagnostics centers all over the nation. In India, the medical education system also caters to the ever increasing demand for the delivery of the quality health care services all over the country. India ranks second for medical tourism in the world after Mexico. Though it spends less than 1.2% of its GDP on medical services but makes extra efforts to provide extra care and services to the foreign medical tourists while dealing with them. Medical treatment in India is very cost effective as it charges 20% less than any other foreign country for providing healthcare facilities. It has been seen in the recent past that patient from the US, UK, and other foreign countries are flying in for their treatment. Since ancient times India is has been famous for its traditional treatment therapies and has made a place for itself in medical literature by providing yunani, aurvedic, allopathic, homeopathy and naturopathy advantage of medicine not only for its own people but to the foreigners alike. History is proof that millions of people have benefitted with the medicinal wisdom of our skilled medical practitioners. Many states of India are now recognized as well known health care centers for providing a particular segment of medical treatment like Kerala, Tamil Nadu and Karnataka which have emerged as a hub for ayurvedic treatment, specializing in healing patients by virtue of natural herbs.

Medical tourism is a growing sector in India. India's medical tourism sector is expected to experience an annual growth rate of 30%, making it a Rs. 9,500-crore industry by the end of 2016. In order to realize the full potential of this industry, there is a need to develop a strategic plan on medical tourism in India. This paper highlights the strategy that needs to be

implemented for shaping India as one of the best destinations for medical tourism across the globe.

### **Objectives**

Following are the objectives on the basis of which this research paper stands.

1. To explore the potential of Medical Tourism industry in India.
2. To study the cost- effectiveness of Medical treatment in India.
3. To examine the role of Indian Government in promoting India as Medical Tourism destination.

### **Medical Tourism in India - The Current Scenario**

Medical Tourism is expected to be the next Indian success story after Information Technology. Horowitz and Rosenweig (2007) have identified the following countries as being medical tourism destination: China, India, Israel, Singapore, Malaysia, Philippines, United Arab Emirates (UAE), Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Jamaica, Mexico, United States of America (USA), Belgium, Germany, Hungary, South Africa and Australia. The major service providers for Indian medical tourism industry are: The Apollo Hospitals, Escorts Hospital, Fortis Hospitals, Breach Candy, Hinduja, Mumbai's Asian Heart Institute, Arvind Eye Hospitals, Manipal Hospitals, Mallya Hospital, Shankara Nethralaya etc. AIIMs, a public -sector hospital is also in the fray. In terms of locations - Delhi, Chennai, Bangalore and Mumbai cater to the maximum number of health tourists and are fast emerging as medical tourism hubs. Chennai is termed as the India's Health Capital as it attracts 45% of health tourists from abroad. Indian Government has launched various schemes and programmes for the promotion of medical tourism and inviting foreign and private investors to invest in hospitals and accommodation sector. According to a study 75-80% of health care services and investments in India are now provided by the private sector. India is granting various incentives and tax rebate to various pharmaceuticals industries to provide medicines, surgical-equipments, and other medical facilities. Various specific tour packages available to medical tourist are as follows:-

- Bone Marrow Transplant
- Brain Surgery
- Cancer Procedures (Oncology) and Cardiac Care
- Cosmetic Surgery

- Dialysis and Kidney Transplant
- Drug Rehabilitation
- Gynecology & Obstetrics
- Health Checkups
- Internal/Digestive Procedures
- Joint Replacement Surgery
- Nuclear Medicine, Neurosurgery & Trauma Surgery
- Osteoporosis, Urology and Vascular Surgery
- Gall Bladder stones surgery and Hernia surgery
- Laparoscopic Banding of stomach for Morbid Obesity and others
- Hip-Knee replacement surgeries and other orthopedic surgeries.
- Heart surgery packages like Cardiac Surgery and Cardiology, Open Heart Surgery, Angiographies and Angioplasties.
- Treatments of different skin problems including skin grafting.

### **Growth, Opportunities and Process of Medical Tourism in India**

The assurance to provide comprehensive healthcare to all citizens, irrespective of their paying capacity, was given up by the Indian government after 30 years of Indian independence. After the globalization and liberalization of Indian economy on 1991, Indian Government has opened up medical service to the voluntary and private sectors for foreign tourists and other citizens who can pay to get the high-tech medical services. The fast growth of the private sector over the 1980s and the emergence of a corporate health care sector in the 1990s was a part of the comprehensive policy that chooses to promote these segments. This was done through shifting subsidies in terms of cheap land, concessions from equipment and drug import, placing these institutions on government panels and making them a part of government insurance schemes in addition to providing trained personnel and expert physicians through state -supported medical education.

At present India is facing the following issues/challenges in becoming a tourist destination with a competent medical tourism industry.

Lack of infrastructural facilities like poor or no road connectivity, there seems to be lack of a proficient coordinating system which can put things into proper order; as far as the water and power supply is concerned it can be considered poor keeping in mind the international standards, lastly there is very limited or no parking space. Most Indian hospitals are also facing the

lack of trust from the foreign patients. The hospitals have observed to have poor hygiene standards and the knowledge and awareness of hygiene is minimal amongst the medical attendants. The food is been handled unhygienic ally which causes further concern, the lack of proper hospitality services also keeps the foreign patients at bay, heterogeneous pricing of services and no industry standards is posing a threat to the medical tourism industry of India.

The government can play a vital in upgrading this sector as a whole. At present the industry is facing some problems which are in one way or the other linked to the Government of India prominent amongst them are listed below.

- (a) No regulations
- (b) Taxation anomalies
- (c) Bureaucratic roadblocks
- (d) No works on land reforms
- (e) Lack of long-term investor friendly policies
- (f) Instability with respect to terrorism and communal tensions

Insurance and allied services are an area of major concern for the proper inflow of medical tourist to a nation, the medical tourism industry in India is facing some key bottlenecks in this department also, major amongst them which require prompt attention are:

- (a) Inadequate insurance cover
- (b) Underdeveloped insurance market in India
- (c) Insurance frauds
- (d) Overseas companies refusing reimbursement

In order to make way for the development of any field/area infrastructure considered as the rightful backbone, since India is a developing nation there is a possibility that infrastructural development cannot or could not be done in the required manner while keeping in mind the time frame, following challenges have come up due to the lack of infrastructure in the medical tourism sector of India.

- (a) Poor accessibility
- (b) Lack of capital
- (c) Lack of Community participation and awareness
- (d) Lack of involvement from rural sector
- (e) Lack of concern for sustainability
- (f) Complex visa procedures

(g) Lack of good language translators (less in number)

(h) Poor airport facilities

Apart from the above mentioned issues there are some specific/technical issues or practices which need to be taken up at a large scale from the grass root level. In order to promote India as a medical tourism destination we will have to make sure of the following;

(a) That the quality accreditations of the Indian hospitals and its service providers are at par with the International standards and certifications followed the world over.

(b) Regular training and Development to the Doctors, Nurses and Para medical staffs hence keeping them up to date with the latest developments in the field of medicine.

(c) Lack of customer oriented approach leads to loss of business hence there is an utmost need in Changing the present one and developing a new and more aggressive competitive approach.

(d) The Comparative tax rates between India and its neighboring Countries is also making a difference in the number of medical tourists arriving in India, hence there is an urgent need to keep the tax rates if now lower then at least somewhere same to our neighbors

Table: 1 (%) of tax levied on 3 different commodities in a few selected Nations

S.No	Country	Tax levied on room in (%)	Tax levied on food in (%)	Tax levied on liquor in %
1	India	16	16	28
2	Hong Kong	0	0	0
3	Maldives	3.5	3.5	3.5
4	China	5	5	5
5	Japan	5	5	5
6	Malaysia	6	6	6
7	Thailand	7	7	7
8	Singapore	.7	.7	.7

The above table is a rightful depiction of the huge variance in terms of taxes levied in India on various commodities as compared to other nations. On a careful analysis of the table we can clearly make out that the three factors under consideration here are amongst the main that affects the

tourist inflow of a particular nation. If we look at the % difference of the factors amongst the nations, then there is a clear indication of the difference in the amount of tax levied in India as compared to other countries, with special reference to Hong Kong which is in contrast to all other nations as there is no taxes levied on any one of the parameters under consideration. This in turn is making inbound tourism very costly for India and hence responsible for promoting outbound tourism indirectly. In the union budget of 2012-2013 the government has increased service tax on airfares which has made air travel expensive. It is high time that we look into this matter and make the necessary deductions hence helping in easing the pressure on inbound tourists thereby increasing the tourist inflow to the nation.

### **Suggestions for Developing Indian Medical Tourism Industry**

The following suggestions have been made keeping in mind the present condition of India's Medical Tourism Industry and the challenges which are bound to come its way in achieving a leadership position in medical tourism sector in the days to come. These suggestions largely draw from the discussions with various stakeholders as well as observing what is on offer at other countries' medical tourism facilities.

### **Role of Government**

The government of India must act as a regulator to institute a uniform grading and accreditation system for hospitals hence building customers trust. It also has to act as a facilitator to encourage private investment in medical infrastructure and policy-making for improving medical tourism. The government should actively promote FDI (Foreign direct investment) in healthcare sector as well so as to make conducive fiscal policies - providing low interest rate loans, reducing import/excise duty for medical equipment. It may also facilitates clearances and certification like medical registration number, anti-pollution certificate etc.

**Setting up National Level Bodies:** To market India's specialized healthcare products in the world and also address the various issues confronting the corporate healthcare sector, leading private hospitals across the country are planning to set up a national-level body on the lines of National Association of Software and Service Companies (NASSCOM), the apex body of software companies in the country. It is therefore essential to form an apex body for health tourism - National Association of Health Tourism (NHAT).

**Integrate vertically:** Various value added services may be offered to the patients. For example, hospitals may have kiosks at airports, offer airport pickups & transfers, bank transactions, or tie-ups with airlines for tickets and may help facilitate swift medical visas by the government.

**Joint Ventures / Alliances:** To counter increasing competition in the medical tourism sector, Indian hospitals should or can tie-up with foreign institutions for assured supply of medical tourists to the country. Specifically they can make tie-ups with capacity constrained hospitals and insurance providers. For example Mohali's (Punjab) Fortis Hospital has entered into a mutual referral arrangement with the Partners Healthcare System, which has hospitals like Brigham Women's Hospital and Massachusetts Hospital in Boston under its umbrella, to bring patients from the US. The Apollo group has also tied up with hospitals in Mauritius, Tanzania, Bangladesh and Yemen to attract medical tourists. In addition to this, it runs a hospital in Sri Lanka, and manages a hospital in Dubai.

#### Conclusion

India is in an advantageous position to tap the global opportunities in the medical tourism sector. The government's role is crucial in the development of medical tourism industry. The government should take steps in the role of a regulator and also as a facilitator of private investment in healthcare. Mechanisms need to be evolved to enable faster visa grants to foreign tourists for medical purposes where patients can contact the Immigration Department at any point of entry for quick clearance. Tax incentives to the service providers, import duty reduction on medical equipment, committees to promote and foster medical tourism are some of the initiatives that can be undertaken by the government to promote medical tourism. There is also a need to develop supporting infrastructure such as transport services, more parking room etc to facilitate tourism in India. The tourism, health, information and communication departments need to work in tandem for expert patient care. This paper has recommended some of the medical tourism strategies for further promoting medical tourism in India. These include building and promoting the image of India as high quality medical tourism destination, creating and promoting new amalgamation of medical tourism products, keeping up the high standard of quality treatments at pocket friendly price, providing informative online and offline materials and make them available to the potential customers. Also setting the certification/standard to reassure the quality of



treatments as well as emphasizing on the needs and demands of the existing target markets must be incorporated.

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Pratibha  
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