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EDITORIAL

Emergence of India as the Future of Global Health Economy

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Expenditure on health: An investment in economic phraseology

An unexpected COVID-19 pandemic underscored the importance of the healthcare sector and its inseparable link with other major sectors of the economy. The pandemic also unmasked the vulnerability of healthcare crisis to spiral economic consequences. Not alone to counter any future pandemics, India's healthcare system needs to be constructive & agile. As private sector is the leading healthcare provider in India, it remains critical for developing policies that mitigate information asymmetry in healthcare system. An increase in public spend from 1 percent to 2.5–3 percent of GDP can decrease the Out-Of-Pocket Expenditures from 65 per cent to 30 per cent of overall healthcare spend [1]. The health of a nation depends critically on its citizens having access to an equitable, affordable and accountable healthcare system. Health affects domestic & economic growth directly through labour, productivity and the economic burden of illnesses [2].

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Increasing life expectancy from 50 to 70 years (a 40 percent increase) could raise the economic growth rate by 1.4 percentage points per year. Life expectancy in a country correlates positively with per-capita public health expenditure. Increased prioritization of healthcare in the central and state budgets is important as it crucially impacts how much protection citizens get against financial hardships due to out-of-pocket payments made for healthcare [3].

Finally, the role of the government is to formulate policies, services, and manage activities. It should be collaborative between health and the sectors other than health, to develop a partnership. This would enable better service delivery based on the comparative advantages of each relevant sector, such as, the private, including, corporate hospitals. It would also include, nongovernmental organizations particularly based in the community, academia and medical colleges and research organizations.

This is the time for the expansion of telemedicine and digital health industry in the

country. These factors, together, can boost the healthcare industry advantageous for investment. The expansion of private hospital to Tier 2 and Tier 3 locations, beyond metro cities, offers an attractive investment opportunity. The Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals have taken several steps such as Scheme for Strengthening of Pharmaceuticals Industry (SPI), Production Linked Incentive (PLI) scheme for Pharmaceuticals, PLI Scheme for Promotion of Domestic Manufacturing of critical Key Starting Materials (KSMs)/Drug

Intermediates and Active Pharmaceutical Ingredients (APIs) in the Country. PLI Scheme for the promotion of Domestic Manufacturing of Medical Devices has boosted the domestic manufacturing of pharmaceuticals, alongside offering investment avenues in segments like synthesis and evaluation, drug development, drug delivery, collaborative manufacturing and evidence based research, vaccine development, etc. It has provided opportunities in medical devices industry, with expansion of diagnostic and pathology centres [4].

Universal health coverage (UCH) is an investment in human capital and a foundational driver of inclusive and sustainable economic growth and development. It is a way to support people so they can reach their full potential and fulfil their aspirations.

The UHC global monitoring report 2017 reveals that at least half the world's population still lacks access to essential health services. Furthermore, some 800 million people spend more than 10 per cent of their household budget on health care, and almost 100 million people are pushed into extreme poverty each year because of out-of-pocket health expenses.⁵

The present structure of Indian healthcare industry

The Indian healthcare industry is growing at a compound annual growth rate (CAGR) of 22% during 2016–22 with a target to achieve US\$ 372 billion in 2022. Healthcare industry has become the largest sector of the Indian economy and providing direct employment to approx. 47 lakhs peoples. As per the estimate by the National Skill Development Corporation (NSDC) healthcare can generate 27 lakhs additional jobs in India [5].

In fact, economic historians estimate that improved health accounted for about one-third of the overall GDP-per-capita growth of developed economies in the past century [6,7].

Poor health costs each year 15% global GDP due to premature deaths & lost productive potential in working age. In India, there has been significant improvements in the recent past.

however, the fast population growth in India, which is expanding at both its ends- high birth rate & increase in elderly population from 3.8% to 6.6%, is what we need to address.

Health continues to have the potential to stimulate growth

With improved health, there would be a decline in premature deaths, resulting thereby in an increase in the working-age population. When people are healthier, absences from sickness decline, and workers are less distracted.

Sizing up the economic impact of better health, Penn, et al, found that it could add \$12 trillion to global GDP in 2040—an 8 percent boost, or 0.4 percent a year faster growth. These gains could not only help the economic recovery from the COVID-19 pandemic but also, over the longer term, counter demographic headwinds from an aging population [8].

Strategies to prevent chronic diseases can significantly impact economic outcomes in enlarging the pool of healthy individuals beyond 65 years of age. Thus, it would naturally expand the available labour force potential within an age range of 20 to 65 years.

In Germany, a change in healthcare policy from cure to prevention had been envisaged to create a large labour force potential between 2002 and 2050.

Expenditure on health and education, therefore, must be considered an investment in economic phraseology. The resultant change, would be reflected when importance is given to prevention and control of risk factors for chronic diseases which is similar to that for prevention and control of infectious diseases.

Based on type of services, the market can be stratified into in-patient services and out-patient services.

In financial year 2021 the in-patient services share has been around 55.29%. Post-Covid, there has been a realization for proactive treatment towards prevention of disease & wellness. By financial year 2027 outpatient services are likely to outgrow this segment. With patients looking for 'One-Hop shopping' multi-specialty hospital chains would mushroom in numbers.

In patient bed space would be utilized more and more for critical care admissions. Envisaging the upcoming National needs, the National Board of Examinations in Medical Sciences (NBEMS) has introduced a 6 year course in Critical Care and a 2 years course in Diploma in Emergency medicine.

Healthcare market in India is expected to reach US\$ 372 billion by 2022, driven by rising income, better health awareness, lifestyle diseases and increasing access to insurance. The Indian hospital industry alone, accounting for 80% of the total healthcare market, is expected to touch US\$ 132 billion by 2023. As of 2021, the Indian healthcare sector is one of India's largest employers as it employs a total of 4.7 million people [4].

Healthcare industry functions through two segments. These are:

A. Hospital (government and private)

B. The 'Second' health sector

The increasing demand for new products and services will create a second health care sector. This sector deals with the following:

1. Diagnostics and Interventions (imaging and laboratory investigation)
2. Pharma (synthesis, evaluation, extraction, toxicology, purification, processing, manufacturing, packaging and distribution of medications and vaccines),
3. Devices and Equipments (manufacturing and establishment of medical equipments, devices, instruments etc.),
4. Health insurance,
5. Research,
6. Digital health programme (telemedicine) and
7. Medical tourism.

Timing, Scope and the Opportunity

India has large, almost one-fifth of global population that required continued growth of healthcare sector. By 2035, 1090 lakh people prone to develop diabetes, would make India a 'diabetic capital of the world' [9]. An increasing

pattern of middle class now able to spend on healthcare is also ready to adopt insurance support for greater spending. A gradual rise of elderly people (over 65) from the current 6% per cent to 13% by 2050, will boost the number of age-related ailments and demand for aged care [10].

The Indian market is growing with the pace 15% annually and stands at \$7.5 billion, of which 77% is imported [11]. India has second largest nutraceutical market after China and turns out to be raising source of business by 2030 [12].

Reforms and Opportunities

Rising demand

- Rising income and affordability.
- Growing elderly population, changing disease patterns.
- Rise in medical tourism.
- Better awareness of wellness, preventive care and diagnosis.

Focus

- Expanding R&D and distribution facilities in India.
- Use of modern technology.
- Providing support to global projects from India.

Support

- Encouraging policies for FDI in the private sector.
- Reduction in customs duty and other taxes on life-saving equipment.
- NRHM allocated US\$ 10 billion for healthcare facilities.
- National Health Insurance Mission to cover entire population.

Policy support and government initiatives

Pradhan Mantri Jan Arogya Yojana (PMJAY)

- The government announced Rs. 64,180 crore (US\$8.80 billion) outlay for the healthcare sector over six years in the Union Budget 2021–22 to strengthen the existing ‘National Health Mission’ by developing capacities of primary, secondary and tertiary care, healthcare systems, and institutions for detection and cure of new & emerging diseases.

Tax incentives

- All healthcare education and training services are exempted from service tax.
- Increase in tax holiday under section 80-IB for private healthcare providers in non-metros for minimum of 50 bedded hospitals.
- 250% deduction for approved expenditure incurred on operating technology enables healthcare services such as telemedicine and remote radiology.
- Artificial heart is exempted from basic custom duty of 5%.
- Income tax exemption for 15 years for domestically manufactured medical technology products.
- The benefit of section 80-IB has been extended to new hospitals with 100 beds or more that are set up in rural areas. Such hospitals are entitled to 100% deduction on profits for 5 years [13].

Training of Doctors: Catching up with the ‘Core Dimension’

The core dimension of health care industry is Training of DOCTORS. In a study, the finding showed that the overall contribution of resident physicians to hospitals’ production allows considering them as an input in most cases. In particular, their average productivity is around 37% of that corresponding to senior physicians [14] (Figure 1).

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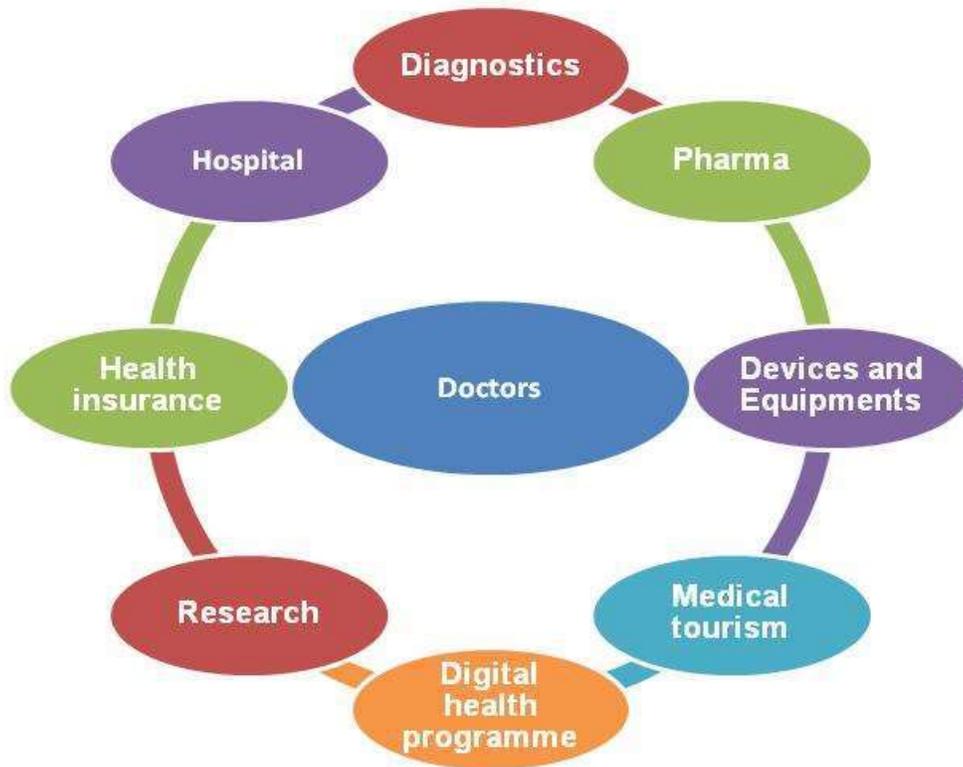


Figure 1. Training of Doctors: Catching up with the 'Core Dimension'

The NBEMS contributing 13,560 seats of 99 specialized post-graduate programme in its 1,209 accredited institutions/hospitals (415 government and 794 private) opens the opportunities for doctors practicing in either government or a private hospitals to becoming trainers and participate actively in training of doctors. This role will be emphasised with the incorporation of "Training of Doctors" as a key attribute by the NBEMS. Teaching and training should be an integral part of the role of the senior doctors serving as consultants.

The NBEMS "Training of Doctors" programme clearly states that all consultants have a professional obligation to contribute to the education and training of students pursuing any professional course run by the NBEMS. Every consultant should be prepared to oversee the progress of the students not only as an issue of professional obligation, but to impart training which ensures safe care [15].

Conclusion

In terms of revenue and employment, the Indian healthcare industry is one of the

largest economic sector among others. We are emerging as fastest growing economy with several opportunities for investment. We have elaborated the growth potential and investment opportunity in healthcare sector, including insights about its employment generation potential, overarching policy landscape, enabling policies and investment opportunities in hospitals and infrastructure, drug and vaccine development, medical devices, medical tourism, digital healthcare industry with telemedicine and health insurance. India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and western countries. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for

R&D activities for international players due to its relatively low cost of clinical research.

With patients looking for 'One-Hop shopping' multi-specialty hospital chains are likely to outgrow in-patient services. The bed space would be utilized more and more for critical care admissions. Envisaging the upcoming National needs, the National Board of Examinations in Medical Sciences (NBEMS) has introduced a 6 year course in Critical Care and a 2 years course in Diploma in Emergency medicine.

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Conflicts of interest

The authors declares that they do not have conflict of interest.

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