

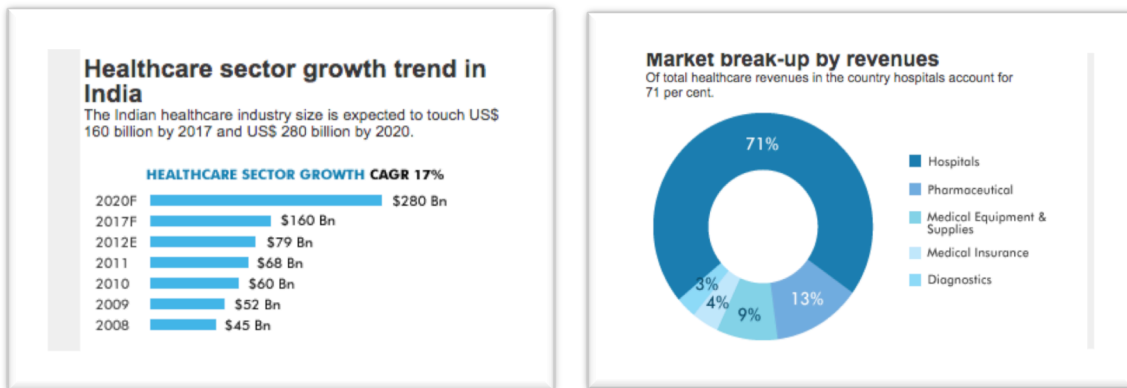


**INDIA HOSPITAL DESIGN  
— & BUILD SUMMIT 2018 —**

**Healthcare** has now become prominent sector in India both in terms of revenue & employment. This industry is growing at an astounding pace owing to its strengthening coverage, services and increasing expenditure by public as well private sectors, and has not been as severely impacted by the economic slowdown as some of the other industries. The Indian hospital sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well private sectors.

India is also cost competitive compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe, which is a major reason for Health & Medical Tourism in the country. Deloitte Touche Tohmatsu India has predicted that with increased digital adoption, the Indian healthcare market, which is worth around US\$ 100 billion, will likely grow at a CAGR of 23 per cent to US\$ 280 billion by 2020.

It is undergoing a metamorphosis by broadening the focus of its services using technology, deliverables, and newer applications. Hospitals that were confined to a specified area with limited infrastructure and services are now expanding, mainly due to the foreign investment being received by the sector.



**Some of the expert's statistics:**

- ✓ The revenue of India's corporate hospital sector is estimated to grow at 15 percent in FY 2017-18.\*
- ✓ During 2008-20, the market is expected to record a CAGR of 16.5 per cent
- ✓ The total industry size is expected to touch USD160 billion by 2017 & USD280 billion by 2020
- ✓ Indian companies are entering into merger & acquisitions with domestic & foreign companies to drive growth & gain new markets.
- ✓ India is experiencing 22-25 per cent growth in medical tourism and the industry is expected to double its size from present (April 2017) US\$ 3 billion to US\$ 6 billion by 2018. (*Medical tourist arrivals in India increased more than 50 per cent to 200,000 in 2016 from 130,000 in 2015.*)

State/UT/Division	India
Number of Rural Hospitals (Govt.)	26604
Number of beds in Rural Hospitals (Govt.)	362996
Number of Urban Hospitals (Govt.)	8812
Number of beds in Urban Hospitals (Govt.)	1013017
Number of Total Hospitals (Govt.)	35416
Number of beds in Total Hospitals (Govt.)	1376013
Provisional/ Projected Population as on reference period in (000)	1209924
Average Population Served Per Govt. Hospital	34163
Average Population Served Per Govt. Hospital Bed	879

*\*Source: Open Government Data (OGD) Platform India*

There is a need for an additional 600,000 to 700,000 beds in India over the next five to six years. This will lead to organic and inorganic expansion of existing hospitals in India. India has witnessed the emergence of various multi-specialty, single-specialty, and super-specialty hospitals in Tier 1 and Tier 2 cities.

### *Investment in Healthcare Sector*

India, one of the biggest emerging markets, is currently an important destination for foreign direct investment ("FDI"). The hospital and diagnostic centres attracted Foreign Direct Investment (FDI) worth US\$ 4.34 billion between April 2000 and March 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP). There is tremendous demand for tertiary care hospitals and specialty hospitals in India and there is a gap between the availability of beds and required beds. The Indian medical tourism industry is expected to reach USD 6 billion (around INR 36,000 crore) by 2018. Due to increasing medical tourism, there is a need to upgrade service standards and provide state-of-the-art facilities to bring service levels on par with global standards. This demand has created excellent opportunities for investors.

### *Some of the major investments in the Indian hospital industry are as follows:*

- Kerala Institute of Medical Sciences (KIMS) has raised US\$ 200 million from True North, a private equity fund, for a 40 per cent stake in the company, which will be utilised towards funding its growth plans.
- Max Healthcare, a healthcare institute based in New Delhi, has plans to invest Rs 320 crore (US\$ 48 million) to build a cancer care hospital in Delhi, being a part of Max's larger plan to develop its hospital in Saket.
- Thyrocare Technologies, a diagnostic laboratory chain, plans to expand its lab centres from 7 to 25 and franchisees from 1,200 to 5,000 to achieve a target revenue of Rs 1,000 crore (US\$ 150 million) by 2020.
- OrbiMed, a healthcare-dedicated investment firm, plans to invest around US\$ 40 million in Kolkata-based pathology and radiology services chain Suraksha Diagnostics for expanding the diagnostics chain's laboratory network across India and enhancing its equipment technology backbone.
- International Finance Corporation (IFC), the investment arm of World Bank, has invested around Rs 450 crore (US\$ 67.5 million) for a 29 per cent stake in Healthcare major Apollo Group's subsidiary Apollo Health and Lifestyle Ltd for funding Apollo's expansion activities.
- Abraaj Group, a Dubai-based private equity investment firm, is in advanced discussions to acquire a controlling stake in south India's leading diagnostics services provider Medall Healthcare Pvt Ltd, at an enterprise value of around Rs 1,500 crore (US\$ 225 million).
- Japanese financial services firm Orix Corp. is in talks to buy a minority stake in Bengaluru-based fertility clinic chain Nova IVI Fertility, from the company's promoters and existing private equity investors for Rs 250-300 crore (US\$ 37.5-45 million).
- UAE-based Gamma Group has outlined plans of investing around Rs 3,000 crore (US\$ 449.68 million) in the infrastructure, health and education sectors of Kerala, which is expected to generate around 2,000 indirect and direct jobs in the state.

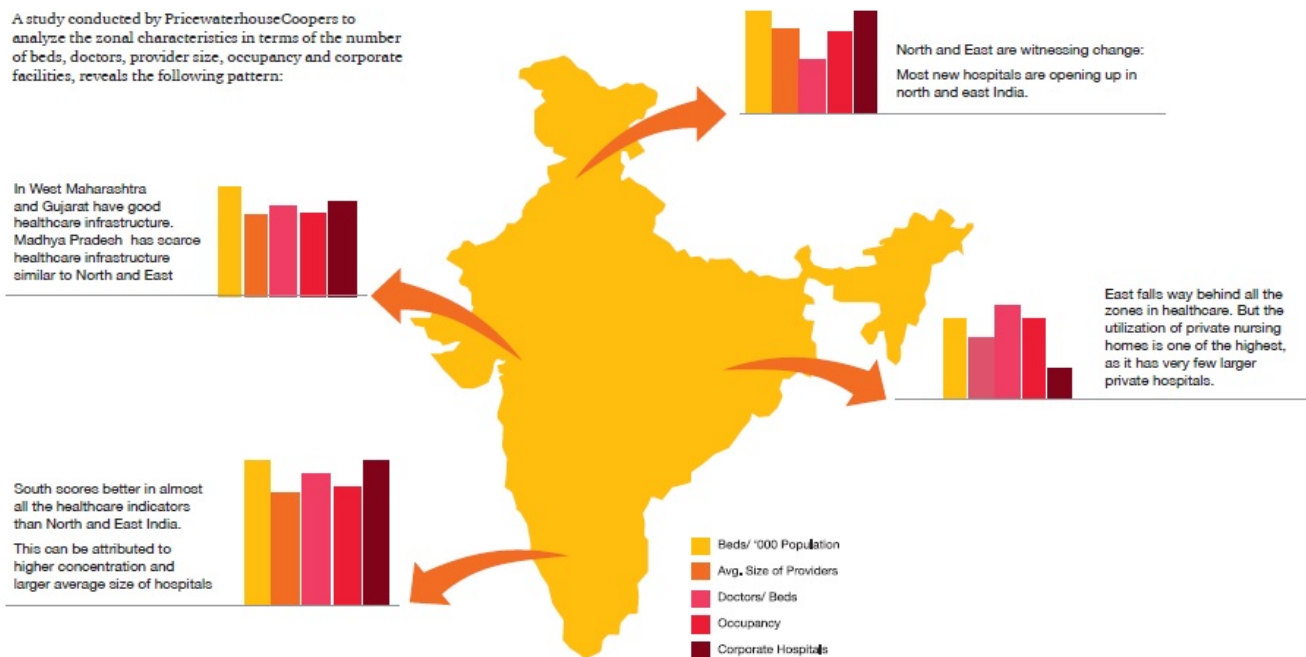
*\*References: Department of Industrial Policy and Promotion (DIPP), RNCOS Reports, Media Reports, Press Information Bureau (PIB), Union Budget 2017-18*

The health care delivery segment is dominated by the private sector in India, with 70% of the total delivery market in India catered to by the private sector. However most of the organized private infrastructure is confined to the state capitals or Tier I cities. Very few have made inroads in Tier II and Tier III cities. This presents the country with both a challenge and opportunity to not only increase the penetration of quality health services but also be the growth driver in these regions.

The central government has given priority to healthcare and is making significant investments to improve the infrastructure and delivery mechanism jointly with the state governments

The Government of India has decided to increase healthcare expenditure to 2.5% of the gross domestic product (GDP) by the end of the 12th Five Year Plan (2012-17). However, the government alone cannot meet the infrastructure, capacity and delivery shortages existing in the current healthcare system. There has to be increased participation of private sector in the PPP schemes for infrastructure, capacity development and delivery.

With a population of 1.21 billion, India is the second most populous country in the world, next only to China. It comprises 28 states and 7 union territories and covers an area of 32,87,2631 sq km. Provision of health care to such a vast population needs sound planning and implementation of health policies by the government with the support of the private sector, local and regional bodies, NGOs and self-help groups. Nearly 72% of the country's population lives in rural areas. While substantial progress has been made in the provision of healthcare services in the urban areas, there is a need to improve the availability of services and enhance the quality of care in many rural areas.



### *The following investments have been initiated by the private sector:*

- Bengaluru-based Narayana Hrudayalaya Hospitals plans to invest Rs 5,000 crore (US\$ 930.53 million) on setting up a chain of 100 low-cost specialty hospitals and at least three more health cities in the country
- Fortis Healthcare entered into a JV with DLF and tie-up with Ansal Properties for Rs. 6,200 crores to set up a chain of 200-450 bed hospitals in 31 cities in India within three to five years
- Apollo Group plans to set up a wellness center for the elderly in a tie-up with Lavasa Lake City for Rs. 200 crores
- Max Healthcare has made an expansion plan that includes hospitals in Dehradun and two PPPs in Tier III cities of Mohali and Bhatinda in the state of Punjab
- Columbia Asia offering secondary and upgraded secondary care services, has plans to set up upcoming hospital facilities in Mysore, Trivandrum, Pune, Ahmedabad, Chandigarh, Dehradun, Gaziabad, Jalandhar, Lucknow, Meerut and Patiala.
- Hinduja Group has a tie-up with Dubai Government owned Limitless LLC for around \$1 billion to start a chain of hospitals in India
- Punj Lloyd Limited has invested in Global Health Limited for setting up the Medanta-MediCity.