

Analysis of Emerging Challenges and Future Scenario for Indian Economy and Hospitality Industry

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ABSTRACT:

India is emerging as a prime destination for health and contributing a lot towards the social- economical development of the society by enhancing employment opportunities and an increase in foreign exchange earnings and helping in uplifting the living standards of the host community by developing infrastructure and high quality education system. Today Indian hospitals are well equipped with the latest technology and houses highly qualified and experienced staff that can provide timely and quality medical treatment to patients. Present paper highlights the potential of Medical Tourism industry in India. It also helps in introspecting the Hospital Accreditation system for Medical Tourism, examining the role of Government in promoting infrastructure for Medical Tourism and analyzing the latest trend to increase the flow of Medical tourism. For analyzing the potential and significance of medical tourism in India, the data has been gathered through secondary sources which include Books, Magazines, Journals, E-Journals and websites etc. After analyzing all the facts it can be concluded that India is in an advantageous position to tap the global opportunities in the medical tourism sector..

Keywords—Medical Tourism, Medical Tourist Management, Medical Care

INTRODUCTION:

Since 1991 wave of liberalization and globalization is blowing in India. Every sector of economy is attempting for growth. Hospitality sector of India is trying to grow in each and every aspect. Medical tourism is a golden tool for boosting the economy as well as hospitality industry. Since 1995, Medical Tourism is achieving new heights continuously. Indian medical service industry is alluring foreigners in mass. Health and medical tourism in India is on its way to becoming an exclusive segment over the next few years, according to industry pundits. If it is trendier, it could even called wellness and spiritual tourism. In the US and European markets, health tourism is already a specialized service. Not yet, in India. The year 2008 is expected to witness significant government and corporate initiatives in scripting a success story in health tourism. In addition, educational tourism may also emerge as a major thrust area, with India offering relatively inexpensive short-term courses.

Medical tourism in India is a multibillion dollar provider industry and attracting millions of foreigners and domestic to visit incredible heritage of country and enjoy the medicinal blessings of traditional Vedas and Upanishads. India is full of well trained, qualified and experienced professionals and doctors. Most of them have earned their professional degrees from abroad and have practices over there, and achieved a confidence of their people. India's doctors are most competent and making India a very money-spinning destination for the people who want to undergo treatment for their medical problems and who have frustrated from the long waiting list of medical diagnostic centers of their own country. It is projected that India will capture 2.5% of the total international medical tourism market by the year 2014, with concurrent foreign exchange revenue of \$ 2.3 billion. It is also estimated that medical tourism in India will receive around 1.1 million health tourist from all over the world, by the end of 2014. India ranks second for medical tourism in the world. 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 tourist while dealing with them. Medical treatment in India is very cost effective as it charges 20% less

than any other foreign country for providing health facilities. It has been seen in the recent past that patient from US, UK, and other foreign countries in a maximum number are coming to India for their treatment. Besides cheaper cost of the treatment other factors are also contributing towards an increase of international health tourist traffic in India. Today Indian clinical and paramedical talent is universally recognized and JCI accreditation to some hospitals of India has proven a boon to Indian medical system which is helping in gaining the faith of foreign patients in India's hospitals and professionals. In India they do not have to wait long and to pay extra money for their treatment. The per capita health care cost in Korea is \$720, whereas it is \$94 in India. Thus India is offering 20% cheaper treatment to them in comparison to US, UK, Singapore and Thailand. Unlike India various Asian countries are coming forward to initiate steps to explore medical tourism potential. Recently Singapore incorporated a collaboration of industry and government representatives to form a medical hub. Unlike Singapore, Taiwan is working on a \$318million project to develop medical facilities and South Korea is planning to develop medical institutions for foreign patients.

CONTRIBUTION OF MEDICAL TOURISM IN THE INDIAN ECONOMY

Many hospitals in India are accredited by international institutions and are offering world-class treatment at that cost which is comparatively 40-50% less than that of any European country. Acknowledging the significance of medical tourism in India, Government is trying to persuade the international tourist traffic by offering medical visa. Generally a medical visa is valid for one year, or the period of treatment whichever is less. The period of medical visa can further be extended for one year with the permission of state government or FRROs, if prescribed by the specialized doctor/specialized hospital. India not only offers the medical treatment but also other remunerative services such as yoga, meditation, herbal therapies and other skin treatments which could uplift the mood and enhance health of medical tourists. As a result India is receiving a huge number of international tourist who are coming to gain the rejuvenate benefits. In 2009, India has received a total of 180,000 foreign health tourists. It is estimated that it will grow at a Compound Annual Growth Rate of over 19% and will reach upto 1.3 million by 2013.

Tourism in India is also one of the fast revenue generating industry and contributing around 5.92% to the National GDP, and providing employment to over 9.24% of the total country's workforce. To promote tourism in India government is introducing various kinds of tax deductions and exemptions to attract foreign investors to invest in tourism sector and also providing various kinds of incentives to persuade them. In its Union-Budget 2010-2011, Government of India has introduced a scheme of tax deduction for the establishment of new, especially 2-Star category hotels in country.

Medical Tourism in India is playing a vital role in improving the economic and social status of the society. According to a study by McKinsey & Company and the confederation of Indian Industry, India will receive \$1 billion business by 2014, from medical tourism. Which is 1% of the total world-wide revenue? Generated by medical tourism. The total revenue generated from medical tourism in the year 2006, worldwide was \$40 billion which has increased up to \$60 billion in the year 2008. McKinsey & Company estimates that it will rise to \$100 billion by the end of the year 2014.

Table-1
Revenue Generated Through Medical Tourism World-Wide

Year	Revenue (In Billion US \$)
2006	40
2008	60
2010	80
2014	100

Source:-www.health-tourism-india.com

India is preferred as a health destination, mostly by those people who are living abroad and by those foreigners who demand for speedy and in expensive treatment. Indian hospitals are now well equipped with skilled, trained and experienced doctors, who have good command on English. Indian doctors treat twice number of patients, in comparison to doctors in the western European countries. India is considered as a safe place for medical treatment in comparison to other countries.

Medical Tourism in India is on the peak. Now health tourist can avail every kind of medical facilities easily and conveniently. Various private investors and pharmaceuticals companies are coming forward to provide their services to the health tourist. Statistics indicate that by the end of the year 2014, India will receive around one million health tourist with a compound annual growth rate(CAGR) of 28.09% over the year 2007. In India a health tourist has to spend less on different surgeries in comparison to other developed countries. It is clear from the following table:-

Table-2**India's Cost comparison with other countries in case of different surgeries in the year 2014**

Procedures	United States	Thailand	Singapore	AHMT-India
Coronary artery bypass surgery	\$70,000-133,000	\$22,000	\$16,300	\$7,500
Bypass surgery	\$75,000-140,000	\$25,000	\$22,000	\$6500 – 7000
Hip replacement	\$33,000-57,000	\$12,700	\$12,000	\$6,200
Knee replacement	\$30,000-53,000	\$11,500	\$9,600	\$6,000
Prostate surgery	\$10,000-16,000	\$4,400	\$5,300	\$3,600
Kidney Transplant	\$40000-45000	\$20,000	\$25,000	\$12000-15000

Source: -<http://www.docstoc.com>

Tourism in India is flourishing and gaining a status of industry and contributing a lot towards the revenue generation and removing the problem of unemployment from the society. Today many states of India like Kerala, Arunachal Pradesh, West Bengal, Uttarakhand, Tamil Nadu Uttar Pradesh, Dadar & Nagar Haveli, and UTs of Daman & Diu, has got a status of an industry. State governments are making provisions to include tourism in Schedule-I, of the Industries Development Act 1951 to grant it the status of an industry and to promote accommodation sector, so that every segment of tourism industry including hotels throughout the country can avail various benefits under the Industrial Policy of the respective state governments like Land banks for budget hotels, Exemption of duty on stamp paper, Exemption in VAT and Sales Tax, and Single-window clearance for new hotel projects etc.

CHALLENGES BEFORE MEDICAL TOURISM INDUSTRY:

Tourism industry is growing day by day in the world and India is sharing a major part of world tourism receipts and world tourism traffic and has proved successful in maintaining its place on world tourism map. According to the World Travel and Tourism Council (WTTC), tourism industry will create about 40 million jobs for the people by 2019. Though India shares only 1.24 % of international tourist receipts and 0.59% of international tourist traffic but this contribution cannot be neglected.

The major constraint in the expansion of Medical Tourism in India is non-availability of adequate infrastructure including adequate air seat capacity, accessibility to tourist destinations, accommodation and trained manpower in sufficient number. Poor visitor experience, particularly, due to inadequate infrastructural facilities, poor hygienic conditions and incidents of touting and harassment of tourists in some places are factors that contribute to poor visitor experience. Lack of capital, Lack of Community participation and awareness, Lack of involvement from rural sector, Lack of concern for sustainability, Complex visa procedures, and Lack of good language translators are the other reasons which are serving as the constraints in the way of medical tourism.

Hospitals of India are lacking behind in providing the hygienic medical facilities and room services including hygienic food to the patient, as a result Indian hospitals are losing trust of foreign patients. The government of India can play a significant role in improving the status of medical tourism by removing political instability, terrorism Bureaucratic roadblocks, and Taxation anomalies. Indian Government should launch long term revenue generating projects and investor friendly policies to get benefitted from medical tourism. Government should make provisions to provide Quality accreditations to the Indian health centers, training and development to the Doctors, Nurses and Para medical staffs, and should apply the customer oriented approach to improve the image of Indian hospitals.

Other major constraints in the development of medical tourism in India are the partial attitude of the government towards corporate and public hospitals. Government cannot neglect the role of corporate hospitals as a source of foreign exchange earner, a provider of high class medical facilities and technology, a medium of fulfilling the demands of foreign patients. In future government may be compelled to grant them greater subsidies and exemptions for their development. This would create a pressure on public funds and subsidies. This diversion of funds from public-sector to corporate-sector will create a line/difference between aristocrats and budgetary class. Indian Government has already given them the advantage of subsidies in the field of land, import of health equipment, and other machineries. Development of medical tourism can put an extra pressure on government to subsidize them even more which will lead to the wastage of scarce resources available for health.

Further Indian hospitals are facing the problem of shortage of skilled professionals. According to the Planning Commission, India is facing a short of a phenomenal 600 000 doctors, 1 million nurses and 200 000 dental surgeons. Our community health centers are suffering from the shortfall of professionals such as obstetricians and gynecologists (56%), pediatricians (67%), surgeons (56%) and medical specialists (59%).

In spite of having a lot of tourism potential, India's shares in world tourist arrival is very less. The reasons responsible for this are lack of adequate infrastructure, lack of appropriate accommodation facilities, lack of security measures and trained and skilled workforce. To overcome the problem of inadequate capacity and to meet the shortfall of about 1, 50,000 rooms in accommodation sector, government necessitates to do an investment of INR 600 billion in the coming five years. Another reason is high service tax. A tourist has to spend a lot of money on availing the tourism related services because a sales tax levied on these services is twice time higher than any other developed country. This is clear from the following table:-

Table-3
Comparative tax rates between India and the neighboring Countries

Countries	Room %	Food %	Liquor %
India	16	16	23
Hong Kong	0	0	0
Maldives	3.5	3.5	3.5
China	5	5	5
Japan	5	5	5
Malaysia	6	6	6
Thailand	7	7	7
Singapore	.7	.7	.7

Above table rightly depicts that incidence of taxes in India is making inbound tourism, very costly and promoting outbound tourism indirectly. In its union budget 2011-2014 government has increased service tax on

airfares which is making air travelling expensive. In the same way Independent restaurants has to pay an extra of 10% tax for being air-conditioned, in a country where temperatures soar up to 48–50°C. Insurance companies can play a vital role in promoting medical tourism by having a check on insurance frauds. They should provide adequate insurance cover to the victim and reimburse the adequate money to them.

FACTS OF MEDICAL TOURISM IN INDIA:

"Noor Fatima, a two-and-a-half- year old Pakistani girl, successfully underwent an open-heart surgery in India; she opened new vistas reminding the potential of medical tourism". Health and medical tourism is perceived as one of the fastest growing segments in marketing 'Destination India'. India's earnings from medical tourism was \$ 0.3 billion (approx.) between January and November 2005, compared to \$ 0.24 billion (approx). for the same period last year. It means a new source for Indian economy for earning foreign currency. There are three basic aspects to health tourism—hospital/ health services, hotels and travel/leisure. The focus of medical tourism in the country is mainly on cardiac surgery, knee/hip replacement and dentistry. As for health tourism, ayurveda and spa resorts in India are turning prominent on the global map. A heart surgery in the US costs \$30,000 while it costs \$6,000 in India. Bone marrow transplant in the US costs \$2,50,000 while it is \$26,000 in India.

Promoting health- care services alongside tourist destinations, the countries attracted more than 600000 patients in 2003 alone. In India super specialty hospitals offers cardiac surgery for about \$ 4000 compared with at least \$ 30000 in the U.S. there orthopedic surgeries cost \$ 4500, less than one-fourth the U.S. price. Consulting firm McKinsey & Co. says medical tourism could become a \$2 billion-a-year business in India alone by 2014; the category is so new it previously wasn't measured.

Why people are targeting India as a health tourism destination. Consider the difference in charges. According to reports, dentists can charge \$300 to \$400 for a filling in the US and Europe. However, it costs only \$20 to \$40 in India. A root canal is \$3,000 in the West, but only \$100 to \$200 in India. Dentures can cost \$1000 overseas, but only \$200 in India

As Stic Travel chairman, sees it, medical tourism is growing very fast. If the number of tourists visiting India has grown around 27% from last year, medical tourism is witnessing a 20% growth, also helping India to earn foreign currency for flourishing its economy.

Medical tourism is also promoting international trade in favor of India, when foreign patients visit India for treatment they also find out various trade opportunities with Indian traders. Later they established their trade relation with Indian traders; again it is in favor of Indian economy.

“With yoga, meditation, ayurveda, allopathic, and other systems of medicines, India offers a unique basket of services to an individual that is difficult to match by any other country,” Last year India attracted approximately 1.5 lakh patients to the country.

A combination of three key factors – quality, availability and cost, has been key in fuelling the phenomenal growth witnessed in the Indian medical tourism industry. 60% of doctors in India's leading Indian hospitals have international qualifications, thus increasing the acceptance and comfort levels among international patients. English speaking populous, exotic tourist locations and alternative medicinal cures are some factors that add to the advantage India holds over neighboring countries. On the demand side, prohibitive medical costs and lengthy waiting time are the prime drivers in people seeking treatment beyond the home country. Private hospitals and enterprises have driven the spurt in medical tourism. The key players in the Indian healthcare industry are given below:

Table-4

High costs in source country waiting time for operations Supply side: Quality of care Exotic locations
Ready availability Low costs

	EHIRC	Apollo Hospital	Indraprasth a Apollo Hospital	P.D. Hinduja National and Medical Research	Jaslok Hospital and Research Center
Turnover (03-04) in Rs. Crore	218	201	165	135	108
Turnover from International patients (In Rs. Crore)	26	30.15	12	4	10.8
Maximum patients from	SAARC, CIS, East African countries	Middle East	Nepal, Bangladesh, Sri Lanka, Gulf and Africa	African and SAARC countries	US, Japan, Middle East and African countries

Source: Medical Tourism in India, Dissertation by Gauravjeet singh , IIM Bangalore.

SUGGESTIONS:

Government should encourage medical tourism by increasing air connectivity linking major cities like Delhi, Chennai, Bangalore, Hyderabad and Kolkata, and create health support infrastructure.

- ❖ There is a need to undertake an international marketing campaign targeted to select countries, besides establishing one-stop centers in key markets to facilitate the inflow of foreign patients.
- ❖ In Government Hospital we have excellent brains as doctor, and they are doing very well in Private Hospitals. However, Government should enhance latest equipment facilities in Government hospitals to boost medical tourism in India at cheaper rate.
- ❖ With the help of Indian embassy we should run free check up and consultancy camps in different countries to attract & exploit medical tourism in India.
- ❖ Government has to declare medical tourism as a foundation industry so that it helps heavy investment as low cost.
- ❖ Government should declare tax incentives on the foreign earnings by the way of medical tourism.
- ❖ To establish a committee under ministry of tourism to solve the problems of medical tourism.
- ❖ Maintenance of Roads, proper drainage system and clinical waste disposal along with other hygienic and sanitation measures must be taken where medical tourists are likely to visit.

CONCLUSION:

Medical tourism is emerging fields from the view point of Indian economy and hospitality Industry. By using medical tourism we can increase our share in service sector consequently we can use it as a weapon to eradicate unemployment and to check brain drain in medical field. India is known for its hospitality since old era. Foreigners are visiting India for tourism and spiritual peace, gaining knowledge , education and now by providing excellent world class medical facilities at economical price we can increase our foreign currency earnings as well as guide our balance of payment in a positive way by establishing our self as a important focus point in the field of medical tourism.

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