



INDIAN MEDICAL TOURISM: STRENGTH AND WEAKNESSES

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ABSTRACT

India is a good location to receive medical treatments and considered a leader in promoting medical tourism. At an approximate growth of 30% each year, studies conducted by government and private sectors in India estimate that medical tourism could bring between \$1-\$2 billion US into India by 2012. Since the government is actively participating in the expansion of this industry, there is much investment in the facilities and resources needed for medical tourists. Including the production of an estimated 20, 000 - 30,000 doctors and nurses each year. At an approximate growth of 30% each year, studies conducted by government and private sectors in India estimate that medical tourism could bring between \$1 billion and \$2 billion US into India by 2012. This present paper made an attempt to analyse strength and weaknesses of the Indian medical tourism.

Key Words: Medical Tourism, Medical treatments, Growth, Development, strength and weakness.

INTRODUCTION

Tourism is traveling for predominantly recreational or leisure purposes or the provision of services to support this leisure travel. There are two elements in tourism; the journey to the destination and the stay including activities at the destination; The journey

and the stay take place outside the normal place of residence and work, so that tourism gives rise to activities, which are distinct from those of the resident and working populations of the places, through which tourists travel and in which they stay; The movement to destinations is of a temporary, short-

term character, with intention to return within a few days, weeks or months.¹

Tourists are people who "travel to and stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited". Tourism has become a popular global leisure activity. Tourism activity involves a complex mixture of material and psychological elements. The material ones include accommodation, transportation, the attractions and entertainment available. The psychological factors include a wide spectrum of attitudes and expectations. The traveling decisions are influenced by the potential tourist to enrich their knowledge or information bank. World cultural heritage and national cultural heritage attracts various travelers with the motto of gaining a better understanding of developments taking place elsewhere. Tourism is a composite industry which consists of various segments which can produce a wide range of products and services. The motivational aspects which

influence the traveling decisions can be categorized as physical motivators, cultural motivators, inter personal motivators and status and prestige motivators. Tourism is now widely recognized as the world's largest industry and its growth is creating rapid social, economic and environmental changes which require detailed understanding and measures to manage it.² Tourism can be categorized: Purpose wise: Recreational, Cultural, Adventure/ Sports, Health, Seminars and conventions and Incentives. Topography wise: Domestic (inbound), out bound or international individual level or in groups.

HEALTHCARE SECTOR IN INDIA

One estimate by Price water house Cooper's projects that the Indian healthcare sector should be worth about \$40 billion by 2012. Indian Government's spend on healthcare is estimated to be 8 percent of its GDP by 2010 (Department of Tourism, 2006). Medical tourism remains the most obvious reason to be aware of Indian healthcare resources. Medical tourism is a growing sector in India. In 2008 the

size of the industry was around Rs. 1,500 crores. India's medical tourism sector is expected to experience an annual growth rate of 30 percent, making it a Rs. 9,500 crore industry by 2015.³ Estimates of the value of medical tourism to India go as high as \$2 billion a year by 2012.

Indian Brand Equity Foundation (IBEF) suggests that the Indian healthcare sector is expected to become a US\$ 280 billion industry by 2020 with spending on health estimated to grow 14 percent annually. Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 percent by 2012 from 5.5 percent in 2009. Many countries have adopted a proactive approach for medical tourists and are facilitating it as a revenue generating business. The Indian government has begun to recognise the potential of tourism to Indian economy and has begun to invest in tourism infrastructure⁴.

MEDICAL TOURISM

“Medical Tourism”, a term unknown until a few years ago, sounds paradoxical. Indeed, it is hard to

imagine stronger polarity between two areas of social life, than that between tourism and hospitalization. Tourism, a voluntary leisure activity often perceived as a luminal reversal of everyday life (Graburn, 1977) and a time for hedonistic pleasure, free from obligations and external constraints, stands in sharp contrast to medical treatment and hospitalization. Two domains seem to be fundamentally incompatible. While tourism is associated with freedom and pleasure, hospital evokes images of constraints and sufferings. One does not visit a hospital unless one needs to. As a travel writer noted: “the dentist chair and the antiseptic smells of a hospital waiting room are synonymous with pain and a sense of helplessness. They just don't blend with travel and vacations” (Ross, 2001). However, during the last decade, the medical travel movement has accelerated sharply. The present phase of modern medical travel is characterized by an industry approach whereby uninsured and underinsured consumers from industrialized countries seek first-class quality at developing country prices, a trend commonly referred to as medical outsourcing. At

the same time, the medical travel industry is increasingly grounded in tourism. Well developed healthcare systems and advances in technology have supported medical travel among Western countries for many years. However, medical travel in Asia is relatively new, mostly emerging in the aftermath of the Asian financial crisis in 1997.⁵ With the middle-class clientele in many countries affected by the economic downturn, private hospitals were faced with a significant drop in local business. Hospitals needed to be creative in identifying alternative sources of revenue. Their first steps-into the international patient market were facilitated by their devalued currencies, providing an attractive combination of modern facilities and low prices.

Although primarily driven by the private sector, including hospitals and intermediary organizations such as specialized travel agencies utilizing competitive marketing initiatives, governments are increasingly contributing to the development of this industry in South Asia, South-East and

East Asia. Asia represents the most potential medical tourism market in the world. According to a recent article on Hotelmarketing.com, Asia's medical tourism industry is expected to be worth at least \$4 billion by the year 2012. Currently, an estimated 1.32 million medical tourists come to Asia from all over the world, including the U.S. and Europe (actually, quite a bit of the current travel comes from within the Asian region itself).⁶ India, with its low cost advantage and emergence of several private players, represents the fastest growing Market.

The main reasons for the growing popularity in medical tourism in India are: (a.) the long waiting lists in the developed countries, (b) the low cost of medical treatments in India than the other developed countries. In India, complicated surgical procedures are being done at one-tenth of the cost as compared to the procedures in the developed countries, (c) The affordable international air fares and favorable exchange rates, (d) the Internet; with the development of communications, new companies have emerged who acts

as middlemen between international patients and hospital networks, giving patients easy access to information, prices and option, (e) the state-of-art technology, specialist doctors, nurses and paramedical staffs that has been adopted by the big hospitals and diagnostics centers in India. 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. In order to realize the full potential of this industry, it is needed to develop a strategic plan on medical tourism in India.⁷

CHALLENGES OF THE MEDICAL TOURISM IN INDIA

The country like India is facing the following issues/challenges to become a tourist destination with competent medical tourism industry. They are:

1. Lack of infrastructural facilities like lack of connectivity, lack of coordinating system, poor power supply and poor water supply.

2. Most Indian hospitals are also facing the lack of trust from the foreign patients. The hospitals have observed poor hygiene awareness in medical attendants, unhygienic food handling,

and lack of proper hospitality services, heterogeneous pricing of services and no industry standards.

3. The government can play a vital part to upgrade the medical tourism sector. But the industry is facing the following problems which are caused by the governments. They are: (a) no regulations, (ii) taxation anomalies, (c) bureaucratic roadblocks, (d) no works on land reforms, (e) lack of long-term investor friendly policies and (f) instability with respect to terrorism and communal tensions.

4. On the part of insurance and allied services, the medical tourism industry in India is also facing some key bottlenecks. They are: (a) inadequate insurance cover, (b) underdeveloped insurance market in India, (c) insurance frauds and (d) overseas companies refusing reimbursement.

5. The following challenges, due to the infrastructural parts in medical tourism sector in India, are: (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, and (h) poor airport facilities.

6. Apart from these, there are some specific issues to promote medical tourism in India. They are: (a) quality accreditations to the Indian hospitals and service providers, (b) training and Development to the Doctors, Nurses and Para medical staffs, (c) lack of customer oriented approach.⁸

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS OF THE MEDICAL TOURISM

STRENGTHS:

- ✓ Quality Service at Affordable Cost
- ✓ Vast supply of qualified doctors
- ✓ Strong presence in advanced healthcare e.g. cardiovascular, organ transplants – high success rate in operations
- ✓ International Reputation of hospitals and Doctors
- ✓ Diversity of tourism destinations and experiences

WEAKNESS:

- ✓ No strong government support / initiative to promote medical tourism

- ✓ Low Coordination between the various players in the industry– airline operators, hotels and hospitals
- ✓ Customer Perception as an unhygienic country
- ✓ No proper accreditation and regulation system for hospitals
- ✓ Lack of uniform pricing policies across hospitals.
- ✓ Strong competition from countries like Thailand, Malaysia, and Singapore
- ✓ Lack of international accreditation
- ✓ Overseas medical care not covered by insurance providers
- ✓ Under-investment in health infrastructure.

OPPORTUNITIES:

- ✓ Increased demand for healthcare services from countries with aging population (U.S, U.K)
- ✓ Fast-paced lifestyle increases demand for wellness tourism and alternative cures
- ✓ Shortage of supply in National Health Systems in countries like U.K, Canada
- ✓ Demand from countries with underdeveloped healthcare facilities

- ✓ Demand for retirement homes for elderly people especially Japanese.⁹

SUGGESTIONS FOR DEVELOPING INDIAN MEDICAL TOURISM

The following suggestions lay down the future path for India to achieve leadership position in medical tourism. These suggestions largely draw from the discussions with various stakeholders as well as observing the other countries' medical tourism conditions.

(1) Role of Government

The government of India must act as a regulator to institute a uniform grading and accreditation system for hospitals to build consumers' trust. It also acts 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 as also enacts conducive fiscal policies - providing low interest rate loans, reducing import/excise duty for medical equipment. It also facilitates clearances and certification like medical registration number, anti-pollution certificate etc. The government should reduce barriers in getting medical visa and institute visa-on-arrival for patients

and also can create medical attachés to Indian embassies that promote health services to prospective Indian visitors.¹⁰

(2) Medical Visas

A simplified system of getting medical visas should be developed in order to make travel across borders smoother. Visas can be extended depending on the condition of the patients. The procedures for obtaining medical visa, the subsequent registration and visa extension procedures are complicated and time consuming. There is a need to simplify and speed up these procedures to make India a more attractive medical tourism destination.

(3) Holistic medical and diagnostic centers within the corporate hospitals

Most of the big tertiary hospitals are opening up holistic centers within the premises, with yoga and meditation programmes along with naturopathy, herbal medicine, and acupuncture and homeopathy departments. The claim is that these enhance treatment. However, these services are charged for and add to additional revenues. The hospitals have small spaces for the relatives to pray in, thereby wedding science with religion and traditional with modern medical practices.

(4) 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 (NAHT). The main agenda for NAHT will be:

(a) Building the India Brand Abroad: Classify the target consumer segments based on their attractiveness and position the India Brand based on the three main value propositions – high quality service, value for money and destination diversity. An integrated marketing Communications campaign using print, media and road shows should be developed.¹¹

(b) Promoting Inter-Sectoral Coordination: The NAHT should take up the responsibility of aligning the activities of various players – Tourism Department, Transport Operators, Hotel Associations, Escorts personnel etc.

(c) Information Dissemination using Technology: NAHT should set up a portal on medical tourism in India targeted at sharing information and enabling online transactions.

(d) Standardization of Services: NAHT should also focus on establishing price parity for similar kinds of treatments in various hospitals and ensure the hospitals adhere to high hygiene and quality standards. It is felt that not only the private hospitals but the country too stands to benefit from this by earning foreign currency.¹¹

(5) Integrate vertically

Various added services may be offered to the patients. For example, hospitals may have kiosks at airports, offer airport pickups, bank transactions, or tie-ups with airlines for tickets and may help facilitate medical visas by the government. With more Arab patients coming in, some hospitals may have hired Arabic interpreters, stocked up on prayer rugs and opened up a kitchen serving the food preparations in corporate hospitals in India.

(6) Joint Ventures / Alliances

To counter increasing competition in medical tourism sector, Indian hospitals should tie-up with foreign institutions for assured supply of medical tourists. Specifically they may tie-ups with capacity constrained hospitals and insurance providers. For example Mohali's 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.¹² The Apollo group has also tied up with hospitals in Mauritius, Tanzania, Bangladesh and Yemen. In addition, it runs a hospital in Sri Lanka, and manages a hospital in Dubai.

As a part of this policy of promoting public and private initiatives, the Indian travel industry and tour operators have also design packages that include air travel, hotel accommodation, and surgery expenses, claiming savings. They may also operate jointly to facilitate travel for medical services. Other than the central government's list of hospitals for medical tourism on the web, the medical tourism may also get promoted through popular magazines, tourist guide books, business

magazines and journals on tourism. Textual and video testimonies of cured foreign patients and administrators describing the excellence of the treatment, the low cost, the professional approach, the technical expertise, the affectionate and caring doctors and staff, and the cutting edge technology are all displayed on hospital web sites as evidence of efficiency.

CONCLUSION

The medical tourism industry in India is presently earning revenues of \$333 million. Encouraged by the incredible pace of growth exhibited by the industry, the Confederation of Indian Industry (CII) and McKinsey have predicted that the industry will grow to earn additional revenue of \$2.2 billion by 2012. To provide for brighter prospects for the industry, the hospitals can also acquire international accreditation, integrate traditional and clinical treatments and offer end-to-end value added services by tying up with tour operators, airline carriers and hotel companies. Hospitals can also allow foreign patients to pay through credit and ensure proper support services to foreign patients after they return to their native countries. Lastly, the Government of India can also reinforce its support through quick visa processing, improved flight

connectivity and infrastructure development.¹³

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