



Make In India For Health Care Services : A Swot Analysis

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ABSTRACT

Make in India is a recent major Government initiative designed to transform India into a global manufacturing hub through series of regulatory and policy framework. Under this flagship campaign healthcare sector comprising hospitals, diagnostic centres, drugs and pharmaceuticals, medical devices among others have been identified as a part of the initiative. India's healthcare system is paradoxical i.e., on the one hand, it boasts of attracting medical tourists from across the world for its quality health service at cheaper cost, and on the other, it is characterized by lack of accessible, affordable health services for a large part of its population. The relationship between health and development is mutually reinforcing- while health contributes to economic development.

INTRODUCTION

Make in India is a recent major Government initiative designed to transform India into a global manufacturing hub. It consists of series of policy and regulatory framework to induce the local and foreign companies, mainly foreign to invest in India and make the country a manufacturing powerhouse. Health is a fundamental human right and a worldwide social goal. Health is necessary for the realization of basic human needs and to attain the status of a better quality of life. Improving the quality of growth is an important goal of the development archetype in many developing countries. Better health, education, equal and wider job opportunities to all, trustworthy and transparent people's intuition, sustainable and cleaner environment, dignity, self-esteem and life security, among others, are key manifestations of the quality of growth.

OBJECTIVES

The following are the main objectives of the study

- To examine the status and problems of health services in India;
- To analyse the growth rate of health sector in India.

DATA SOURCES

The present study is based upon secondary data of 15 major states of India level. Sources of data collection relating to health indicators and health infrastructure collected from Ministry of Health and Family Welfare, Government of India, National Human Development Report, Planning Commission, Government of India and Population Census of India and World Health Statistics. Whereas, data related to socio-economic indicators collected from the Central Statistical Organization.

HEALTH CARE SERVICES IN INDIA

India is a signatory to the Millennium Development Goals. MDGs represent the will of the world's nations to achieve development objectives by the year 2015. Unfortunately, India is far from providing a universal healthcare coverage. Not only the improvements in health indicators have not only been slow, India lags far behind in world, including most developing countries and few least developed countries with respect to health indicators. The following table shows the year wise health indicators in India.

TABLE 1 HEALTH INDICATORS IN INDIA, 1951-2011

Indicator/ year	Birth rate	Death rate	IMR	MMR	TFR
1951	40.8	25.1	148	1321	6
1961	38.7	20.6	129	1180	5.9
1971	36.9	14.9	120	853	5.2
1981	33.9	12.5	110	810	4.5

1991	29.5	9.8	80	424	3.6
2001	23.8	7.6	58	254	2.9
2011	21.7	6.9	44	197	2.5
AAGR	-1.103***	- 2.246	-2.016	-3.386	-1.577

AAGR stands for Average Annual Growth Rate in Percent

Note: * represents that coefficient is significant at 1 percent level of significance.**

Table 1 reveals that in the period from 1950 to 1971, India was engulfed in health deterioration as the values speak so high. The trend continued with the gradual decrease in the values of the health indicators. The annual growth rate after every ten years declined. From the values of AAGR, all the indicators have shown a declining trend with death rate decreased twice the birth rate, and same situation followed in other indicators as well. Thus a dramatic change resulted with an improvement in health sector.

HEALTH OUTCOMES IN INDIA

Table 2 explains the selected health status outcomes in major Indian states.

TABLE 2 SELECTED HEALTH STATUS OUTCOMES IN MAJOR INDIAN STATES

State	Life Expectancy	Neonatal Mortality	Infant Mortality Rate	Under five Mortality Rate	Total fertilityRate	Underweigh t children(%)
Andhra Pradesh	63.53	40.3	49	63.2	1.8	42.7
Assam	57.9	45.5	61	85	2.6	46.5
Bihar	60.8	39.8	52	84.8	3.9	55.6
Gujarat	63.4	33.5	48	60.9	2.5	51.7
Haryana	65.2	23.6	51	52.3	2.5	45.7
J&K	61.3	19.6	49	54.6	3.4	48.8
Karnataka	64.5	28.9	41	54.7	2.0	24.5
Kerala	73.5	11.5	12	16.3	1.7	50.0
Madhya Pradesh	56.9	44.9	67	94.2	3.3	46.3
Maharashtra	66.2	31.8	31	46.7	2.8	45
Odhisa	58.5	45.4	67	93.8	2.7	36.7
Punjab	68.5	28.8	38	52.8	1.9	43.7
Tamil Nadu	65.2	19.5	28	35.5	1.7	30.9
Uttar Pradesh	59.1	47.6	67	96.4	4.2	56.8
West Bengal	63.9	37.6	33	59.6	1.9	44.6

Source: Indian Health Statistics Report 2022

Figure 1 State wise Health status outcomes in India

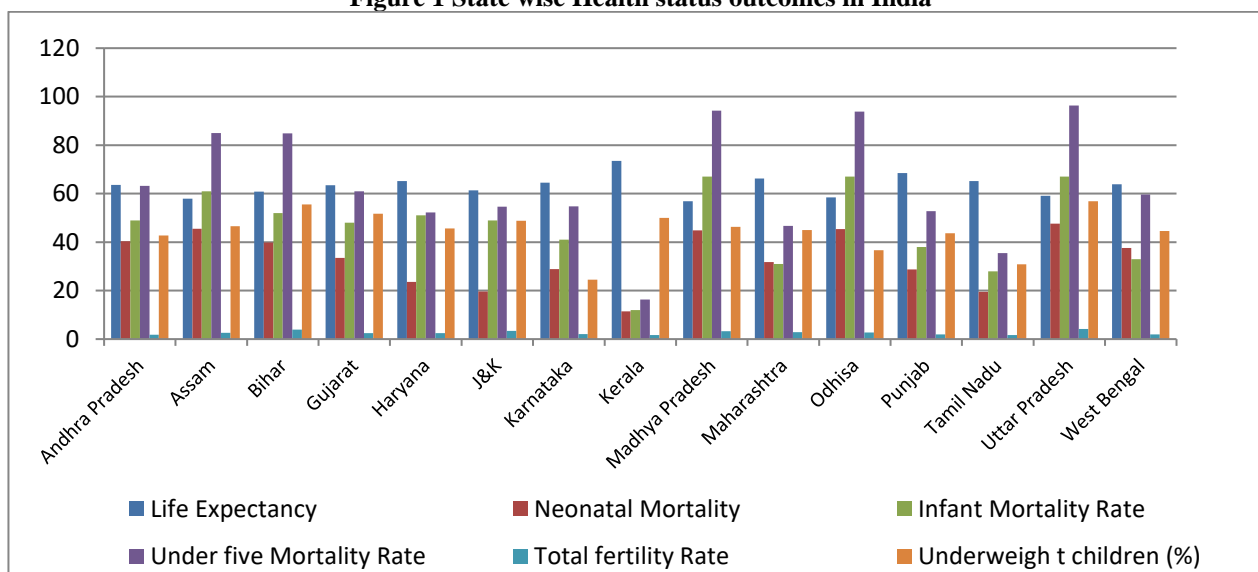
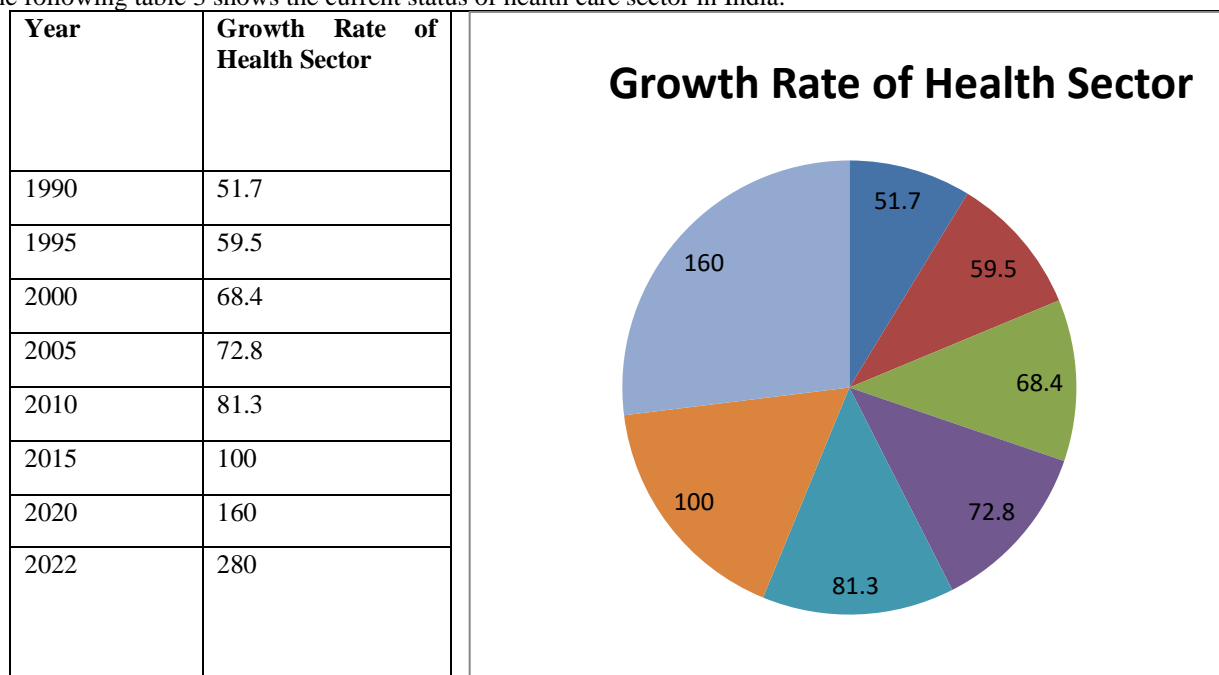


Table 2 portrays the health status of selected states on the basis of health indicators. Life expectancy values of all the states lie above 57 Yrs., with the highest value attributed to Kerala followed by Punjab having value 73.5 and 68.5 Yrs. and with least life expectancy value acknowledged to Assam having 57.9Yrs. Neonatal Mortality Rates is highest in Uttar Pradesh with 47.6 per 1000 births die followed by Odhisa with 45.4 per 1000 births. The least Neonatal Mortality Rates is in case of Kerala with 11.5 per 1000 births. Other states like Andhra Pradesh also witness the high

Neonatal Mortality Rates with 40.3 per 1000 births. In case of Punjab and J&K the values stand at 28.8 and 19.6. Contrary to the Infant Mortality Rates trend, Madhya Pradesh and Odhisa rank first with highest IMR rates equal to 67 per 1000 births respectively. However Kerala is the best performer in the segment with least IMR rate having 12 per 1000 births. Under 5 mortality rate is quite at peak level in case of Odhisa with 933.8 per 1000 births followed by Bihar, while as Kerala witnessed low value 16.7 per 1000 births. In case of total fertility rates, Kerala, Tamil Nadu performs well with value equal to 1.7 followed by Punjab having 1.9 total fertility rates. Maximum number of underweight of children is found in Uttar Pradesh followed by Bihar. Thus, Kerala suits as a best sample having acceptable values of life indicators. In case of poorly developing states like Odhisa, U.P., and Bihar, the health indicators portray a dark and fussy picture as the values lie well below the unacceptable levels.

CURRENT STATUS OF HEALTH CARE SECTOR IN INDIA

The following table 3 shows the current status of health care sector in India.



Source: Indian Brand Equity Foundation, 2022

Table 3 depicts that the growth of health sector in India. It shows that contribution of growth in health sector increased continuous from 1990 to 2022 which accounts for 51.7 billions to 280 billions respectively. It shows positive sign in the growth rate of health sector.

SECTOR WISE FDI INFLOWS IN HEALTHCARE SECTOR IN INDIA

The potential benefits of FDI include increasing physical capacity in the healthcare sector, such as increasing the number of hospitals and allied services like diagnostic facilities among others. Foreign investment can also help in raising the standards and quality of healthcare, in upgrading technology, and in creating employment opportunities, with potential benefits to the people and the economy at large. The following table shows the sector wise FDI inflows in India.

TABLE 4: SECTOR WISE FDI INFLOWS IN HEALTHCARE SECTOR IN INDIA (In Rs. million)

Sectors	2016	2017	2018	2019	2020	2021
Drugs & Pharmaceuticals	1,45,314.80 (9.09)	33,117.16 (2.72)	1,00,054.57 (7.73)	73,763.98 (4.21)	40,268.56 (1.59)	72,923.61 (2.34)
Hospital & Diagnostic Center	8,111.65 (0.51)	21,172.78 (1.74)	37,368.19 (2.89)	23,673.48 (1.35)	53,102.88 (2.10)	55,431.24 (1.78)
Medical, Surgical Appliances	6,744.23 (0.42)	3,835.73 (0.32)	9,198.19 (0.71)	8,137.15 (0.46)	10,191.76 (0.40)	29,395.37 (0.94)
Total FDI in Health Sector	1,60,170.68 (10.01)	58,125.67 (4.78)	1,46,620.95 (11.32)	1,05,574.61 (6.02)	1,03,563.20 (4.10)	1,57,750.22 (5.06)
Total FDI Inflows	15,99,349.20 (100)	12,15,914.41 (100)	12,94,824.81 (100)	17,53,133.42 (100)	25,25,614.78 (100)	31,16,439.70 (100)

Source: Department for Industrial Policy & Promotion (DIPP), Government of India. ^[5]Note: Figures Shown in parenthesis is percentage to total FDI inflows

It can be clearly seen that Drugs and Pharmaceuticals industries have attracted the highest investment among healthcare service industries. During the year 2016 the FDI in Drugs and Pharmaceuticals industries was Rs. 1,45,314.80 millions which was 9.09 percent of total FDI inflows in all sectors in our country in that year. Then in the subsequent years there have been fluctuations in the FDI in Drugs and Pharmaceuticals industries and it stood at Rs. 72,923.61 millions in 2021, comprising around 2.34 percent of total FDI in 2021. The FDI in Hospital and Diagnostic centres and Medical and Surgical Appliances industries have been less compared to drugs and pharmaceuticals. The FDI in Medical and Surgical Appliances was Rs. 6,744.23 millions in 2016.

SWOT ANALYSIS OF MAKE IN INDIA FOR HEALTHCARE SECTOR

In spite of the high demand for healthcare services, India's healthcare sector falls well below international benchmarks in terms of physical infrastructure, manpower, quality and many other things. In order to meet the growing demand for healthcare services, huge investments are the need of the hour and contributions from the private foreign investors has a considerable role to provide the much needed investments. In this section the researchers have attempted to make a SWOT analysis to understand the strengths, weaknesses, opportunities and threats that are associated with Make in India for healthcare sector in India.

STRENGTH

- Emergence of number of corporate hospitals with world class medical technology, equipments and facilities at comparatively lower cost in India
- There is continuous increase in number of hospitals, diagnostic centres, doctors and other medical professionals
- Good reputation and high success rate in surgery with strong presence in advanced healthcare e.g. cardiovascular, organ transplants, replacements etc., is an important positive aspect of Indian health services
- Existence of alternative system of medicine of AYUSH
- The availability of health personnel at comparably lesser cost and their ability to speak English provides an additional edge for the health care sector in India to attract foreign investors to make investment.
- The growing middle class, rising health awareness and increased willingness among Indian consumers to pay for quality healthcare and to go to institutional providers widens the scope for investors in healthcare sector in India.

WEAKNESS

- The growing demand for quality healthcare and the absence of matching delivery mechanism pose a great challenge. Many hospitals and healthcare providers are struggling with outdated information and medical technology in India
- **Limited availability of skilled workforce:** There is an acute shortage of faculty of medical teachers all over the country. Alongside, finding qualified staff and specialized doctors is a major challenge for hospitals in India, especially for new start ups, leading to wage inflation and inadequate quality. Number of people possessing adequate knowledge to handle sophisticated medical equipment is also less. All these make investors to think twice before entering India.
- **Administrative/policy deficiencies:** India still lags behind most countries in terms of ease of doing business. Some factors that affect investment are the complicated regulatory framework, time consuming administrative work, red-tapism and corruption. These act as the potential barriers to attract foreign investors especially when there are competitive destinations which have a more conducive environment than India to make investment.
- **Lack of infrastructure:** Poor all-round infrastructure is a major challenge. Technological backwardness, lack of availability of quality inputs, problem of supporting infrastructure like road, transport, power, water etc., and the socio-political environment of the country also acts as a challenge for investment decisions.
- **Problem of ownership:** Generally hospitals and allied service centres are owned by doctors and other professionals of their respective fields who usually lack entrepreneurial skills. This factor also sometimes affects the investment decisions as they usually do not possess the knowledge of business environment.
- **High establishment cost and low returns:** The return on investment is low compared to other business ventures. Land and infrastructure costs account for major portion of the capital expenditure for hospitals. Also due to ever changing medical technology it becomes imperative to frequently update the infrastructure with latest advancements. These factors increase the cost of running the healthcare enterprises. This makes investments in the sector less attractive
- Low investment in Research & Development is also one of the major weakness of healthcare sector in India

OPPORTUNITY

- The current demand and supply side dynamics provide a significant opportunity and basis for investment in health sector in India. Factors such as changing demographics, rising life expectancy, and growing public awareness have contributed to a higher demand for medical care which calls for higher investment.
- Non-communicable diseases are expected to comprise more than 75 percent of India's disease burden by 2025, and as per Government report, cardiovascular diseases (24 percent), chronic respiratory diseases (11 percent), cancer (6 percent) and diabetes (2 percent) are the leading cause of mortality in India (National Health Profile 2015). These necessitate huge investment in infrastructure, education and other facilities.

- **Hospitals & Infrastructure:** The demand for specialty and tertiary care hospitals is very high in India especially in small towns and rural areas. There is a wide gap between availability and requirement of health services in India which has created a need for more hospitals and infrastructure to serve the masses. This will help foreign investors to penetrate the Indian healthcare industry by building hospitals and much needed infrastructure in healthcare sector.
- **Medical devices:** Growth in Indian healthcare infrastructure is accompanied by strong demand for medical equipment such as x-ray machines, CT scanners and Electrocardiographs among others, highlighting an opportunity for global players making quality products in this area. An enormous amount of capital is required to produce medical and surgical appliances in India which creates an outstanding opportunity for foreign players to invest.
- **Medical Tourism:** Another area of opportunity is the medical tourism. India is getting popular worldwide in providing quality healthcare service at lower cost. As per a report of „Invest India“, patients are now coming to India for cardiology, orthopaedics, neurology, oncology and organ transplants (Invest India, 2015). The Indian medical tourism industry is expected to reach US\$ 6 billion by 2018. Due to increasing medical tourism there is a need to upgrade the service standards on par with global standards which is highly possible through foreign investment.
- **Medical Education:** There is an existing gap in number of doctors to cater to the healthcare needs of the country. As per Medical Council of India data, the current doctor: patient ratio of 1:1681 is below WHO recommended figure of 1:1000. Thus India needs about 7 lakh doctors by 2022 in order to meet WHO standards. Alongside there is regional disparity of medical colleges in our country. A large proportion of medical seats are currently being offered by institutes in the southern part of the country. These situations provide immense opportunity to invest in medical education to meet the demand for doctors and medical services.

THREAT

- There is a fear that, the prevailing wide gap between haves and have-nots in accessing health facilities and rural urban divide will be aggravated by foreign investment in healthcare sector owing to the investors preference for particular location and costly treatment which arises due to profit motive. Having said that, the private sector must look at healthcare service from more than the commercial perspective, since „Chasing targets' in healthcare involves the issue of „ethical concerns“.
- Consumers might be exploited as they do not have the power to negotiate on pricing of the private hospitals
- Participation of private investors“ mainly foreign investors in medical education might make the medical education highly unaffordable and become a distant dream for many people. At the same time there is a dangerous risk that, being financially rich alone turning out to be the only qualification to become doctor
- Counterfeit drugs i.e., drugs that do not have active ingredients or have lower amounts of active ingredients resulting in longer treatments with no recovery are likely to pose a big threat to Pharmaceutical companies and the economy as well
- Most multinational medical devices companies have their production base outside India and import their products for the Indian market. An unfavourable duty structure in many segments make imports cheaper than manufacturing in India (Deloitte 2016). This further limits the scope for local value addition, especially in segments conducive for manufacturing at present in India

CONCLUSION

While the Make in India initiative is directionally right, its impact on improving access to affordable quality healthcare depends on how it is framed, developed and implemented over the period. Also it is important to look over the fact that does India only needs the manufacturers to make in India or also to make for India. On the whole, with judicious plans and efficient implementation, the private sector and government need to work hand in hand as one team to make further progress and make India one of the global hubs of innovation, manufacturing and providing required healthcare services in India.

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