

AN INDIA ECONOMIC STRATEGY TO 2035

NAVIGATING FROM POTENTIAL TO DELIVERY



HEALTH SECTOR SNAPSHOT

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#IES2035

OVERVIEW

- The Indian health sector will grow rapidly out to 2035, with increased medical infrastructure and government spending, building off a low base.
- Although the health sector is growing strongly at 16 per cent annually and modernising, it cannot keep pace with rising demand. Demand for healthcare will continue to dwarf domestic supply out to 2035.
- Demand will be driven by population, the double burden of infectious diseases and rising noncommunicable diseases, a growing consumer class, greater insurance coverage and the under-provision of medical technologies and devices.
- Medical infrastructure does not cater to the market: India has 1 hospital bed per 1,000 people compared to the world median of 2.9, and India has 0.7 physicians per 1,000 people compared to the world median of 2.5.
- Weak public healthcare provision and low levels of public expenditure have resulted in a reliance on expensive private care.
- India has substantial policy ambitions to significantly improve its health sector. India's National Health Policy 2017 articulates some of these ambitions out to 2025, including expanding public expenditure by the federal government and states, doubling the use of public facilities, aligning its standards with key international partners and attracting greater private investment.
- The National Health Protection Scheme is a bold step, which if fully implemented, could become the largest government health insurance program in the world in terms of the number of households covered.



OPPORTUNITIES FOR PARTNERSHIP

By 2035, the Strategy envisions Australia capturing a greater share of Indian health commodity imports, including value-added commodities such as medical devices and complementary medicines, and the co-development of these products. There is also potential for more services exports such as medical tourism, hospital management and training, joint research and development and regulatory alignment.

Globally, significant resources are focused on India's communicable disease burden. Australia can focus

on the gap: working with India to combat NCDs and to develop health delivery systems, medical devices, complementary medicines and value chain integration.

India's medical device market is growing at 15 per cent annually and 77 per cent is imported. India is likely to be the second largest source of global growth in the nutraceutical market to the 2030s, driven by rising incomes and consumer awareness.

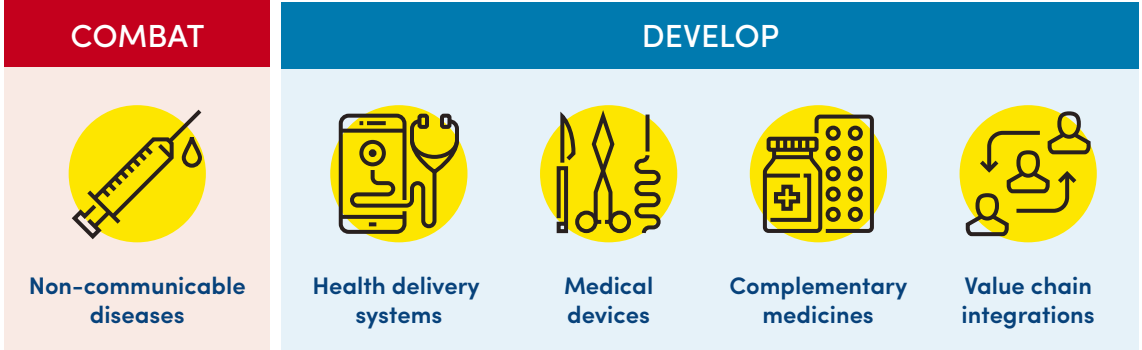
HEALTH EXPORT OPPORTUNITIES OUT TO 2035

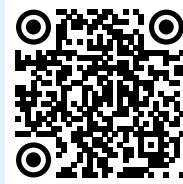
		Near term	Long term
Goods	Complementary medicines	Export to India	Export to India, potentially with manufacturing facilities in India or working in ecosystems and supply chains
	Medical devices	Export to India, including joint production for third markets	Export to India, including joint production for third markets
	Pharmaceuticals	Import generics	Co-development for Indian manufacturing
Services	Digital Health	Consultancy services as India establishes its digital health system	Providing commercial services – including telehealth in rural communities
	Hospital Management	Business Process Outsourcing	As operators/advisors Hospital partnerships
	Training and Skill Development	Delivering training	Recognition of qualifications and accreditations
	Medical Tourism	In both directions, but particularly to India	In both directions, but particularly to India in hospitals with Australian affiliation
	Research and development or clinical trials	Research partners in clinical trials Bring trials from India	Mature joint clinical trial systems
	India as a source of skilled labour	India is the largest foreign source of qualified medical practitioners in Australia (6 per cent) ⁹⁰	India remains a major source of workers in Australia's healthcare sector

CONSTRAINTS AND CHALLENGES

- While many of Australia's strengths align with India's priorities in health, we will be a niche provider. The Indian health system is price-sensitive and Australia is a high-value, low-volume supplier.
- Some of the segments of the Indian health market are seeing an increased willingness to pay for better services, but in most instances cost remains a primary driver. The market for expensive equipment is relatively small.
- Spending on health in India is only 4 per cent of GDP (sum of public and private spending) while the global average is 9.9 per cent. This percentage has remained more or less constant for a decade.
- India's health sector is poorly regulated and culturally different from the Australian sector. The regulatory frameworks for complementary medicines and medical devices are still developing. Intellectual Property protection can also be weak.
- India tends to have a stronger focus on curative than preventative healthcare. Many hospital data systems and records management are of a lower quality. A shift to electronic medical records has not yet been matched with a comprehensive legal framework on data collection and use.

AUSTRALIA: WORKING WITH INDIA TO CLOSE THE GAP IN HEALTH CARE





WHERE TO FOCUS

Australia should focus on states with demonstrated commitment to improve their health outcomes and the frameworks to use their funds effectively.

ANDHRA PRADESH

- State budget expenditure on health: 4.7 per cent
- Proportion of disease burden:
 - Communicable, maternal and nutritional diseases (CMND): 27 per cent
 - NCD: 60 per cent
 - Injuries: 13 per cent

Andhra Pradesh has medical device zones to support domestic manufacturing, offering commercial facilities and strategic support to healthcare manufacturing.

MAHARASHTRA

- State budget expenditure on health: 3.9 per cent
- Proportion of disease burden:
 - CMND: 25 per cent
 - NCD: 63 per cent
 - Injuries: 12 per cent

Maharashtra runs the highest number of clinical trials (16 per cent) in India and produces the most clinical research.

KARNATAKA

- State budget expenditure on health: 4.1 per cent
- Proportion of disease burden:
 - CMND: 25 per cent
 - NCD: 62 per cent
 - Injuries: 13 per cent

Karnataka has a relatively advanced health sector and is home to public sector enterprises in health and pharmaceuticals. Karnataka's

innovation ecosystem supports startups in biotech and healthcare.

KERALA

- State budget expenditure on health: 5.1 per cent
- Proportion of disease burden:
 - CMND: 14 per cent
 - NCD: 74 per cent
 - Injuries: 12 per cent

Kerala is developing medical device manufacturing zones (including a possible industrial park). Kerala has a growing demand for aged care and is a source of healthcare workers.

TAMIL NADU

- State budget expenditure on health: 4.5 per cent
- Proportion of disease burden:
 - CMND: 20 per cent
 - NCD: 65 per cent
 - Injuries: 14 per cent

With medical device zones to support domestic manufacturing, Tamil Nadu has some of the best health indicators in India and a universal healthcare system.

TELANGANA

- State budget expenditure on health: 4.8 per cent
- Proportion of disease burden:
 - CMND: 28 per cent
 - NCD: 59 per cent
 - Injuries: 13 per cent

Telangana has a large number of private healthcare organisations and India's largest pharmaceutical cluster.

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SECTOR REPORT**



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