



## MEDICAL TOURISM AND ITS IMPACT ON INDIAN ECONOMY: ISSUES AND CHALLENGES

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### ABSTRACT

Tourism is the business or industry that provides information, accommodations, transportation, and other services to tourists. It also refers to travel for recreational, vacation, medical or business reasons. Tourism is one of the world's fastest growing industries as income is generated by the spending of goods and services required by tourists. The tourism industry is therefore very important to the well being of many countries. Medical Tourism involves people who travel to different places to receive treatment for a disease, health condition, or a surgical procedure, and who are seeking lower cost of healthcare and higher quality of care. India is in an advantageous position to tap the global opportunities in the Medical and Wellness tourism sector. The government's role is crucial to the development of the emerging medical and wellness tourism industry as it is facing stiff competition in the global market. Price advantage is a major selling point and from a commercial platform this industry needs to be explored. The biggest challenge is to position India as a favorable healthcare destination by setting high health standards and work in association with the government and the medical council. The geographic conditions and the increase in the quality health care services are all conducive to boost the medical tourism facilities in India. The Government of Karnataka should take up the initiatives put forth by the Indian government and encourage public private partnership in order to be amongst the most favourable health destinations in India and globally.

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### INTRODUCTION

Tourism is the business or industry that provides information, accommodations, transportation, and other services to tourists. It also refers to travel for recreational, vacation, medical or business reasons. Tourism is one of the world's fastest growing industries as income is generated by the spending of goods and services required by tourists. The tourism industry is therefore very important to the well being of many countries. Medical Tourism involves people who travel to different places to receive treatment for a disease, health condition, or a surgical procedure, and who are seeking lower cost of healthcare and higher quality of care. Favorite procedures in medical tourism include Cardiology, Cardiothoracic, Cosmetic Surgery, Plastic and Reconstructive Surgery, Weight Loss, Neuron, Eye, Orthopedic Surgery, as well as Organ Transplants (kidney).

Medical Tourism services include medical facilitation, travel arrangements, accommodation, transportation and tour packages. Medical tourism can be defined as provision of 'cost effective' personal health care/ private medical care in association with the tourism industry for patients needing surgical healthcare and other forms of dedicated & specialized treatment. Medical tourism is an emerging concept. Governments all over the globe are highly concerned about their ability to meet their social obligations in the health sector. They are highlighting it as 'International standard healthcare services at affordable prices.

### Review of Literature

The minister for tourism of the state has at various times mentioned the government's intention of promoting medical tourism in the state (Hindu, 2008a; Hindu, 2009b). Karnataka announced its tourism policy for 2009-2015, in which medical tourism is one of the streams that will be promoted, along with adventure tourism, heli-tourism, and cruise tourism (Hindu,

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2008a; DNA, 2009). Confederation of Indian Industry reported that 150,000 medical tourists came to India in 2005, based on feedback from the organization's member hospitals. The number grew to 200,000 by 2008. A separate study by ASSOCHAM reported that the year 2011 saw 850,000 medical tourists in India and projected that by 2015 this number would rise to 3,200,000. Camilla Parker Bowles, the Duchess of Cornwall and wife of Prince Charles, arriving in Bangalore to undergo a weeklong stay at a wellness center, was seen as a boost to the medical tourism industry in Bangalore (Hindu, 2010c).

### Origin and history of medical tourism in India

India is the epicenter of Asian culture, spiritual and medical progress. Not only is India one of the world's oldest medical tourism destinations, but it has now become one of the world's most favourite and popular destinations for medical activities. Ever since yoga's birth more than 5,000 years ago, India has enjoyed a constant influx of medical travelers and spiritual students hoping to master and benefit from this most fundamental and revered branch of alternative medicine.' Medical treatment in India can be in the form of AYUSH – ayurveda, yoga, unani, siddha and homoeopathy.

to the recent development in the quality health care and medical facilities.

### Objectives

1. To analyse the reasons for the increasing demand for medical treatment in India by foreigners.
2. To examine the challenges faced by medical tourism in India.
3. To study the role of the Government of Karnataka to promote medical and Wellness tourism.
4. To suggest measures to improve medical and wellness tourism in India and Karnataka.

### MATERIALS AND METHODS

Secondary Data —Data supplied by a marketing organization, Annual hospital reports, Government Reports – AIIMS - Paper-based sources, Electronic sources, Official or government sources, Unofficial or general business sources.

### Scope and Overview of medical tourism industry in India:

A recent CII-McKinsey study on Indian healthcare says medical tourism alone can contribute Rs 5,000- Rs 10,000 crore (Rs. 50-100 billion) additional revenue for tertiary

**Table 1. Cost Comparison of Selected Surgeries: (in \$)**

Treatment Cost Comparison							
Procedures	US (\$)	Costa Rica (\$)	India (\$)	Korea (\$)	Mexico (\$)	Thailand (\$)	Malaysia (\$)
Heart Bypass	\$144,000	\$25,000	\$5,200	\$28,900	\$27,000	\$15,121	\$11,430
Angioplasty	\$57,000	\$13,000	\$3,300	\$15,200	\$12,500	\$3,788	\$5,430
Heart Valve Replacement	\$170,000	\$30,000	\$5,500	\$43,500	\$18,000	\$21,212	\$10,580
Hip Replacement	\$50,000	\$12,500	\$7,000	\$14,120	\$13,000	\$7,879	\$7,500
Hip Resurfacing	\$50,000	\$12,500	\$7,000	\$15,600	\$15,000	\$15,152	\$12,350
Knee Replacement	\$50,000	\$11,500	\$6,200	\$19,800	\$12,000	\$12,297	\$7,000
Spinal Fusion	\$100,000	\$11,500	\$6,500	\$15,400	\$12,000	\$9,091	\$6,000
Dental Implant	\$2,800	\$900	\$1,000	\$4,200	\$1,800	\$3,636	\$345
Lap Band	\$30,000	\$8,500	\$3,000	N/A	\$6,500	\$11,515	N/A
Breast Implants	\$10,000	\$3,800	\$3,500	\$12,500	\$3,500	\$2,727	N/A
Rhinoplasty	\$8,000	\$4,500	\$4,000	\$5,000	\$3,500	\$3,901	\$1,293
Face Lift	\$15,000	\$6,000	\$4,000	\$15,300	\$4,900	\$3,697	\$3,440
Hysterectomy	\$15,000	\$5,700	\$2,500	\$11,000	\$5,800	\$2,727	\$5,250
Gastric Sleeve	\$28,700	\$10,500	\$5,000	N/A	\$9,995	\$13,636	N/A
Gastric Bypass	\$32,972	\$12,500	\$5,000	N/A	\$10,950	\$16,667	\$9,450
Liposuction	\$9,000	\$3,900	\$2,800	N/A	\$2,800	\$2,303	\$2,299
Tummy Tuck	\$9,750	\$5,300	\$3,000	N/A	\$4,025	\$5,000	N/A
Lasik (both eyes)	\$4,400	\$1,800	\$500	\$6,000	\$1,995	\$1,818	\$477
Cornea (both eyes)	N/A	\$4,200	N/A	\$7,000	N/A	\$1,800	N/A
Retina	N/A	\$4,500	\$850	\$10,200	\$3,500	\$4,242	\$3,000
IVF Treatment	N/A	\$2,800	\$3,250	\$2,180	\$3,950	\$9,091	\$3,819

Sources: All India Medical Report by AIMS New Delhi 2013-2014

It is like rejuvenation and cleans up process on all levels - physical, mental and emotional. Medical or Health treatment package tourism is a recurrent form of vacationing, and covers a broad range of medical services. It mingles free time, leisure, fun relaxation, amusement and recreation together with wellness and healthcare packages. At the same time tourists are able to receive an orientation that will help them to improve their life in terms of their health and general well being. Medical or health tourism is among the fastest growing industries in the world. The major forces driving growth of this emerging industry include the rising cost of healthcare and limiting scope. India the glorious country has found yet another way to contribute to the world through quality health care. Now is the time when it is giving its best through quality health care and medical tourism facilities. Increasing pressure on the medical facilities and the hike in the purchasing capacity of the Indians and the foreigners visiting India has led

hospitals by 2012, and will account for 3-5% of the total healthcare delivery market. The trend of medical tourism is catching up in the country and this is a huge untapped market waiting to be explored. The Indian healthcare market is Rs. 15 billion and growing at over 30% every year. Indian private hospitals are increasingly finding a mention in the travel itineraries of foreigners. If industry estimates are to be believed, the size of the medical tourism industry stands at Rs 1,200 – Rs 1,500 crore (Rs. 12-15 billion), not just for therapeutic medical tourism like ayurveda, but also for curative treatment. India can lead the world in medical and health tourism since we have a tremendous advantage with a large pool of skilled manpower and technological edge. The medical tourism market in India is growing at a compounded annual growth rate of 27 per cent over the last three years, according to a joint report by consultancy firm KPMG and industry body FICCI. The report says inflow of medical tourists is expected to cross 320 million by 2015 compared

with 85 million in 2012. In the current economic climate, this industry offers India great opportunities facilitated by measures such as the National Health Policy of 2002 for strengthening medical tourism in India and Market Development Assistance scheme to incentivize the participating hospitals. The Indian medical tourism industry is expected to reach \$6 billion (around Rs.36,000 crore) by 2018, with the number of people arriving in the country for medical treatment set to double over the next four years, a report by industry lobby Punjab Haryana Delhi (PHD) Chamber of Commerce and Industry. Currently, the size of the medical tourism industry in India in value terms is estimated at a little over \$3 billion, with tourist arrivals estimated at 230,000. The report projected the segment to grow at a compounded annual growth rate (CAGR) of 20% between 2014 and 2018. The above table gives a view of few surgeries and the corresponding cost incurred by a patient in different countries. A major heart bypass surgery costs \$144,000 in the United States of America while it costs \$11,430 in Malaysia. In the global market and in the East Asian countries India is providing the same surgery at a cost of \$5,200 only. Similar surgeries are cheaper in India as compared to the Western countries.

**Medical tourism in Karnataka:** Karnataka, a 'Mini Incredible India' is the country's fourth most popular tourist destination. It is one of India's fastest-growing States, with vast and diversified economic activities. Apart from globally recognised as the Silicon Valley of India – Bangalore – the State has emerged as important destination for not only Information Technology, but also for the emerging medical tourism industry. Recently Karnataka has emerged as a hot spot for health care tourism. Karnataka has the highest number of approved health systems and alternative therapies in India. Along with some ISO certified government-owned hospitals, private institutions which provide international-quality services have caused the health care industry to grow by 30% during 2004-05. Hospitals in Karnataka treat around 8,000 health tourists every year.

#### **Karnataka Tourism policy 2014-19 - Health Care Tourism:**

The potential for Karnataka as a quality health care destination would be unleashed and initiatives for attracting tourists from outside the state and country for availing benefits of advanced medical treatment facilities will be encouraged. Bangalore and Mangalore will be promoted as health care tourism clusters, and private sector participation in development activities will be encouraged.

**Findings of the study:** The main reasons for the growing popularity and increasing demand for medical tourism in India are:

**Life style surgeries;** Lifestyle surgeries and costs were the factors driving the Americans to travel abroad. Americans born between 1946 and 1964 – in the senior age group are increasingly going in for facelifts, dental treatment, botox treatments, tummy tucks, et al. And since, cosmetic surgery is not covered by medical insurance. Many Americans prefer to travel abroad.

**Waiting time:** The patients have to wait for nearly 9–15 months in the developed countries for medical treatment. Private medical facilities are available in the UK, but they are prohibitively expensive and also relatively fewer in number.

At least 40% of the people requiring inpatient care needed to wait over three months for their turn to come. Hip replacement and eye care had longest waiting periods. Many thousands of British patients take the initiative to seek their own treatment abroad without waiting for the NHS to sort out its problems

- The citizens of oil rich nations flying to India to seek medical facilities that are either unavailable or in short supply in their own countries. An agency in Saudi Arabia estimated that every year more than 500,000 people from the Middle East travel seeking medical treatment for everything from open-heart surgery to infertility treatments.
- They are from the least developed countries and countries with generally poor infrastructure, who seek treatment facilities at some neighboring country with better infrastructure. Last year, it was estimated that at least 50,000 people from Bangladesh and Nepal came for medical treatment to India.
- With ayurveda becoming increasingly popular across the globe, this ancient Indian therapy can be used as a non-surgical treatment for various ailments along with medication and yoga. This will give help of Indianism to the Indian healthcare tourism offerings.
- The slogan, "First World treatment at Third World prices". World-class treatment at competitive price is available in India, complicated surgical procedures are being done at one-tenth of the cost as compared to the procedures in the developed countries.
- The international air fares are affordable at favorable exchange rates.
- The social media and the internet, with the development of communications, new companies have emerged as middlemen between international patients and hospital networks, giving patients easy access to information, prices and option.
- Diagnostics centers with the state of art technology and the medical education system also caters to the ever increasing demand. Indian medical education turns around 30,000 doctors and nurses every year adding to the existing pool of over 14 lakh doctors and nurses. About a dozen corporate hospitals provide world class treatments across all specialties. Availability of over 15,000 hospitals and 870,000 hospital beds provides adequate infrastructure support to the healthcare tourists.
- Seeing the huge potential in the sector, the government has also started issuing M (medical) visa to the medical patients, and MX visas to the spouse accompanying him, which are valid for a year.

#### **Challenges before Indian medical tourism**

1. The government has not taken a strong stand or initiative to promote medical tourism.
2. The various players in the industry- hospitals, air line operators, transport services, hospitality industry and the government – are not having proper coordination in their activities.
3. "Swatcha Bharath" is still a far dream and foreigners are averse to the unhygienic environment.
4. Hospitals are not being regulated by a common authority under uniform rules.
5. Lack of uniform pricing policies across hospitals.

6. International competition from Asian countries like Thailand, Malaysia, and Singapore at competitive prices and facilities is a challenge for Indian medical tourism.
7. International accreditation – ISO – standards are not being followed by the various players in the industry.
8. Patients receiving treatment in India have to undergo various formalities to ensure insurance facilities.
9. Under-investment in health infrastructure.
10. Lack of basic infrastructural facilities like power supply and water supply.

### Present status of medical tourism in Karnataka

Karnataka is one of the most preferred destinations in the country with its salubrious climate, good connectivity, large English speaking and educated medical staff and super-speciality hospitals – all creating the perfect combination to provide excellent advanced medical care. In 2005-06, about 1 million foreign tourists came to Karnataka for medical reasons and since then the trend has been upward, in line with the growing arrivals in the country. Patients come from Sri Lanka, Bangladesh, Tanzania, Mauritius, Nepal, Pakistan, Dubai and other Middle East and SAARC countries, while there is an increasing trend of patients from North America and European countries as well. The government of Karnataka has ambitious plans to make Karnataka the top health tourism destination not only in India but internationally. Hospitals in Karnataka treat around 12,000 health tourists every year.

**Measures taken by the Government of Karnataka to promote Medical and Wellness tourism industry:** The main features of Karnataka Government's Tourism Policy 2009-14 to promote Medical and Wellness tourism industry are as follows:

- Karnataka will be positioned and promoted as India's premier Health and Wellness destination.
- A virtual Healthcare and Wellness City will be developed in the form of a grid that links all major existing facilities with international standards. The proposed Health City will be integrated into the grid and the major facilities will be interlinked through high speed transit systems.
- Karnataka's potential in traditional systems of wellness and medicines like Ayurveda, Unani, Siddha and Yoga will be leveraged and the State will be projected as a unique destination for spiritual healing.
- Accreditation guidelines will be issued in consultation with the National Board of Hospitals and Ayush and certification will be done with two or three levels of classifications. Only certified centres will be eligible for incentives that are available for tourism projects.

The Government proposes to promote Mangalore, Bangalore, Mysore and Hubli-Dharwad regions as Healthcare Tourism clusters. Karnataka attracts foreign tourists in large numbers throughout the year and many of the medical facilities are providing treatment on par with international standards. The team of qualified doctors, paramedics, low treatment costs, and tourism attractions has opened up a sea of opportunities for the foreign travellers. In order to take advantage of this potential, the Department of Tourism (DoT), GoK intends to promote health care tourism with focus on world-class quality of medical services and support facilities, targeting foreign markets.

- DoT has earmarked various incentives to promote the health-care tourism in the State of Karnataka. Incentives would be provided for services across the healthcare tourism chain such as Tour and Transportation services, Hospital Facilities including medical equipments, accommodation such as hotels, resorts, homestays, etc.
- Six district hospitals in Mandya, Hubli, Belgaum, Chitradurga, Kolar and Bangalore under the State Government's medical tourism scheme also provide quality care for tourists to Karnataka.
- Bangalore will soon boast of a dedicated medical hub for tourists and domestic hi-fliers. The State Government is planning to develop the hub near the Bengaluru International Airport (BIA) in Devanahalli, as part of its initiative to make the city one of the preferred destinations for medical tourism in the world.
- The Karnataka State Tourism Development Corporation (KSTDC) will develop the hub, as per its 10-year tourism master plan, in coordination with city-based private hospitals, and Ayurvedic and naturopathy centres. The hub would be come up on 300 acres of land, a senior official of the KSTDC said. "The government is acquiring 12,000 acres of land to develop the area near the airport, and the medical hub will occupy 300 acres of this land," he said.
- Bangalore has the distinction of having the highest number of systems of medicine approved by the World Health Organization in a single city. Wellness tourism India is known the world over for its traditional systems of healing through holistic approach and southern States lead with their tradition of alternative therapies. Karnataka has practioners well versed in systems like Siddha, Yoga, Unani etc. In the hands of experienced practitioners, these treatments also come with a guaranteed feature – the total absence of side effects of any kind. Treatments range from stress management and rejuvenative therapies to full-fledged programmes to deal with a number of ailments – from asthma and hypertension to diabetes management.

### Suggestions for Improving Indian Medical and Wellness Tourism industry:

- Building Brand India by creating attractive and quality services and giving value for money
- The Government of India must be proactive and act as a regulator to institute a uniform grading and accreditation system for hospitals to build consumers' trust.
- Private investment in medical infrastructure and policy-making for improving medical tourism should be encouraged by the government.
- Conducive fiscal policies - low interest rate loans, reducing import/excise duty for medical equipment, clearances and certifications like medical registration number, anti-pollution certificate etc.
- A simplified system of getting medical visas should be developed in order to make travel across borders smoother. The process of obtaining medical visa, the subsequent registration and visa extension procedures are complicated and time consuming.
- Holistic approach with medical accreditation involving yoga and meditation, naturopathy, herbal medicine, acupuncture and homeopathy should be encouraged.

- It is essential to form an apex body to regulate various players in the medical market.
- The government should set up a portal on medical tourism to share information and enable online transactions.

### **Conclusion**

India is in an advantageous position to tap the global opportunities in the Medical and Wellness tourism sector. The government's role is crucial to the development of the emerging medical and wellness tourism industry as it is facing stiff competition in the global market. Price advantage is a major selling point and from a commercial platform this industry needs to be explored. The biggest challenge is to position India as a favorable healthcare destination by setting high health standards and work in association with the government and the medical council. The geographic conditions and the increase in the quality health care services are all conducive to boost the medical tourism facilities in India.

The Government of Karnataka should take up the initiatives put forth by the Indian government and encourage public private partnership in order to be amongst the most favorable health destinations in India and globally.

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