

Modi's third term: what does it mean for India's healthcare sector?

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India's Lok Sabha Elections 2024, conducted between April 19 and June 1, have concluded, with results announced on June 4, 2024. The NDA-led alliance emerged victorious, with Prime Minister Narendra Modi eyeing a third term.

While healthcare was a significant concern for voters, it received limited attention during campaigning, though it was addressed in some key political speeches.

HBI previously reported on the country's falling government healthcare expenditure.

As analysed by The Lancet, a medical journal, government spending on health remains alarmingly low, hovering around a mere 1.2% of gross domestic product, while out-of-pocket expenditure on healthcare remains disproportionately high.

The Interim Union Budget 2024-25 presented in February 2024 seemed to overlook healthcare. This is despite the National Health Policy's ambitious goal of increasing health expenditure to 2.5% of GDP by 2025. The allocated budget of ₹997.25 billion falls significantly short of this target, especially considering the projected GDP for 2024-25.

Talking to HBI, Anshuman Thakur, a Doctoral Research Fellow at MAHE's Department of Health Information Management in Manipal, suggested that the healthcare industry in India could undergo significant changes with the BJP securing 240 seats and establishing alliances with political parties JDU, LJP, TDP, and Shiv Sena. He indicated that this political landscape might lead to a notable rise in healthcare expenditure under the new government.

"The government might also revamp the national health policy to better align with the global average of public health expenditure, which is around 10% of GDP. Given that countries like Afghanistan, Bhutan, and Nepal spend more on healthcare than India, there is a pressing need to increase India's healthcare budget."

New alliance might boost entry of for-profit companies into India's healthcare sector

Thakur notes that the BJP's manifesto advocates for the engagement of private entities in healthcare through initiatives like public-private partnerships, which could result in heightened involvement of for-profit companies, particularly in health diagnostics, secondary care clinics, and the health insurance sector.

"These anticipated shifts are in line with the objectives and principles outlined in the National Health Policy 2017, which aims to enhance health outcomes through increased investments, stronger public-private partnerships, and improved healthcare services nationwide."

The National Health Policy 2017 underscores the significance of strategically procuring services from private providers to address gaps in public health facilities. The alliance's emphasis on enhancing healthcare infrastructure and fostering investment-friendly policies potentially sets the stage for greater participation by for-profit private entities.

Dinesh Madhavan, President of Group Oncology and International at Apollo Hospitals Enterprises Ltd, believes that the alliance will present promising opportunities for the growth of private cancer care companies within the healthcare and cancer care sector.

"In India, we are already witnessing significant advancements through strategic partnerships and technological innovations. Our collaborations with various countries encompass training, education, PPP models, joint clinical research, and project planning, underscoring our dedication to delivering world-class cancer care globally, which could serve as a blueprint for similar initiatives."

India continues to experience an expansion in private investments in healthcare. The newfound political stability and favourable policy framework are poised to foster an environment conducive to increased investment.

India's medical tourism sector has experienced significant expansion in recent years, with foreign tourist numbers increasing from 183,000 in 2020 to 304,000 in 2021. An HFS study predicts the medical tourism market will grow at a CAGR exceeding 20% from 2023 to 2027, expanding from its current value of €5.52 billion to over €32 billion.

Remarking that this growth is expected to continue, driven by global engagement and local innovation initiatives, such as those demonstrated by Apollo Cancer Centers' partnerships, Madhavan said, "The Indian government has also been proactive in encouraging private investments through public-private partnerships and favourable regulations, which, combined with Apollo Cancer Centers' initiatives, will significantly propel the expansion of private healthcare investments post-elections."

The oncology sector poised for growth

Discussing the potential impact of the 2024 election results on India's oncology market, Madhavan suggests that the outcomes could significantly shape the country's cancer care sector through policy reforms and increased investment.

"Historically, governmental policies have been instrumental in shaping healthcare infrastructure. The new leadership should prioritise healthcare reforms, particularly in critical areas such as cancer care, by enhancing focus on screening, early diagnosis, and the adoption of indigenous technologies like linear accelerators, PET-CT, mammography, and advanced therapies such as CAR-T cell therapy and nanotherapy, which have demonstrated promising potential in recent research."

Madavan also anticipates a significant increase in healthcare expenditure, particularly in cancer care. "The growing cancer burden in India, accounting for over 5% of the national disease burden, necessitates substantial investment in both infrastructure and technology to enhance accessibility and affordability. As cancer care increasingly relies on advanced diagnostics and personalised treatment plans, expenditure is expected to rise to meet these technological demands."

However, it's premature to make definitive predictions, as Sandhya Venkateswaran, Senior Fellow at the Centre for Social and Economic Progress, a Delhi-based public policy think tank, concurs.

"It is too soon to interrogate the impact of the new regime on the broader health policy. The next few days should give us a sense of the role played by the alliance partners, and the distribution of ministries. As we know, health didn't really get a lot of attention in the election campaigns."

We would welcome your thoughts on this story. Email your views to Rakshitha Narasimhan or call 0207 183 3779.