

Niti Aayog outlines investment opportunities in India's healthcare sector

By TIOL News Service

NEW DELHI, MAR 30, 2021 GOVERNMENT think tank Niti Aayog on Tuesday released a report outlining the range of investment opportunities in various segments of India's healthcare sector, including hospitals, medical devices and equipment, health insurance, telemedicine, home healthcare and medical value travel.

India's healthcare industry has been growing at a Compound Annual Growth Rate (CAGR) of around 22 per cent since 2016, employing 4.7 million people directly. At this rate, it is expected to reach USD 372 billion in 2022 and add 2.7 million jobs.

"Healthcare has become one of the largest sectors of the Indian economy, in terms of both revenue and employment," said Niti Aayog's CEO Mr Amitabh Kant.

Several factors are driving the growth of the sector, including an aging population, a growing middle class, the rising proportion of lifestyle diseases, an increased emphasis on public-private partnerships as well as accelerated adoption of digital technologies, besides heightened interest and increased Foreign Direct Investment (FDI) inflows.

"The COVID-19 pandemic has not only presented challenges but also several opportunities for India to grow. All these factors, together make India's healthcare industry ripe for investment," Mr Kant said.

The report provides an overview of India's healthcare sector, including insights about its employment generation potential, the prevailing business and investment climate as well as the overarching policy landscape.

In the hospital segment, the expansion of private players to Tier-2 and Tier-3 locations, beyond metropolitan cities, offers an attractive investment opportunity. According to Invest India's Investment Grid, there are nearly 600 investment opportunities worth USD 32 billion (Rs 2.3 lakh crore) in the country's hospital and medical infrastructure sub-sector.

With respect to pharmaceuticals, India can boost domestic manufacturing, supported by the government's Production Linked Incentive (PLI) scheme alongside offering investment avenues in segments like contract manufacturing and research, over-the-counter drugs and vaccines. Further, between 2018 and 2024, patents worth USD 251 billion are expected to expire globally, presenting a lucrative opportunity for the country's pharmaceutical sector, including the patent market

In the medical devices and equipment segment, expansion of diagnostic and pathology centres as well as miniaturised diagnostics have high potential for growth. Further, medical value travel, especially wellness tourism, has bright prospects, given India's inherent strengths in alternative systems of medicine.

Technology advancements such as Artificial Intelligence (AI), wearables and other mobile technologies, along with Internet of Things (IoT), also offer numerous avenues for investment.