

Impact of Recession on Medical/Health Tourism in India - A Blessing in Disguise?

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Abstract. Amidst the gloom enveloping the tourism sector, a positive development emerging is medical tourism. Many say that the recession in the US will turn out to be a boon in disguise for the sector. According to figures released by audit and consulting major Deloitte, the year 2007 saw about 450,000 patients from abroad visit India for medical treatment. Medical tourism is said to be the second most popular industry now-a-days. The increase in the number of medical tourists each year denotes that the medical tourism industry will soon be on the boom. This paper is both descriptive and analytical in nature and it is completely depends on secondary data. The main objective of the paper is to highlight the importance of tourism in general and medical tourism in particular to a country like India which has a very good chance to promote its tourism spots on medical grounds. Its sustainability during recession has proved it.

Keywords: recession, Medical Tourism

1. Introduction

According to World Tourism Organization (WTO), the word “Tourism” comprises of “the activities of persons traveling to and staying in place outside their usual environment for leisure, business and other purposes.” Considering the above definition, the following can be observed: When a person travels across the border and outside their usual environment, to seek medical service, the travel portion of the trip travel is called “medical travel”, and upon arrival, such person is called “medical tourist”, and such activities which includes utilization of medical services by the medical tourist, be it direct or indirect - hospitality, cultural exposure or site-seeing, is called “Medical Tourism”.

According to Nakul Jain , Medical Tourism is a concept where a patient travels to another country for medical treatment in order to save costs, or get treatment faster or even to avail of better medical facilities. Most patients from countries like USA and UK travel to developing countries such as India for treatment because India offers some of the cheapest pricing options of treatment, offers a good holiday, there are no waiting lists or queues to stand in, the doctors are comparable to anyone in the world and finally, language does not pose a problem as most people speak English.

The costs of most surgical procedures in India are around one quarter to one fifth of those in the US. Hearts bypass surgery in the US costs anywhere between \$75,000 (Rs 34 lakh) and \$100,000 (Rs 45 lakh). In India the cost is between \$8,000 (Rs 3.50 lakh) and \$9000 (Rs 4 lakh). A liver transplant in the US cost around \$370,000 (Rs 1.66 crore). In UK, the cost would be around £115,000 (Rs 80 lakh). However, in India, a liver transplant costs only between \$38,000 and \$40,000 (Rs 17 lakh to Rs 18 lakh) for adults and between \$25,000 and \$30,000 (Rs 11 lakh to Rs 13.50 lakh) for children. Even if one includes the airfare costs of a patient plus a companion and five star accommodation costs in India, the cost of getting treated in India is still significantly lower.

2. History

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Medical tourism is actually thousands of years old. In ancient Greece, pilgrims and patients came from all over the Mediterranean to the sanctuary of the healing God, Asklepios, at Epidaurus. In Roman Britain, patients took the waters at a shrine at Bath, a practice that continued for 2,000 years. From the 18th century wealthy Europeans traveled to spas from Germany to the Nile. In the 21st century, relatively low-cost jet travel has taken the industry beyond the wealthy and desperate. Countries that actively promote medical tourism include Cuba, Costa Rica, Hungary, India, Israel, Jordan, Lithuania, Malaysia and Thailand. Belgium, Poland and Singapore are now entering the field. South Africa specializes in medical safaris-visit the country for a safari, with a stopover for plastic surgery, a nose job and a chance to see lions and elephants.



Fig : 1

3. Impact of Recession

There are four distinct characteristics of the Indian economy that so often the impact of today's conditions: demographics, regulation, exports, and the informal economy.

First, India's demographics are favorable to growth. It's a young country with low dependency ratios. Millions of Indians under the age of 30 are slowly receiving better access to healthcare and education, which enables younger Indians to drive the economy by virtue of middle class growth. They will become consumers, spend discretionary income, and enjoy the associated status. This growing middle class will continue to create large levels of domestic customer demand for goods and services.

Second, the fall of Satyam may turn out to be a blessing in disguise for India. The scandal has intensified calls in the country for greater financial transparency, corporate governance, and shareholder activism. Furthermore, the swift and strong response by the country's regulatory agencies has provided global investors with a positive signal that the Indian Government, while not perfect, is dead serious about smart financial regulations and accountability.

Third, the Indian parliament is on the verge of passing a bill that would create hundreds of Special Economic Zones (SEZs) around the coastal perimeter of the country. These zones provide the Indian Government a vehicle with which to attract significant Foreign Direct Investment (FDI) from overseas and indigenous Multi National Corporations (MNCs). The SEZs, while not without controversy, are attractive to global investors for their favorable land policies and generous tax incentives. In the global race for FDI, India's SEZs could afford it an unmatched competitive advantage among other emerging economies.

Finally, and most critically, the country's vibrant informal economy, in which goods and services have been traded in the absence of official markets for hundreds of years, affords India's overall economy an invaluable -- and unique -- layer of protection. While traditional development and financial statistics estimate Indian market segments for the global business community, these analyses rarely capture the true weight of this economic activity, which by nature is difficult to approximate.

As the global recession affects its foreign direct investment inflows and exports, India's informal economy acts as a piece of elastic, connective tissue that picks up slack in the system and provides markets for goods and services that may not have been otherwise traded given the circumstances. The existence of this informal economy combined with an emerging middle class, a growing financial regulatory environment, and the creation of more SEZs makes India uniquely situated to survive the current economic storm, no matter if it is a roaring tiger or a slowly moving elephant as put by Semil Shah.

4. The Specialty of Indian Health Care Industry that Kept it Recession Proof.

Even though there is recession there is no dearth of diseases, accidents, criminal damages to life so why should the health care industry be affected. There is a possibility that may be fewer people will now want to do a full body diagnosis but that does not count much.

It has been historically seen that rise in unemployment directly boosts the population growth. It is surveyed and confirmed that recession has reduced the number of divorce cases and has increased the fertility rate in western part of the world. Another noteworthy fact is that due to lighter wallets people tend to eat more of cheap (junk) food which takes him to the doctor eventually. A poor economic condition provides a breeding ground for criminals, so related medical cases also rise.

5. Medical Tourism India

People from world over visit India for their medical and relaxation needs. The reason India is a favorable destination is because of its infrastructure and technology in which is in par with those in USA, UK and Europe. India has some of the best hospitals and treatment centers in the world with the best facilities. Since it is also one of the most favorable tourist destinations in the world, Medication combines with tourism has come into effect, from which the concept of Medical Tourism is derived.

Medical tourism is a budding trade. The Government hopes to encourage this budding trade, medical tourism, selling foreigners the idea of traveling to India for low-cost but world-class medical treatment.

Merging medical expertise and tourism became government policy when finance minister Jaswant Singh, in his budget, called for India to become a "global health destination".

As health care costs skyrocket, patients in the developed world are looking overseas for medical treatment. India is capitalizing on its low costs and highly trained doctors to appeal to these "medical tourists." Even with airfare, the cost of going to India for surgery can be markedly cheaper, and the quality of services is often better than that found in the United States and UK. Indeed, many patients are pleased at the prospect of combining their tummy tucks with a trip to the Taj Mahal. Medical tourism is said to be the second most popular industry now-a-days. The increase in the number of medical tourists each year denotes that the medical tourism industry will soon be on the boom.

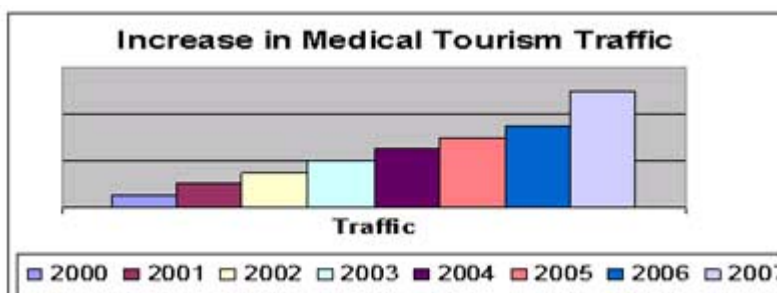


Fig : 2

In India medical treatment is not only fast but also costs a fraction of what it costs in USA or Europe. Even tele-consultancy is available for expert opinion and transmission facilities. Some of the states have already established themselves as destinations for health care and medical tourism. The growing need is for high level specialised treatments like transplantation of vital organs, cancer treatment, neuro-surgery, cardiac surgery and many more.

As per the new market research Report(sep 2009) “Booming Medical Tourism in India”, India’s share in the global medical tourism industry will climb to around 2.4% by the end of 2012. Moreover, the medical tourism is expected to generate revenue of US\$ 2.4 Billion by 2012, growing at a CAGR of over 27% during 2009–2012. The number of medical tourists is anticipated to grow at a CAGR of over 19% in the forecast period to reach 1.1 Million by 2012. In a Paper brought out by the ASSOCHAM on ‘Opportunity for Ayurvedic & Medical Tourism during CWG, it has been predicted that ayurvedic industry would alone earn a business of Rs. 500 crore and revenues prospects for medical tourism are predicted for estimated amount of Rs. 300 crore. The job opportunities that would arise for professionals of these two promising industries are projected for 40,000 people.

So, regardless of the overall gloom, medical tourism in India is on the upswing despite the recession in the West. But to expect that this could offset the fall in overall tourist arrivals would be overly optimistic, since the overall number of medical tourists is still relatively small. But for those into this niche, the slowdown may just put them on the fast track.

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