Recent Trends in Medical Tourism in India

KEYWORDS

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Introduction

The business of medical travel is promising. More than 130 countries around the world are competing for a pie of this global business. It is generally estimated that the present global medical tourism market is estimated to be approximately US$ 40 billion with an annual growth rate of 20 percent. The International Trade Commission in Geneva says that medical tourism could grow into a US$ 188 billion global business by 2013. "Medical Tourism", a term unknown until a few years ago, sounds paradoxical. Indeed, it is hard to imagine stronger polarity between two areas of social life, than that between tourism and hospitalization. Tourism, a voluntary leisure activity often perceived as a luminal reversal of everyday life (Graburn, 1977) and a time for hedonistic pleasure, free from obligations and external constraints, stands in sharp contrast to medical treatment and hospitalization. Two domains seem to be fundamentally incompatible. While tourism is associated with freedom and pleasure, hospital evokes images of constraints and sufferings. One does not visit a hospital unless one needs to. As a travel writer noted: "the dentist chair and the antiseptic smells of a hospital waiting room are synonymous with pain and a sense of helplessness. They just don't blend with travel and vacations" (Ross, 2001). However, during the last decade, the medical travel movement has accelerated sharply. The present phase of modern medical travel is characterized by an industry approach whereby uninsured and underinsured consumers from industrialized countries seek first-class quality at developing country prices, a trend commonly referred to as medical outsourcing. At the same time, the medical travel industry is increasingly grounded in tourism.

Well developed healthcare systems and advances in technology have supported medical travel among Western countries for many years. However, medical travel in Asia is relatively new, mostly emerging in the aftermath of the Asian financial crisis in 1997. With the middle-class clientele in many countries affected by the economic downturn, private hospitals were faced with a significant drop in local business. Hospitals needed to be creative in identifying alternative sources of revenue. Their first steps- into the international patient market were facilitated by their devalued currencies, providing an attractive combination of modern facilities and low prices.

Although primarily driven by the private sector, including hospitals and intermediary organizations such as specialized travel agencies utilizing competitive marketing initiatives, governments are increasingly contributing to the development of this industry in South Asia, South East and East Asia. Asia represents the most potential medical tourism market in the world. According to a recent article on Hotelmarketing.com, Asia's medical tourism industry is expected to be worth at least $4 billion by the year 2012. Currently, an estimated 1.32 million medical tourists come to Asia from all over the world, including the U.S. and Europe (actually, quite a bit of the current travel comes from within the Asian region itself) (Vequist, Valdez and Morrison, 2009). India, with its low cost advantage and emergence of several private players, represents the fastest growing Market.

Healthcare sector in India

One estimate by Pricewaterhouse Coopers projects that the Indian healthcare sector should be worth about $40 billion by 2012. Indian Government's spend on healthcare is estimated to be 8 percent of its GDP by 2010 (Department of Tourism, 2006). Medical tourism remains the most obvious reason to be aware of Indian healthcare resources. Medical tourism is a growing sector in India. In 2008 the size of the industry was around Rs. 1,500 crores. India's medical tourism sector is expected to experience an annual growth rate of 30 percent, making it a Rs. 9,500 crore industry by 2015. Estimates of the value of medical tourism to India go as high as $2 billion a year by 2012.

Indian Brand Equity Foundation (IBEF) suggests that the Indian healthcare sector is expected to become a US$ 280 billion industry by 2020 with spending on health estimated to grow 14 percent annually. Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 percent by 2012 from 5.5 percent in 2009.

Many countries have adopted a proactive approach for medical tourists and are facilitating it as a revenue generating business. The Indian government has begun. to recognise the potential of tourism to Indian economy and has begun to invest in tourism infrastructure (Diekmann, 2011).

Reasons for medical travel

There are several reasons for the increase in medical travel. First, the demographics of the developed nations are causing a significant increase in demand for health care. In Japan, the United States of America, the United Kingdom and many other European nations, the proportion of the population older than 60 years, in relation to the total population, is increasing rapidly. Similar trends are being seen in many countries across the world. At the same time, life expectancy in most countries has also increased steadily over the years; the combined result is significant strain on national health-care systems. The inability of many health-care systems to deal with the increase in demand does, in many cases, lead to compromised levels of service and decreased access through long waiting lists and high costs. This drives many individuals to seek alternatives to domestic health care.

Such alternatives can be found in the economically stratified global health-care marketplace (Turner, 2007), which offers everything from cutting-edge surgical procedures such as organ transplants to cosmetic procedures and wellness packages at a wide range of prices. As is the case in many economic sectors, outsourcing to more affordable health service provision abroad is increasing. Private health-care facilities in countries such as India, Malaysia, Philippines, Singapore and Thailand are utilizing the prevailing cost differentials, relative