

**Need for Innovative Financing Models to reshape the Indian
Healthcare: FICCI-IMS Report**
**USD 3.6 Bn worth PE/VC investment between 2006 to 2014 for single specialty
formats and co-investment;**
**USD 3.6 Bn international funding from 2006-12 for addressing communicable
challenges;**
public spending recorded the lowest at 0.8% in 2015

New Delhi, 1 September 2015: The Indian healthcare sector has emerged as one of the fast-growing service sectors in India, contributing 6-7 percent to the country's Growth Domestic Product (GDP). However, the government has kept a tight rein on healthcare expenditure, despite rapid economic growth. India spends only ~1 percent of its GDP on public health, compared to 3 percent in China and 8.3 percent in the United States.

Healthcare consumption in India is expected to increase progressively in the future, in line with economic growth. According to industry estimates, the Indian healthcare market is estimated at US\$74 bn in 2011 and is projected to reach US\$ 280 bn in 2020 growing at a CAGR of 16% for next 5 years. One among many growth drivers is India's geriatric population which is expected to increase from current 96 million to around 168 million by 2026.

The FICCI-IMS Health Knowledge Paper emphasized the importance and need for innovative financing models to re-shape India's healthcare sector. The report provides insights into the emerging areas that have attracted attention from capital providers and will serve as a reference point and a guide for investments in the sector. The Knowledge Paper titled '**Raising Capital in Healthcare – creting value, growth and access**' was released at the Inaugural Session of FICCI's Annual Flagship Healthcare Conference – The FICCI HEAL 2015, organized in New Delhi on 31st August 2015. The event, is arguably the most awaited Healthcare Conferences in the country, brought together key stakeholders in healthcare ecosystem to discuss the most pressing challenges facing India's healthcare sector.

Mr Vishal Bali, Co-Chair, FICCI Health Services Committee & Asia Head - Healthcare, TPG Growth, commented, "Healthcare inclusion is a key opportunity for economic growth in India. At 16% per annum growth rate with a huge demand supply gap the sector needs accelerated investment both by the Govt. and private sector. The interest of venture, private equity and Institutional investors in backing healthcare delivery providers and medical technology players will also give rise to an innovation led Indian healthcare delivery ecosystem".

Indian Healthcare Market Segments

Diagnostic	Pharma	Medical Insurance	Medical Devices	Service Delivery
3%	13%	4%	9%	71%

The Knowledge Paper further evaluated the investment activities that have shaped India's healthcare landscape till date and assessed the gaps that are likely to attract future investment attention.

As India's healthcare sector continues to expand, explains **Mr Amit Mookim**, Consulting Head, IMS Health South Asia, "issues such as disease prevention, improved access to primary care and the need for a higher standard of talent in the medical field come into the limelight, funding will naturally be a central concern. The future growth will be attributed by following aspects -

- Low-cost, low-asset care models
- Innovative models of care, including e-health, home care services, primary care chains and rehabilitation services that are amenable to private funding
- Infrastructure and facility upgrades to meet global standards and cater to raising Indian medical tourism market
- Skill development and training support to elevate human capital capabilities
- Health information systems and evidence generation for informed allocation of resources

Healthcare in India has struggled to cater to the domestic needs because of the deficit in infrastructure and manpower. According to WHO, India has a ratio of 7 doctors, 10 nurses and 9 beds per 10,000 people, which is much lower than the global average. We need over 6800 more hospitals to provide basic health facilities to people in rural areas. Further, less than a quarter of the population is covered under health insurance and out-of-pocket expenditure has reached ~70 per cent of health spends.

Delivery providers received nearly US\$3.6 billion worth of PE/VC investment between 2006 and 2014. Single specialty formats and co-investment continue to redefine the sector. Digital Health sector has already raised USD 6.9 million VC funds. Government funding will be largely focused towards disease prevention, improving access to primary care, improving and increasing the quality of human resource in the sector and incentivizing the private sector to invest in capacity building and improving access to care. Multi-lateral funding will play a critical role in bridging the critical gaps and enabling a better healthcare ecosystem.

About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy. A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. FICCI draws its membership from the corporate sector, both private and public,

including SMEs and MNCs; FICCI enjoys an indirect membership of over 250,000 companies from various regional chambers of commerce.

About IMS Health

IMS Health is a leading global information and technology services company providing clients in the healthcare industry with comprehensive solutions to measure and improve their performance. End-to-end proprietary applications and configurable solutions connect 10+ petabytes of complex healthcare data through the *IMS One™* cloud platform, providing comprehensive insights into diseases, treatments, costs and outcomes. Customers include pharmaceutical, consumer health and medical device manufacturers and distributors, providers, payers, government agencies, policymakers, researchers and the financial community. As a global leader in protecting individual patient privacy, IMS Health uses anonymous healthcare data to deliver critical, real-world disease and treatment insights. These insights help biotech and pharmaceutical companies, medical researchers, government agencies, payers and other healthcare stakeholders to identify unmet treatment needs and understand the effectiveness and value of pharmaceutical products in improving overall health outcomes.

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