

Competitive Advantages of Indian Medical Tourism and a Model for Development

Prof. T.Jeyarajasekar¹, Prof. K.Ravichandran²

¹Principal, College of Hospital Administration Dr.Somervell Memorial C.S.I, Medical College Karakonam, Thiruvananthapuram – 695 504

²Chair Person, School of Business Studies Professor and Head Department of Entrepreneurship Studies Madurai Kamaraj University MADURAI – 625 021

Date of Submission: 18-03-2019

Date of acceptance: 03-04-2019

I. Introduction

Medical tourism is a term initially coined by travel agencies and the mass media to describe the rapidly growing practice of traveling to another country to obtain health care. According to Mary Tabacchi, Health Tourism is any kind of travel to make oneself or a member of any family healthier. More recently the phrase "Global Healthcare" has emerged, and may replace the earlier terms. Such services typically include elective procedures as well as complex specialized surgeries such as joint replacement, cardiac surgery, dental surgery, and cosmetic surgeries. The provider and customer use informal channels of communication connection-contract, with less regulatory or legal oversight to assure quality and less formal recourse to reimbursement or redress.

Today, authors such as **Connell (2006:2)** define medical tourism as a popular mass culture “where people travel often-long distances to overseas destinations (India, Thailand, Malaysia) to obtain medical, dental and surgical care while simultaneously being holidaymakers, in a more conventional sense...”. Another recent definition is made in the report **Medical Tourism: a global analysis (2006)** where medical tourism is described as any form of travel from one’s normal place of residence to a destination at which medical or surgical treatment is provided or performed. The travel undertaken must involve more than one night away from the country of residence. The focus of this definition is on the nature of the treatment provided and the destination without making reference to the simultaneous pursuit of leisure.

MEDICAL TOURISM IN ASIA

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 step into the international patient market was facilitated by their devalued currencies, providing an attractive combination of modern facilities and low prices.

Asia represents the most potential medical tourism market in the world. Although primarily driven by the private sector, governments are increasingly contributing to the development of this industry in South Asia, South-East and East Asia. According to a recent article on Hotelmarketing.com, Asia’s medical tourism industry is expected to grow to be worth of at least \$4 billion. Currently, an estimated 1.32 million medical tourists come to Asia from all over the world, including the U.S. and Europe (Vequist, Valdez and Morrison, 2009).

MEDICAL TOURISM IN INDIA

According to Global Medical tourism Index India got fifth rank and one among the top 5 designation.

Top 5 Destinations



Source: <https://www.medicaltourismindex.com>

Figure.1. MTI Top 5 Destination

Medical Tourism is poised to be the next Indian success story after Information Technology. Medical tourism can contribute Rs 5,000-10,000 crore additional revenue for up-market tertiary hospitals by 2012 and will account for 3-5% of the total healthcare delivery market, says the Confederation of Indian Industry (CII)-McKinsey study on healthcare (2002: pp.1-2). According to a Press Trust of India news report, nearly five lakh foreign patients visited India in 2008-09 seeking less expensive treatment. Though the trend of foreigners coming to India for treatment has gained momentum only in the past five years, the country is giving tough competition to other medical destinations like Singapore, Thailand and Malaysia. While nearly 5 lakh medical tourists visited India in 2008-09, the figure for Bangkok and Phuket (Thailand) alone stands at around 6 lakh visitors. Statistics for Malaysia show that 4.25 lakh medical tourists visited the country in 2009. Horowitz and Rosenweig (2007) have identified the following countries as being medical tourism destination: China , India, Israel, Singapore, Malaysia, Philippines, United Arab Emirates, Argentina, Bolivia, Brazil, Colombia, Costa Rica , Cuba , Jamaica, Mexico, United States, Belgium, Germany, Hungary, South Africa and Australia.

The major service providers in Indian medical tourism are: the Apollo Hospitals, Escorts Hospital, Fortis Hospitals, Breach Candy, Hinduja, Mumbai’s Asian Heart Institute, Arvind Eye Hospitals, Manipal Hospitals, Mallya Hospital, Shankara Nethralaya etc. AIIMs, a public -sector hospital is also in the fray. In terms of locations – Delhi, Chennai, Bangalore and Mumbai cater to the maximum number of health tourists and are fast emerging as medical tourism hubs. It also visualizes high-end healthcare services through Indian BPO firms like Hinduja TMT, Apollo Heart Street, Comat Technologies, Datamatics and Lapiz that work in the areas of claim adjudication, billing and coding, transcriptions and form processing. One-stop centres in key international markets to facilitate patient flow and stream lining immigration for healthcare are envisaged. Nowadays medical tourism in India includes advanced and life savings health care services like open transplants, cardio vascular surgery, eye treatment , knee/hip different cosmetic surgeries and alternate’s systems of medicine. Also leisure aspect medical traveling/wellness tourism may be included on such medical travel trips. India provides a variety of medical services to overseas patients.

	Wellness tourism	Alternative systems of medicine	Cosmetic surgery	Advanced and life savings healthcare
Services offered	Spas, Stress relief, rejuvenation centres	Ayurvedics, Siddha treatment for diseases e.g. Arthritis, Rheumatism	Dental Care, Plastic Surgery , Breast enhancement, Tummy reduction , Skin Treatment	Open transplants, cardio vascular surgery, Eye treatment , Hip Replacement , In vitro fertilization
Profit Margin	Low	Low	Medium	High
Competitors	Africa		Cuba , Thailand	Jordan, Thailand and Malaysia
India’s Strength	Low –Thailand has captured a significant share of the market	High-Kerala is popular for this service	Low –South Africa and Thailand leads in plastic surgery	High-India has strong image on medical tourism

Table 1: Classification of the services spectrum of medical tourism across globe

II. Medical Tourism In India -A SWOT Analysis

Strengths

India has an inherent capacity which it can utilize for gaining strategic advantage to further strengthen its medical tourism sector,

- Indian doctors are recognized as amongst the best at international levels; skilful, qualified, share information with patients and are readily available, whenever required.
- Medical technology, equipment, facilities and infrastructure are at par with international standards India, due to its colonial legacy provides doctors and staff good at English which makes it comfortable for tourists from English speaking/ commonwealth countries.
- Because of absence of racial discrimination, customers, especially from Africa, are comfortable in India.
- Top rated education system provides an estimated 30,000 doctors and nurses each year.
- Foreigners are also attracted to Indian Systems of Medicine (ISM) and tourism. The Indian Systems of Medicine include Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy together characterized under the department of AYUSH in the union health and family welfare ministry.

Weakness

There are certain weaknesses which incapacitate the development of this medical hub. In India Quality Council of India (QCI), an organization of Government of India has set up National Accreditation Board for Hospitals and Healthcare Providers (NABH). In a NABH accredited hospital, there is strong focus on patient rights and benefits, patient safety, control and prevention of infections in hospitals and practicing good patient care protocols like special care for vulnerable groups, critically ill patients and better and controlled clinical outcome.

- As of 2011, India only had 63 NABH accredited hospitals which decreases the size of potential market especially for customers from developed countries.
- Though the Cost of treatment is less in India, other costs like accommodation may prove to be inhibitive, especially for customers from low income economies.
- Maximum in-bound medical tourist is from non-English speaking parts of the world which highlights the need for training of linguists.

Opportunities

The opportunities, if optimally developed can without doubt make the health tourism a cash cow for the Indian economy.

- Cost of medical treatment in developed western world remaining high, provides Indian medical tourism sector with a unique opportunity. Patients from third world countries, where comparable quality medical care is not available, seek treatment outside their home countries. They compare western service providers with Indian service providers and find Indian medical care cost effective.
- The medical care facilities in other South Asian countries are also not up to the mark. Patients from these countries find good quality care in neighborhood, where travel time as well as the cultural divide is less. For example, patients from Bangladesh and Myanmar are comfortable in Kolkata; those from Sri Lanka are comfortable in Chennai and Kerala; those from Pakistan and Afghanistan are comfortable in northern India; those from Maldives are comfortable in Kerala.
- African continent and Middle Eastern countries like Iran, Iraq and Oman lack good medical facilities and patients from these regions have not observed any kind of racial discrimination. India is one of closest yet cost effective and quality care destination for out-bound traffic from this region.
- Health insurance in US is largely employer driven. The new healthcare reform bill introduced. Starting in 2014, large employers must offer health coverage to every full-time employee or face penalty. Employers in US are looking for ways to decrease their employees' medical expenses providing appropriate health coverage concurrently. Employers will look for low cost care in India and other Asian countries.
- Insurance companies in western countries are offering full cover and care in home country at a higher premium payment. Insurance companies are offering packages where customers can choose a lower premium but will have to get them treated at hospitals with comparable quality outside the country, with which they have tie-ups. Indian accredited hospitals can choose to compete for a share of this segment.
- Countries that operate public health-care systems are often so taxed that it can take considerable time to get non-urgent medical care. Using Canada as an example, an estimated 782,936 Canadians spent time on medical waiting lists in 2005, waiting an average of 9.4 weeks (Fraser Institute, 2005)



Figure.2. SWOT Analysis of Indian Medical Tourism

Threats

The potential risks which can cause damage to the health tourism industry come from the following arenas

- Thailand, Singapore, Malaysia, India and Philippines are the major destinations in the Asian medical tourism market. Thailand is more popular among Western European medical tourists for cosmetic surgery. Singapore and India specialize in complex procedures with India having a cost advantage and Singapore a technology advantage. Foremost threat to the sector is from competition from neighboring countries especially Thailand and Singapore. While medical tourists visiting Thailand are primarily interested in combining their vacation with some medical procedure (Nuttapong Jotikasthira2010), India is receiving “mere patients” who are less interested in leisure.
- Increased proportion of tourists from non-English speaking countries, lack of infrastructure and visa problems are another segment proving to be a challenge to progress of India medical tourism.
- With the intention of making things smoother, the government introduced a medical visa (M visa), which was faster and easier to get. A clause was added - "Foreigners coming on M visa will be required to get themselves registered mandatorily well within the period of 14 days of arrival with the concerned Foreigners Regional Registration Office." The end result: even patients who have to be carried into India on stretchers are coming on tourist visas. Also cost of Medical visa is inhibitive. It is almost twice the cost of tourist visa. It is not available in some countries from where India receives patients. Extension of visa takes time. A minimum two months cooling is required for reentry on a medical visa which is restricted to three entries a year. For example, if a patient arrived for consultation, s/he must wait for at least two months to come back to India.

MODEL FOR DEVELOPMENT OF MEDICAL TOURISM IN INDIA

In India, Ministry of Tourism, Government of India is responsible for promotion of India as an International tourist destination, development of tourism infrastructure & facilities in the country and performing regulatory functions in the field of tourism. For the aforesaid purposes the researcher suggests the following model to the Ministry of Tourism, Government of India encompassing the below mentioned models:

1. Competitive Model
2. Marketing Model
3. Sustainable Model

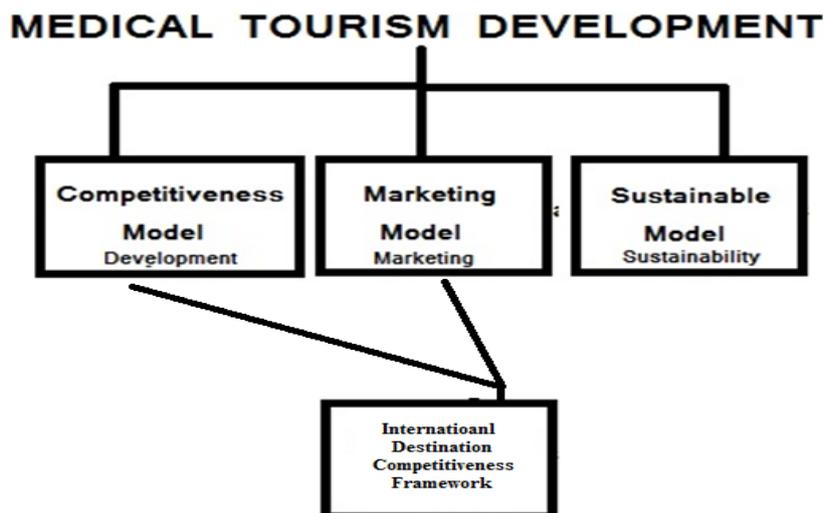


Figure.3. Medical Tourism Development Model

1. Competitive Model

The development mission involves the aspect of increasing the competitiveness of India. A competitiveness model is hereby suggested for the development of tourism industry of India that enhances its global ranking. India has vast potential to become a favored international destination but there are certain hindrances acting as a speed breaker in its pace. The researcher suggests that the destination competitiveness can have two scenarios- the desired scenario or the effective destination competitiveness. The other is viewed as the undesired scenario or the ruined destination competitiveness. Ministry of Tourism, Government of India has to lay special efforts and thereby undergo a revolutionary change so that they are in a position to avert the situation and enter the era of favorable circumstances. This way Indian economy can better attract more foreign patients, increase its foreign exchange earnings and thereby reap up the periphery benefits.

2. Sustainable model

The terms sustainable and sustainability are used to describe many different approaches towards improving our way of life. Sustainability is an attempt to merge ecology and economy into one system. It means to renew resources at a rate equal to or greater than the rate at which they are consumed, to create a prosperous and flourishing world. But at the same time it also guards our actions in making sure we don't deplete our natural resources. To develop the medical tourism industry of India authors hereby suggest a sustainable model which encompasses not only ecological sustainability but also economic and social sustainability

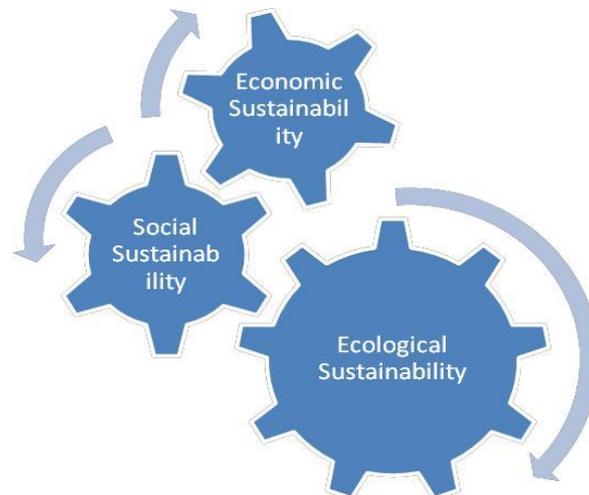


Figure.4. Sustainable Model

The three approaches of tourism are discussed as under:

1) Economic Sustainability

From the point of view of Indian Tourism Industry, Economic Sustainability is the most relevant concept. The ministry of tourism, government of India should initiate strategies and policies which involve the optimum utilization of existing tourism resources which lead to development of tourism industry in India. If the government prioritizes the travel and tourism industry, initiates measures for safety of foreign tourists, develop the tourism infrastructure and on the same time keep the cost incurred on the aforesaid activities to the minimum then economic sustainability can be achieved.

2) Social Sustainability

In the context of Indian Tourism Industry, social sustainability occurs when the formal and informal tourism processes actively support the capacity of current and future generations to create healthy and congenial environment. The burden of development of tourism cannot be totally put on the government. The common man should also lend its support for the same so that our future generations can also enjoy the benefits reaped by tourism industry.

3) Ecological Sustainability

In the tourism sector, our efforts should be to tackle the environmental hazards and not let the environment to deteriorate further and also ensure that the health, diversity and productivity of the environment is enhanced which in turns gives a boost to our tourism industry. The ministry of tourism should therefore integrate all these approaches of sustainability in order to ensure a healthy and flourishing Indian Tourism Industry.

3. Marketing Model

The modern principle of creating demand even when there is no need aptly applies in tourism context. It is generally a leisure activity. The Government of India should formulate adequate marketing strategies for arousing awareness of Indian tourism. The researcher hereby suggests a following marketing model named 'Marketing India'. Moreover separate department named 'Marketing of Inbound Tourism' should be formed with enormous authority and free hand for inculcating promotional marketing strategies to invite foreign patients. Extensive marketing research must be carried rigorously in order to understand the expectations of foreign tourists to visit a destination. The issues under the model can be incorporated within its existing official website to make it more informative for the foreign patients.

III. International Destination Competitiveness Framework

Combine effects of competitive model and marketing model the authors developed competitive framework. Under the framework the determinants are classified under the following sub-heads:

- Resources
- Market forces
- Management

Resources:

These may be sub classified into heritage or inherited and mobilized. India abounds in heritage or inherited resources, as the country offers diverse cultural and scenic beauty. It has almost all sort of destinations like high mountains, vast deserts, scenic beaches, historical monuments, and religious temples etc, known for its hospitality for tourists. The availability of such a diversity of tourist destinations is a phenomenal advantage to India's competitiveness as a medical tourism destination.

Mobilized resources include the medical tourism infrastructure, the general infrastructure, quality of services, hospitality, the accessibility of India and the corpus of quality human resources; the Indian medical education turns around 30000 doctors and nurses every year adding to the existing pool of over 14 lakh doctors and nurses. About a dozen corporate hospitals provide world class treatments across all specialties. Availability of over 15,000 hospitals and 870,000 hospital beds provides adequate infrastructure support to the healthcare tourists. This competitive advantage is accentuated by India's Strong global reputation in the advanced healthcare segment.

Market forces:

Forces of demand and supply representing the aggregate influence of self-interested buyers and sellers on price and quantity of the goods and services offered in a market. In general, excess-demand causes prices and quantity of supply to rise, and excess supply causes them to fall.

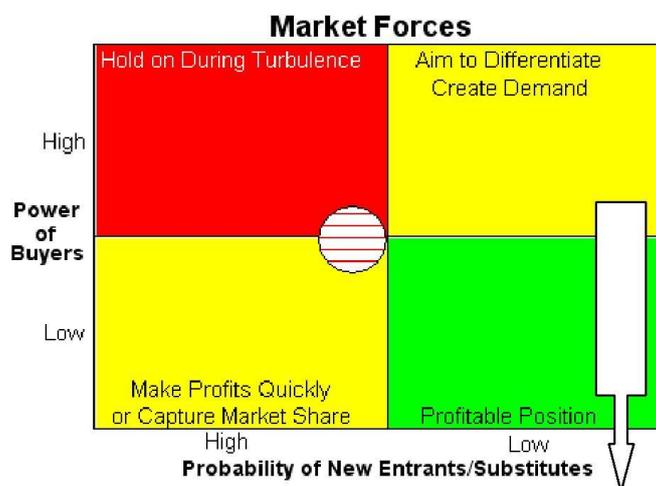


Figure.5. Marketing Forces

The international healthcare marketplace emerged in the late 19th century when patients from less developed parts of the world with the necessary resources to do so began to travel to major medical centres in Europe and the United States to have diagnostic evaluation and treatment that was unavailable in their own countries. The situation changed drastically, with the advent of the medical tourism model, where patients from highly developed nations travel to less developed countries, bypassing medical care that is offered in their own community but is inaccessible or undesirable to them. Medical tourists would prefer to have major surgery in their hometown hospital or regional referral centre if they felt that was a feasible or reasonable option. However, market forces motivated these patients to feel pressed to balance their health needs against other considerations, and medical concerns started getting subordinated to other issues. Modern technology enables potential medical tourists to investigate and arrange healthcare anywhere in the world from their home computer directly or with the advice and assistance of a medical tourism agency.

The primary reason that medical centres in developing countries are able to provide healthcare services inexpensively is directly related to the nation's economic status. Indeed, the prices charged for medical care in a destination country generally correlate with that nation's per patients creates opportunities to improve the access and quality of care available to the citizens of these countries. **Bookman and Bookman** emphasize that the

government of destination countries must implement and enforce appropriate macroeconomic redistributive policies to ensure that the local residents of these nations actually realize the potential benefits of the medical tourism industry.

Management of destination

This would include those set of attractiveness of the inherited and mobilized resources and reinforce the systematic examination of unique comparative advantages that provide a special long term appeal of the destination (**Hassan 2000**). Destination Management would, thus include activities like destination marketing, planning and development, destination management agencies and human resource development. The planning of tourism would take place at different levels: regional, national and international, all under the aegis of different agencies. The competitiveness of India as a global medical tourism destination would stem from:

- Quality of research input to tourism policy, and development
- Public sector commitment to medical tourism promotion
- Private sector commitment to medical promotion
- Development of effective destination branding
- Development and promotion of new medical tourism products
- Efficiency of medical service providers
- Efficiency of tourism/hospitality firms
- Appreciation of Service Quality importance
- Co-operation between public and private sector
- Conducive investment environment
- Popularity of E-commerce
- Use of Information Technology by firms
- Value for money in medical treatment
- Political stability
- Security/safety of tourists
- Level of co-operation (strategic alliance) between the stakeholders in the destination
- Ability to embrace cultural disparities

IV. Conclusion

India is in an advantageous position to tap the global opportunities in the medical tourism sector. The government's role is crucial to the development of medical tourism. The government should take steps in the role of a regulator and also as a facilitator of private investment in healthcare. Mechanisms need to be evolved to enable quicker visa grants to foreign tourists for medical purposes where patients can contact the Immigration Department at any point of entry for quick clearance. Tax incentives to the service providers, import duty reduction on medical equipment, committees to promote and foster medical tourism are some of the initiatives that can be undertaken. This paper has recommended some of the medical tourism strategies for further promoting medical tourism in India. These include

- First world treatment at third world prices
- India is encouragingly less "scary" now
- Presence of a deep pool of medicine
- Strong reputation in the advanced healthcare segment
- Portfolio of Indian healthcare tourism offerings
- Recover and discover

References

- [1]. Blouin C. Drager, N. & Smith, R. (2006): "International Trade in Health Services and GATS: Current Issues and Debates", World Bank, Washington DC., ISBN-13
- [2]. Bookman, M Z.; Bookman, KR. Medical tourism in developing countries. New York, NY: Palgrave Macmillan Ltd; 2007. pp. 169–185
- [3]. CII-McKinsey (2002): "Health Care in India: The Road Ahead", CII, McKinsey and Company and Indian Healthcare Federation, New Delhi
- [4]. Dogra, Sapna (2003): "Can Delhi Be a Successful Model for Medical Tourism?" Express Healthcare Management, 1-15 September. Also at: <http://www.expresshealthcaregmt.com/20030915/focus01 Shtml>
- [5]. Gilmore, F.2002. Branding for Success in Destination Branding. Creating the unique destination proposition. Edited by Morgan, N. & Pritchard, A. & Pride, R. Butterworth Heinemann. Oxford.
- [6]. Hassan, S. 2000. Determinants of Market Competitiveness in an Environmentally Sustainable Tourism Industry. Journal of Travel Research, vol. 38, (3):, 239-245.
- [7]. Heath, E. & Wall, G. 1992. Marketing Tourism Destinations. A Strategic Planning Approach. John Wiley & Sons. New York.
- [8]. Kohli, Shweta Rajpal (2002): "Medical Tourism Growing at 30% a Year: Study", Rediff.com
- [9]. Mattoo A, Rathindran R. How health insurance inhibits trade in health care. Health Affairs. 2006;25:358–368.

- [10]. Medical Tourism: a global analysis (2006)
- [11]. Milstein A, Smith M. America's new refugees – seeking affordable surgery offshore. *N Engl J Med.* 2006; 355:1637– 1640.
- [12]. Peacock, L. (2009) : “ Medical Tourism in India”, Smart Travel Asia Accessed from [Http:// www.smarttravelasia.com/medical Tourism.htm](Http://www.smarttravelasia.com/medicalTourism.htm)
- [13]. Poon, A. 1993. *Tourism, Technology, and Competitive Strategy*. CAB International, Walingford UK
- [14]. Sen, C. Thai health tourism gives India headache. *The Economic Times (India)*. July 24, 2005
- [15]. World Tourism Organization 1999 *Tourism 2020 Vision*. Madrid: WTO.
- [16]. WTTC1996. *Progress and Priorities 1996*. WTTC:London
- [17]. www.assocharm.org.Investment Prospects in Indian Economy,2008-09.
- [18]. www.medicaltourismindex.com

IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with Sl. No. 4481, Journal no. 46879.

Prof. T.Jeyarajasekar. " Competitive Advantages of Indian Medical Tourism and a Model for Development." *IOSR Journal of Business and Management (IOSR-JBM)*, Vol. 21, No. 3, 2019, pp. -20-27