



## MEDICAL TOURISM IN INDIA: AN ECONOMIC ANALYSIS

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### Abstract

Medical tourism in India has evolved into a multi-billion-dollar services export, positioning the country as a leading destination for affordable, high-quality, and technology-enabled healthcare across complex specialties such as cardiac surgery, organ transplants, oncology, orthopedics, and advanced diagnostics. This paper examines the sector's economic footprint—its growth drivers, contribution to GDP and foreign exchange, employment multipliers, infrastructure investments, regional development linkages, and the challenges of sustainability, regulation, and equity—using official tourism and visa statistics available up to 2018 and a structural economics lens. An integrated framework is proposed to align facilitation (visas, accreditation, standards, transparent pricing) with public-interest safeguards (access, quality, grievance redressal) and statistical modernization, ensuring that medical value travel strengthens India's service-led growth while reinforcing domestic health system objectives.

### Introduction

Globalization has widened the tradability of healthcare services, enabling patients to cross borders in response to price-quality differentials, wait-time considerations, and availability of advanced procedures. India's cost competitiveness, English-speaking workforce, large tertiary hospital capacity, and increasing accreditation density have catalyzed a sustained rise in foreign patients across South Asia, West Asia/Gulf, and Africa, with additional demand from OECD markets for niche services and second opinions. By 2018, counts of medical-purpose foreign arrivals and medical visas approached the high hundreds of thousands, reflecting both demand-side pressures abroad and supply-side maturation in Indian metropolitan hospital clusters.



## Data and methods

In the absence of a dedicated satellite account for medical tourism, the primary official proxy for scale in 2018 is the count of foreign tourist arrivals for medical purposes and the number of Medical (M) and Medical Attendant visas issued/recorded by immigration systems. These series, while robust for trend analysis, embed two caveats: attendants are counted alongside patients, and cross-border patients arriving on other visa categories (or from visa-exempt neighbors) may be undercounted. Complementary indicators—accreditation counts, hospital capacities, occupancy and length-of-stay patterns, and regional airport connectivity—help contextualize inferred economic multipliers across hospitality, transport, diagnostics, and pharmaceuticals. The analysis therefore combines these administrative series with an input–output framing of services spillovers to assess macro- and meso-level impacts.

## Economic drivers

- Cost advantage: For complex procedures, India’s prices are typically a fraction of those in the US/EU, frequently in the 60–90% differential range depending on case severity, device cost, and length of stay, driven by factor cost differences, high-volume efficiencies, and exchange rate pass-throughs.
- Human capital: Internationally trained surgeons and specialists, deep nursing cadres, and English proficiency reduce coordination frictions and enhance clinical credibility in referral markets.
- Technology and quality: Rapid diffusion of advanced imaging, cath labs, robotic surgery, and transplant programs—supported by NABH and JCI accreditation—signals process discipline and safety cultures attractive to foreign payers and patients.
- Policy facilitation: The introduction and scaling of e-Medical visa and attendant categories, multiple entries, and extensions synchronized to clinical pathways lowered transaction costs and uncertainty, especially for staged therapies and follow-up.



- Complementary wellness: AYUSH, yoga, Ayurveda, and wellness tourism enable bundled recovery and integrative care pathways, raising per-visitor value addition and length of stay.

### **Economic contribution**

- GDP and foreign exchange: Medical tourism operates as an export of health services, adding to invisible earnings through procedure fees, high-value diagnostics, device-linked services, and bundled recuperative stays; these earnings are embedded within broader tourism and health-receipts heads.

- Employment: Beyond hospital staff, the sector generates second-order employment in diagnostics, pharma distribution, medical facilitation, interpretation, aviation and ground transport, hotels/serviced apartments, and specialized recovery homes.

- Infrastructure investment: Demand from international patients strengthens the business case for high-end tertiary capacities, leading to capital formation in operating theaters, ICUs, labs, transplant programs, and oncology centers, particularly in Delhi NCR, Mumbai, Chennai, Bengaluru, and emerging hubs.

- Regional development: Kerala (wellness and Ayurveda), Maharashtra (cosmetic and dental), Tamil Nadu (cardiac, transplant), and National Capital Region (multi-specialty tertiary) illustrate how medical tourism catalyzes local supply chains, clinical sub-specialization, and hospitality markets.

### **Market structure and spillovers**

India's hospital landscape combines corporate chains, trust-run tertiary centers, and specialty institutes that have built international patient departments, care coordinators, and facilitator linkages to manage end-to-end pathways (pre-arrival second opinions, visas, surgery, rehabilitation). Spillovers accrue to aviation and medical evacuation, pharma and devices (including domestically manufactured implants and generics), and digital health services—teleconsults, PACS-driven remote reviews, and case management platforms—creating a broader



health-services export stack. Cluster effects in metros foster procurement efficiencies, outcome learning, and brand visibility, which, in turn, reduce search costs in origin markets.

### **Constraints and risks**

- Equity and dualism: Without safeguards, high-margin international caseloads can crowd managerial attention and critical resources (operating slots, ICU beds) in private tertiary centers, potentially widening gaps with public provision and raising domestic out-of-pocket burdens in constrained markets.
- Regulatory variance and information asymmetry: Heterogeneous pricing, variable outcome reporting, and uneven oversight of intermediaries can create reputational risk. Patients face search and contracting challenges in the absence of standardized packages and audited outcomes.
- Connectivity and administrative frictions: Limited direct international connectivity to tier-2 hubs, variable interpretation services, and heterogeneity in local immigration/FRRO processes add frictions that dampen market depth beyond metros.
- Competitive dynamics and currency risk: Thailand, Malaysia, Turkey, and select GCC providers compete aggressively on price, concierge experience, and insurer relationships. Exchange-rate volatility can shift relative advantages over short horizons.

### **Policy priorities (2018 lens)**

- Strengthen standards and transparency: Scale NABH/JCI accreditation, publish procedure packages with inclusive pricing, and move toward standardized outcome dashboards (risk-adjusted mortality, infection rates, readmissions) to build trust with patients and international payers.
- Streamline patient journeys: Harmonize visa extensions with clinical protocols, enable multi-entry pathways for staged care, and digitize pre-clearances and document flows; expand medical interpreter pools and establish patient rights charters and grievance redressal.



- Formalize facilitation: License and code-of-conduct for facilitators, mandatory disclosure of commissions, and standard contracts that align incentives and protect patients.
- Build statistical systems: Create a medical tourism statistical annex separating patients from attendants, mapping procedures, lengths of stay, and spend; integrate with tourism accounts to enable input–output modeling and targeted public investment.
- Safeguard domestic access: Use soft caps or ring-fenced capacities for essential services, encourage tiered pricing with transparent cross-subsidies, and design tax/levy instruments to channel a share of foreign earnings into public health and workforce development.
- Integrate AYUSH and recovery: Curate evidence-based integrative care packages with clear indications, enabling wellness extensions that enhance recuperation while preserving clinical integrity.

Future outlook (from a 2018 vantage point)

Sustained double-digit growth is plausible given demographics in source markets, rising third-party payer acceptance, and ongoing hospital investments in technology and international marketing. Digital health will compress pre- and post-operative frictions via telemedicine, remote diagnostics, and AI-augmented triage, increasing conversion rates and reducing length-of-stay variability. Insurer tie-ups and outcome-based contracting could deepen flows from Africa and West Asia, while language and diaspora linkages will continue to anchor South Asian demand; however, durable competitiveness will depend on transparent pricing, audited outcomes, and frictionless travel pathways.

### **Equity and sustainability**

To avoid entrenched dualism, policy should link sector expansions to measurable social returns: workforce skilling (especially nursing and allied health), emergency capacity sharing, and earmarked reinvestment into public health infrastructure. Clear ethical guidelines on transplant



tourism, informed consent, data privacy, and marketing claims are essential to preserve legitimacy. Over the medium term, aligning incentives—through targeted levies, PPPs for trauma and oncology centers, and shared registries—can ensure export success complements, rather than cannibalizes, domestic health goals.

## **Conclusion**

By 2018, India's medical tourism had matured into a significant services-export engine built on cost-quality arbitrage, deep human capital, and policy facilitation, with measurable contributions to foreign exchange, employment, and health infrastructure. The next efficiency frontier lies in standards, transparency, and seamless end-to-end patient experiences, underpinned by a modern statistical backbone that enables rigorous valuation and policy targeting. With patient-centric regulation and equity safeguards, medical value travel can remain a pillar of India's service-led growth while strengthening the foundations of an inclusive, resilient health system.

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