Healthcare and Dental Industry in India

Indian Dental Association
India is now among the top 1 to 3 in most parameters: GDP, size of economy, IT, pool of scientific manpower, space, eco-protection measures, power generation, among the largest exporters, emerging, fast growing economies, global manufacturing and trading hub, infrastructure, tourism, agricultural and dairy production, highest % of young population in the world, the list is quite long!

India has the second highest number of the English language speakers in the world, next only to the USA. There are more than twice as many English speakers in India as in the UK, where the English language originated.....

Healthcare is one of the top priority sectors for India.

India is now the much sought after destination for medical tourism, owing to its high quality medical treatment available here from world class competent medical professionals in a very humane and courteous way at a very reasonable cost. Latest medical technology and equipment are being used. State-of-the-art hospitals, clinics and nursing homes are coming up and are managed in a very professional and disciplined manner, foremost priority being accorded to patient-care and patient-comfort. These healthcare establishments give excellent facilities, while observing the highest standards in cleanliness, sanitation and hygiene.

The Union Government of India and the State Governments have been zealously and successfully implementing immunisation programmes. Child health, women’s health and healthcare for the aged – all are seeing quantum leaps of improvement.

Healthcare is now accessible alike for the underprivileged, rural masses and urban elite.

Good sums of money are being invested to promote R & D in healthcare.

Dentistry too has kept pace with these developments.

Awareness on oral health has scaled great heights among the Indian population. Proper daily dental care and regular visits to the dentist are now part of the lifestyle practices.

Abundant natural resources, world-class manufacturing facilities, ample land space for setting up factories, skilled, favourable Government policies for foreign collaborations, quality-conscious and reasonably priced manpower and worker-force - all these together make India THE IDEAL choice for outsourcing manufacturing activities.

Our theme, “Connecting Minds, Creating the Future”, is globally applicable today. India is beckoning you with open arms!!

We are sure your business will see huge gains by tapping the Indian market.

Once again, Welcome to incredible India!

Thank You
Dr. Ashok Dhoble,
Honorary Secretary General, IDA
An Overview

Indian Population
For a population of over 1.2 billion, there are currently over 1,80,000 dentists, which include 35,000 specialists practising in different disciplines in the country. The dentist population ratio is reported to be 1:9,000 dentists in metros/urban and semi urban areas and 1:2,00,000 dentists in the rural area. There are more than 35,000 dental specialists in different disciplines. The number of dentists is expected to grow to 300,000 by 2018 and the dental specialists to 50,000. Every year more than 24500 dental graduates are added to the list.
General Health Sector
Healthcare as an industry in India has grown to become one of the most promising and progressive sectors poised for rapid growth. It is expected to reach US$ 100 billion by 2015 from the current US$ 65 billion, and is projected to reach USD 250 billion by 2020.

India’s one billion plus population and the sustained rapid economic growth the country has been experiencing continues to create tremendous demand for better healthcare. A major thrust on medical tourism, government initiatives and focus on public private partnership has added stimulus to this growth.

Apart from the presence of corporate hospitals, the availability of highly qualified doctors and scientists, their expertise and state-of-the-art technology have enabled India become an attractive destination globally for medical tourism, clinical studies and research and development.
General Health Sector
Dental Health Sub-Sector

The potential size of India’s dental market is vast and is expected to become one of the largest single country markets for overseas dental products and materials. The total market for the dental equipments and materials is estimated to be around US$ 90 million annually.

The Indian market presents lucrative and diverse opportunities for exporters with the right products, services and commitment. There are more than 1,80,000 dental professionals in India, 297 dental institutes and over 5,000 dental laboratories.

According to various reports, growth rates 20 to 30 per cent are forecast for the dental product market in the coming years. Some financial investment groups are also building hospitals with dental specialisations, offering general dental care, and speciality treatment.
Factors Driving Growth
Factors Driving Growth

*In the last decade the dental services scenario in India has vastly improved due to:*

**Growing Healthcare Awareness**

- Growing awareness and patient empowerment have led to demand for better healthcare facilities at affordable prices.
- Extensive economic reforms in the last decade have made it possible for Indians to have access to better jobs and a higher purchasing power.
- Many Indians are now choosing to take health insurance, clearly showing that growing segments of the population can afford high quality treatments.

**Better Economic Growth**

- The GDP growth of India in 2012/13 was about 5.5% and is expected to grow in 2013-14 at 6.1%.
- A consistent growth rate of the economy averaging 8% over the decade.
- India’s per capita income has experienced a steady growth in last ten years.
- According to a United Nations’ annual economic report - World Economic Situation and Prospects 2012 - the Indian economy is expected to grow between 7.7% and 7.9% this year.
Healthcare Expenditure

- India’s healthcare expenditure is significantly low when compared to the global, developed and other similar emerging economies.

- Total expenditure (public and private) on health in India was nearly 4.05% of GDP in 2010 as compared to 2% in the year 2004 according to World Bank report published in 2012.

- Government spending on health is less than 20% against the average spending of 30-40% in other developing countries. Private spending constitutes 80%.

- The Central budget for 2013-14 provides Rs. 3,73,300 million (US$6816 million) for the health sector.

- The Planning Commission has allotted US$ 83 billion under the 12th Five Year Plan for healthcare spending; this is about US$ 60 billion more as compared to the 11th Plan allocation.

- the increased allocation is expected to raise government (public) expenditure on health to 2.5% of GDP from the current rate of 1.37% of GDP.

Government Policies

The Government has taken several steps to promote investment in healthcare and to develop healthcare sector infrastructure within a short span of time. Some of the initiatives taken up by the Government are:

- 100 per cent FDI is permitted for health and medical services under the automatic route.

- Reduction of customs duty on all medical, surgical and dental equipments etc from 7.5% to 5%.

- Full exemption from excise duty/Countervailing Duty to six specified lifesaving drugs/vaccines.

- Liberal polices of Government has created opportunities for international dental manufacturers to establish joint ventures and outsourcing facilities.

- Lower tariffs and higher depreciation on medical equipment & income tax exemption for 5 years to hospitals in rural areas, and Mini Metros.

National Rural and Urban Health Missions

The government seeks to provide effective healthcare by fusing the National Rural and Urban Health Missions into National Health Mission and providing higher allocations. It is considered as the single-most largest programme in the world to improve primary healthcare delivery in India.

- The Mission is an expression of the government’s commitment to raise public spending from less than 1% to 2-3% of GDP.

- Allocation of Rs. 21,2000 million (US $3926 million) has been made for National Health Mission (NHM) in 2013-14.
Dental Market Potential
Dental Market Potential

Market Size

By 2014 the Indian dental healthcare industry is expected to reach US$ 116.43 million growing 6 percent annually, the dental care services market US$ 1.16 billion and oral care market US$ 1.8 billion. Indian dental care services market, constituted by dentists and dental ancillary services, was estimated at US$ 660 million in 2009, dental equipments & appliances market at US$ 87 million and dental oral care market was estimated at US$ 1 billion. The potential size of India's dental market is vast and is expected to become one of the largest single country markets for overseas dental device and materials exporters.

- The Indian healthcare market is one of the largest services sectors contributing 2 percent to the country’s GDP.
- India’s market for dental products is extremely dynamic, with a current estimated growth rate of between 25 to 30%.
- The healthcare segment offers an attractive growth opportunity for the information technology (IT) and business processing outsourcing (BPO) industry.
- The market for outsourced services to healthcare providers is expected to increase from US$ 9 billion in 2011 to US$ 15 billion in 2016.

In 2009 the dental equipments & appliances market was estimated at US$ 90 million, the dental care services market, constituted by dentists and dental ancillary services, at US$ 660 million and dental oral care market at US$ 1.8 billion. By 2014, the Indian dental equipments industry is expected to reach US$ 116.43 million, growing at 10% annually, the dental care services market US$ 1.16 billion and oral care market US$ 1.8 billion. Overall, the dental market is expected to grow by 20 percent.

- Global dental care market estimated to be about US$16 billion in 2005 has been growing at an average annual growth rate of 4.5%.
- The market has grown at a CAGR of 5% in the last 5 years.
- Asian market has witnessed the highest growth rate of 10%, followed by the US at 5.5%.

In addition, the Indian pharmaceutical market is also expected to grow at a compound annual growth rate of 15.3 per cent during the period 2011-12 to 2013-14, as per Barclays Capital Equity Research report on India Healthcare & Pharmaceuticals.
Oral Care Infrastructure

In India, the oral care infrastructure had 1,80,000 dentists as of 2012, serving over one billion population through their clinics numbering over 1,25,000. As far as the overall ratio of dentist to population is concerned, there was a marked improvement. There are around 297 dental schools with 25,000 students graduating each year; about 140 of such schools have post graduate courses in various fields of dentistry.

More than 90% of the practitioners work in and around the major cities and play an extremely influential role in the purchase of dental devices and materials for hospitals, clinics and other healthcare facilities.

- The great majority of dentists prefer to work in private clinics which are thus experiencing an impressive growth.
- Job opportunities are less in government and private sector; so most dental professionals have to start private dental offices.
- Every year approx. 12,000 to 15,000 new practices start in the country.
- Currently 99% of the patients visit private practices as government facility is very less compared to the private practices.
- Most practices are Solo with Multi Operatories.
- Recent trends are for group practices. Vasan group, Manipal group, and some other groups have started a chain of dental clinics.
- Many other companies are in the process of starting a chain of dental clinics.
General Hospitals

According to the Confederation for Indian Industries (CII), there are more than 15,000 private hospitals and nursing homes in India, and a majority of them are located in the major cities.

Many of these hospitals and nursing homes (especially private) provide dental services and tend to invest in sophisticated foreign medical / dental devices.

Many private organisations like Apollo group, Wockhardt, Fortis Healthcare, Max Health, Piramal Healthcare have invested large amounts of money in starting a chain of hospitals in the country. They have exclusive dental departments to serve the patients.

Dental Laboratory/Dental Technician

There are more than 5,000 dental laboratories in India and currently only 32 colleges offer diploma courses in Dental Technician. The low percentage of students currently passing out is not able to meet the rapidly growing requirement. Lately, this number has been showing an increasing trend to meet the growing demand.

Multinational Presence

Looking at India’s rapidly growing dental market many multinationals like KAVO G C, Ivoclar – Vivadent, Dentsply, 3M, Nobel Biocare, Mecktron, Sirona, Acetone, Ultradent, Coltene, Voco, S S White, Shofu, and others have set up offices in India.

Further, the healthcare segment offers an attractive growth opportunity for the information technology (IT) and business processing outsourcing (BPO) industry. The market for outsourced services to healthcare payers is expected to increase from US$ 9 billion in 2011 to US$ 15 billion in 2016.
Investment Opportunities
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The Challenge
As the demand for healthcare services in India tends to increase, provision of affordable healthcare services to India’s billion-plus population presents enormous challenges and offers enormous investment opportunities.

People are becoming more health conscious day-by-day and spending much more on health and importance of dental care & cosmetics.

The Manufacturing Hub
The Indian dental equipment and appliances market is around $ 90 million, with a yearly growth rate of 10 per cent per annum. There are forecasts of possibilities of doubling the growth rate up to 20 per cent for the dental technology market in the coming years. Further, several foreign companies are already investing in the Indian dental equipment market by establishing their production units. India is, therefore, becoming a manufacturing hub, supplying dental equipment and material to less developed countries such as Sri Lanka, Pakistan, African continent and the Middle East.

Dental Products Manufactured in India
Quite a few Indian dental product manufacturers are currently supplying quality dental equipment and materials. However a larger proportion is imported.

Foreign Direct Investment
The healthcare and life sciences sector has received the maximum investment from private equity (PE) and venture capital (VC) players, attracting US$ 817 million across 29 investments till August 2012, according to data from Venture Intelligence. Last year, 38 deals were recorded in the sector worth US$ 421 million.

The hospital and diagnostic centre in India has attracted foreign direct investment (FDI) worth US$ 1.48 billion, while drugs & pharmaceutical and medical & surgical appliances industry registered FDI worth US$ 9.78 billion and US$ 571.91 million, respectively during April 2000 to October 2012, according to data provided by Department of Industrial Policy and Promotion (DIPP).

The private sector has emerged as a vibrant force in India’s healthcare industry.

Sectoral Growth
Tele medicine services in India are also expected to grow, which in turn should create demand for diagnostic equipment such as X-rays, CT scanners.

Outsourcing
Healthcare BPO: insurance billing, disease coding, forms processing and claims adjudication and telemedicine.
Multiple segmentation
Dental Imports
Dental Imports

*Indian dental industry depends on substantial imports. The proportion of imports is the highest in the Indian dental equipment and implants segments.*

**Countries & Category of Import**

About 85% of India’s annual requirement of dental equipment, instruments and materials demand is met mainly by imports primarily from Germany, USA, Italy, Japan and recently from China, as India has less number of manufacturers and is largely dependent on imports.

As regards the possibility of importing dental equipment and materials to India, the leading categories constitute consumable items, implants, X-Rays, dental units and imaging systems, with a major increase in dental laboratory equipment and materials, dental drills, scalars and hand pieces.

The growing awareness about cross-infections and government controls has brought dental professionals to invest more in sterilization equipment/devices.
Knowledge Enhancement
Knowledge Enhancement

**Educational training**

There is excellent scope to set up teaching institute imparting dental education, especially for post graduation and research institution and large opportunity for training doctors, and dental technicians. Workshops, Hands on Courses, Continuing Dental Education, and Dental Practice Accreditation are some of the areas where collaborative ventures offer scope.

**Contract Research**

India has been playing the role of a contract research organization providing support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis.
Health Infrastructure
Health Infrastructure

Various funding agencies have been providing financial assistance to develop healthcare infrastructure facilities.

World Bank Aid

- India needs to invest an additional 3-4% of GDP on infrastructure to sustain its current levels of growth and to spread the benefits of growth more widely.

- The World Bank will lend India $14 billion for development of health infrastructure.

Oral Cancer Detection Centre

Government of India initiated the National Cancer Control Programme with grant of financial support for primary prevention, early detection and treatment of cancer. A grant of US $ 1 million is provided cancer detection centre.

Future Prospects

Dental tourism

There has been a paradigm shift in the quality of technology and infrastructure in Indian dental services. Providers are now focused on the latest treatment methods to provide quality dental care in India to international patients. Dental Tourism forms 10 percent of the total medical tourism industry and is projected to grow at 30 percent per annum by 2015 to Rs.95000 million (US$ 179,500).

Health / Dental Insurance

After liberalization of economic policy, a large number of private players have been offering various plans. Less than 10% of the population is covered by health insurance. Health insurance plans also include dental care benefits.

The Road Ahead

There is a huge opportunity in India for any country to maximise the investment potential that exists in India within the healthcare environment. IDA will explore all possibilities to promote greater investment in the healthcare sector, particularly in the dental health sub-sector, to sustain the momentum of growth in the country.
Indian Dental Association

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