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Healthcare industry beats slowdown

; Press Trust of India

WASHINGTON, 27 MAY: Notwithstanding the current global economic crisis, India's pharmaceutical industry and its healthcare market are expected to grow rapidly in the next few years, a global management consulting firm has said. Driven by strong local demand, Indian healthcare market is expected to continue growing close to previously projected rates of 10 to 12 per cent, McKinsey said in its report 'New Opportunities for US-India Biopharma and Healthcare Collaboration'.

Released recently at the US India Biopharma and Healthcare Summit, the report said that high growth of the Indian healthcare sector was primarily driven by domestic reasons. Eminent corporate leaders from the USA attended the day-long summit organised by the USA Indian Chamber of Commerce in Boston. With average household consumption expected to increase by more than seven per cent per annum, the annual healthcare expenditure is projected to grow at 10 per cent and also the number of insured is likely to jump from 100 million to 220 million.

Further hospital beds are expected to double from 1.5 per thousand to 2.9 per thousand and the diagnostic laboratories to grow by 20 to 25 per cent. There will be an addition of 300,000 to 400,000 doctors and another 250,000 to 300,000 nurses.

The McKinsey report said there would be rise in prevalence of chronic diseases. Congestive heart disease, diabetes, asthma and obesity would see double digit growth.

McKinsey said while large global biopharma companies as well as most established Indian biopharma companies were well positioned to weather the global economic crisis given the strong cash positions, the smaller and highly leveraged companies were under pressure and looking to divest to mitigate distress or service debt load.

It said the recent and planned actions by the Indian government to support the biopharma industry in India was likely to continue to attract foreign investment as also encourage across industry, hospital and academia.

Rapid growth is expected in the Indian healthcare infrastructure to meet the increasing demand for healthcare services, with significant opportunities for ex-India businesses to fill the gaps, particularly in tier II and III cities, the report said.

Even as managing cost and margin improvement continue to be a focus, there is increasing pressure for companies to collaborate and potentially seek risky investment, the report said.

It also said that Indian pharmaceutical industry was still projected to grow in the next few years, albeit slowly than previously projected, given expected decrease

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in demand for services in the near-term, as large pharma increases focus on cost management.
