

# HEALTH CARE INDUSTRY - IMMINENT NEED TO EMBRACE TECHNOLOGY

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## Abstract

Every adversity brings an opportunity. This is all the more applicable in the case of healthcare industry and pharma sector. The covid 19 pandemic is an eye opener for this industry. In fact, health care and health tech have become buzz-words. A recent report published in this year ranks India 145 out of 195 countries in terms of quality and accessibility to health care. In fact accessibility to quality health care does not matter. It is accessibility to quality health care at affordable price that matters much. In fact, there is an imminent and immense need for world-class medical facilities at affordable price in India. For this the health care industry has to simply grab the bull by horn. It is left with no other option than to adopt tech-driven health care practices. The health tech sector in India is expected to reach a market size of \$ 50 billion by 2033. In the backdrop the present paper outlines the prospects of health care and health tech sectors in India.

**Keywords.** Health care industry, Pharma sector, Health technology.

## 1. INTRODUCTION

Recently, health care sector has received recognition and attention from policy makers, regulating agencies, academicians and the general public. It is due to the fact that this sector is poised to grow by leaps and bounds. The market for this sector is expected to reach US \$372 billion by 2022.1 The outbreak of pandemic both Covid-19 delta variant and the recent Omicron justifies this projection. With countries grappling to deal with the highly contagious Omicron variant, constant threats of new mutants emerging and growing concern over abysmally low rates of vaccination in low income countries, the world seems to be in the mood to challenge the monopoly of large health care companies. In this backdrop the authors of the paper outline the recent trends in this sector.

## 2. NATURE AND SCOPE OF STUDY

The present study is descriptive in nature. It is based on secondary data i.e. published information. As such it is an ex-facto research. The study gets itself confined to health care sector. Incidentally the development of Corona Virus and its impact are outlined.

## 3. COMPONENTS OF HEALTH CARE SECTOR

The following are the components of health care industry

- hospitals
- medical devices
- clinical trials
- outsourcing
- telemedicine

- medical tourism
- health insurance and
- medical equipments<sup>2</sup>

In addition to these components, one more sector emerges viz., health technology.

#### 4. HEALTH TECHNOLOGY

Health technology has become a buzzword. After the outbreak of the pandemic Covid-19, there is an immense need for world class medical facilities at affordable price. Hence the health technology sector has to grab the bull by the horn and is left with no other alternative than to adopt technology driven health care practices.

There is a favorable trend in health technology sector. The health technology sector is estimated to grow at a CAGR of 39% during financial year(s) 2020-2033 and is estimated to reach a market size of \$50 billion by 2033<sup>3</sup>. Thus there is an amazing future for health technology sector in India. The present paper gets itself confined to health technology sector. Even though the hospital industry in India accounts for 80% of the total health care market, it is kept outside the purview of discussion.

#### 5. IMMINENT NEED FOR TECHNOLOGY

The following aspects justify the imminent need to embrace technology.

- 5.1 - Omicron
- 5.2 - Adverse impact on service sector
- 5.3 - Adverse impact in hospitality sector.
- 5.4 - Cyber crime
- 5.5 - Erosion of shareholders' wealth.
- 5.6 - Staff crunch concerns.
- 5.7 - Decline in corporate bond issuances
- 5.8 - Slow export growth rate
- 5.9 - Infection of health workers

Let us discuss all these causes of concern.

##### 5.1 Omicron

The recent emergence of Omicron variant of Covid-19 poses severe threats. The research studies conducted in Columbia University US and the University of Hong Kong have recently disclosed that a striking feature of Omicron is an alarming number of changes in the variant's spike protein. As such Omicron can evade immunization offered by COVID vaccines i.e. two doses.<sup>4</sup> In this area, technology and research play a pivotal role.

##### 5.2 Adverse impact on service sector

Two important changes have happened in recent days. Despite a second wave of COVID infections in many cities, people are willing to take risks to relieve the monotony of working and staying at home. Second, the desperate

Revival is forcing the people to drop their guard and venture out. But, the recent curfews imposed by various governments are likely to result in slow growth of hospitality, tourism, travel and entertainment.<sup>5</sup>

### Adverse impact on hospitality sector

A recent news item in Business Line, Shri Pradeep Shetty, Secretary of Federation of Hotel and Restaurant Associations has observed that some resorts and hotels have already seen cancellations. This is likely to act as an impediment to an economy.<sup>6</sup>

### Cyber Crime

Along with the various variants of Corona, cyber crimes are also growing. Cyber crimes cost economies more than \$ 6 billion each year. It is estimated to grow to \$ 10 billion by 2025.<sup>7</sup>

### Erosion of shareholders' wealth

Since the emergence of Omicron variant, the Indian benchmarks sensex and Nifty have lost 1.76% and 1.87 percent respectively.

As per the data firm stock exchanges investors' wealth to the extent of Rs. 22.11 billion has been eroded.<sup>8</sup> Hence, there is an imminent need to go for research and technology.

### Staff concerns

Doctors and hospitals in West Bengal have urged the State Government to reconsider the quarantine period of 14 days. They have made an appeal to reduce it to 5 to 7 days.<sup>9</sup>

It is indispensable to ensure the availability of adequate manpower in hospital. Manpower in hospitals includes doctors, nurses and Lab technicians and other staff.

### Decline in corporate bond issuances

Corporate bond issuances in India have witnessed considerable decline in Calendar Year 2021.<sup>10</sup> This is associated with the COVID-19 pandemic. The following table illustrates this:

TABLE - 1 - BREAK-UP OF BONDS ISSUED IN 2021

| Month    | No. of Issue | Amount (Rs. in Lakh) |
|----------|--------------|----------------------|
| January  | 146          | 5544862              |
| February | 168          | 4016844              |
| March    | 318          | 9596652              |
| April    | 60           | 2382633              |
| May      | 89           | 294023475            |
| June     | 112          | 351192810            |
| July     | 110          | 351623275            |
| August   | 72           | 410325100            |

|           |     |           |
|-----------|-----|-----------|
| September | 143 | 100010255 |
| October   | 53  | 276576000 |
| November  | 91  | 560964600 |
| December  | 104 | 473106000 |

Source: AK Capital

## 5.8 Slow export growth

Uncertainty looms large over India's export outlook. US and main countries in Europe have witnessed more than COVID cases a day. This has adversely affected the export growth in financial year 2021-22<sup>11</sup>

## 5.9 Infection of health workers

The Indian Medical Association (IMA) estimated that about 10% of health care workers across the country are positive. <sup>12</sup> In order to overcome the challenges and ill effects of Covid-19, including the Omicron threat, there is an imminent need to go for high end technology in the health sector.

## 6. FLIP SIDE

Every adversity brings an opportunity. Every crisis has a silver line. Accordingly, there are some favorable aspects related to the outbreak of Covid-19. They are:

- 6.1 Cyber security growth
- 6.2 Health insurance sector growth
- 6.3 Awareness among the people
- 6.4 Apparel export growth
- 6.5 Spike in online consultations
- 6.6 Continuous researches
- 6.7 Bankers' demand
- 6.8 Bright future for health care sector
- 6.9 Research in new direction
- 6.10 Short in the arm

Let us now discuss all these points in detail.

### 6.1 Cyber security growth

Every crisis has a silver lining. The pandemic i.e., COVID -19 has accelerated the growth of cyber security. As conducted by Data Security Council of India, cyber security industry grew at a combined annual growth rate of 40% in the last two years. It has become a board room agenda.<sup>13</sup>

### 2.2 Health insurance sector growth

Health insurance is no longer a push product. It has become a pull product. The health industry in India has undergone a change over the last two years. The pandemic has made every one realise the uncertainty of life.<sup>14</sup>

### 2.3 Awareness among people

After the outbreak of COVID -19, there is a growing awareness among the Indians about vaccination the following table illustrates this.

TABLE - 2 GLOBAL VACCINATION DETAILS

| Sl.No. | Country | Percentage of Population |                  |
|--------|---------|--------------------------|------------------|
|        |         | % of First dose          | % of Second dose |
| 1.     | USA     | 73.4                     | 62.0             |
| 2.     | UK      | 77.6                     | 71.1             |
| 3.     | France  | 81.6                     | 79.9             |
| 4.     | Spain   | 85.7                     | 81.8             |
| 5.     | Italy   | 80.4                     | 74.8             |
| 6.     | India   | 65.0                     | 46.6             |

Source P2 Business line 7 Jan 2022

From the above table it is inferred that only 46.6 of population got, vaccinated with second dose. They have voluntarily moved forward for vaccination. Gradually the other people will join the race. In this context also, the technology has to play a role.

### 2.4 Apparel export growth

After the Apparel Export Promotion Council (AEPC), there has been a rapid growth of apparel export to the extent of \$ 11.3 billion. It has really shrug off pandemic blues.<sup>15</sup>

### 2.5 Spike in online consultations

Due to the growth of Covid-19, Indian health care start-ups such as Practo, Cure fit, and M fine have seen a surge in tele consultations.<sup>16</sup> In future, tele medicine will continue to be life saver. In this context technology plays a dominant role.

### 2.6 Continuous Researches

At the global level, with the help of technology, researches have been conducted as to how to reduce the pandemic. As per a recent study by UK Scientists a third dose of vaccination would be effective against Omicron, to the extent of 85%.<sup>17</sup>

### 6.7 Bankers' demand

The All India Bank Officers Confederation has urged the Central Government that the bank staff need to be a administrative booster dose along with other front line workers as and when the scheme is rolled out.<sup>18</sup>

### 6.8 Bright future for health care sector

In a recent interview to the Business Line, Shri. Dilip Jose, the Chief Executive Officer of Manipal Hospitals observed that this sector can return to the past growth of 15 to 18%, once Covid 19 recedes to an endemic stage.<sup>19</sup> This assessment with optimistic outlook is possible only with technological developments.

### 6.9 Research in new direction

Recently a group of South African Scientists has concluded that infection with the Omicron Corona virus variant strengthens the immunity against the earlier delta variant. It can also reduce the risk of severe disease.<sup>20</sup> However, subject to further clinical trials.

### 6.10 Shot in the arm

The recent outbreak of Omicron has given new strength to Bharth Biotech, a pharmaceutical company. It is targeting to make One billion doses annually of its intranasal vaccine in 2022.<sup>21</sup> It is really a shot in the arm.

## 7 SUGGESTIONS

Having outlined the grey areas of health technology sector in the wake of new variant of COVID -19 and picture awaiting this sector, the authors now wish to outline a few suggestions to make health technology sector effective.

### 7.1 Awareness

Awareness is a prelude that leads to action. The general public must be aware of the fact that health is real wealth. They should voluntarily come forward to get vaccinated.

### 7.2 High spend on health

The Union Government must increase its allocation for health expenditure in the budget.

### 7.3 CSR

The companies especially the hospitals in the health care sector can concentrate on Covid-19 eradication. This should be their corporate social responsibility (CSR).

### 7.4 Tax Concessions

The Union Government has to announce tax concessions to health care sector. This will accelerate the technology leading to invention of drugs.

### 7.5 Change in the attitude

The medical personnel especially the doctors must change their attitude. Conviction, commitment and compassion should be their guidelines. The general public must also respect them.

### Private hospitals

Private hospitals occupy 80% of the health care sector. When compared with public hospitals, the charges of private hospitals are significantly high. They have to voluntarily reduce the charges.

### CONSTANT GROWTH

The health technology sector must collaborate with foreign agencies. The government must also encourage this.

### CONCLUSION

The health care industry needs to be healthy profit-wise. The medical personnel should also be healthy remuneration-wise. The patient should also feel hale and healthy-world class treatment at affordable price. Every adversity brings an opportunity. There is a debate going around the world on how the intellectual property rights can be limiting access to medicines, vaccines and medical products for not just poor countries but also the vulnerable sections in the developed world. But compared to where things stood before the pandemic, there are developments that could result in substantial gains. The authors feel, with some optimism, that there is an opportunity in every calamity. If this paper is able to create awareness among the Indians then they feel their efforts are amply awarded.

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