

Bangladesh Crisis May Reduce India's Medical Tourism by 10-15% in 2024

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Synopsis

- India's medical tourism sector witnessed significant growth in 2023, driven by the country's competitive treatment costs, high-quality medical facilities and services, and relatively short waiting time for treatment. International medical tourism footfalls to India had increased by approximately 33% year-on-year in 2023.
- The ongoing socio-political unrest in Bangladesh, which typically accounts for 50%-60% of India's total international medical tourism inflow, has significantly affected medical tourism from the country to India. A considerable number of these travellers have either cancelled or postponed their visits. CareEdge Ratings anticipates that if the unrest persists, the footfalls are likely to decline by 10-15% from Bangladesh during 2024.
- The contribution of medical tourism to the entire Indian hospital sector is about 3% to 5%. Considering the drop in footfalls from Bangladesh along with its gradual revival to normalcy by the end of 2024, CareEdge Ratings expects a minimal impact on the sector.

Healing Holidays: The reason why India is a sweet spot for medical treatment

In recent years, medical tourism in India has been on a gradual upward trend, driven by the relatively low cost of surgery, high-quality critical care, hospitals with advanced technology, and the expanding e-medical visa facility. Although 2021 saw some growth in medical tourism following the significant impact of the Covid-19 pandemic the previous year, it remained subdued due to the ongoing travel restrictions in parts of that year. However, 2022 marked a significant comeback, with medical tourism nearly returning to pre-Covid levels, and the trend continued in 2023, showing a 33% year-on-year growth. The Government of India's initiative to extend the e-medical visa facility to nationals from 167 countries is expected to further boost medical tourism in the coming years.



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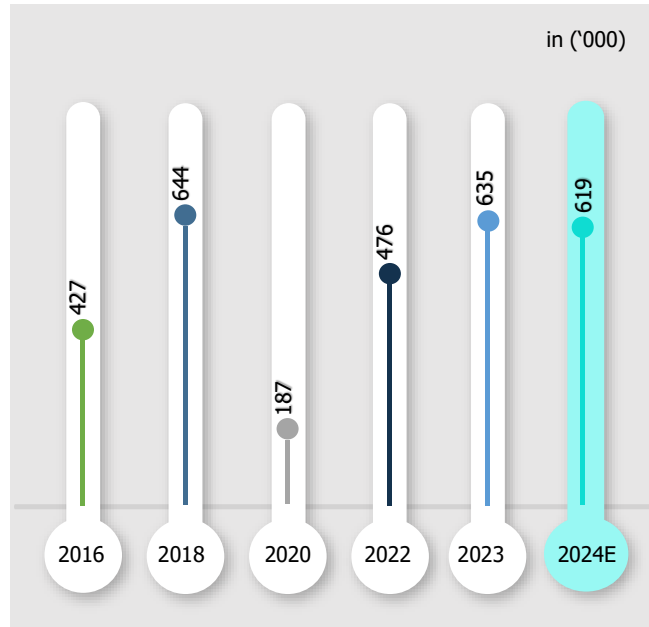
Govt. initiatives such as E Visas for 167 countries, etc.

India ranks among the top 10 countries for medical tourism globally and is especially preferred amongst South-Asian, African and Middle East countries. The medical tourism industry is expected to grow further driven by the Government of India initiatives such as 'Heal in India'. This particularly benefits the hospitals in metro cities the most as they are prime beneficiaries of international patient flow. Nearly 70%-80% of medical tourists arriving in India are from Bangladesh and Middle East countries.

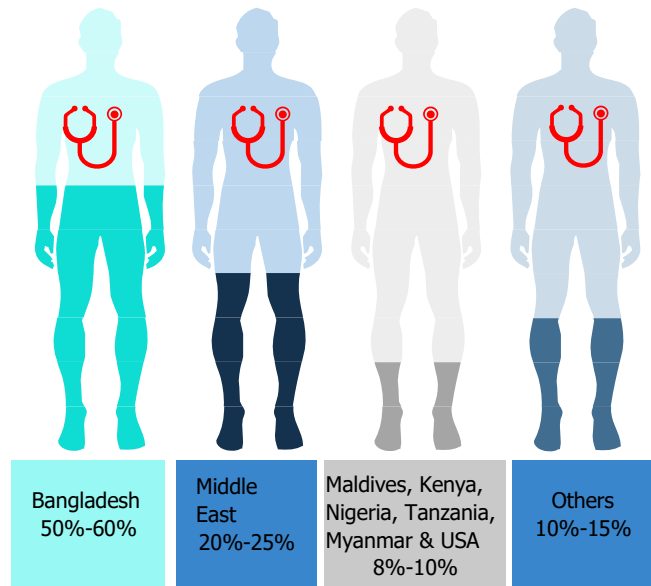
Bangladesh has been contributing 50% to 60% of total tourists visiting India for medical treatment. One of the significant factors driving this is the cultural and linguistic similarities, quality treatment at competitive prices, access to advanced facilities etc. Bangladesh stands out as the leading contributor to medical tourism among neighbouring countries, surpassing the Middle East, Myanmar, Maldives, Sri Lanka, and Pakistan. This highlights Bangladesh's crucial role in the Indian medical tourism sector. However, recent socio-political instability in Bangladesh poses a

risk to this flourishing segment of the industry. The current internal challenges in Bangladesh have shown signs of affecting the flow of patients.

Upbeat FTA trend for medical purpose post Covid-19 but expected moderation during 2024



FTAs for medical from Bangladesh has been over 50% during last half a decade ending 2023



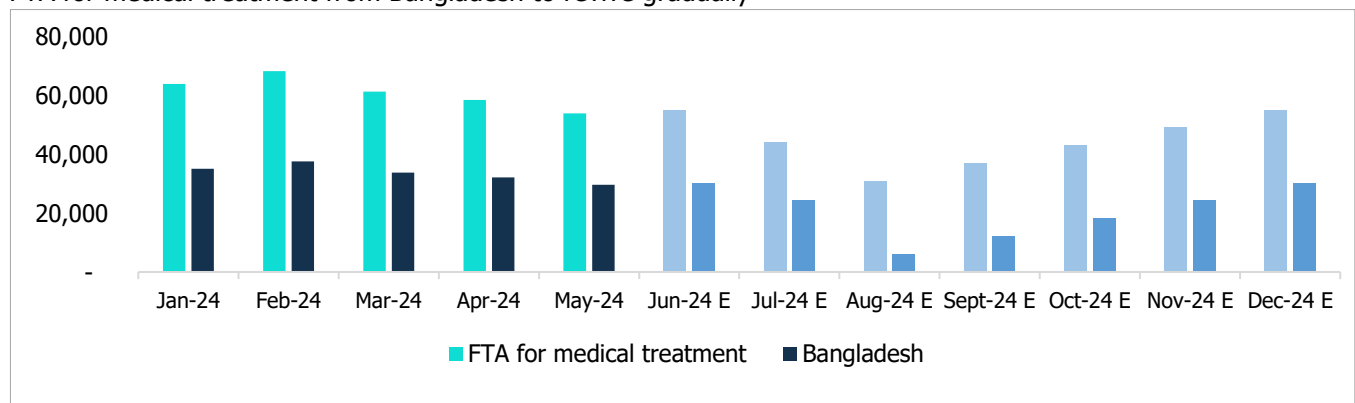
Source: India tourism statistics 2023, Bureau of Immigration, India & CareEdge Ratings estimates

FTA for medical treatment from Bangladesh to attenuate by about 10% to 15% during 2024

The hospital sector in India was valued at approximately ₹5.8 lakh crore as of FY23, with an anticipated growth rate of 12% CAGR over the next three years. Each year, an estimated 3 to 3.5 lakh individuals from Bangladesh seek medical treatment in India, predominantly utilising services from hospitals in the eastern region. Medical tourists from Bangladesh are projected to contribute 2% to 3% to the Indian hospital segment.

CareEdge Ratings estimates that due to current political unrest, the FTA (Foreign Tourist Arrival) for medical treatment from Bangladesh to significantly fall by about 80% during August 2024 and gradually improve thereafter and for the entire year (i.e. 2024) the drop in FTA from the country is expected to be about 10% to 15% as compared to 2023.

FTA for medical treatment from Bangladesh to revive gradually



Source: CMIE, Monthly tourism statistics, Bureau of Immigration, India, CareEdge Ratings estimates

CareEdge Ratings' View

"CareEdge Ratings anticipates medical tourism footfall from Bangladesh to India slash by 10-15% in 2024 on account of ongoing political unrest in the country. Noting that medical treatments are non-discretionary and typically only subject to short-term delays, a gradual normalisation of medical tourism is expected by December 2024. Currently, medical tourism contributes approximately 3% to 5% of the total revenue in the Indian hospital sector. While the decline in footfall from Bangladesh is expected to gradually recover by the end of 2024, the overall impact on the sector is projected to be minimal. However, the effect on individual hospitals will vary depending on their reliance on Bangladeshi medical tourists. Hospitals with a high dependency on these tourists may experience revenue declines in Q2 and Q3 of FY25, while larger, multi-location hospitals in India are likely to see a relatively minor impact. Most Indian industry players appear to be largely unaffected by the crisis, supported by their strong financial resilience and robust cash accruals," states D. Naveen Kumar, Associate Director at CareEdge Ratings.

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