



Indian Medical/Health Tourism Service Sector Network Report

Scoping & Sustainability Analysis

Within the initiative

**Sustainable Industrial Networks and Its applications on Micro
Regional Environmental Planning (SINET)**



**Partner
Organizations**



Scoping and Sustainability Analysis of the Medical/Health Tourism Service Sector Network

Medical/Health tourism is an industry that has recently evolved due to the increasing number of travelers traveling to foreign countries to get themselves treated, primarily due to the long waiting list for medical treatment in their own countries and also due to the distinct cost advantage and the possibility of combining leisure with well being.

Since medical/health tourism is a service sector and involves many linkages forming a well defined network, the sustainability analysis of this network will give important insights into how the various players of the network operate; the nature of interaction between the various players and the impact of these actions on the economic, social and environmental aspects of the micro-region. Sustainability analysis will help to identify the appropriate sustainability indicators that shall decide the overall sustainability of the network and help in coming out with suitable policy recommendations to integrate the vital aspect of sustainability into the medical/health tourism sector network.

The probable actors of the Medical/Health tourism sector are:

- The traveler
- Foreign tour operator
- Indian hospitals
- Insurance companies
- Tourist destination/place
- Travel Agents/ Local tour operator
- Local guide
- Local hotels
- Local market

A most recent entrant in the field of medical tourism are the independent medical referral companies that review the individual's medical history and then recommend a doctor and hospital best suited for that particular patient.

These actors interact with each other, directly or indirectly, to form a network.

If one tracks the interactions taking place, beginning from the foreign traveler planning his medical/health tourism journey and culminating with the return of the traveler to his native land, the results in most cases are sustainable, considering the economic and the social aspects. Being a service sector involving many players, the medical/health tourism service sector is likely to have profound economic, social and environmental impacts.

Presented below are the sustainability and unsustainability aspects of this service sector from the economic, environmental and social point of view.

Economic Sustainability

The various actors of this service sector network interact synergistically with each other, resulting in economic sustainability of this service sector due to the exchange of money among the various players involved in this network.

The following sections describe in details the synergistic interactions of the various players of this network and the resulting economic sustainability.

- ***The Traveler & Tour Operators***

The foreign traveler comes to India earning the country valuable foreign exchange. If the traveler has done his booking through a tour operator of his native country, the tour operator also earns commission for the services offered to the customer. In certain cases, the traveler can also avail the facility of companies in India offering medical tourism packages, to arrange for his entire journey, beginning with the traveler leaving his native country and culminating with his return journey back home after having completed his medical tourism vacation. Thus, the traveler and the tour operator are the initiators of the economic sustainability of the network.

- ***Indian hospitals***

On arrival in India, the tourist heads towards the hospital where he is to be treated and puts up in the nicely done up rooms of the hospitals where he has all the comforts and luxuries of a five or seven star hotel, as well as the attention of specialist doctors. The hospitals charge the tourist for all the services that they offer to him while the medical tourist is in their premises. Thus, the hospital earns valuable foreign exchange. At the same time, since the cost of medical interventions in India are comparatively cheaper than what the patient would have to bear in his native country, he is happy to pay a lesser amount for the same treatment obtained at the hands of experienced and renowned Indian doctors.

To cater to the needs of the hospitals, many small entrepreneurs like the duly registered medical shops, licensed canteens, etc, get established either inside or in the vicinity of the hospitals. These service providers in turn are responsible for revenue generation in the form of the exchange of money between the agencies that supply these service providers with their requirement, be it medicines or fruits, vegetables, grains, cooking fuel, etc to be used in the canteens. The secondary employment generation also contributes to the economic sustainability at this stage of the network.

- ***Insurance companies***

If it is required for the tourist to undergo a major medical intervention/surgery, the Foreign or Indian medical insurance agencies come into the picture by insuring the patient for the treatment that he is seeking. Thus, the insurance agencies earn a handsome premium in a very short period. The insurance provided can either be a direct insurance cover, or a third party insurance cover.

Moreover, majority of the travelers from countries like the U.S. are not covered by the insurance companies in their native place for medical treatment, due to the prohibitively high costs of medical insurance. But they are happy that they can get themselves insured in a foreign land before they undergo any major medical intervention, as it gives them a sense of security in an alien country. Thus, medical tourism has opened another potential money spinning opportunity for the insurance companies adding to the overall economic sustainability of the network.

- ***Tourist destination***

The trip to the tourist destination is either arranged by the hospital, or by the tour operator who has provided the complete medical tourism package to the traveler or in some rare instances, the enterprising traveler might like to have a look around all by himself, to cut down on his cost and better utilize it for some other purpose. The medical traveler proceeding to the tourist destination triggers a chain of reaction resulting in flow of money between the downstream players.

- ***Travel Agents/ Local tour operator***

The travel agents/local tour operators generate substantial revenue in the micro-region by way of providing various facilities that the tourist avails during their sight-seeing like the vehicles, guides, bus excursion, etc.

- ***Local guide***

While the tourist visits the tourist destination, he often hires a local guide or can avail the services of the government guides that the Government of India has appointed to prevent the foreign travelers from being cheated. This initiative by the Indian government has resulted in employment generation for many unemployed youths in the tourist regions, thereby adding to the economic sustainability dimension of this network.

- ***Local hotels***

If the tourist destination is expansive and cannot be seen in a day, then the foreign traveler has to put up in local hotels that offer all the possible luxuries. Thus, the local hotels also become a part of the network contributing to economic sustainability.

- **Local market**

During sight seeing, the tourist is on the look out to buy articles that are a specialty of the region, like handicrafts, decoration articles made by the local artisans, etc. This brings handsome returns for the local markets as the goods are usually sold at a higher price to the foreigners who do not mind paying a higher price.

Sometimes the foreign traveler may even buy the local specialty article in bulk to take back and sell in his native country thereby earning handsome profit for himself. Thus, the local artist is encouraged to produce more of the article for selling exclusively to the foreigners, which helps the small artisans to continue with their tradition and earn a good livelihood. The local markets are the culminating point for monetary exchange of this service sector.

Economic Unsustainability

Though it may seem from the details furnished above that all the players of this service sector network largely contribute to economic sustainability, there are instances where economic unsustainability could creep in as mentioned below:

- **Insurance companies**

The role of the insurance companies needs to be better defined than what it is at the present moment because some of the doctors are not satisfied with the performance of these companies when it comes to settlement of the bills of the doctors. Some doctors are of the view that if the insurance companies do not improve their performance on this front, the doctors might be discouraged to attend to patients that come through the insurance companies. If this happens, the insurance companies could lose a niche market that could be a major revenue generator for them.

- **Local market**

The local market in a major tourist destination provides opportunity for some unscrupulous elements who may try to fool the foreigners by asking for exorbitant money, but the local guides, provided by the Government of India at most of the famous tourist destinations, can prevent this from happening as he is aware of the reasonable cost of the articles being sold by the local artisans.

Environmental Impacts

Since the inflow of tourists bring about a lot of disturbance in the natural and virgin environment, hitherto untouched by mankind, it is only natural that there shall be major unsustainability impacts rather than sustainability effects

Environmental Sustainability

- ***Travel Agents/ Local tour operator***

At many places, to prevent the pollution caused due to the vehicular exhaust, the state government has helped the travel agencies or the local transporters to convert their vehicle to run on compressed natural gas (CNG) or even on solar batteries. Thus the environment is also directly benefited due to this transition to a cleaner fuel.

Environmental Unsustainability

Due to the increase in the tourist inflow resulting from medical tourism, many destinations that were hitherto unexplored are being developed for creating facilities for the tourists like resorts, hotels, eateries, etc. Many a times, the buildings come up very close to the seashore posing a serious threat to the fragile landscape as well as to the residents of the building. A recent example of such unsustainability is the Tsunami of 2005 in Indonesia, where the sea water entered into the resort operating very close to the beaches, resulting in tremendous loss of life and property.

The mangroves are the other ecological hotspots that are under severe pressure due to the development of many islands as tourist attractions. Construction and developmental activities on the islands results in the mangroves being cut down substantially and in some cases completely, which results in loss of precious bio-diversity (both flora and fauna) as well as exposes the island to the threat of flooding/submergence at the time of high tides or storms.

The mushrooming of hotels especially in the hill stations can have a deleterious effect on the environment as the construction of the hotels warrants the removal of the green cover of the hills, leveling of the hills to make a plain surface for construction. This leads to natural habitat destruction as well as damage to the wildlife comprising of flora and fauna. Even, in the case of tourist destinations that are not in the hilly areas, for example in the backwaters of Kerala, which is one of the tourist hotspot, the boats that house luxurious hotels often end up dumping the untreated sewage and sullage in the backwaters. If this continues beyond the self purification capacity (carrying capacity) of the water body, it could have serious repercussions.

Pollution of the water bodies could result in the local population having to search for alternative source of drinking water and obnoxious odour due to decomposing organic matter discharged in the water bodies.

Thus, it is important for the developers of the micro-region to take into account the carrying capacity and supportive capacity of the environment so that there can be sustainable development of the medical tourism service sector network. If nature is exploited beyond its

capacity to sustain growth and development, it will lead to environmental, economic as well as social unsustainability

Another aspect that concerns the environment is the waste generated by the hospitals and the hotels. Due to the hazardous nature of the hospital waste comprising of empty medicinal vials, used syringes, bandages, empty blood transfusion bags, etc, the hospitals are required to take care of their medical wastes and dispose them in a sound manner either to a central treatment facility (comprising of the municipality or a central incineration facility that collects waste from all the hospitals for incineration) or within their own premises in case of big hospitals.

The waste generated from the hotels can also pollute the environment if not properly disposed. Improper disposal of waste from the hotels in the form of waste food can lead to the pollution of the surroundings as the food would attract scavengers and other animals and also give out foul smell on decomposing.

In areas with high concentrations of tourist activities and appealing natural attractions, waste disposal is a serious problem and improper disposal can be a major despoiler of the natural environment - rivers, scenic areas, and roadsides. Solid waste and littering can degrade the physical appearance of the water and shoreline and cause the death of marine animals. An interesting issue that needs special mention here is the waste generated by the tourist at every stage of his journey beginning with his entry into India right up to completion of his tour (travel, stay and associated environmental impacts). Since there is great disparity in the waste handling and treatment systems of India compared to the Western countries, it is evident that a large inflow of tourists would put pressure on the waste management systems that may eventually lead to environmental unsustainability.

Tourists too must adopt tourism ethics; they must consider the social, cultural and environmental consequences of their actions as many time the tourist litter the areas they visit like the sea shores and mountains with paper, packaging materials, soft drink cans, etc; which pile up over the years and destroy the beauty of landscape.

Social Sustainability

The medical/health tourism service sector network also has profound social sustainability impacts mainly due to employment generation in the local region that leads to an improvement in the quality of life for the people of the micro-region. Infrastructure development like good roads, electricity and water availability in the tourist hotspot areas also leads to improvement in the quality of life for the local people adding to the social sustainability.

- ***Indian hospitals***

The foreign tourists arriving in India to get themselves treated generates primary employment in the form of these hospitals recruiting more specialist doctors, nurses, attendants as well as unskilled staff to cater to the different jobs in the hospital as well as in looking after the comforts of the traveler like room service attendants, sweepers, etc.

The primary and the secondary employment thus generated by the hospitals offering medical tourism directly leads to an increase in the standard of living as well as upliftment in the standard of living of the economically weaker sections of society that find employment in many of the places mentioned above. This contributes to the social sustainability of the medical tourism service sector network.

Since the hospitals earn handsome foreign revenue treating the foreign tourists, there is every possibility that they could cross subsidize the treatment of economically weaker sections that cannot afford the cost of treatment. By doing this the hospital will ensure that it is fulfilling its social responsibility towards the local region from which it is drawing most of its resources. There are examples where this is being done by certain hospitals, for e.g. Shankara Netralaya, Chennai and Narayana Hrudayalaya, Bangalore

- ***Tourist destination***

After successful completion of the medical intervention and on recuperating sufficiently or sometimes even during the recuperation period, the hospitals send the tourists to some serene, picturesque location that is often a famous tourist destination. This helps in faster recuperation of the patient. The hospitals offer this option during the recuperation period only to the patients who have undergone minor medical interventions like cosmetic surgery, hair transplants and dental interventions.

This is the most awaited stage for the traveler as he gets to personally experience the beauty of nature, see the culture of a foreign place, taste the exotic local cuisine and enjoy all the pleasures that the place has to offer. The relaxing experience can have a rejuvenating effect on the physical state of the person that can help him recovery fast as well as feel good physically, mentally as well as emotionally and recharge him to meet the challenges of life. This aspect in some sense has a positive social dimension attached to it, considering that a happy person will make the people around him happy and make the society a better place though in his own small way.

- ***Travel Agents/ Local tour operator***

The more adventurous traveler might like to put up in some resort in the wild to be close to nature and thus the tourism network expands further. It is here that the local transporters play an important role in the sight seeing of the tourist as they offer air-conditioned four wheelers or safari vehicles depending on the need of the traveler to go into the jungle and experience wild life at its best.

The local tour operator often employs the local people of the tourist region as guides, since many people prefer to hire such guides compared to the local guides who operate on a free lance basis. Thus, secondary employment is generated in the local region contributing to the social sustainability as employment leads to improved standard of living.

- **Local guide**

The facility of a local guide is given by the local hotels and in some cases the guide is usually an employee of the hotel who has good communication skills, preferably with the knowledge of English who can accompany the tourist. This local employment generation adds to the social sustainability of this service sector.

- **Local hotels**

The local hotels add to the infrastructure of the tourist region, the facilities of which can be enjoyed by the local population, though occasionally. This contributes to the social sustainability as the local people also get to enjoy the luxuries on offer in their local region. The secondary employment generated by the hotels also directly contributes to social sustainability.

Social Unsustainability

- **Indian hospitals**

The Indian hospitals offering medical/health tourism facilities are usually the tertiary level super specialty hospitals that offer handsome pay packages to their doctors as they are their real strengths. Attracted by the good growth prospects in these hospitals, many doctors serving in the government hospitals, that are already understaffed to begin with, are attracted to affiliate themselves to these hospitals. This creates a crisis of trained medical professionals in the government hospitals that provide low cost medical treatment. Thus, the medical tourism sector is accused of weakening the already burdened government health care system and creating social unsustainability practices.

- **Tourist destination**

The huge inflow of foreign tourist that the medical/health tourism service sector brings to the tourist destination attracts a lot of beggars and some anti-social elements who dupe the unsuspecting foreign travelers and engage in mischief. There are a few instances reported, where the foreign tourists have been robbed of their money and belongings after being lured by these anti-socials on some pretext or the other. Sometimes little children are forced into beggary by their poor parents as they find it an easy way of earning money because the sight of little children begging moves the heart of many people who give them bigger alms.

Another aspect associated with the social unsustainability of the medical/health tourism service sector is the issue of illegal organ transplant. Though laws are in place to check these malpractices, they still continue to take place and addressing this issue is outside the scope of this initiative.

Conclusion

Thus, it can be concluded that except for certain aberrations, the medical/health tourism sector network largely results in enhanced economic sustainability by bringing in revenue to the tourist destination as well as enhanced employment for the local people of the region resulting in social upliftment of the region. Developmental activities in the tourist region also result in better infrastructure in the form of good roads, street lights, hospitals, assured water supply, etc, which result in improvement in the standard of living of the local people.

But at the same time it is important to mention here some of the concerns that are associated with medical/health tourism relating to India. They are enumerated below:

- Hygiene/Unsanitary
- Pollution
- Not developed and Bureaucratic country
- Accreditation of hospitals
- Medical insurance frauds
- Terrorism prone

The hospitals that offer medical tourism in India are of world standards so the concern of hygiene has been taken care of by most of the medical institutions offering medical/health tourism services. Majority of the specialty hospitals offering medical/health tourism facilities in India are accredited and those that do not have accreditation have applied for the same realizing the importance and benefit that accreditation by authorized agencies can bring to their hospitals.

The other concerns are beyond the scope of this study.

Summarizing the sustainability analysis of the medical/health tourism sector network, it can be concluded that this service sector thrives on the availability of a multitude and diversity of tourist destinations in India. In this respect, maintenance of nature's bounties in its original state assumes great significance. At the same time, since development of world class infrastructure is an important parameter for each of the links in this network, it is evident that this sector also consumes a lot of natural resources, which in this case seems to be a necessary evil.

Environment appears to be the only probable casualty if the tourists and the other major players like the hospitals and the hotels are negligent in their attitude towards the environment. Otherwise this network has the potential of being one of the most sustainable networks from the economic and social point of view.

Also, the issue of internal brain drain from the government run hospitals to the high end hospitals is an important issue that needs urgent attention by the government and the healthcare policy makers.

Moreover, enhanced cooperation between the Aviation ministry, Travel and Tourism Ministry, Health Ministry and Ministry of Commerce is required if India is to meet the challenges and competition from other neighboring countries like Thailand, Malaysia and Singapore and becoming a preferred tourist destination in Asia.

To incorporate sustainability into the medical tourism service sector network, it is vital to develop a system wherein all the stakeholders of this network are well connected to each other and do not operate in isolation. Exchange of information can also help this service sector to operate more efficiently, there shall be greater possibility to have inbuilt safeguards against unsustainability practices and make the entire network sustainable.

This calls for coordination and cooperation between the policy makers, government institutions, medical institutions, travel agencies, local population as well as the medical/health tourist.

REFERENCES

http://www.domain-b.com/industry/tourism/20040903_medical_tourists.html

<http://www.indiaprofile.com/medical-tourism/medical-insurance-and-legal-aspects.html>

[http://www.assochem.org/events/recent/event_35/265,15,Slide 15](http://www.assochem.org/events/recent/event_35/265,15,Slide%2015)

<http://www.uneptie.org/pc/tourism/sust-tourism/env-3main.htm>



Asia Pro Eco Programme

Is a five years programme launched by European Union in 2002, The main target is to adopt policies, technologies, and practices that promote cleaner, more resource efficient, sustainable solutions to environmental problems in Asia. The programme provides support through grants to policy reinforcement, operational and practical dialogue, diagnostic studies, technology partnership and demonstration projects, in the field of environment. The programme supports non profit organizations from EU and Asia.

About SINET

The aim of sustainable industrial network and its application on micro regional environmental planning is to interpret and adapt an understanding of the natural system and apply it to the design of the man-made system, in order to achieve a pattern of industrialization that is not only more efficient, but which is intrinsically adjusted to the tolerances and characteristics of the natural system. An industrial system of this type will have built-in insurance against environmental surprises, because their underlying causes will have been eliminated at the design stage. A micro-region is a distinct territorial unit with clearly marked boundaries below the regional level, but above the village level. Micro-regional environmental planning attempts to coordinate the planning activities of the various actors within a limited territorial unit.

The project will look at analyzing and documenting various success and failure stories of industry networks from Sweden/Europe and India/Asia, and to ascertain their impacts on environment and sustainability aspects of the respective micro regions. Emphasis will also be placed on creating awareness on the influence of industry network (key economic activity) on the micro region's environmental and sustainability aspects.



Contact Us

SINET Secretariat

c/o Network for Preventive Environmental Management (NetPEM) Public Trust,
301, 3rd Floor, Samved Sankul, Temple Road, Civil Lines,
Nagpur – 440001, India.

Phone: +91- 712 – 2552725/26, Telefax: +91- 712 – 2562723

Email: coordinator@sinetinfo.org Project Home Page: www.sinetinfo.org