MULTIPLIER EFFECT IN MEDICAL TOURISM: A CASE STUDY
REFERENCE TO RAJASTHAN

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ABSTRACT

Medical Tourism is an upcoming industry and has got vast potential, but out of total India has got 8% of the market share which is too meager. So there is a need to plan short term and long term strategy at the regional level and at the national level, to make India the destination for Medical Value tourism. as per the international standards, Indian doctors being the best considering 38% doctors in U.S. and 23% in U.K being Indian .patient centric care, treatment being made as complete experience, focus on less system error and Joint Commission International (JCI ) accreditation becoming order of the day along with other support facilities. However in order to leverage the vast future potential, we have a long way to go. There is a need to focus on getting great facilities, combining medical with tourism. Making India being perceived as the destination and bridge the biggest barrier in the form of infrastructure and super specialty hospitals and encourage investments in healthcare sectors. As most of us are aware, good health is a pre-requisite for human development and this has led to the growing emphasis among the general public on the importance of healthcare. Patients are now seeking for higher quality healthcare services and standards, more affordable medical treatment as well as shorter waiting times. To fulfill these expectations, patients are willing to travel across the world to receive treatments that can give them “value for money”. The process of “leaving home” for treatments abroad is an emerging phenomenon in the healthcare services industry that has the potential to generate multiplier effects on the economy.

KEYWORDS: Health-Tourism, Indian-Economy, Rajasthan-Economy, Multiplier-Effect

INTRODUCTION

The Indian Tourism sector is one of the largest service industries in the country in terms of its contribution to the Gross Domestic Product (GDP) and Foreign Exchange Earnings (FEE), as well as for providing employment to millions. The sector in fact is expected to generate around US$ 42.8 billion (INR 1,897.7 billion) by 2017, according to an industry research note by auditing and consulting firm Deloitte Touche. Significantly, the Tourism and the Hospitality sector generated a total of US$ 2,468.39 billion (INR 1,094, 48.4 billion) in Foreign Direct Investment (FDI) during April 2000-April 2011, according to the Department of Industrial Policy and Promotion (DIPP). Further, Foreign Tourist Arrivals (FTAs) are expected to grow to 10 million by 2010-12 and the domestic tourism is expected to increase by 15 per cent to 20 per
cent over the next five years as per the Ministry of Tourism. Tourism in India is witnessing widespread growth on the back of increasing inbound tourism by the burgeoning Indian middle class, rising inflow of foreign tourists and successful government campaigns for promoting ‘Incredible India’. Infrastructure development holds the key to India’s sustained growth in the Tourism sector. Therefore, Ministry of Tourism has made consistent efforts to develop quality tourism infrastructure at tourist destinations and circuits. Further the government has also allowed 100 per cent foreign investment under the automatic route in the Hotel and Tourism related industry. According to, Minister of Tourism, "Government is embarking upon the policy of developing integrated perspective investment plans for key circuits and destinations in each state and Union Territory." He said these investment plans would identify components requiring investments through the Center, the state governments, public private partnership and private sector. Significantly, the country has the potential to become a major global tourist destination, with the tourism sector expected to contribute around INR 3,414.8 billion (US$ 77.0 billion*) by 2021, according to a report by the World Travel and Tourism Council (WTTC).

According to the 2008 Deloitte Medical Tourism Report, 39% of consumers surveyed said that they would opt to go abroad for an elective procedure if it means that they could save half the cost and be assured that the quality and standard of the service provided was comparable. In 2007 for example, 750,000 Americans traveled abroad to get treatment and the figure is estimated to reach six million by the year 2010, with the amount spent estimated to be in the range of USD 7.9 billion to USD 10.1 billion. In terms of global market share, health tourism is experiencing a high growth rate of 20-30% per annum, where Asia alone is receiving 1.3 million foreign patients annually and has become among the most preferred destinations for medical treatment. The competitive cost of medical treatment in Asian countries in comparison to the developed countries is said to be the main factor that drives and increases health tourism in Asian countries. A study conducted by Research and Consultancy Solution (RNCOS), a research institution based in India, reported that in 2005, global revenue of approximately USD 20 billion was generated by the medical tourism industry. This has placed the industry as one of the world’s largest industries. The increasing number of non-insured populations in developed countries and the high healthcare expenditures in relation to their GDP has resulted in more people opting for treatment outside their own countries. Hence, efforts have to be made to further develop and promote the industry, including intensifying marketing and promotional activities. Collaborative efforts between the Government and the private sector have to be strengthened to ensure maximum optimization of resources. New potential markets have to be explored.

The potential gains from the healthcare services industry and its contributions to the national economy are enormous. Given India’s diverse cultures and rich heritage, and the availability of well established and affordable health facilities, India has the essential ingredients to become a world class player in health tourism. With continuous and collaborative efforts by both the Government and the private sector working together in partnership, India can expect to garner huge rewards from this thriving industry.

**Facts of Medical Tourism**

1. Millions of patients travel to other countries for Medical Tourism Each Year. Deloitte estimates that as many as 1.6 million Americans could be traveling in 2012 for Medical Tourism spending billions of dollars.
2. A June 2009 MTA Patient Survey found almost 83% of patients traveled with a companion.
3. A June 2009 MTA Patient Survey found almost 70% of patients rated their medical care as excellent.
4. A June 2009 MTA Patient Survey found almost 90% of patients or their companions engaged in tourism activities.
5. A June 2009 MTA Patient Survey found almost 85% of US patients found they received more personalized medical care than in the US.
6. A June 2009 MTA Patient Survey found almost 86% of US patients said they would avail gain overseas for medical care.
7. A July 2010 MTA Survey found that 71% of Insurance Companies & Employers thought that Healthcare Reform would have a positive effect on the Medical Tourism Industry.

Scale of India Tourism

There has been a remarkable growth in the last three years, in foreign tourist arrival to India due to the various efforts made, including promoting India through the ‘Incredible India’ campaign in overseas markets. It has increased by about 65% from a level of 2.38 million in 2002 to 3.92 million in 2005, 5.78 million in 2010, 6.29 million in 2011 registering growth of 8.9%. While the foreign exchange earnings US$ 11394 million in 2009, US$ 14193 million in 2010 and US$16564 million in 2011 have grown by about 24% during the 2009-2010 and about 16.7% during the 2010-2011. The Tourism satellite accounting for India has brought out that tourism’s contribution to GDP of the country has been 1.9% in 2010-11, while employment in tourism sector both direct and indirect, has been 2.5 crore in the year 2011-2012. Though the growth in tourism in India has been impressive, India’s share in global tourist arrivals and earnings is quite insignificant. It is universally acknowledged that the tourism resources in the country have the potential to generate significantly higher levels of demand from the domestic and international markets, and, if exploited intelligently in a sustainable manner, can prove to be the proverbial engine of growth for the economy.

Overseas Promotion

The Ministry of Tourism performs its main marketing function through a network of 13 Government of India tourist offices located overseas towards specific area demarcations under 6 distinct regions as given below:

- New York – responsible for the entire North American and South American Continent
- Frankfurt – responsible for Continental Europe
- London – responsible for U.K. and Ireland
- Dubai -- responsible for West Asia & South Africa
- Sydney – responsible for Australasia
- Tokyo – responsible for East Asia
in 2006, India’s share had been 0.8% of the world market travel and tourism market. This share has risen from 0.6% in 2001, registering a 13% CAGR as against 8% CAGR for the world during the same period. Further, the WTO has forecast the Travel & Tourism Industry in India to grow by 8% per annum, in real terms, between 2008 and 2016. Foreign exchange earnings from tourism alone could show annualized growth of 14% during the same period.

**Rajasthan**

The State of Rajasthan is one of the most favored destinations of tourists in India for both domestic & international traffic. Its desert dotted with rugged forts and beautiful palaces, lakes, wildlife and bird sanctuaries, charming cities, fairs and festivals, and colorful culture form the most fascinating and unique basket of attractions for any tourist. Tourism accounts for over 14% of the state's economy in 2010 - 2011. Popular tourist destinations in the state include historic cities (Jaipur, Udaipur), wildlife sanctuaries (Sariska, Ranthambore) and desert locations (Jodhpur, Jaisalmer). The State runs famous luxury tourist trains - Royal Rajasthan on Wheels and Palace on Wheels - that connect some of the important tourist destinations of Rajasthan with Delhi and Agra (in Uttar Pradesh). This year Jantar Mantar, Jaipur has been included in the list of World Heritage Sites of UNESCO. During the calendar year 2011, up to December, the number of tourist arrivals in the State was 284.89 Lacs (271.37 Lacs domestic and 13.52 Lacs foreign)*. Rajasthan accounts for 21.49% of total foreign tourist arrival in the country in 2011.

Rajasthan ranks 5th in the country in number of domestic tourists arrival (3.9% of total domestic tourists) and 6th in number of foreign tourists arrival (7.8% of total foreign tourists).
foreign tourist visits
2011

- Tamil Nadu: 28.50%
- Maharashtra: 7.20%
- Delhi: 6.70%
- Uttar Pradesh: 5.00%
- West Bengal: 4.00%
- Rajasthan: 3.70%
- Andhra Pradesh: 2.50%
- Bihar: 1.00%
- Himachal Pradesh: 0.60%
- Others: 10.60%
- Kerala: 9.40%
- Others: 1.00%
<table>
<thead>
<tr>
<th>Country</th>
<th>No. of tourists (Lacs)</th>
<th>Percentage of total foreign tourist (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>1.93</td>
<td>14.28</td>
</tr>
<tr>
<td>Germany</td>
<td>1.19</td>
<td>8.8</td>
</tr>
<tr>
<td>U.K.</td>
<td>1.08</td>
<td>7.99</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>0.92</td>
<td>6.8</td>
</tr>
<tr>
<td>Italy</td>
<td>0.86</td>
<td>6.36</td>
</tr>
<tr>
<td>Australia</td>
<td>0.59</td>
<td>4.36</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.52</td>
<td>3.85</td>
</tr>
<tr>
<td>Canada</td>
<td>0.43</td>
<td>3.18</td>
</tr>
<tr>
<td>Japan</td>
<td>0.32</td>
<td>2.37</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>0.23</td>
<td>1.7</td>
</tr>
<tr>
<td>Others</td>
<td>5.45</td>
<td>40.31</td>
</tr>
</tbody>
</table>


Rajasthan has a developed tourism infrastructure, with over 6,000 hotel rooms in more than 150 hotels. Of these, over 1,400 rooms (54 hotels) belong to the heritage category.
About Medical Tourism

Medical tourism can be broadly authentic as accouterment of 'cost effective' clandestine medical affliction in accord with the tourism industry for patient’s defective surgical and added forms of specialized treatment. This action is actuality facilitated by the accumulated area complex in medical affliction as able-bodied as the tourism industry - both clandestine and public. The plan of the health holiday is to present you an opportunity to get away from your every day routine and come into a dissimilar comforting surrounding. Here you can enjoy being close to the beach and the mountains. At the same time you are able to receive an orientation that will assist you improve your life in terms of your health and common well person. It is like transformation and cleans up process on all levels - physical, mental and emotional.

Medical Tourism in Rajasthan

Rajasthan has gained international attention for medical tourism and is becoming a popular international medical tourism destination. Rajasthan is to unveil an ambitious roadmap to boost medical education and medical tourism but there’s a catch - investors will have to cough up at least Rs.50 million (a million dollars) to take advantage of the scheme. Rajasthan has established health and health tourism in India. They have made a concerted effort to encourage health tourism in a big way, which has effected in a large increase of visitor arrivals into the state. Rajasthan and Ayurveda have almost become synonymous with each other. However, though Rajasthan has powerfully focused on Ayurveda and its wide arrangement of treatments and medications, best facilities are also available in the other traditional forms of medicine as well as in new medical treatment.

Hospital in Rajasthan

Rajasthan offers world class medical facilities, like with any of the western countries. Rajasthan, has state of the art hospitals and the best qualified doctors. With the best infrastructure, the best possible medical facilities, convoyed with the most viable prices, you can get the treatment done in Rajasthan, at the lowest charges.

S.K Soni Hospital, Jaipur
Bhagwan Mahaveer Cancer Hospital & Research Centre, Jaipur
Fortis Escorts Hospital Jaipur
Santokba Durlabhji Memorial Hospital, Jaipur

"Provisions will be made in the policy to offer health packages for patients coming from neighboring countries. Obviously, we are not targeting to attract patients from the West and other developed countries. But through this policy, we will offer better healthcare services to the patients coming from the neighboring countries like Bangladesh, Nepal, Afghanistan and other neighbouring countries. The policy is in the initial stage, it will take some time to implement the policy,” According to minister of state for health, besides, the state government has plans to tap growing the tourist activities in religious places, including Ajmer dargah. Since a lot of tourists from neighboring countries come to the Ajmer dargah every year, the department has an aim to offer lucrative treatment packages to the foreign tourists. The department officials claimed that because of the free-medicine scheme, patients from neighboring states have increased. Now the state government is targeting patients, who require 'terminal care' from the neighboring states. But it remains to be seen how the state government takes it up or it will take help of private
hospitals in the policy, which have spawned in the city in large numbers. The state government is also helping private hospitals by allotting land on concessional rates or by allowing them set-up on public private partnership (PPP) basis. Manas Arogya Sadan Heartcare & Multi-Specialty Hospital, which will run on a PPP basis with Metro Institute of Medical Sciences Private Limited for a period of 30 years, is expected to become operational from December 2012.

Besides, state government confirmed that Bombay Hospital would also come up in Jaipur as its land allotment process by the Jaipur Development Authority is in the final stages. According to president Private Hospitals and Nursing Homes' Society in Jaipur, "The government is allowing big private hospitals to enter Jaipur by offering land on concessional rates. These hospitals are mainly terminal care hospitals. But the government should also make better rules to boost the hospitals which are small and catering general patients in large numbers."

**Economic impact of Medical tourism**

- The generation of foreign exchange,
- The creation of new job and employment opportunities,
- The stimulation of trade, income and entrepreneurship - especially in the service and small business sectors,
- The provision of new infrastructure which is available for non-tourism uses,
- Increased regional development - particularly in isolated areas,
- Greater tax revenues permitting greater government spending - or reduced taxes on other activities, and
- The operation of what is called the multiplier effect.

**Direct, Indirect and Induced Multiplier Effects**

The cascading effect of tourists money being spent throughout the host economy, begins at front-line tourist establishments, eg hotels, restaurants and taxis. The effect of this spending then permeates throughout the economy (Mathieson & Wall, 1982), creating impacts at three different levels: ie at the direct, indirect, and induced levels. This is the *multiplier effect*.

The direct level of impact (also called the direct multiplier) is the value of tourist spending less the value of imports necessary to supply the front-line service-providers, such as hotels, etc. The direct impact - and the size of this multiplier - is likely to be less than an individual tourist’s actual expenditure because of leakage, except in the rare cases where the local economy can supply all that particular tourist’s needs (Cooper *et al*, 1993).

Those travel industry businesses which directly receive the tourist’s money also need to purchase goods and services from other organizations within the local economy. The economic activity generated by these subsequent rounds of expenditure is called the indirect multiplier effect. The indirect effect will not involve all that money which was originally spent by tourists, as some of this money is also likely to leak out of circulation through imports, savings, and taxes.

Finally, during the direct and indirect rounds of expenditure, money will be paid to local residents in the form of wages, salaries, rent, interest, and dividends; and also to local businesses
for routine services. Some of this expenditure (called the induced multiplier) generates yet more rounds of economic activity - by being spent on local goods and services. It is only when all three levels of impact (ie direct + indirect + induced) are assessed that the full nature of this particular effect of tourism can be identified.

In the multiplier process, direct multipliers flow from what visitors actually spend, while indirect multipliers are created by tourist industry expenditure. Induced multipliers come from the routine spending, by their non-tourism industry suppliers, of both their direct tourist and indirect tourist industry receipts.

**The Multiplier Effect in Action**

A tourists $100 expenditure creates at least another $160 worth of transactions, though $40 is lost as leakage ($20 to imports, $20 to savings). In average a foreign tourist spend about $200 Per day, and around stay in India 7 days, while a foreign medical tourist spend around $3,500 in India. So a simple foreign tourist spends $1400 and a medical foreign tourist spends more than double the simple foreign tourist i.e. $3,500.

Simple foreign tourist generate multiplier effect of money = $1400+$1400*60/100= $2240

Medical foreign tourist generate multiplier effect of money = $3,500+$3,500*60/100= $5,600

Ratio between simple foreign tourist and Medical Foreign tourist = 1:2.5

The kinds of activities which medical tourists pay for, creating direct multiplier effects, while the right-hand column identifies those businesses from which travel companies make purchases, using tourist-generated money, and so creating indirect multipliers. Below shows those non-travel industry businesses, who may receive tourist-generated money, and who then create induced multipliers by spending this revenue.

**Advantages of Measuring Multipliers**

Despite Diamonds and Fletchers studies, it has proved very hard to measure multipliers accurately (Cooper *et al*, 1993). However, if reliable transaction records and figures are available, and they can be apportioned correctly, then it may be possible to identify:

1. Where leakages may be occurring, i.e. which transactions and activities lead to:
   - The importing of foreign goods, or
   - Unusually high levels of savings,
2. Which activities:
   - Lead to continued trade, or
   - Inhibit trade (e.g. taxes), and
3. Which specific business sectors and/or organizations are benefiting most from tourism?

**Conclusions**

The future of medical tourism seems promising. With increased promotion, other countries are expanding their health care systems, encouraging tourists to visit. India is revising plans to build
a medical tourism resort, providing superior accommodation in “a hotel and hospital combination”. Rapidly emerging cities are presenting innovative ideas, including Dubai’s Healthcare City, which will be one of the world’s largest medical centers. While medical professionals are generally skeptical of the niche market, medical tourists are definitely better catered for when travelling overseas, provided that the medical institution is thoroughly researched beforehand. Presently, there are inadequate data for this growing area of tourism, especially regarding unsuccessful procedures. With the availability of state-of-the-art facilities in private hospitals that are continuously upgraded and internationally recognized and highly qualified medical professionals and skilled allied health staff, Rajasthan has great potential to be a serious player in the global healthcare services industry. In terms of the cost of care, India with its favorable exchange rate has clear advantage over its competitors in the region. However, these factors alone will not position India as an international medical hub, let alone a regional one, unless we recognize and address the various challenges that are in our way towards India’s position as a global player. Adverse effects on locals’ health, lifestyles and economic welfare are evident. Governments perhaps need to limit expenditure on international visitors and focus on maintaining the health of their own citizens via stronger regulatory systems. Medical tourism can gives great contribution in Indian and Rajasthan economy if managed well could be a progressive step towards quality health care for foreign medical tourist.

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