

THE ECONOMIC TIMES
ON SUNDAY

Health, commerce ministries seek infra status for health

To Boost Private Investment In Semi-urban, Rural Health Centres

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UNION commerce and health ministries have made a strong pitch to the finance ministry to accord infrastructure status to the healthcare sector in the budget. The move is in line with UPA's focus on bringing social sector reforms and likely to further boost private sector investment in semi-urban and rural markets.

Two top-level industry officials, who are closely tracking the development with the union government, said it is the first time that both commerce and health ministries have given such a proposal even though the healthcare industry was lobbying for the status for the last couple of years. Little wonder, that expectations are high that the infra status for healthcare will be announced in this year's budget.

Infrastructure status usually comes with a tax holiday of ten years and will enable private hospitals to raise cheaper long-term capital. Hospitals now enjoy a five-year tax holiday in Tier II and III areas provided they commence operations between April 1, 2008 and March 31, 2013. This proposal was announced in last year's budget.

"The commerce, health ministry as well as the Planning Commission have recognised that awarding infrastructure status will improve the nation's healthcare index. The UPA government is committed to such social sector reforms," a senior industry official said.

Wockhardt Hospitals CEO Vishal Bali said infrastructure status to healthcare sector will help private hospitals to access funds easily for expansion. "Plus, the tax holiday which comes with infrastructure status will be an added incentive for investment. The biggest example is the country's IT sector blossoming after it was awarded infrastructure status," he said.

Healthcare service providers feel infrastructure status will also bring down cost of treatment. "If Rs 55-60 lakh per bed is



being invested right now, the cost can come down to Rs 35 lakh per bed, which will ultimately make hospitals and better treatment available to a large number of people," said Max Healthcare CEO and MD Pervez Ahmed.

Industry estimates suggest India at present requires around \$80-billion investment in the healthcare sector. While the bed:population ratio in developed nations is 7:1000, in India it is around 1:1000. A WHO survey indicated that India ranks at 171 out of the 175 nations in terms of percentage of GDP spent in the public sector on healthcare. In the same survey, India ranks 17 in terms of private sector spending on health.