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Growing diagnostics market in India

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Geography wise, the biggest growth is in tier 2 and tier 3



The diagnostic market in India is around Rs 75000 crore market divided into two parts -- private and government. Out of this Rs 75000 crore, Pathology and radiology in private sector is about Rs 45000 crore and government sector is for about Rs 27000-28000cr. After that if we look into private sector there are sections of hospitals and non-hospitals, hospitals have diagnostic centers inside radiology and pathology. Non hospitals mean independent players in diagnostics; these are equally divided hospitals vs non hospitals. If you compare the two segments in private sector, one is radiology and other is pathology. The market worth of Pathology is about Rs 30000 crore. 80% of Indian diagnostics is unorganized and if we look at the market share tier-wise then Tier 1 city has 40-50% share and remaining comes from tier 2 and tier 3 cities.

New Technologies in Diagnostics

In technologies, if we limit to lab medicine in pathology then 75% of the private pathology is in the routine segment, which means biochemistry pathology, immunology, and microbiology but specialized segment which is growing and growing and consists of almost 25% of private pathology including surgical pathology, biopsy, etc. This market has come up well. Second is Molecular pathology market molecular biology which is more of genomic, genetic based DNA, RNA segment sequencing, this is a big market that is growing at almost 35%-40% every year. The two technologies growing are definitely surgical pathology and molecular pathology.

Molecular pathology, predominantly, in this segment the bioinformatics or data analytics which is the all-digital pathology, a segment which coming up past. Bioinformatics and data analytics is important part of the molecular biology today, without that nothing works. You lot of mutation, study, and which mutations are important it is important to analyse through AI system and then coming down to the application of precision medicine which aims to understand how a person's genetics, environment, and lifestyle can help determine the best approach to prevent or treat disease.

Diagnostic management challenges

There are two important things happening in diagnostics that companies are getting automated. The pathology has got three components, pre-analytical (before the sample reaches the lab), analytical (its reaches the lab) and post-analytical. So in pre and post area a lot of things are happening. In analytical the automation happened in the last couple of years, more and more automation is happening every year. The area where it is happening is pre-analytical that means right from where the samples are picked up, reaches the lab, and bar-coding. Management is becoming more focused to take care of pre-analytical errors. Analytics errors, of course, that exist for last so many years. Post analytical error is where the report reaches the doctor, who it is delivered, how fast it is delivered, what would be the analysis of report, what are the interpretations of report, and how do they apply report interpretation in a way which is holistically applied to a patient, that is where the whole diagnostic management is focusing on. Right from the report comes from equipment and how to get the sample as fast as possible and without having any kind of pre-analytical error. A lot of focus is happening in sample logistics, cutting down the cost because it is price sensitive market. So it is about how to bring down the cost per reportable test and make sure more the volume is picked up less is the cost and better offering in the market. Biggest challenge to management is as there is no accreditation, no regulation as of now so anybody probably now can open a lab. Pathology labs are almost like barber shops as they have come out in every possible market and we don’t know who is running these shops whether is it a technician or a doctor or what quality controls they are following. This is creating challenge to how to good quality labs to stand out amongst all this.

Growth good of diagnostics

Geography wise, the biggest growth is in tier 2 and tier 3. All the bigger cities are saturated with routine pathology but when it comes to specialised then tier 2 and tier 3 cities. General pathology is growing at 20 per cent rate and specialised pathology like biopsy, genetics, oncology, genomic sequency growing at 30-35 per cent and will grow for another 3-4 years before consolidation.

Need focus on regulation

There is Clinical Establishment Act, which has been adopted by 4-5 states. Everybody and anybody can open a diagnostic centre. There is no quality kind of regulation. There have been some accreditations like NABL, they are voluntary in nature and not regulatory or mandatory. Government has no actual regulation to control on what kind of reports to be delivered. They tried it through CEA but there are lots of challenges in that and it has not been adopted by the states. Government is looking very seriously into this to make sure that reports are driven quality, trying to impose rules and regulations. But imposing the cost etc is not easy as balancing out for them in private players is difficult as cost in Delhi and remote area is different. Gradually, I think of anonymous agreement is evolving and market is getting regulated, government is trying hard and few years’ regulatory mechanism will be in place.

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