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Healthcare sector sets expectations for AI advancements & medtech innovations from Union Budget 2025-26

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Digital health transformation should receive significant attention, with expected investments in AI- driven diagnostics: Industry expectations



The 2025-26 Budget presents a pivotal opportunity to elevate healthcare advancements, building upon the progress made in 2024. As the Union Budget for the year 2025-26 approaches, the healthcare sector looks forward to reforms that address the shortcomings of flagship schemes like Ayushman Bharat.

According to the healthcare industry experts, the upcoming budget is a great opportunity to fix some of the issues that our healthcare system is facing- such as shortage of doctors, especially specialists, rising costs for cancer treatment, and not enough hospitals for our growing population.

Dr Harsh Mahajan Chair-FICCI Health Services Committee and Founder & Chief Radiologist, Mahajan Imaging & Labs says, *"Now is the time to invest in advanced diagnostic technologies and research. A critical area for reform is the high GST on medical equipment, which drives up costs and limits access to essential care. Reducing or exempting GST on medical devices will make cutting-edge technology more affordable for healthcare providers and ensure patients receive timely, quality care."*

"India must prioritise and invest in becoming the global leader in health AI, driving advancements in digitisation, building a connected healthcare ecosystem, and enhancing the manufacturing capacity of indigenous medical devices. This singular focus on health AI leadership can transform the nation's healthcare landscape, improving quality, infrastructure, and global competitiveness. The Union Budget 2025 should align with this vision by expanding the Production Linked Incentive (PLI) scheme, investing in AI innovation hubs, and fostering public-private partnerships", adds **Mudit Dandwate, CEO and Co-Founder Dozee.**

AI is the key to healthcare advancements

Putting more focus on AI-based advancements, **VS Sudheer, Group CEO, Maxivision Super Specialty Eye Hospital** says, *"AI-driven solutions hold immense potential for preventive eye care. India, with its vast data pool, can lead the way in predictive analytics if domestic companies receive support for innovation from the government."*

Being more specific in this regard, ***Aditya Kandoi, Founder and CEO of Redcliffe Labs*** *says "Increased budgetary support for research and development in fields such as genomics, AI-driven diagnostics, and digital health tools, including telemedicine, can position India as a global leader in healthcare innovation."*

"To fully unlock the potential of genomics, we hope the budget will allocate substantial funding for research and infrastructure development in genomics, accelerating the adoption of cutting-edge technologies and ensuring affordable and equitable access to diagnostics across all demographics", mentions ***Surajit Chakrabartty, CFO, MedGenome.***

"Government funding for AI research and support for startups developing healthcare technologies can accelerate innovation. Encouraging hospitals to integrate AI tools will optimize resources and enhance care quality, which is crucial in settings where resources are limited", says **Dr Sabine Kapasi, Co-Founder and MD at Enira Consulting.**

"There is an opportunity to accelerate India's digital and AI revolution while transforming critical areas like healthcare through care coordination. Focused investments in AI infrastructure, regulatory frameworks, and skill development can empower innovation and democratize intelligent solutions. In healthcare, prioritising AI-driven care coordination can streamline patient journeys, enhance access to quality care, and reduce system inefficiencies", says **Dr Suman Katragadda, CEO, Heaps.ai**.

Strengthening innovations in medtech sector

Seeking support from the government for medtech innovations, **Jasdeep Singh, Group CEO, CARE Hospitals** points out that the government should prioritise funding research and development in the medtech sector, incentivising innovation, and transitioning to quality-linked procurement standards for value-based care.

"The high customs duty regime significantly increases the cost of medical devices, which undermines the government's efforts to make affordable healthcare accessible to the masses through initiatives like Ayushman Bharat (PMJAY). Hence, we urge the government to consider reducing customs duty rates for products where domestic alternatives are not yet readily available", said **Pavan Choudary, Chairman, Medical Technology Association of India (MTaI).**

Chandra Ganjoo, Group Chief Executive Officer, Trivitron Healthcare feels, *"A key element is stricter enforcement of "Make in India" policies on public procurement, enhanced support for local manufacturers through reduced GST rates, and infrastructural development, such as medical device parks."*

"Shifting hospitals from the GST exemption category to zero-tax would allow input credit, lowering treatment costs for patients. Additionally, tax holidays for greenfield healthcare projects, akin to those for SEZs and Tech Parks, would drive private investments", says **Gautam Khanna, CEO, P.D. Hinduja Hospital.**

Raise awareness on eye care, women's health, and mental well-being

Addressing more awareness towards eye care, **Rajat Goel, Co-founder and CEO of Eye-Q Superspeciality Hospitals** says that incentivising skill development in ophthalmology will be vital in addressing the rising demand for specialised eye care professionals.

Dr Puneet Khanduja, Lead Health and Nutrition practice group in India, MicroSave Consulting highlights that the government's focus on healthcare over the past year, including the expansion of the PMJAY scheme and the launch of various digital health initiatives, has been commendable. However, much work remains in addressing the healthcare needs of underserved populations, particularly women and the elderly.

With more focus on women healthcare and their requirement for in vitro fertilisation (IVF), **Dr Sheetal Jindal-MBBS, MD OBG, EPHM (IIM Kolkata) Senior consultant and medical director, Director Medical Genetics programme Jindal Ivf Chandigarh** says, *"We look forward to policies that enhance access to advanced healthcare technologies, especially in reproductive health. Given the rising incidence of infertility among Indian couples, the government should consider incentivising fertility treatments like IVF."*

"I look forward to provisions that support fertility treatments, menopause management, and mental health programmes for women. We also need subsidies on essential medications and sanitary products. An emphasis on women-centric health infrastructure and skill development for healthcare workers in this domain would be a welcome step toward achieving gender equity in healthcare access", says ***Dr Vidya V Bhat, Medical Director of Radhakrishna Multispeciality Hospital in Bengaluru.***

Mental healthcare is another area where the industry is demanding government's attention. *"We urge a significant rise in funding for mental health services, including outpatient care, counselling, and community-based programs, to close existing gaps in access to resources and ensure individuals in need can easily obtain essential services", says* **Dr Jyoti Kapoor, Founder and Director, Manasthali Wellness.**

Healthcare training & development

"Emphasis on preventive healthcare is also crucial in reducing the long-term disease burden on the healthcare system. Increased investment in public health infrastructure, workforce training, and digital health innovation is essential for improving

the quality and efficiency of care", mentions **Pankaj Tandon, Promoter, Founder & CFO, VitusCare.**

On this note, **Dr Shafiq A M, Co-Founder and CEO, Trilife Hospital** adds, *"The government should consider increasing the number of seats and providing government led loans at lower rates of interest for medical students in both undergraduate (MBBS) and postgraduate medical programmes."*

Giving a holistic perspective on the healthcare challenges, **Sahil Lakshmanan, Chief Business Officer, CarePal Money** feels that in order to achieve equitable access to quality healthcare, the government must balance its focus between schemes like Ayushman Bharat and building a robust healthcare infrastructure. *"Establishing more high-quality, government-funded hospitals will reduce reliance on private institutions, address regional disparities, and create a sustainable, inclusive healthcare ecosystem"*, he says.

"We urge the government to prioritise funding for large scale public-private partnership (PPP) projects, enabling advanced diagnostic services to reach underserved rural populations. Such initiatives could significantly transform healthcare delivery in these regions and address the stark accessibility gap", highlights **Dr Anand. K, MD & CEO, Agilus Diagnostics.**

According to **Saransh Chaudhary, President, Global Critical Care, Venus Remedies and CEO, Venus Medicine Research Centre,** *"To ensure affordable healthcare, the government should introduce a graded premium structure under Ayushman Bharat to include middle-income households and offer better tax deductions to incentivize health insurance enrollment. Additionally, expanding the Janaushadhi Kendras network across the country will improve access to affordable generic medicines."*

The healthcare sector is of the opinion that with bold policy measures, India can establish itself as a healthcare technology powerhouse, delivering affordable, world-class care while becoming a beacon of innovation for the world.