

## '8% of investments in start-ups are made in the healthcare sector'

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The road ahead for India's healthcare sector is set to be revolutionized with the rising base of healthcare start-ups that recognize the need for making quality healthcare accessible to India's billion plus population, according to a joint study by FICCI and KPMG in India titled - 'Indian healthcare start-ups - An inside look into funding'.

Launched at FICCI's annual healthcare conference - FICCI HEAL 2016, the knowledge paper evaluates the role and need for healthcare start-ups in India, their evolution in the sector and the funding scenario. It also assesses the future of these start-ups, highlights some of the challenges being faced by them and suggests a way forward.

Dr Nandakumar Jairam, Chair, FICCI Health Services Committee; Chairman, NABH and Chairman and Group Medical Director, Columbia Asia Hospitals India said, "What we need today is a unified approach for long-term solutions that would help in optimizing disease-care to preventive and promotive care as well as patient centricity through data - driven efficient technologies. Fostering Start-ups and Entrepreneurship will provide the requisite innovative approach for achieving these reforms."

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Vishal Bali Chair, FICCI HEAL 2016 Organizing Committee; Co-Chair, FICCI Health Services Committee & Co-founder & Chairman, Medwell Ventures said, "Start-ups are already disrupting the way healthcare is delivered in India. According to the NASSCOM Start-up Ecosystem Report 2015, India serves as the fastest growing start-up-base worldwide and 6-8% of the recent B2C Start-ups in India have been in the Health-tech sector. This means that the sector has already secured ample traction from investors owing to its huge potential."

Nilaya Varma, Partner and Head, Government and Healthcare, KPMG in India, said, "Healthcare start-ups in India have potential to emerge as new enabler of accessible and affordable healthcare services. Many start-ups have moved away from

traditional healthcare delivery models to asset light, technology based and enabling platforms for patients & healthcare providers. However, start-up continue to face some encounters in terms of funding, incubation and regulatory environment. The government's Start-up India initiative intends to bridge some of the challenges and provides encouraging ecosystem for start-ups. In the recent past increasing number of HNIs, seed funds, incubators and other private investors have extended support to start-ups. The creation of conducive ecosystem for healthcare start-ups will be boon for the healthcare sector."

With a doctor patient ratio as low as 1:1700 (in proportion to the total population), stumped penetration of healthcare in rural areas and a low medically insured population, the potential for healthcare start-ups to emerge as a key member in the healthcare ecosystem is vast. Domestically, healthcare start-ups have not yet received a steady stream of funding to support their ventures with capital as low as USD27 million in the first four months of 2016. The challenges to garner fund flow is hindering multiple projects, ideas, concepts and approaches from taking off.

Private sector investments alone are not sufficient to boost the necessary change and the government needs to shoulder the dual responsibility of a guide and an investor to create a sound healthcare system to keep up with global standards. India's healthcare system is vast and disorganized; however it contributes largely to the total workforce. Healthcare start-ups are likely to engage in extended innovative Research and Development (R&D), in turn increasing their accessibility to the larger population and creating greater scope for employment generation.

Other key finding presented in the knowledge paper are as follows:

- Start-ups can act as a much needed facilitator to help approximately 70 per cent of the rural population with limited or no access to hospitals or clinics.

- Mobile and internet platforms can be one of the means to address India's deficient healthcare facilities, via innovation in technology and telemedicine. This could result in better diagnosis by doctors making the history of patients available on cloud platforms.

- The start-up domain is struggling to rope in the right investors and arrange for adequate funding, which could largely be attributed to the slow pace of growth in the sector. It takes anywhere between 10 to 15 years to introduce a new product in the market with very few prevalent business models to compare with.

- India's public spending on the healthcare sector comprises of only 1.4 per cent of the GDP and is amongst the lowest in the world.

- Private sector stakeholders could play a crucial hand in the growth and development of healthcare start-ups, by investing in high-risk which could enable entrepreneurs to bring medical advancements and generate higher returns for them.

Healthcare start-ups could transform the future of the sector by bridging the gap between