

**DataLabs**  
by Inc42+

# India's Healthtech

Landscape In A  
Post-Covid-19 World



# Table of Contents

●● Scope Of The Report	●●●●●●●●●●
●● Executive Summary	●●●●●●●●●●
●● Introduction To The Report	●●●●●●●●●●
●● Indian Healthcare Sector At A Glance	●●●●●●●●●●
●● Healthcare Infrastructure: India VS Developing Countries	
●● Healthtech In India: The Market Opportunity	
●● India's Healthtech Landscape	●●●●●●●●●●
<i>Indian Healthtech Startup Funding Trends</i>	●●●●●●●●●●
<i>Mergers &amp; Acquisitions Trends</i>	●●●●●●●●●●
<i>The Healthtech Investor Ecosystem</i>	●●●●●●●●●●
●● Scope Of Preventive Healthcare In India	●●●●●●●●●●
<i>Market Overview And Size</i>	●●●●●●●●●●
<i>Factors Fueling Preventive Healthcare</i>	●●●●●●●●●●
<i>Challenges In Preventive Healthcare</i>	●●●●●●●●●●
●● Financial Performance Of India's Top Healthtech Startups	
●● Factors Driving Healthtech Adoption In India	●●●●●●●●●●
●● Future Trends And Technologies	●●●●●●●●●●
●● Methodology	●●●●●●●●●●
●● Glossary	●●●●●●●●●●
●● Bibliography	●●●●●●●●●●



# Scope

## Of The Report

With the help of digital technologies and the internet, the healthcare industry is trying to solve the rising problems like quality and good service at a reasonable price instantly along with preventive measures to avoid life-threatening diseases. The rising population growth and healthcare spending by the governments in key emerging economies like India, Russia, Brazil and Indonesia are playing a critical role in the digital transformation of the healthcare industry.

However, increasing population size and chronic diseases are creating huge pressure on the traditional healthcare system and given the fact that the world older population over 60 years is expected to reach 2.5 Bn by 2050 from 1 Bn in 2015, the healthcare industry has experienced unprecedented growth over the past several years due to an upgradation and innovation in technology and growth in the emerging markets.

As the intrinsic demand for healthcare services continues to rise, given the aging population, the increasing prevalence of the chronic disease, and the search for a higher quality of life have further increased the investment in R&D and is opening new opportunities in the healthcare market. With global healthcare spending expected to rise at a CAGR of 6% in 2020-25, it is likely to present many more opportunities for the sector.

For India, healthcare has become one of India's largest sectors — both in terms of revenue and employment. Comprising hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and more. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well private players. The healthcare market can increase by more than four-fold to reach \$638 Bn by 2025.

The unprecedented corona outbreak (Covid-19) has already affected every industry more or less. The pandemic has also shown the gaps in the Indian healthcare system which is alluring healthtech players to fill those gaps.

The healthtech industry is shifting towards preventive care and healthcare monitoring to take precautionary steps against diseases. Hence, the healthtech industry in India is expected to see a rising amount of investment in 2020 and onwards

### This report aims to cover:

- The present scenario of the Indian healthcare system
- Comparison of the Indian healthcare ecosystem with other countries
- Healthtech market size, landscape and opportunities
- Impact of internet and smartphone penetration on Indian healthtech sector
- State of preventive healthcare in India and how startups are pitching in
- Indian healthtech funding trends and the Covid-19 impact
- Consumer behaviour analysis
- The emerging trends in the healthcare industry

Executive



# Summary

**\$638 Bn+**

*India's healthcare market size by 2025*

**Bengaluru**

*Recorded the highest number of healthtech deals (180)*

**\$21 Bn+**

*Healthtech market opportunity in India by 2025*

**Cure.fit**

*Leads healthtech funding with \$297 Mn+*

**\$2 Bn+**

*Healthtech funding during 2014-2019*

**36+**

*Healthtech M&A deals completed during 2015-2019*

**441+**

*Healthtech funding deals during 2014-19*

**\$54 Bn+**

*Emerging medical tourism market opportunity in India by 2025*

**288 +**

*Healthtech startups funded during 2014- 2019*

**\$169 Bn+**

*Preventive healthcare market size by 2025 in India*

**Telemedicine**

*Next big opportunity for healthtech startups with the regularised policy*



# Introduction

## To The Report

At no point in India's history has healthcare been such a huge priority as it is today. The Covid-19 pandemic has brought a sharp focus on this sector and the role technology can play in bridging the gap.

The Indian healthcare industry is expected to reach a market size of \$638 Bn by 2025 with a CAGR of 29% from 2020-2025, acquiring nearly 5% of the total global healthcare market share. According to the Global Health Security Statistics 2019, India is ranked 57 out of 195 countries in preventing, detecting, mitigating and curing diseases.

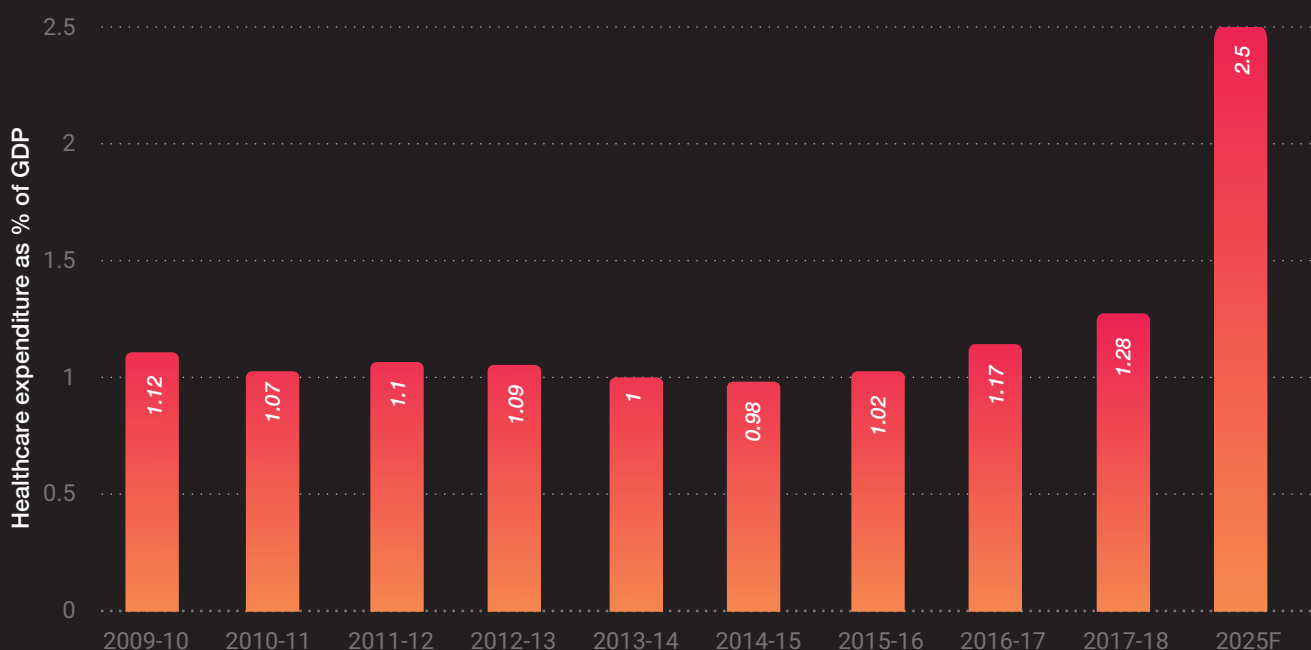
After some of the successes in the past — against polio, yaws (a type of skin disease that affects children), maternal and neonatal tetanus — India is now fighting tuberculosis (TB) with an aim to eliminate it by 2025 and is also looking at becoming malaria-free by 2030. While these are big ambitions, the focus now is on Covid-19 and building up intensive care capacity.

*Astonishingly, however, the Indian government's expenditure on healthcare is a mere 2.2% of the GDP in the latest budget allocation, which came on February 1, 2020, just a few weeks before the pandemic swept across the country.*

India is close to becoming the world's most populous country, yet the doctor-patient ratio is appallingly low, with just 0.82 doctors for every 1,000 people.

## India's Public Expenditure On Health

Greater public spending will improve access to healthcare for the underserved population



The pandemic has put a spotlight on the healthcare infrastructure and has also highlighted the need for India to reboot the healthcare systems.

Today, technology is playing a crucial role in making healthcare access easier and more affordable for those with access to smart devices and the internet. The changing consumer behaviour and lifestyle are creating demand for technology-based preventive healthcare, diagnosis, biotechnology solutions, oncology care and more. And with a highly fragmented healthcare network — the urban-rural divide — and poor levels of medical awareness, healthtech startups have plenty of room to grow and scale.

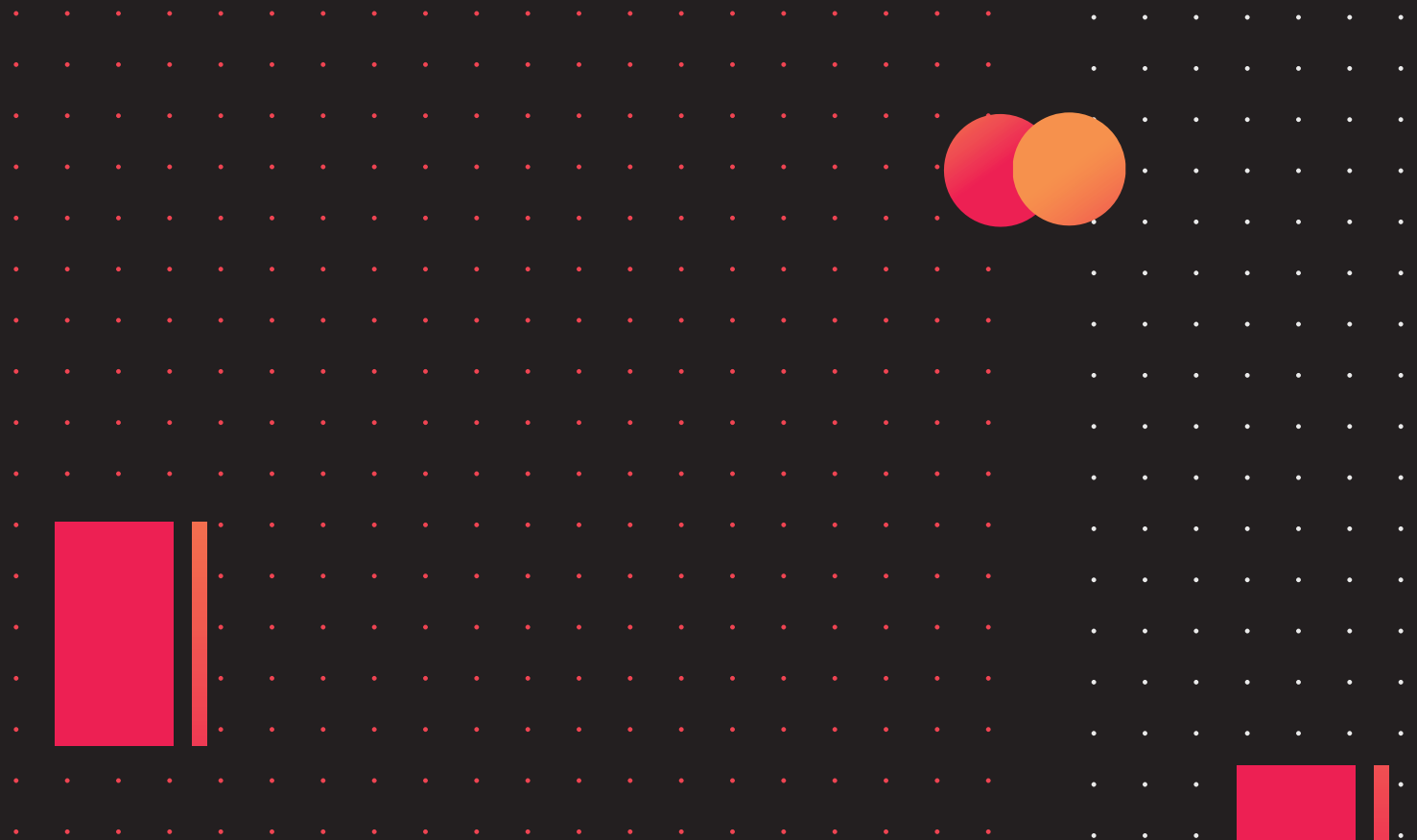
Healthtech startups are harnessing this opportunity through wearable technology, virtual reality (VR), artificial intelligence (AI), machine learning (ML), 3D-printing, biotechnology research, medical devices, genomics and data analytics. Together, these branches promise to revolutionise healthcare in India.

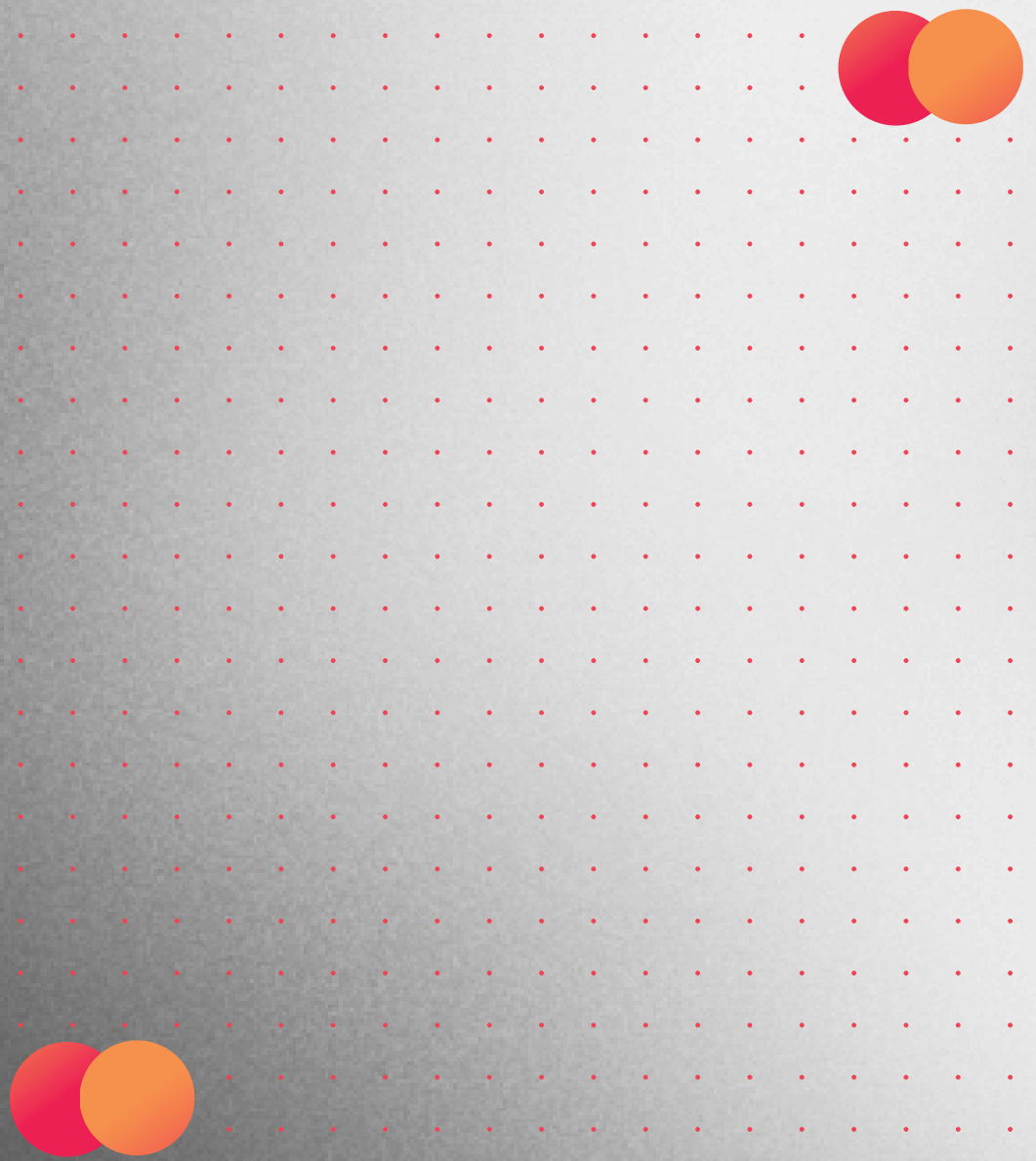
*Over the years, India has seen the launch of more than 5,000 healthtech startups across sub-categories like online pharmacy, telemedicine, home healthcare, medical devices, fitness & wellness, medtech and personal health management.*

The startups have not only gained consumer confidence but have also secured massive funding from Indian and international venture capital funds. Overall, Indian healthtech startups have received a total funding of \$2.3 Bn between January 2014 to March 2020 spread across 459 deals.

A flourishing modern healthcare ecosystem is underpinned by technology penetration and adoption, which in turn will contribute to the availability of data in this sector, which can be tapped by healthcare IT startups. This data-rich healthcare ecosystem is likely to have a major positive impact on research in the field of genetics and genome, as well as delivery of ancillary services such as insurance.

In the post Covid-19 world, consumer behaviour would shift towards teleconsultations and the involvement of corporates and insurance companies in digital healthcare would also go up. It has unleashed the need for better healthcare facilities in India. Most importantly, it has opened doors to multiple possibilities in terms of public-private partnerships.





# Indian Healthcare Sector At A Glance



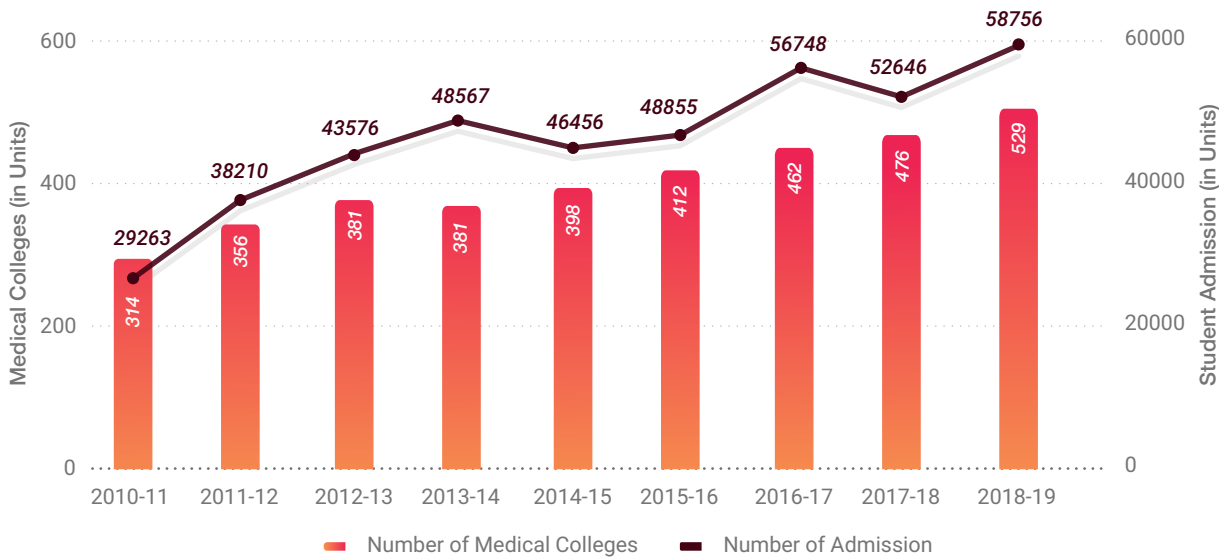
The rise of the consumer internet, growing social media penetration and vernacular content platforms have broadened the horizon for the typical Indian. More people are conscious about their health and nutrition, as well as physical and mental fitness than ever before and the phenomenon is especially growing strong in the urban context, where some would argue it's needed the most.

*The number of health-conscious individuals (HCI) in India was 90 Mn in 2018 and expect to grow by 1.4 times to reach 130 Mn by 2022 according to the latest report by RedSeer.*

With the rising usage of the internet and technology, healthtech services in India are growing. However, a consistent theme in India is the lack of doctors and nurses in the healthcare systems outside the cities. The shortfall begins at the medical educational level with the number of colleges, which directly impacts the number of doctors available in the healthcare system.

## The State Of Medical Colleges in India

Number of student admissions in medical colleges only grew by 9% from 2010-11 to 2018-19



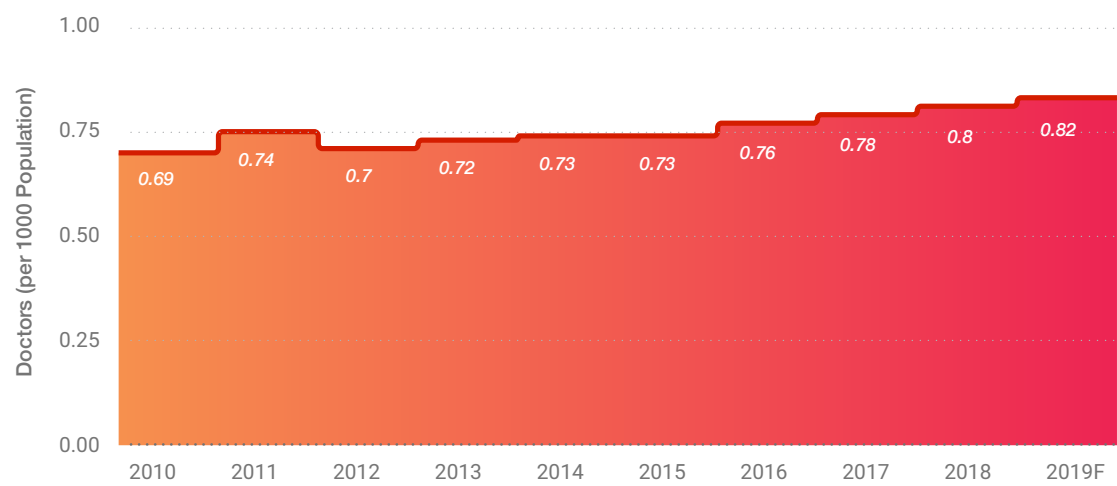
Source: National Health Profile 2019 & DataLabs Analysis

*In the last three years, the number of student admissions increased by only 2%. And in larger states like Bihar, Haryana, Madhya Pradesh, Punjab and Odisha have less medical colleges.*



# India Has Shortage Of Over 166K Doctors As Per WHO Benchmark

The doctor to population ratio only improved by a mere 3% in the last decade



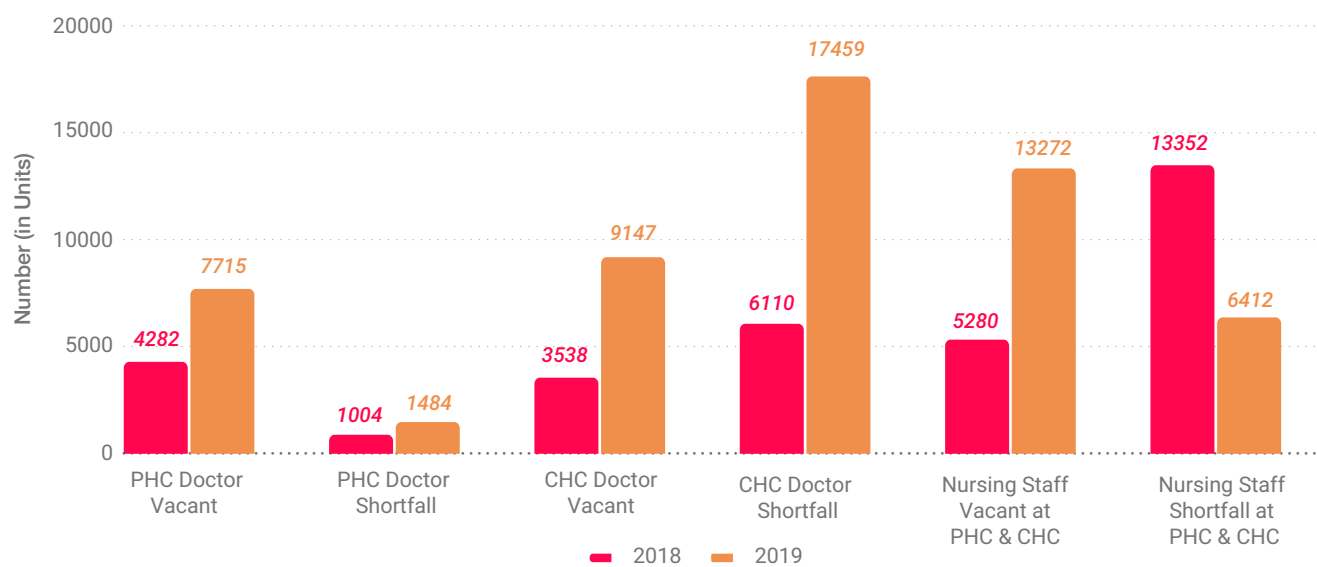
Source: National Health Profile 2019 & DataLabs Analysis

The rising number of vacant positions of doctors and nurses at primary healthcare centres (PHC) and community healthcare centres (CHC) are alarming and a cause for concern.

The number of doctors per 1000 population increased from 0.69 in 2010 to 0.82 in 2019 where the WHO recommends at least one doctor for 1000 population. However, only 27,567 doctors are available at the end of 2018 in primary healthcare centres (PHC) in rural areas where nearly 69% of the total population in India live in rural areas. This isn't an adequate number of doctors for providing better health services in rural areas.

## Shortage And Vacant Position Of Health Workers In Rural Areas Rising Perturbingly

Quality of healthcare services decreasing with rising vacant and shortage of health



Source: MoHFW & DataLabs Analysis

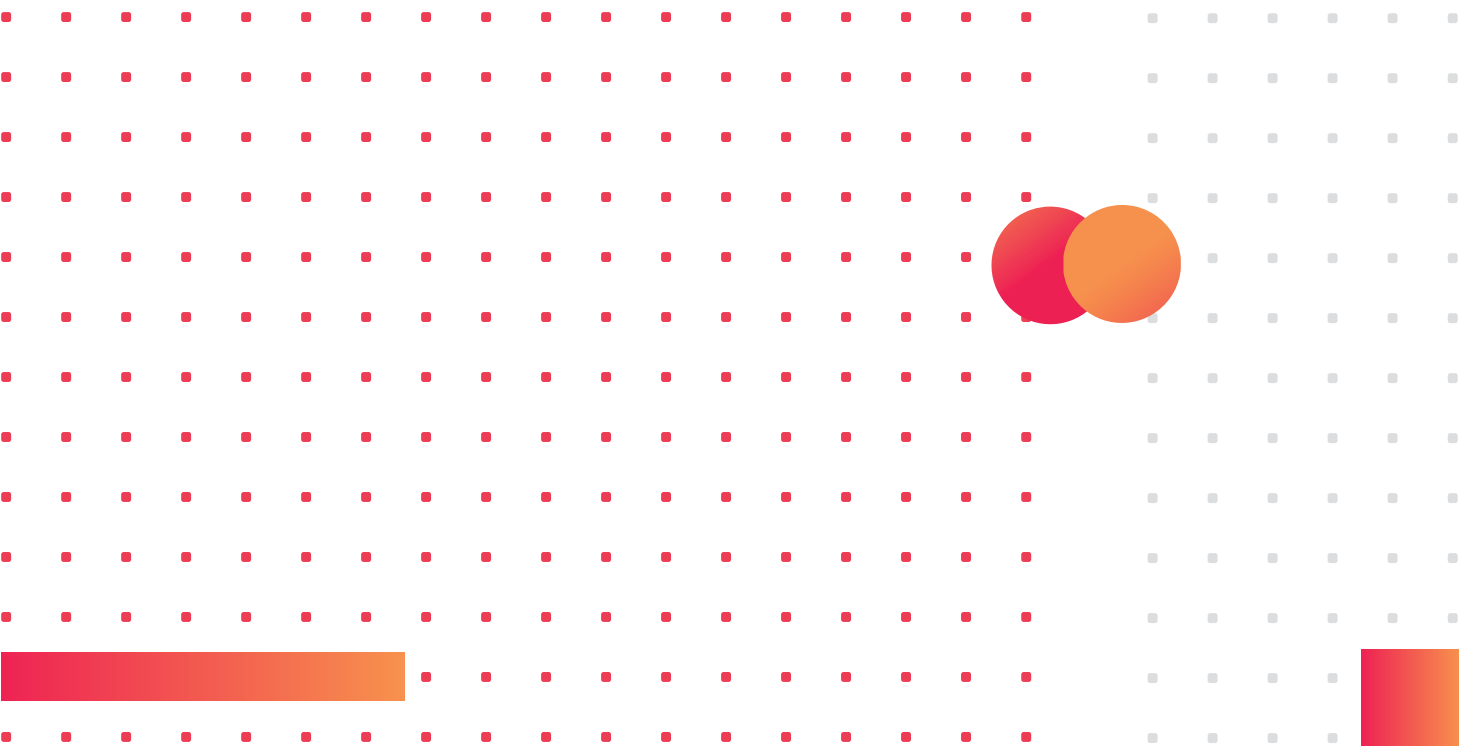
Even when it comes to the ratio of nurses per 1,000 inhabitants, India is at 2.1 (2018), whereas WHO recommends a ratio of 3.4. However, India has seen a rise in private nursing institutions looking to address the shortage. The number of private nursing institutions and admitted seats rose to 7,765 and 2,87,319 in 2018-19 where the number of government college institutions and admitted seats stood at 927 and 35,794 respectively.

## Woeful State Of Healthcare Infrastructure In Rural India

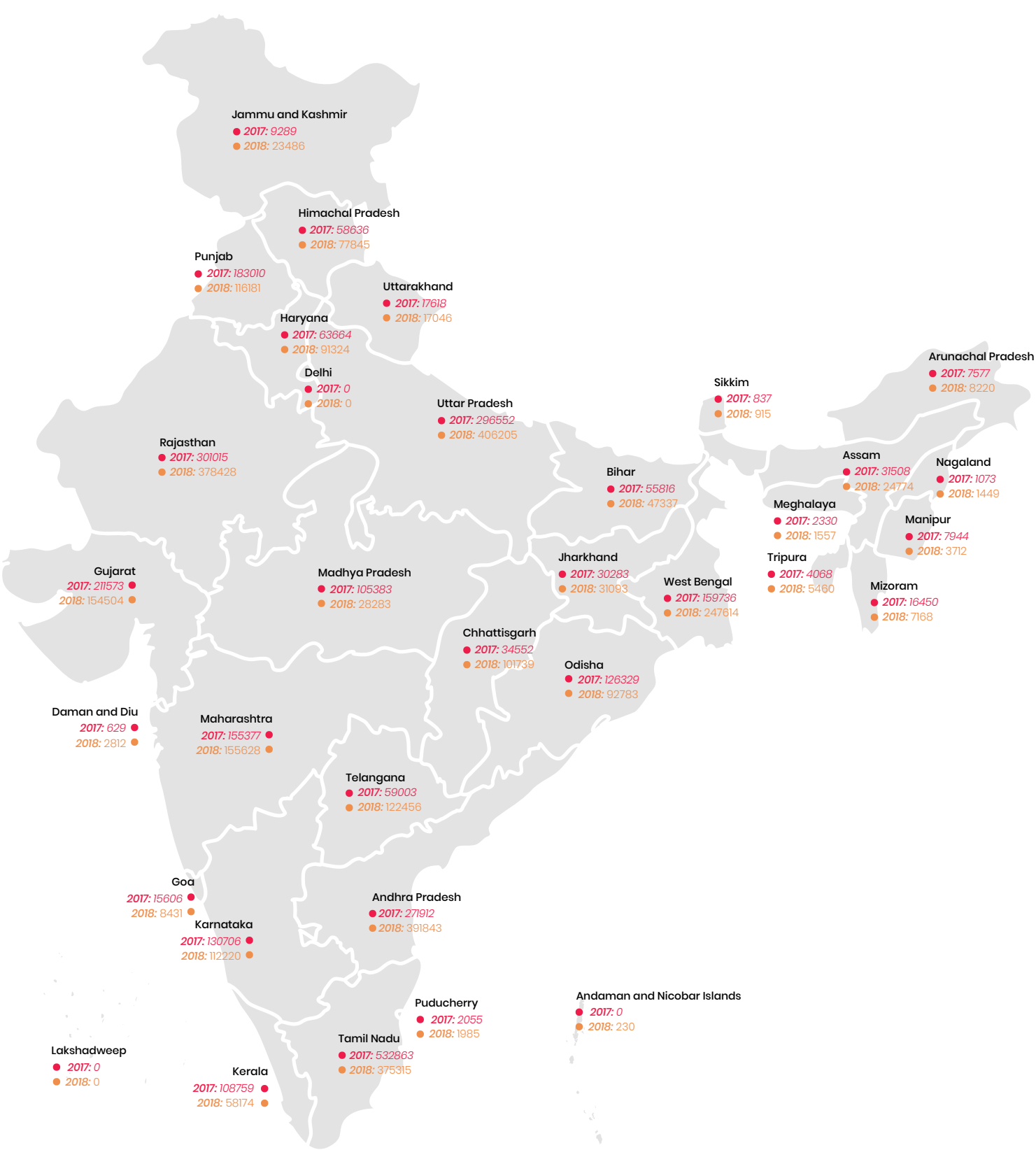
Stat/UT/Division	Rural Hospitals (Govt.)		Urban Hospitals (Govt.)	
	Number	Beds	Number	Beds
<b>India</b>	21403	265275	4375	448711
<b>Andhra Pradesh</b>	193	6480	65	16658
<b>Arunachal Pradesh</b>	208	2136	10	268
<b>Assam</b>	1176	10944	50	6198
<b>Bihar</b>	1032	5510	115	6154
<b>Chhattisgarh</b>	169	5070	45	4342
<b>Goa</b>	18	1397	25	1615
<b>Gujarat</b>	363	11688	75	8484
<b>Haryana</b>	609	6690	59	4550
<b>Himachal Pradesh</b>	705	5665	96	6734
<b>Jammu and Kashmir</b>	35	1221	108	6070
<b>Jharkhand</b>	519	5842	36	4942
<b>Karnataka</b>	2467	21176	375	48545
<b>Kerala</b>	981	16865	299	21139
<b>Madhya Pradesh</b>	330	9900	135	21206
<b>Maharashtra</b>	273	12398	438	39048
<b>Manipur</b>	23	730	7	697
<b>Meghalaya</b>	143	1970	14	2487
<b>Mizoram</b>	56	604	34	1393
<b>Nagaland</b>	21	630	15	1250
<b>Odisha</b>	1655	6339	151	12180
<b>Punjab</b>	510	5805	172	12128

<i>Rajasthan</i>	2090	12540	760	34514
<i>Sikkim</i>	24	260	9	1300
<i>Tamil Nadu</i>	692	40179	525	37353
<i>Telangana</i>	802	7668	61	13315
<i>Tripura</i>	130	1982	26	2447
<i>Uttar Pradesh</i>	4442	39104	193	37156
<i>Uttarakhand</i>	410	3284	50	5228
<i>West Bengal</i>	1272	19684	294	58882
<i>Andaman and Nicobar Islands</i>	27	575	3	500
<i>Chandigarh</i>	0	0	9	3756
<i>Dadra and Nagar Haveli</i>	11	303	1	316
<i>Daman and Diu</i>	5	240	0	0
<i>Delhi</i>	Not Available	Not Available	109	24383
<i>Lakshadweep</i>	9	300	0	0
<i>Puducherry</i>	3	96	11	3473

Source: National Health Profile 2019 & DataLabs Analysis

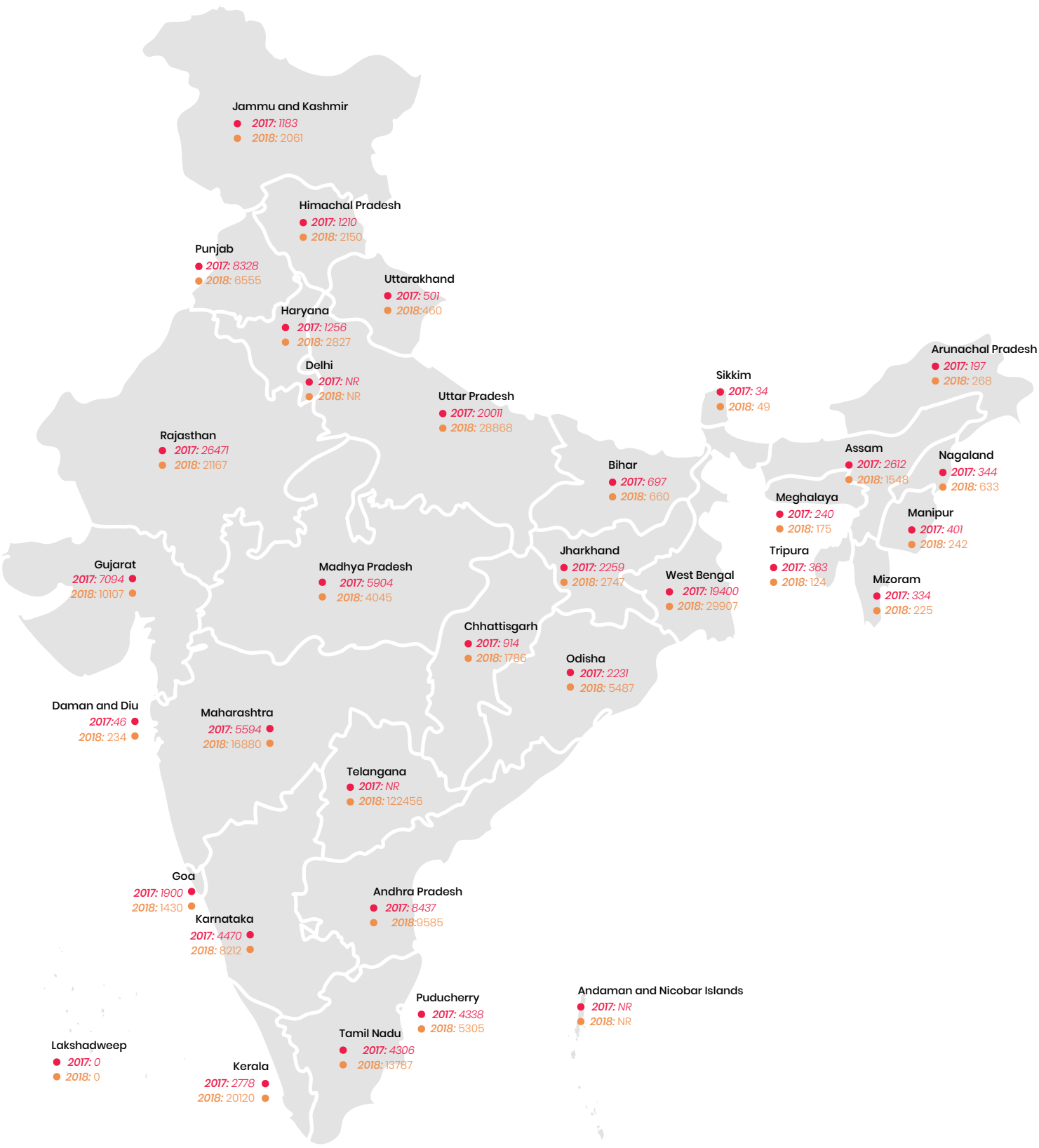


# Uttar Pradesh Sees The Biggest Hike In Diabetes Cases In India In 2018



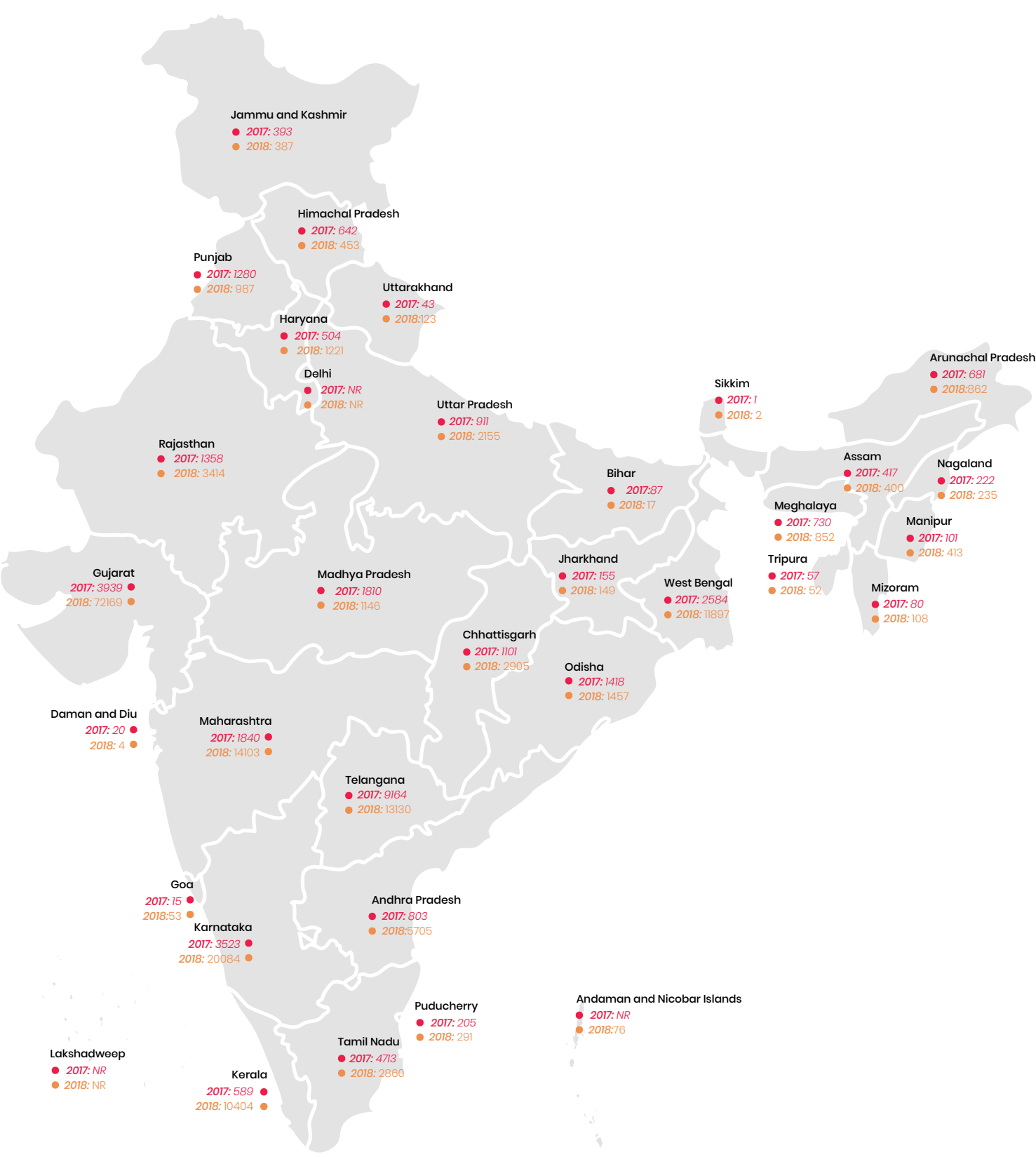
Source: National Health Profile 2019

# Cardiovascular Cases Grew By Over 3X in Maharashtra, Tamil Nadu In 2018



Source: National Health Profile 2019

# Cancer Cases Show Alarming Rise In Maharashtra, Karnataka & West Bengal



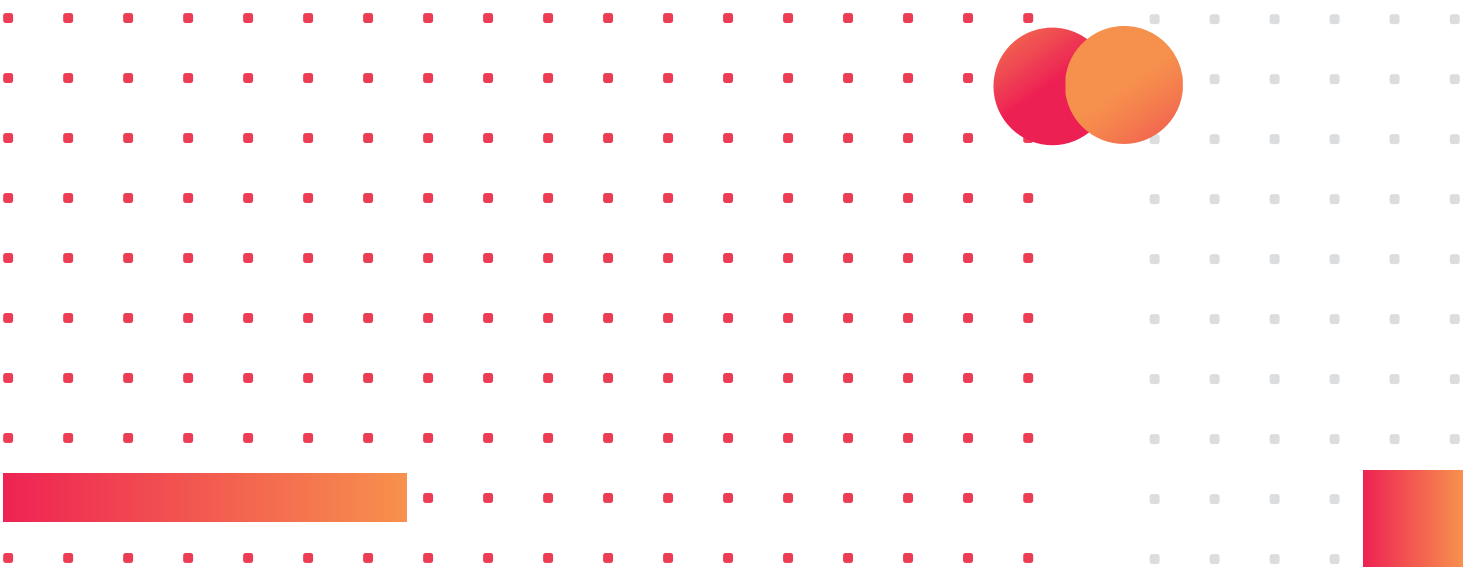
Source: National Health Profile 2019

Healthtech progress will have a direct impact on life expectancy in India in the next three decades. The Indian government plans to track disability adjusted life years (DALY) index as a measure of the burden of disease by 2022. This will help keep an eye on the progression of illnesses in the Indian population and increase the overall life expectancy.

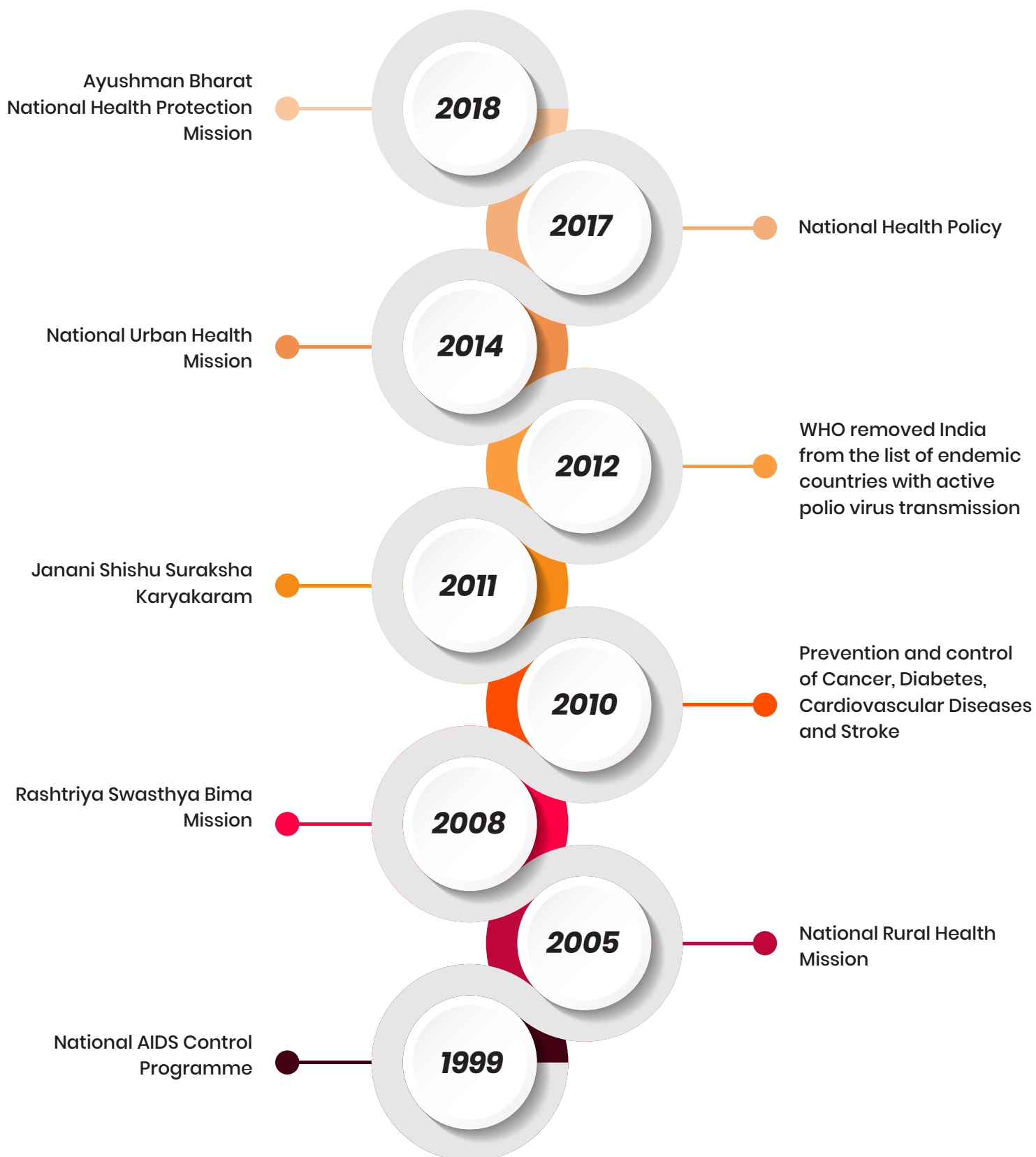
## Healthtech And Tech Advancements Boost Life Expectancy In The Past Decade

Average life expectancy in India is expected to reach 74.91 years by 2050, increasing by nearly 8% from 2020

Year	Life Expectancy (in Years)	Growth Rate
2010	66.43	0.680%
2011	66.87	0.670%
2012	67.32	0.670%
2013	67.77	0.670%
2014	68.07	0.440%
2015	68.37	0.440%
2016	68.67	0.440%
2017	68.97	0.440%
2019	69.50	0.330%
2018	69.27	0.430%
2020	69.73	0.330%



# Government Health Schemes



Source: National Health Policy 2019



<i>Scheme</i>	<i>Launched</i>	<i>What It Offers</i>	<i>Impact</i>
Central Government Health Scheme (CGHS)	1954	Comprehensive healthcare facilities for the Central government employees, pensioners and their dependents in CGHS covered cities	Presently around 35 Lakh beneficiaries are covered in 71 cities. The shortage of staff is a major reason for not achieving the desired result of this scheme

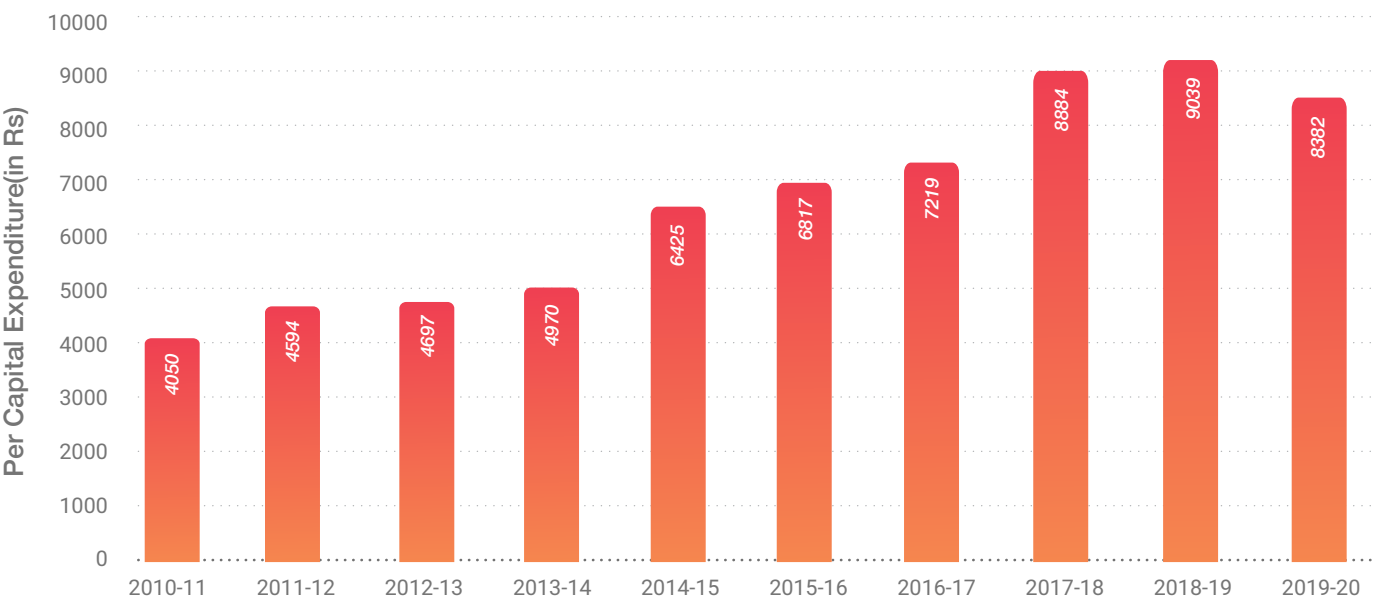
## Year-Wise Expenditure On Central Government Employee Healthcare Stagnant

The Central Government Health Scheme (CGHS) covers over 35 Lakh beneficiaries in 71 cities

<i>Year</i>	<i>Total Expenditure (in INR Cr)</i>	<i>No of Beneficiaries (in Cr)</i>
2010-11	1296	0.32
2011-12	1562	0.34
2012-13	1691	0.36
2013-14	1839	0.37
2014-15	1799	0.28
2015-16	1977	0.29
2016-17	2238	0.31
2017-18	2843	0.32
2018-19	2983	0.33
2019-20 (BE)	2850	0.34

# Sluggish Growth In Number Of Beneficiaries Results In Higher Per-Capita Cost Under CGHS

Indian government needs to bring more employees and stakeholders under the insurance cover to reduce expenditure



Source: National Health Policy 2019, MoHFW- Government of India & DataLabs Analysis

Scheme	Launched	What It Offers	Impact
Employment State Insurance Scheme (ESIS)	1952	The scheme protects the interests of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, and death due to employment, injury resulting in loss of wages or earning capacity	Total number of beneficiaries reached by ESIS is over 13.32 Cr

## The Expenditure On RSBY Is Fluctuating Over The Time Period

Poor insurance model led to failure of RSBY scheme

Year	Total Expenditure (In INR Cr)
2008-09	103
2009-10	265
2010-11	512
2011-12	926
2012-13	1002
2013-14	888
2014-15	551
2015-16	499
2016-17	466
2017-18	456
2018-19	227
2019-20 (BE)	156

Source: National Health Policy 2019 & DataLabs Analysis

Scheme	Launched	What It Offers	Impact
Employment State Insurance Scheme (ESIS)	1952	The scheme protects the interests of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, and death due to employment, injury resulting in loss of wages or earning capacity	Total number of beneficiaries reached by ESIS is over 13.32 Cr

## ESIS Scheme Expense On A Blink

<i>No. of Insured Person family units</i>	3.43 Crores
<i>No. Employees covered</i>	3.11 Crores
<i>Total No. Of Beneficiaries</i>	13.32 Crores

<i>No. of Insured Person family units</i>	3.69 Crores
<i>No. Employees covered</i>	3.30 Crores
<i>Total No. Of Beneficiaries</i>	14.75 Crores

## Expenditure And Beneficiaries Are On Rising Trend Under ESIS

Expenditure in ESIS scheme increased by 5.4X times in 2018 from 2009

<i>Year</i>	<i>Expenditure on Medical benefit (in INR Cr)</i>	<i>Growth Rate (in %)</i>
2009	1272.83	5.02
2010	1778.61	5.55
2011	2306.83	6.03
2012	2858.87	6.64
2013	4058.13	7.21
2014	4859.9	7.58
2015	5714.34	7.89
2016	6112.97	8.28
2017	6256.57	12.4
2018	6867.73	13.32

Source: National Health Profile & DataLabs Analysis

# Ayushman Bharat — Pradhan Mantri Jan Arogya Yojana (AB-PMJAY)

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) is the flagship scheme of Government of India that provides a health cover of up to INR 5 Lakh per family per year, for secondary and tertiary care hospitalisation to over 10.74 Cr poor and vulnerable families (approximately 50 crore people). Launched on 23rd September 2018, PM-JAY has been designed to provide financial risk protection against catastrophic health expenditure that impoverishes an estimated 6 crore people every year.

## The Scheme Offers:

- Health cover of up to INR 5,00,000 per family per year, for secondary and tertiary care hospitalisation
- Cashless access to hospitalisation services
- No cap on family size, age or gender
- All pre-existing conditions are covered
- Benefits are portable across the country in all empanelled hospitals
- 1,393 procedures covering treatment, food, drugs and supplies, and diagnostics services
- PM-JAY covers the cost of hospitalisation, treatment, up to 3 days of pre-hospitalisation and 15 days of post-hospitalisation follow-up care

Coverage: Over 10.74 Cr poor and vulnerable families (or 50 Cr people) are covered as per specific deprivation criteria identified under the Socio-Economic Caste Census (SECC), 2011.

Particulars	Rural	Urban
<b>Beneficiaries</b>	Total deprived households targeted for AB PM-JAY who belong to one of the six deprivation criteria amongst D1, D2, D3, D4, D5 and D7: Only one room with kucha walls and kucha roof (D1), No adult member between age 16 to 59 (D2), Female-headed households with no adult male member between age 16 to 59 (D3), Disabled member and no able-bodied adult member (D4, SC/ST households (D5), Landless households deriving a major part of their income from manual casual labour (D7) and automatically included: households without shelter, destitute, living on alms, manual scavenger families, primitive tribal groups, and legally released bonded labour.	The beneficiaries of AB PM-JAY scheme in urban areas are occupational categories of workers, ragpicker, beggar, domestic worker, street vendor/ cobbler/ hawker/ other service provider working on streets, construction worker/ plumber/ mason/ labour/ painter/ welder/ security guard/ coolie and another head-load worker, sweeper/ sanitation worker / mali, home-based worker/ artisan/ handicrafts worker / tailor, transport worker/ driver/ conductor/ helper to drivers and conductors/ cart puller/ rickshaw puller, shop worker/ assistant/ peon in small establishment/ helper/ delivery assistant/ attendant/ waiter, electrician/ mechanic/ assembler/ repair worker washer-man / chowkidar
<b>Targeted Families</b>	8.03 Cr	2.33 Cr

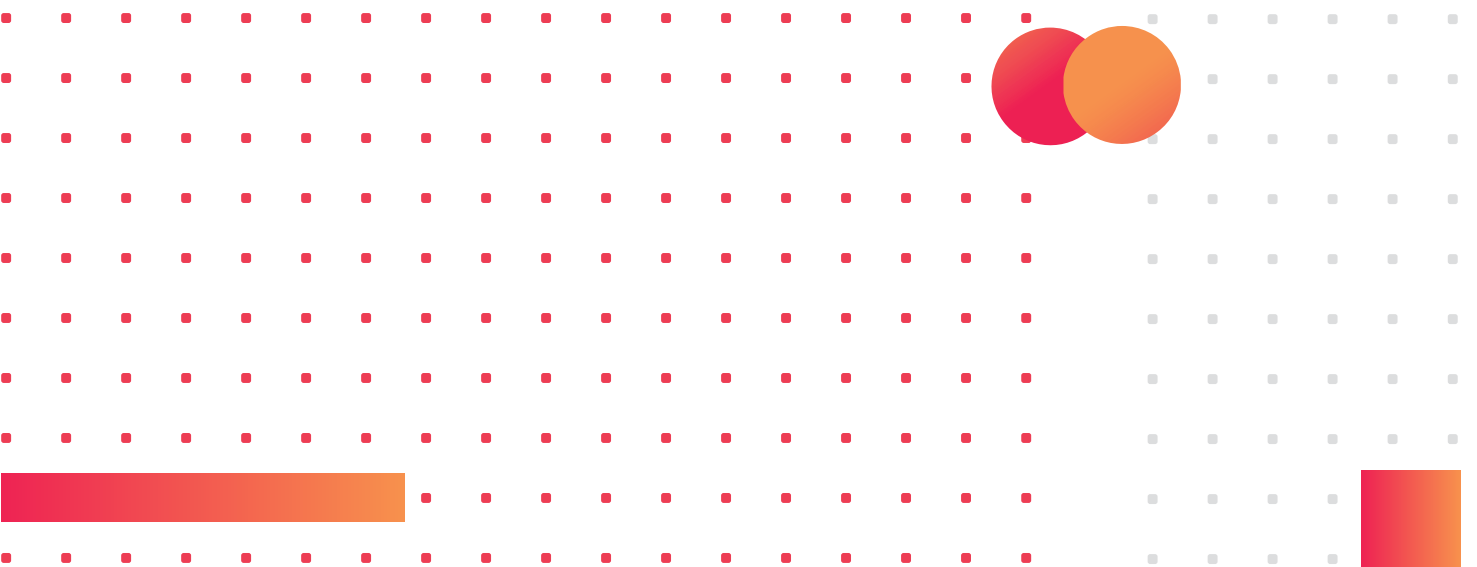
# Implementation Status

32 states and UTs have signed MoUs with the Government of India formally agreeing to implement PM-JAY in their respective states. Three states – Delhi, Odisha, and Telangana – are yet to sign the MoU, while West Bengal has withdrawn from the scheme.

## Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana Implementation By Mode

Insurance Mode	Trust Mode	Mixed Mode	
Meghalaya	Andhra Pradesh	Tripura	Chhattisgarh
Mizoram	Arunachal Pradesh	Uttar Pradesh	Gujarat
Nagaland	Assam	Uttarakhand	Jharkhand
Dadra & Nagar Haveli	Bihar	Lakshadweep	Maharashtra
Daman & Diu	Goa	Andaman Nicobar	Rajasthan
Jammu & Kashmir	Madhya Pradesh	Chandigarh	Tamil Nadu
Puducherry	Manipur	Karnataka	
Kerala	Sikkim	Haryana	
Punjab	Himachal Pradesh		

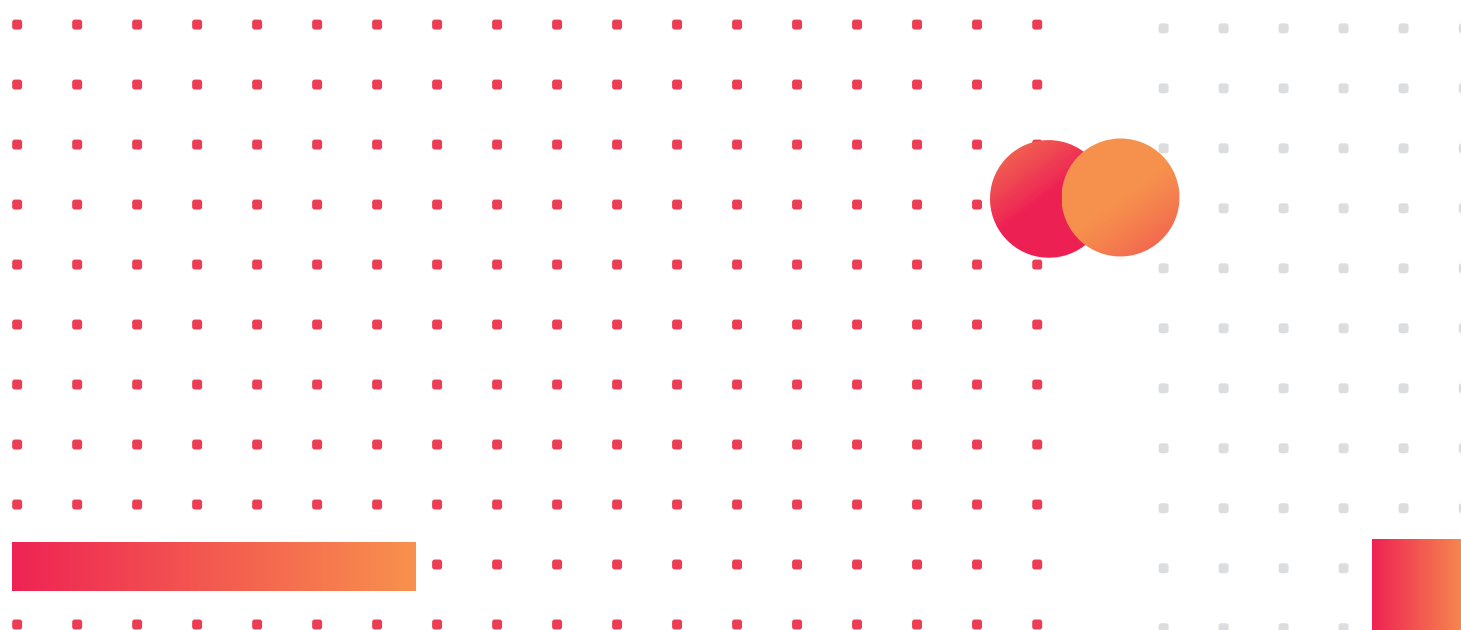
Source: MoHFW, Government of India & DataLabs Analysis



# Ayushman Bharat Progress

<i>Metric</i>	<i>September 2018 to March 2019</i>		
<i>E-Cards Issued</i>	2,84,36,967	1,85,385	1,15,52,834
<i>Beneficiaries Admitted in Hospital</i>	17,96,966	17,177	13,38,918
<i>Amount Authorized for Admissions</i>	24,17.2 Cr	23.9 Cr	1803.1 Cr
<i>Claims Submitted</i>	13,52,658	13,804	11,56,001
<i>Claims Submitted Amount</i>	1770.8 Cr	21.6 Cr	1586.3 Cr
<i>Average Clime Size</i>	13,091	15,648	13,722
<i>Claims Approved</i>	9,89,898	9,635	7,61,146
<i>Claims Approved Amount</i>	1297.0 Cr	12.8 Cr	937.2 Cr
<i>Total Valid Applications received for Hospital Empanelemnt</i>	24,155	1	.
<i>Hospitals Empanelled</i>	15,223	4	559
<i>Total Calls Answered by NHA Call Centeer (14555)</i>	36,40,557	3.309	5,65,578
<i>Total Users on mera.pmjay.gov.in</i>	94,42,131	29,037	28,76,249
<i>Total PMJAY App Installations</i>	2,71 Lakh	653	0.52 Lakh

Source: National Health Profile 2019 & DataLabs Analysis



# Budget Expense On Health Sector

## Expenditure:

The government is estimated to spend INR 30,42,230 Cr during 2020-21. This is 12.7% more than the revised estimate of 2019-20. Out of the total expenditure, revenue expenditure is estimated to be INR 26,30,145 Cr (11.9% growth) and capital expenditure is estimated to be INR 4,12,085 Cr (18.1% growth). The expenditure on health and welfare department is increased by 3.9% from 2019-20 revised budget to INR 67,112 Cr for 2020-21.

## Health Cess On Customs:

A health cess will be levied (in addition to customs duty) on certain medical devices, such as X-ray machines, imported into India. This cess may be utilised for the financing of health infrastructure and services.

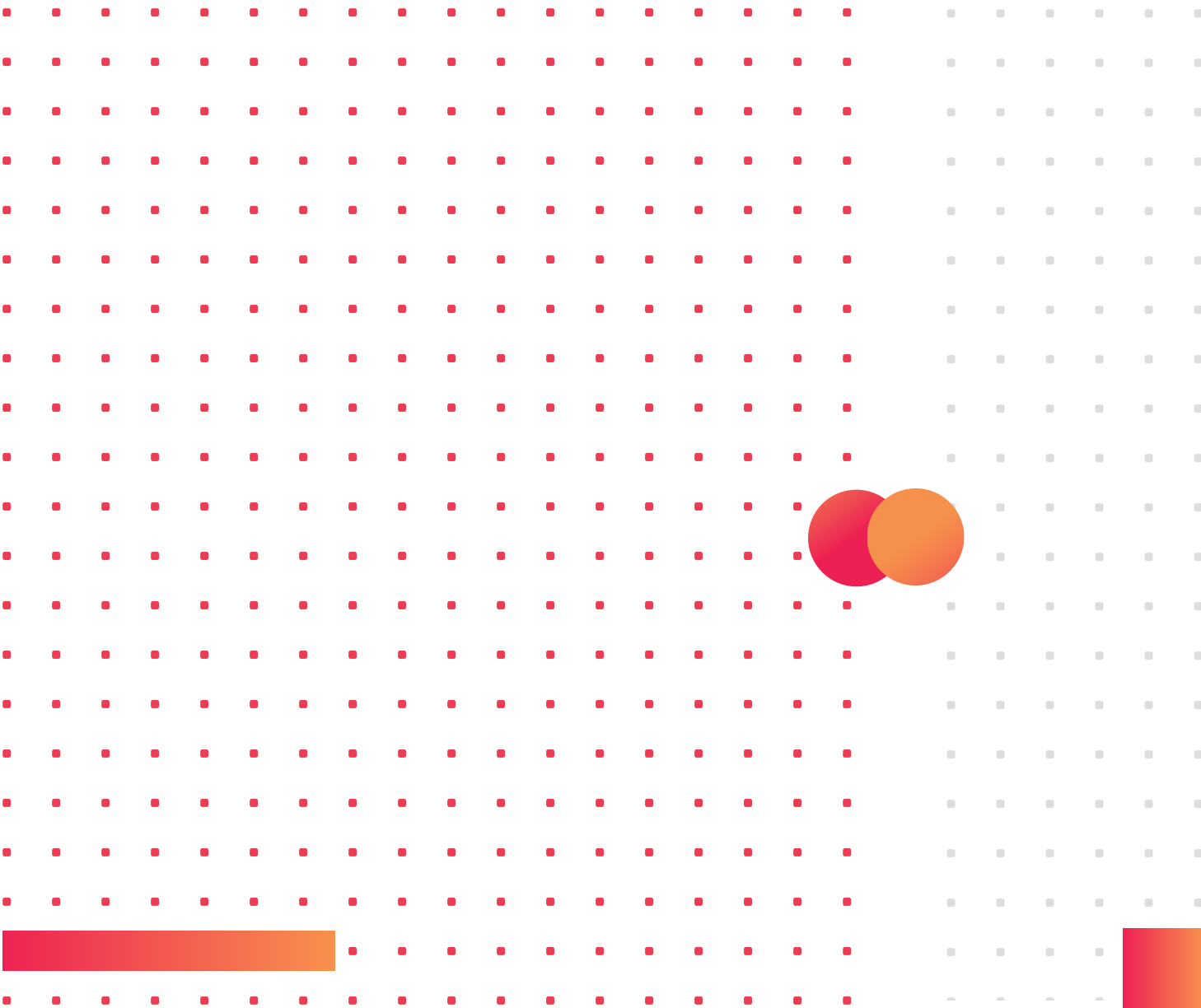
## Ministry Wise Expenditure In budget 2020-2021

	<i>Actuals 2018-19</i>	<i>Budgeted 2019-20</i>	<i>Revised 2019-20</i>	<i>Budgeted 2020-21</i>	<i>% Change (RE 2019-20 to BE 2020-21)</i>
<i>Defence</i>	4,03,457	4,31,011	4,48,820	4,71,378	5.0%
<i>Home Affairs</i>	1,12,189	1,19,025	1,39,108	1,67,250	20.2%
<i>Agriculture and Farmers Welfare</i>	53,620	1,38,564	1,09,750	1,42,672	30.1%
<i>Consumer Affairs, Food and Public Distribution</i>	1,08,848	1,94,513	1,17,290	1,24,535	6.2%
<i>Rural Development</i>	1,13,706	1,19,874	1,24,549	1,22,398	-1.7%
<i>Human Resource Development</i>	80,345	94,854	94,854	99,312	4.7%
<i>Road Transport Development</i>	77,301	83,016	83,016	91,823	10.6%
<i>Communications</i>	35,395	38,637	35,749	81,957	129.3%
<i>Railways</i>	54,913	68,019	69,967	72,216	3.2%
<i>Chemicals and Fertilizers</i>	71,414	80,534	80,968	71,897	-11.2%
<i>Health and Family Welfare</i>	54,682	64,559	64,609	67,112	3.9%
<i>Housing and Urban Affairs</i>	40,612	48,032	42,267	50,004	18.4%
<i>Petroleum and Natural Gas</i>	32,371	42,901	42,901	42,901	0.0%
<i>Other Ministries</i>	10,76,261	12,62,809	12,44,703	30,42,230	13.8%
<i>Total Expenditure</i>	<b>32,23,15,113</b>	<b>27,86,349</b>	<b>26,98,552</b>	<b>27,86,349</b>	<b>12.7%</b>



From 2020's budget, we can conclude that India is increasing focus on the healthcare sector. The government has increased its expenditure by 3.9% for the 2020-21 time period from 2019-20. The healthcare expenditure rise is a positive sign for the sector. The major highlights in the healthcare sector in this year budget includes:

- Machine learning (ML) and artificial intelligence will be used in delivering the Ayushman Bharat-Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) scheme.
- INR 6,400 Cr is allocated for the AB-PMJDY scheme.
- More hospitals will be established in tier-II and tier-III cities in public-private-partnership (PPP) model.
- Plan to set up 1,50,000 health and wellness centres (HWC) by 2022 in the country.
- Generic medicine retail outlets Jan Aushadhi stores would be extended to every district. These stores will increase stocking surgical numbers from 154 to 300.
- Strengthening "TB Harega Desh Jeetega" to end Tuberculosis by 2025.



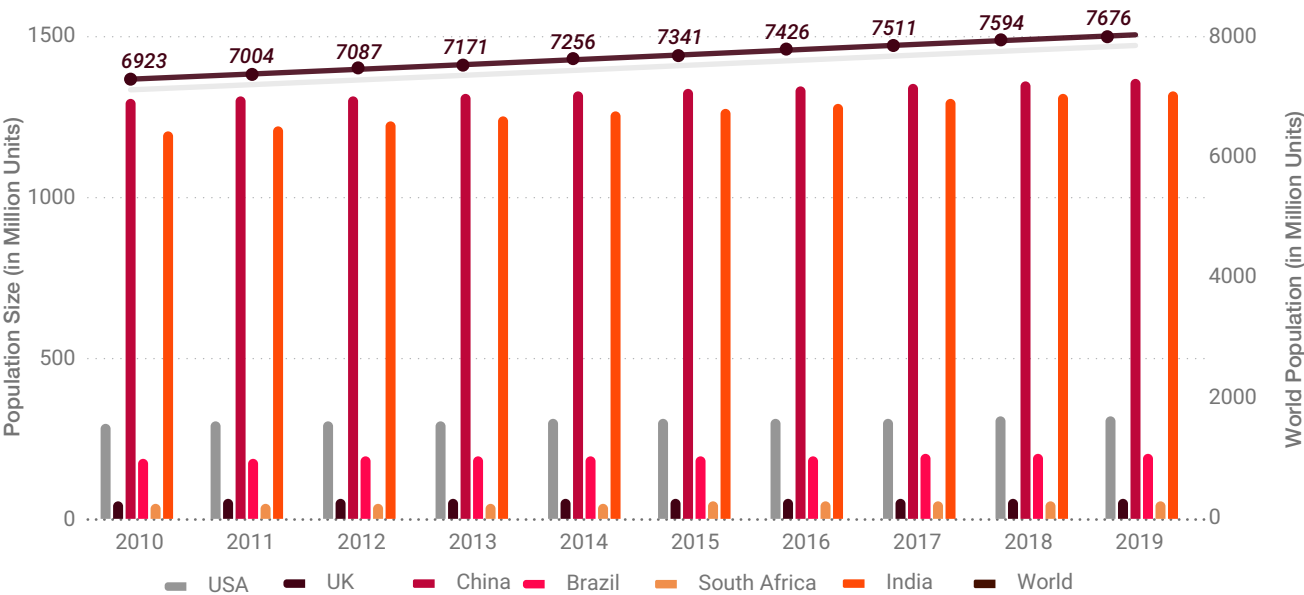


# Healthcare Infrastructure: India VS Developing Countries



# Global Population Crosses 7.6 Billion in 2019

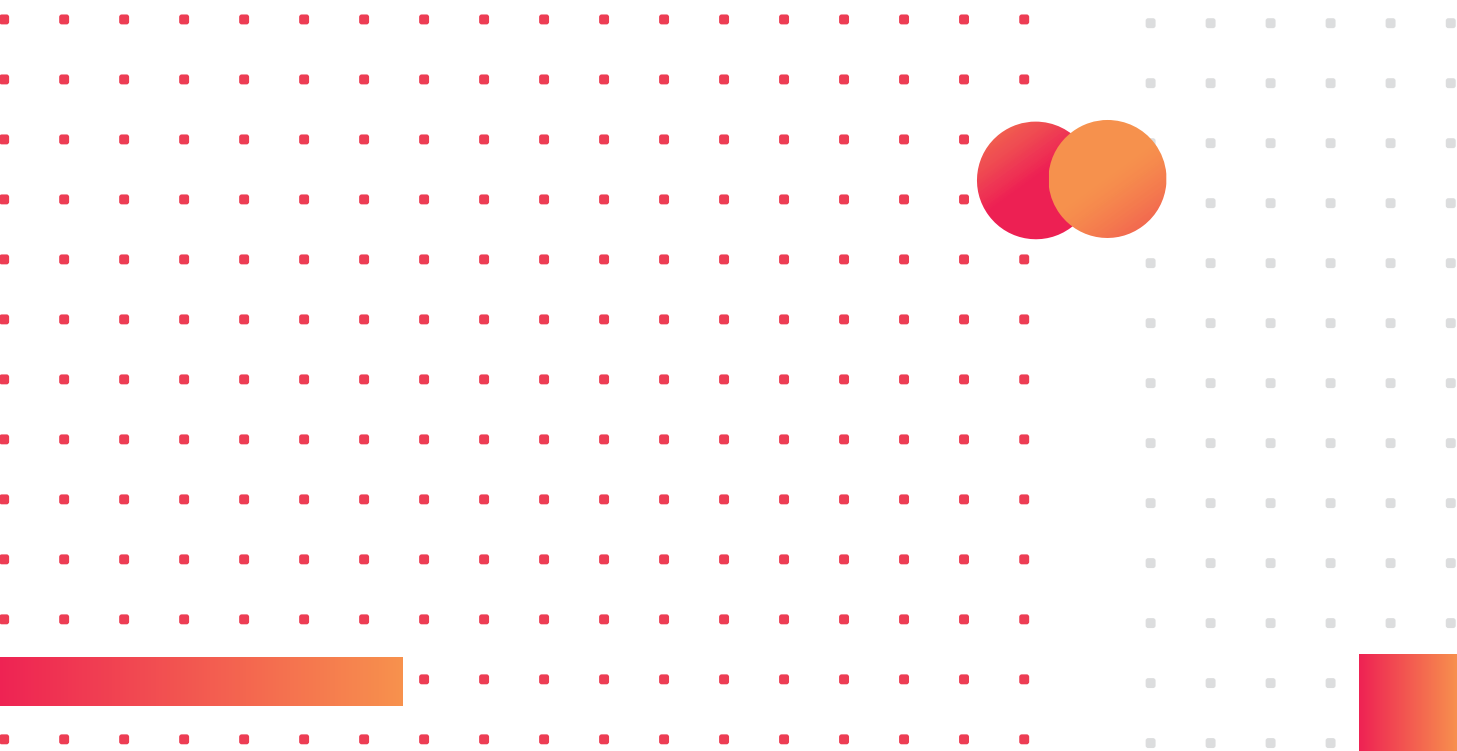
India population size rises to reach 1.36 billion with a CAGR of 1.1% during 2010-2019



Source: OECD & DataLabs Analysis

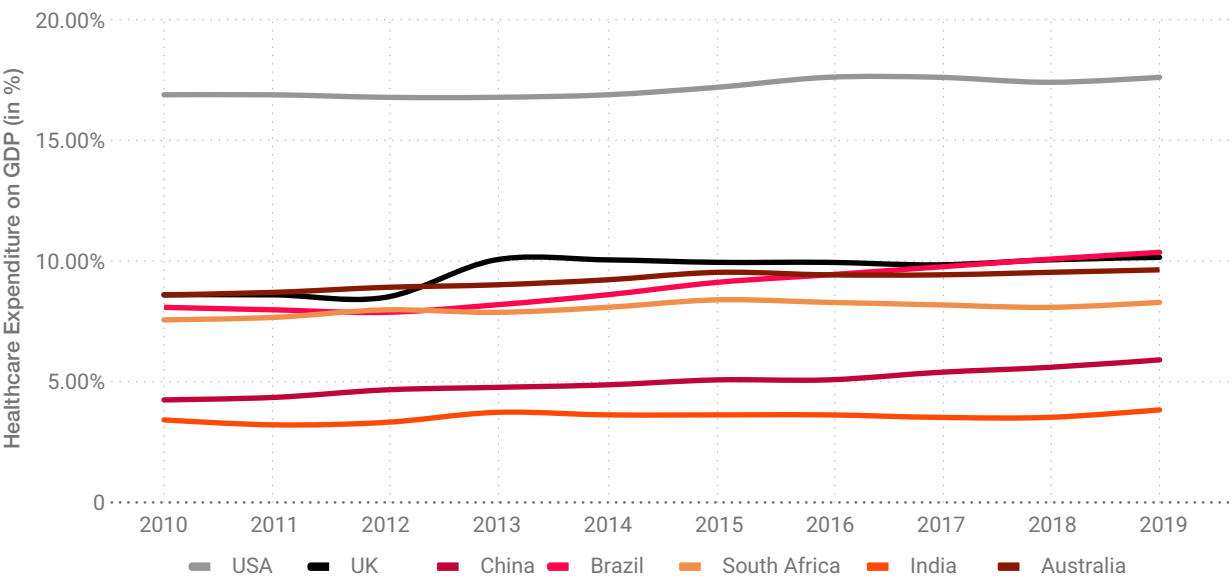
The global population size is on the rise and reached 7.7 Bn by the end of 2019. According to the United Nations, world population is projected to reach 8.5 Bn by 2030 and 9.7 Bn by 2050. The increase in population will create more burden on the healthcare system to provide adequate services to every person.

- The world population reached 7.7 Bn in 2019 with a CAGR of 1.2% from 6.9 Bn in 2010.
- India's population growth (1.1%) increased at a higher rate than China (0.5%) between 2010-2019.
- India's population is set to overtake China at around 2026. The rising population will see more healthtech companies operate in India to improve the healthcare system.



# USA Leading In Healthcare Expenditure As Percentage Of GDP

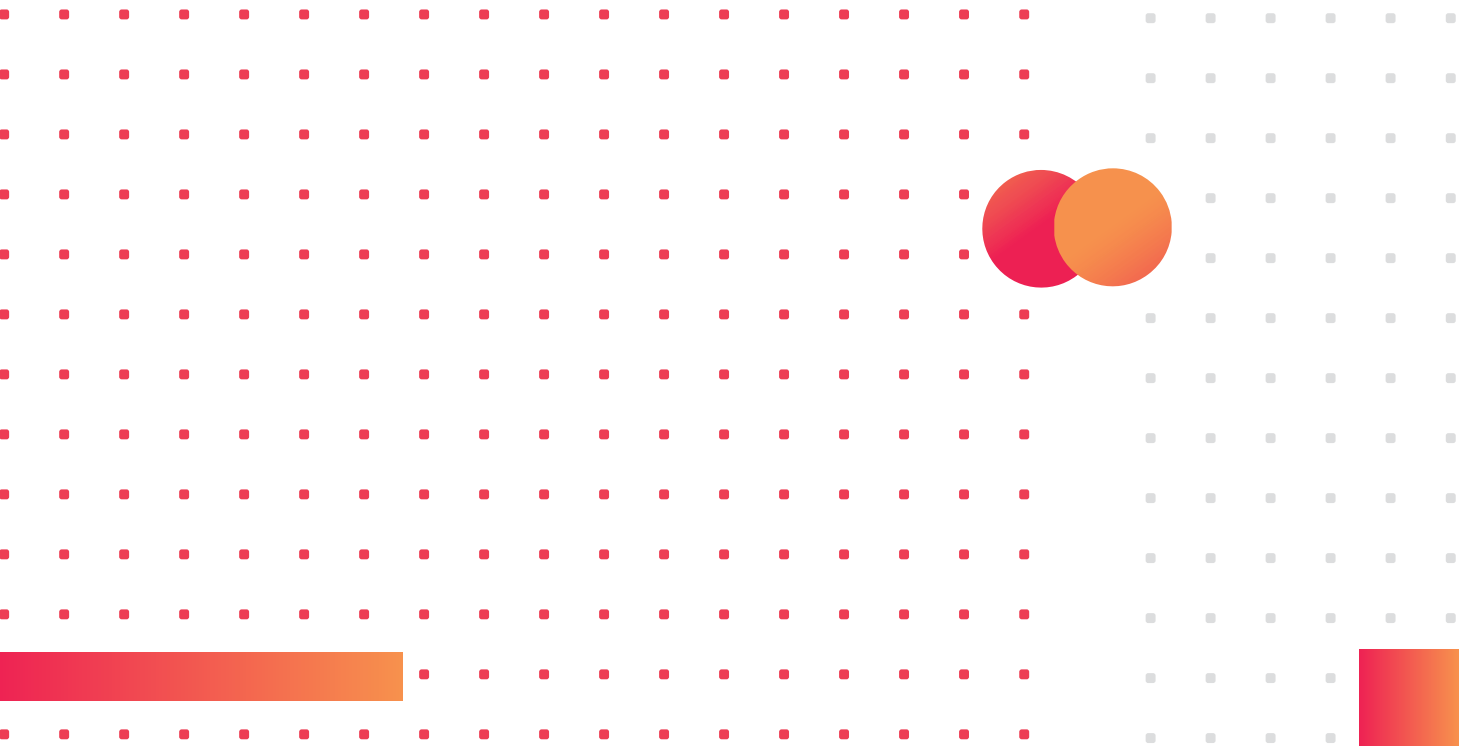
India is contributing nearly 3.8% of total GDP on healthcare expenditure



Source: OECD & DataLabs Analysis

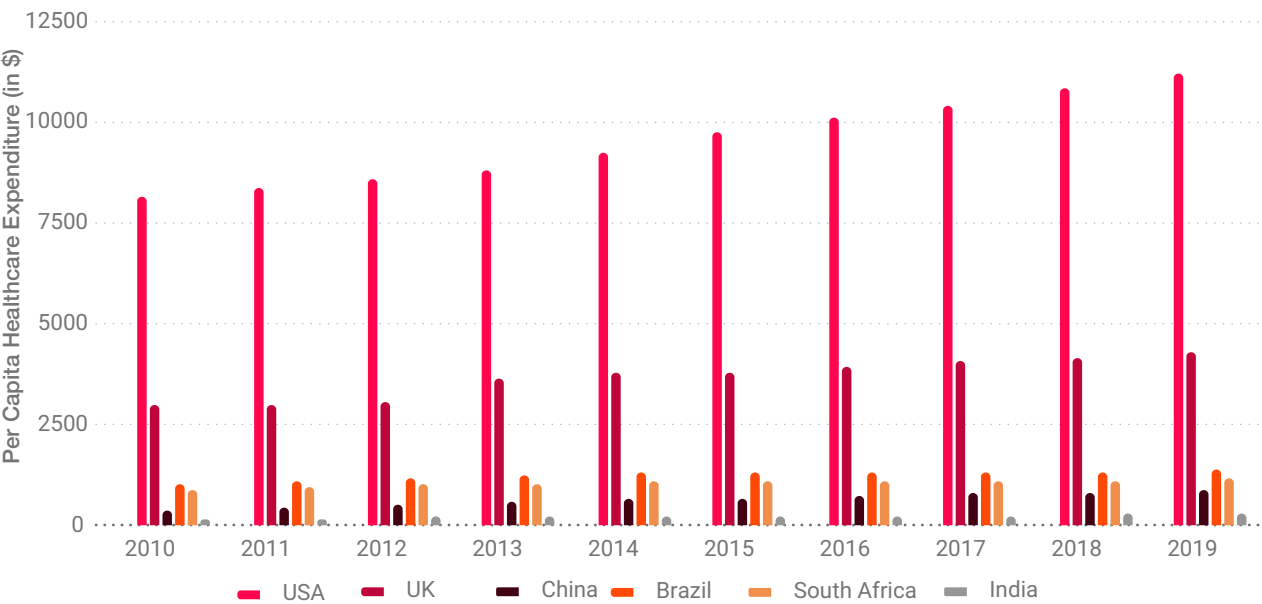
Healthcare expenditure as a percentage of GDP reflects any country's healthcare infrastructure. More investment in infrastructure development and new technology help countries to provide better healthcare services. The three key takeaways from this chart are listed below:

- OECD member countries spend more on healthcare as a percentage of GDP.
- Healthcare expenditure as a percentage of GDP in India only increased from 3.4% in 2010 to 3.8% in 2019.
- The lower expenditure on public healthcare is creating an opportunity for private players to enter this segment.



# USA Outspent Other Countries In Per Capita Healthcare Expenditure

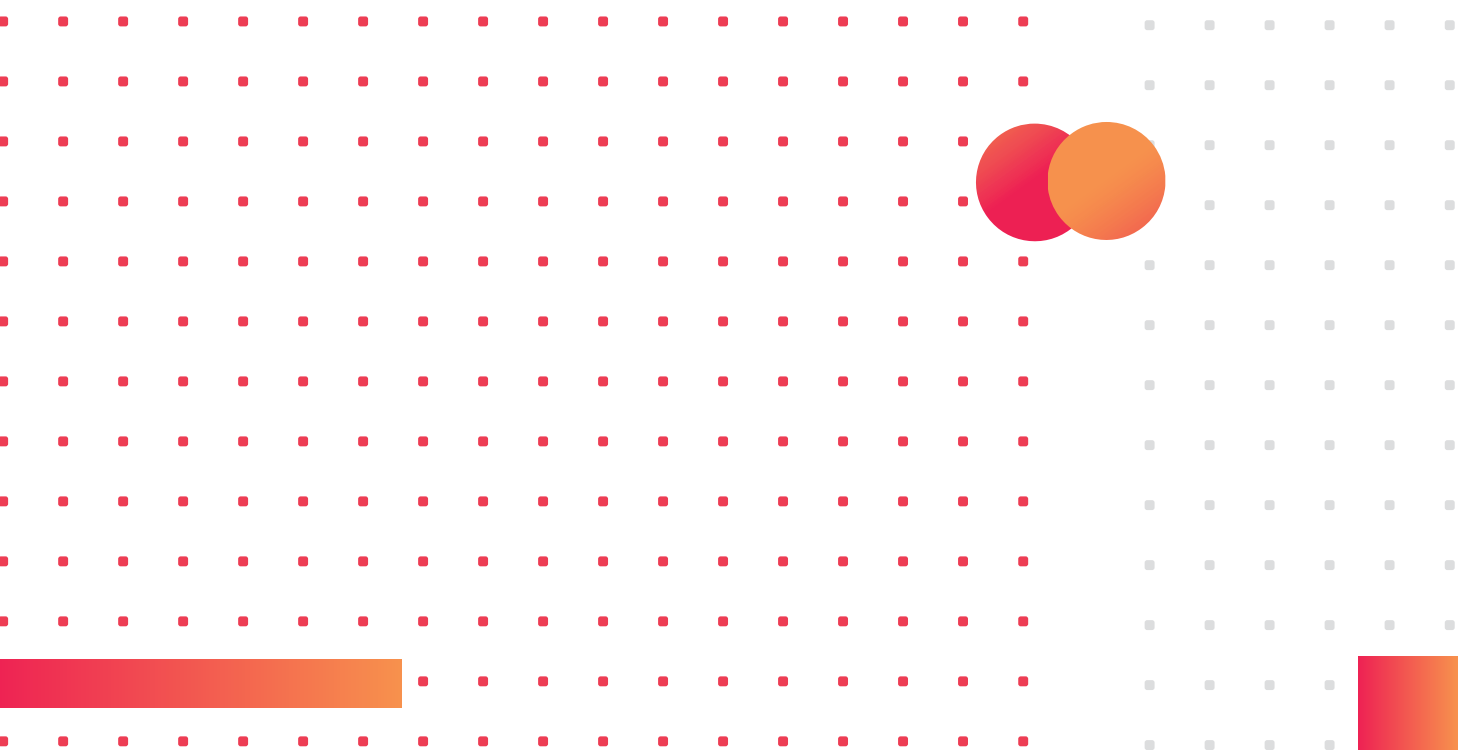
Per capita healthcare expenditure increased by 8% in India from 2010 to 2019



Source: OECD & DataLabs Analysis

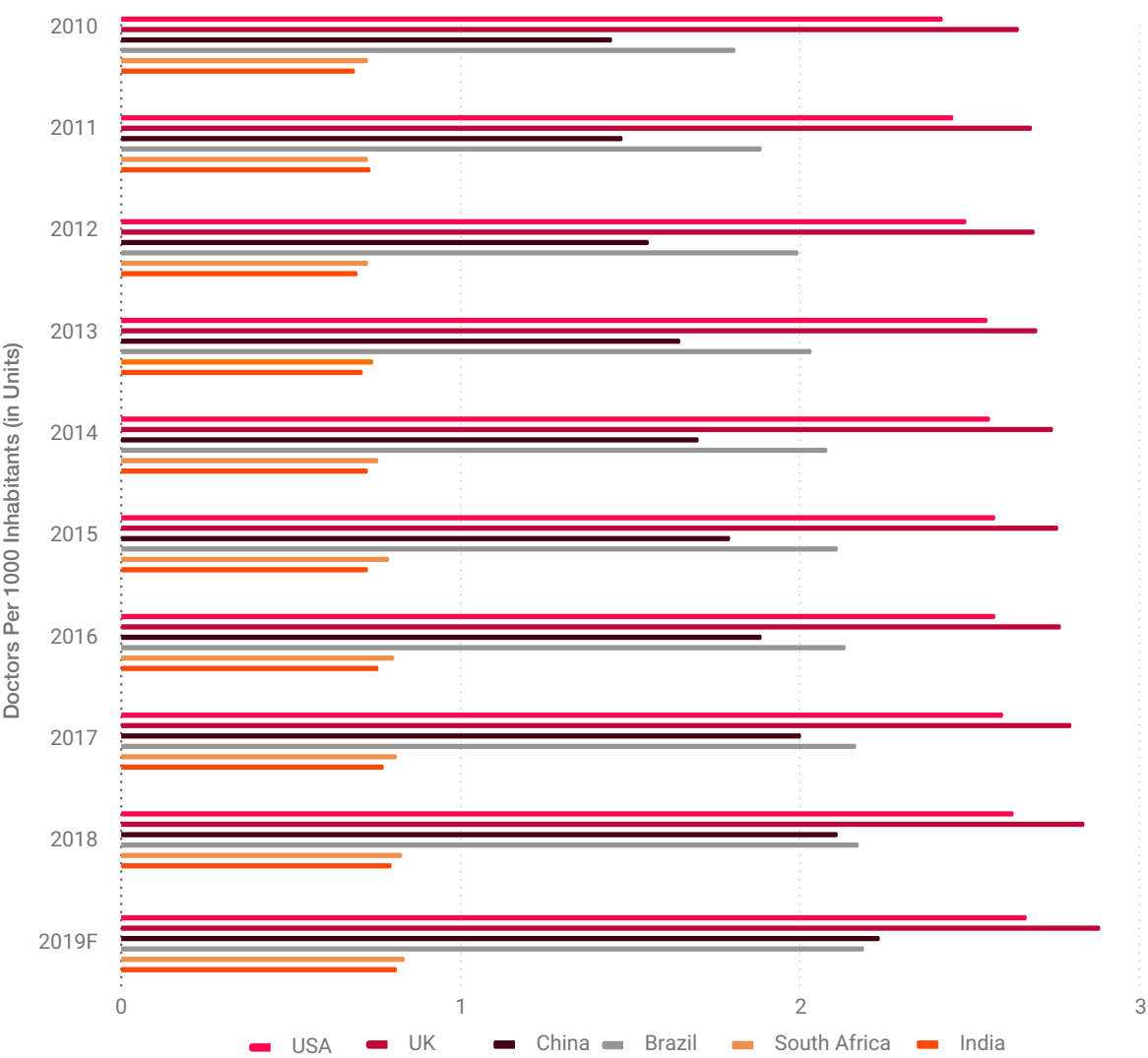
Expenditure on health measures the final consumption of health goods and services. This includes spending by both public and private sources on medical services and goods, public health and prevention programmes and administration.

- Per capita, healthcare expenditure in India grew by 8% to reach \$289 in 2019 from \$146 in 2010.
- India's huge population is the major reason for lower per capita healthcare expenditure.
- The lower per capita healthcare expenditure led to the remaining diseases undiagnosed.



# UK Having Highest Number Of Doctors Per 1000 Inhabitants Healthcare Expenditure Among The Six Countries

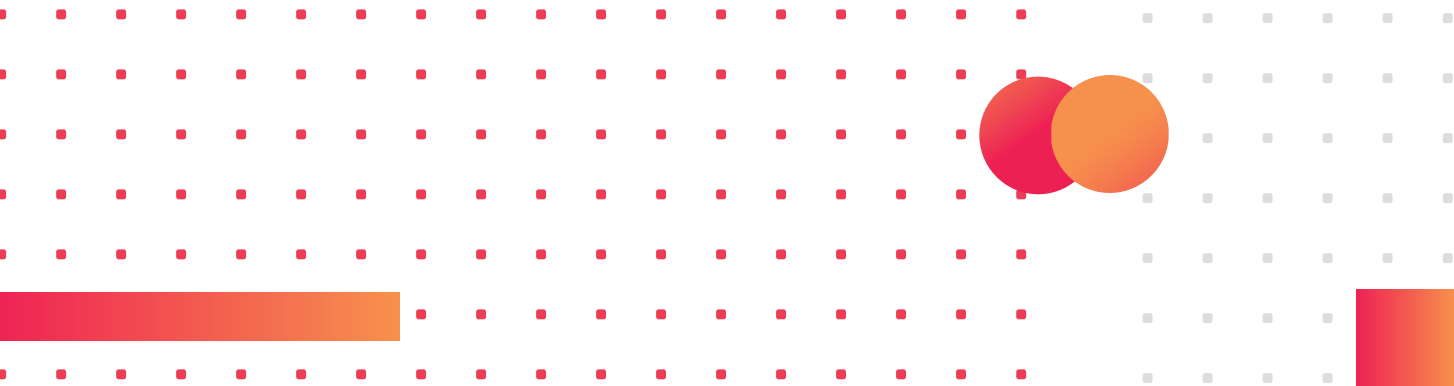
India is facing shortage in number of doctors per 1000 inhabitants



Source: OECD & DataLabs Analysis

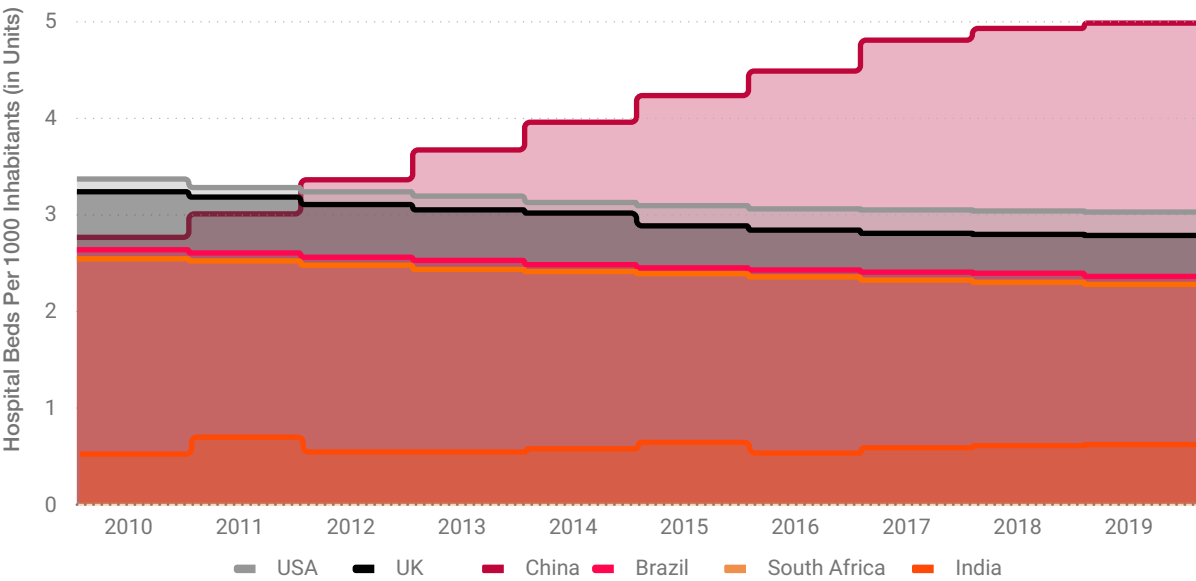
WHO recommends one doctor for 1000 people in any country

- In India, only 82 doctors are available for 1,00,000 people by the end of 2019 it had a shortage of 1,66,425 doctors
- There is a huge shortage of doctors in India, especially in rural areas.
- India needs to work on medical college infrastructure to increase the number of student admission



# China Improved Hospital Beds Per 1000 Inhabitants Over Last Percentage Of GDP Few Years Remarkably

In China, 4.5 beds are available for 1000 inhabitants at the end of 2019



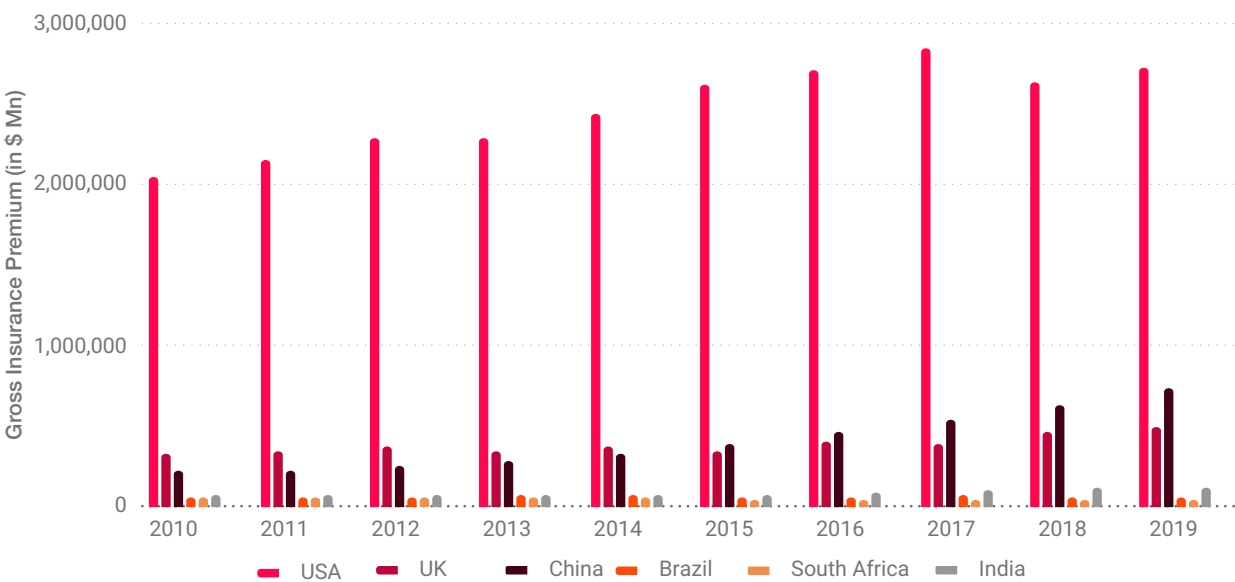
Source: OECD & DataLabs Analysis

But WHO recommends 5 beds for 1000 people

- In India, only 0.56 beds are available for 1,000 inhabitants which is far lower than WHO recommendation.
- The population size of China is higher than in India. Still, it has improved over the last few years and now 4.5 beds are available for 1000 people at the end of 2019 from 2.49 beds per 1000 people in 2010.
- The lower public healthcare expenditure is the major reason for lower bed availability in Indian hospitals

# People In USA Are More Conscious About Health Insurance

At the end of 2019, the gross insurance premium in USA is 22 times of India



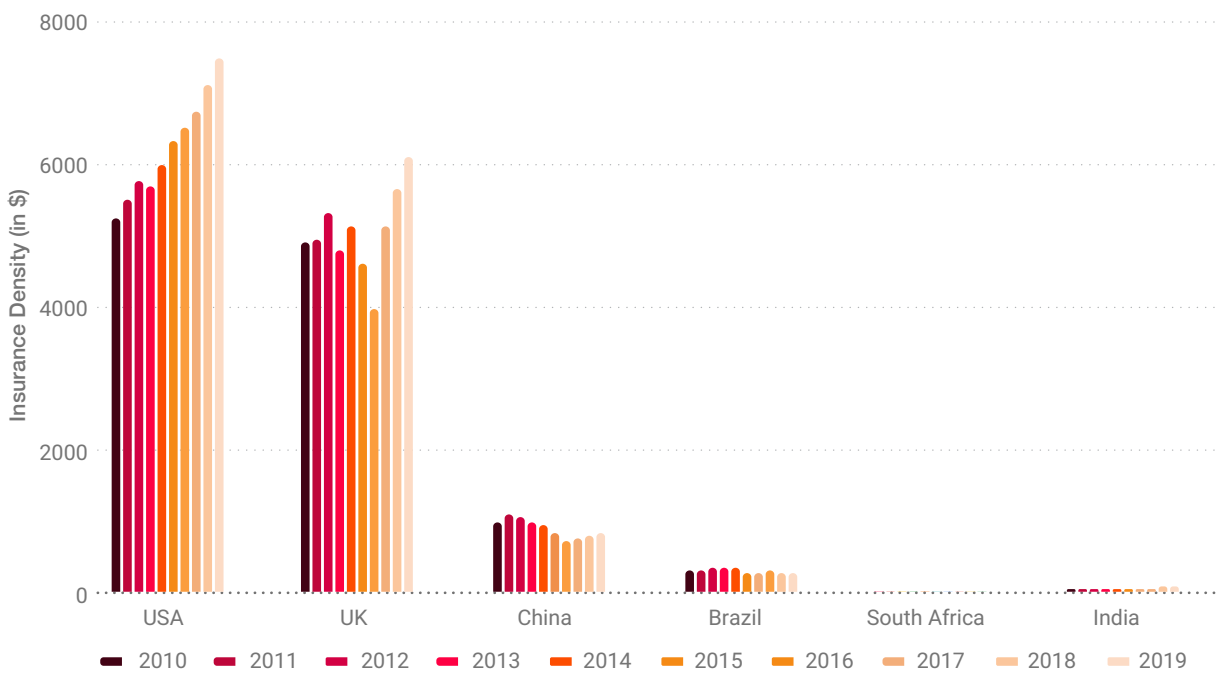
Source: OECD & DataLabs Analysis

Gross insurance premiums, defined as the total insurance premiums in the reporting country, are a major indicator of the importance of the insurance industry in a country's economy.

- Total gross insurance premium in India increased by 6.11% from 2010 to 2019.
- Gross insurance premium in India stood at \$122 Bn in 2019 which is 22 times lower than the total gross premium in the US.
- The total gross insurance premium of the US in 2019 was 1.9 times the combined gross premium of the other five countries.

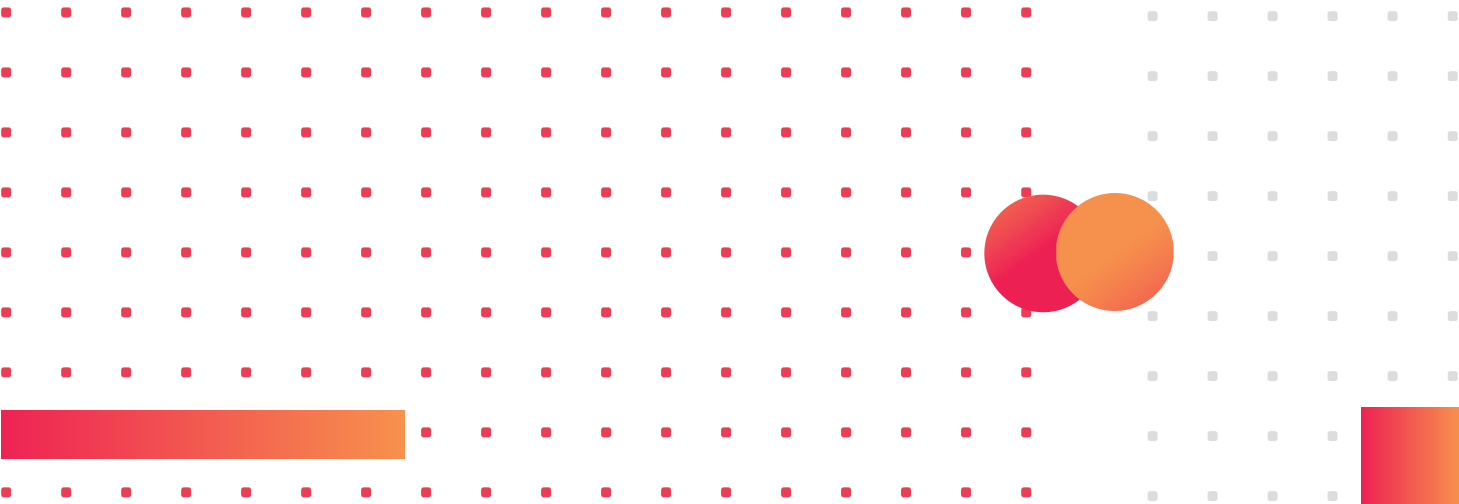
## USA Has Insurance Density Of \$7450 At The End Of 2019

India is far behind in insurance density from USA with \$79 in 2019



Source: OECD & DataLabs Analysis

- The insurance density in India has increased by only 3.6% from 2010 to reach \$79 per person in 2019.
- China has more population size than India. Still, it has an insurance density of \$821 per person at the end of 2019.
- Lack of awareness and non-availability of good insurance schemes are the main reasons for low insurance density in India.







# Healthtech In India: The Market Opportunity

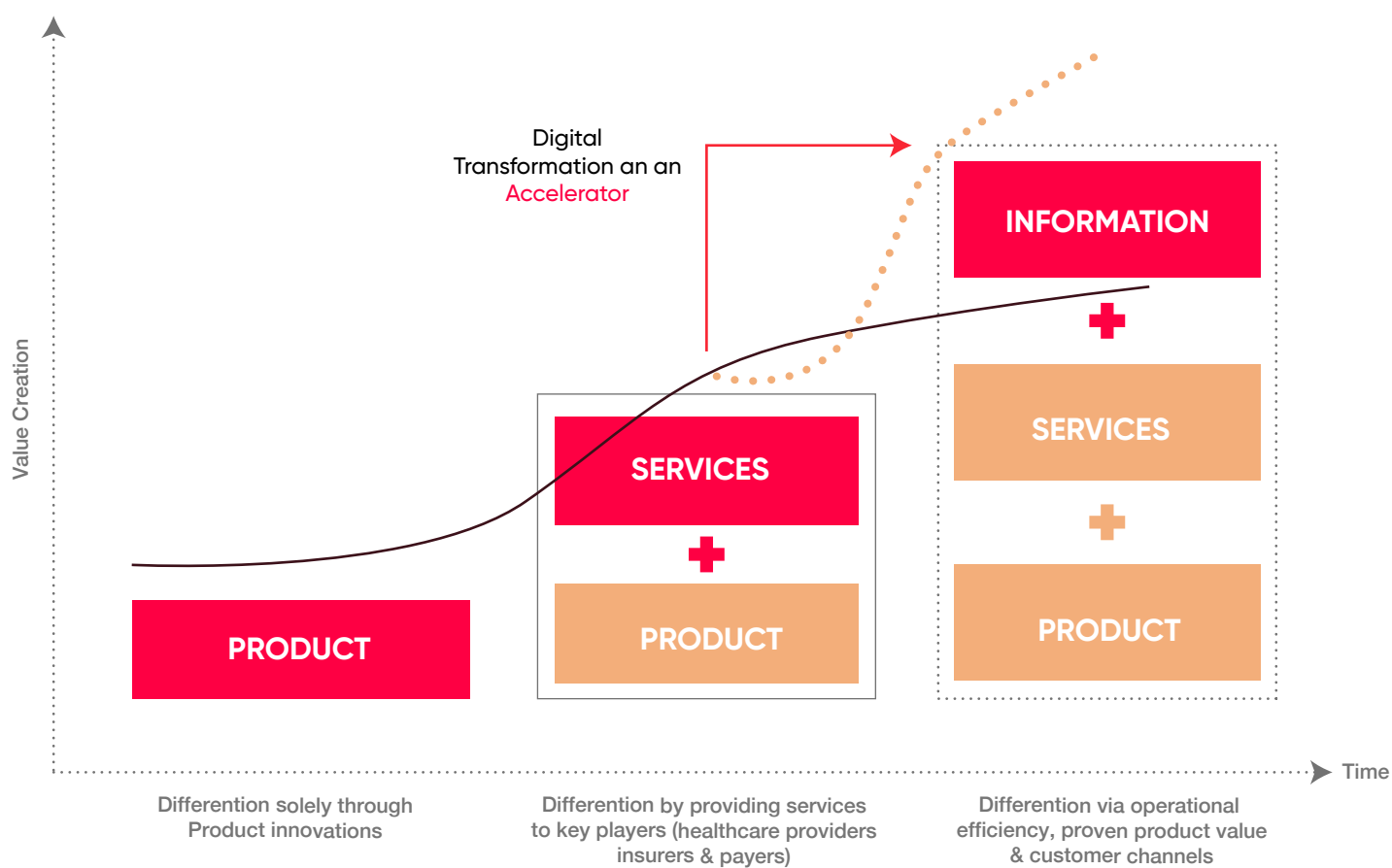


In layman terms, healthtech is defined as the technology-enabled service or product which helps in diagnosis, early prevention, better treatment, online medicine ordering and easy consultation with doctors. The healthcare sector is shifting toward digitalisation and connected health services. Digital technology like artificial intelligence (AI), machine learning (ML), internet of things (IoT), big data analytics and information technology are leveraging the healthcare sector to provide better services and improving the system.

From wearables, telemedicine, online appointment booking, online medicine ordering, digital payment, genomics, database management, home healthcare, diagnostics to monitoring health conditions through app or web portals, the healthtech industry is opening a new dimension in the healthcare industry.

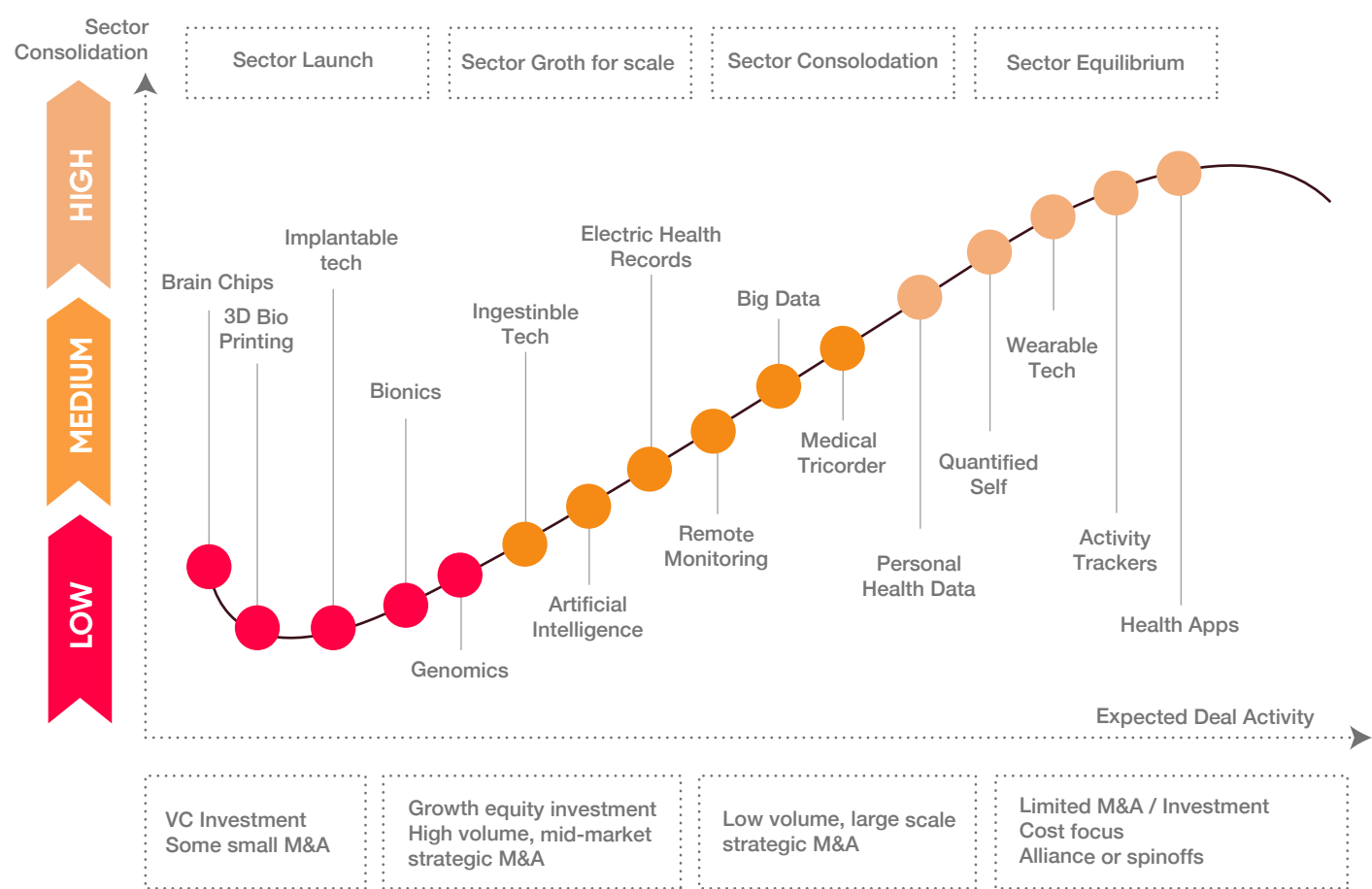
The development of modern technology has helped to improve the healthcare industry and offer affordable services to large consumers. The data-driven technology always assures to maintain quality in providing services. People are experiencing better health services through healthtech than traditional healthcare services. The healthtech and internet have leveraged to avail healthcare services by sitting at home. With the advancement of technology, more healthtech services will be available in the near future and industry will witness huge investment.

## Evolution of the Healthcare Product Offering

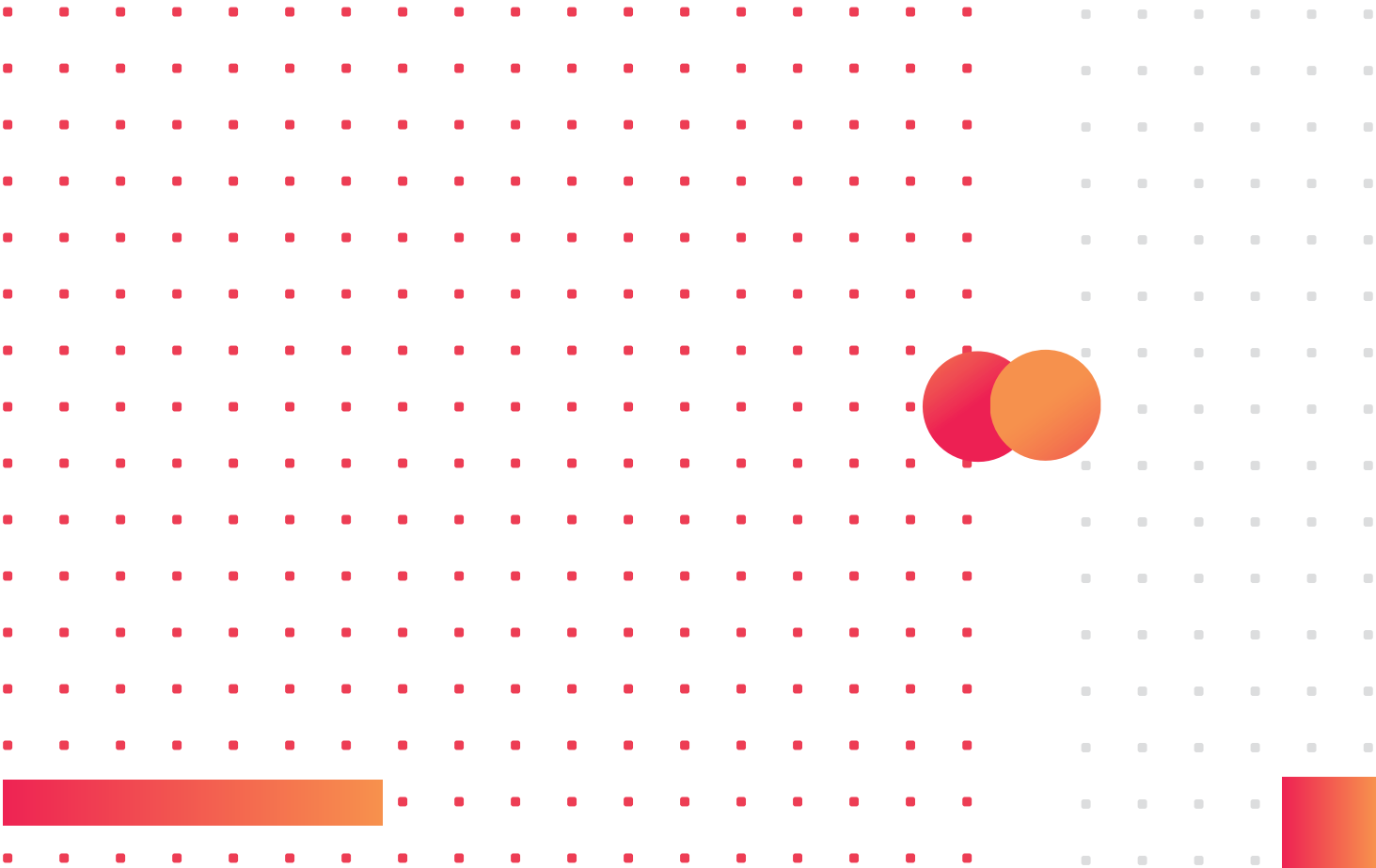


Source: IBIS Capital

# Healthtech Industry Consolidation S-Curve



Source: IBIS Capital



# Healthcare And Healthtech Market Estimation With Forecast

The increasing ageing population and life expectations are creating immense pressure on the healthcare system. With developed healthcare services, the mortality rate is decreasing, especially in emerging countries. The developing countries have started investing more on the public healthcare segment. Still, communicable and chronic diseases are rising around the world. People are becoming more conscious about maintaining personal fitness and hygiene.

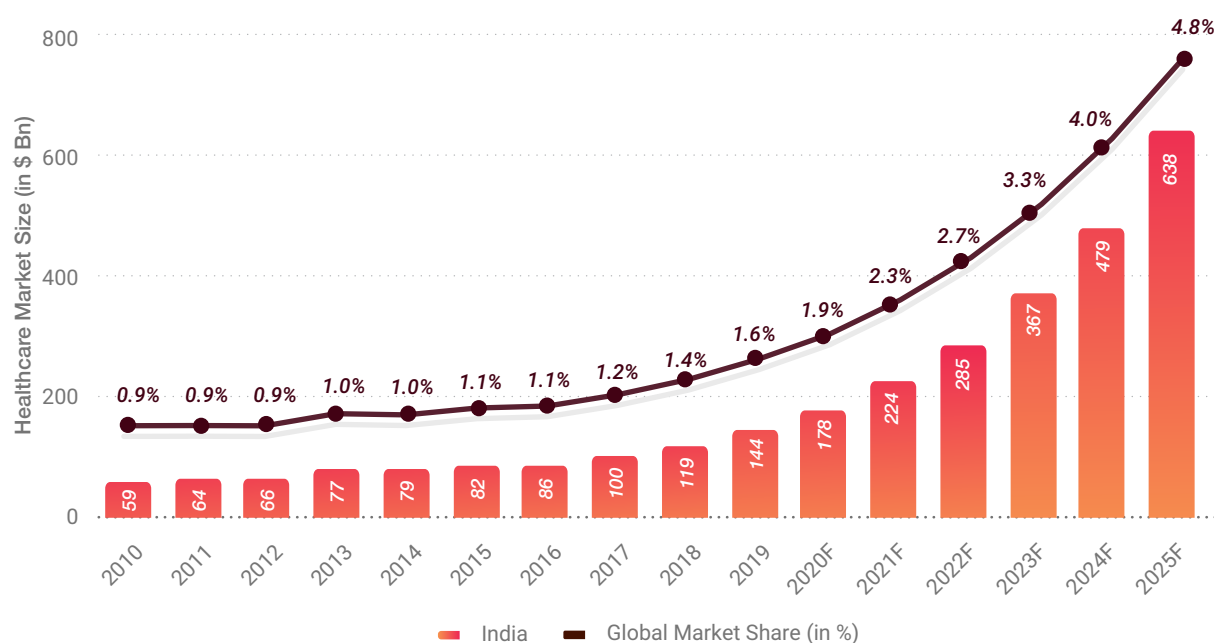
The US is leading the global healthcare market with \$3720 Bn value in 2019. The global healthcare market is expected to grow with a CAGR of 5.8% during 2020–2025. As the demand for healthcare rises, the cost of healthcare will reduce and people will look for quality service in healthcare.

Europe with the highest population of ageing people is the second-largest market in the healthcare sector. Hence, we are expecting more investment in the healthcare sector in the region to provide adequate services to the ageing population.

India is a baby boomer in the global healthcare market. It is the second-largest country in terms of population (1.36 Bn) after China (1.39 Bn). Again, India's healthcare market is growing at a faster rate than other emerging economies. Household spending in India is also increasing. Still, healthcare infrastructure is not good compared with other major countries around the world. Hence, India is becoming favourable for investing heavily in the future.

## India's Healthcare Market To Grow By Over 4X From 2019 Level

Healthcare market is projected to reach \$638 Bn by 2025 from \$144 Bn in 2019



Source: OECD & DataLabs Analysis

As per “The Global Competitiveness Report 2019”, by the World Economic Forum, India stands at 110th position in the healthcare system out of 141 countries. India is spending very little of the total country's GDP on healthcare. The government is trying to increase public healthcare spending to 2.5% of total GDP by 2025.

The healthcare market in India is projected to reach \$638 Bn by 2025 with a CAGR of 23.7% from \$144 Bn in 2019.

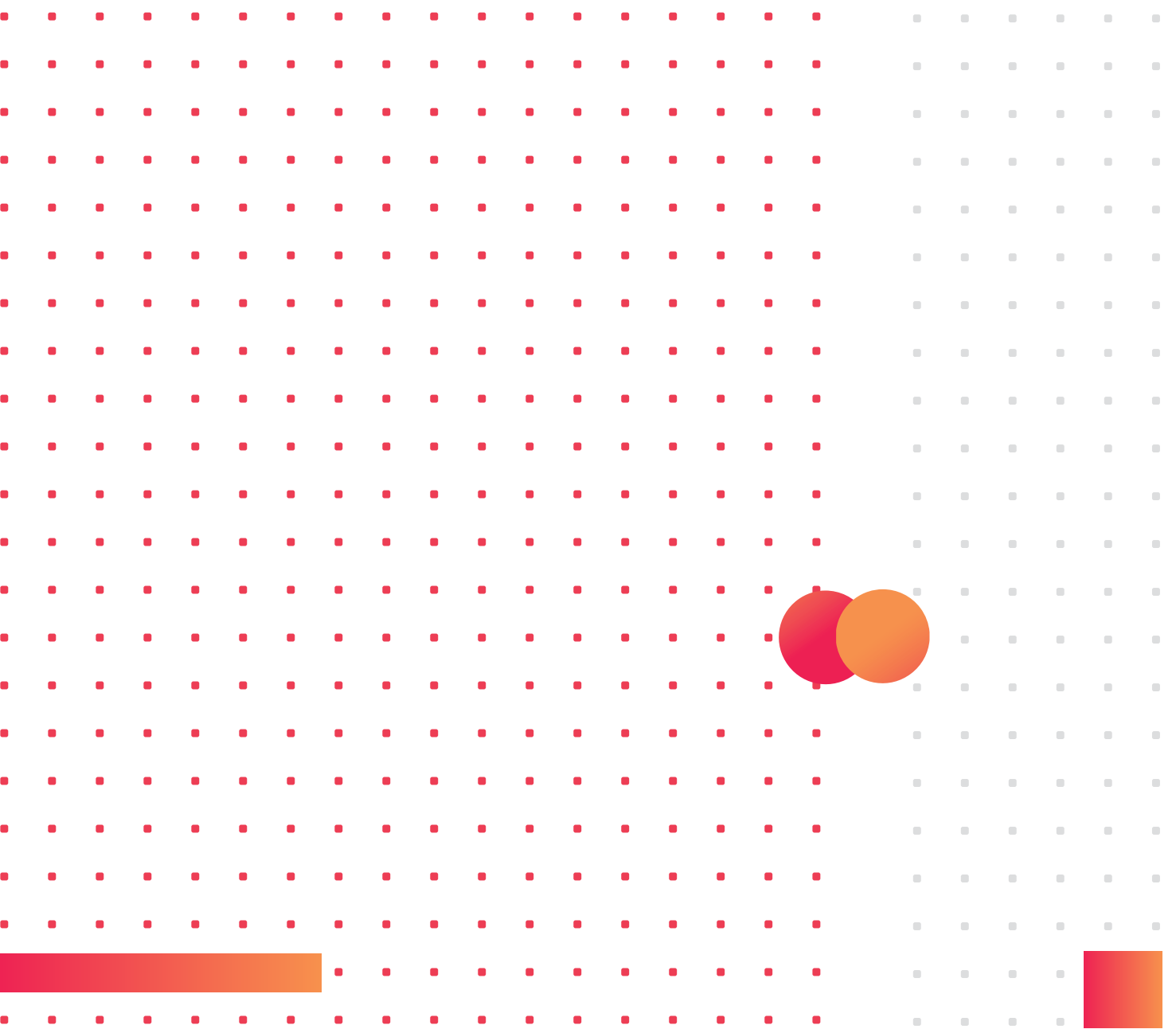
Policies like Ayushman Bharat, the National Health Protection Scheme are trying to bridge the gap in the Indian healthcare system and improve primary health services. The India healthcare market will be 4.4 times larger than the market size today.

Indian healthcare sector provided employment opportunities to 319,780 people (up to 2017). This is set to rise to 40 Mn people by 2020. The low cost of medical services also attracts patients from across the world. Favourable government policy and promising growth prospect are attracting investors to investing in the Indian healthcare system.

Traditional healthcare systems incorporate technology to improve accuracy and efficiency, cost efficiency and system productivity. The current state of technology is focussing on electronic medical records with emphasis on social media, mobile applications, analytics and cloud computing (SMAC) technologies, including telehealth, remote monitoring and enhanced communications. Technology has shifted care to the environment suitable for customers such as homes, personal monitoring devices and local communities. Digital health is fuelled by advanced Internet of Things (IoT), artificial intelligence (AI), augmented and virtual reality (AR/VR), blockchain, fast health interoperability resources (FHIR) and more. The upcoming “Smart Home” environment will demand more home-based healthtech services.

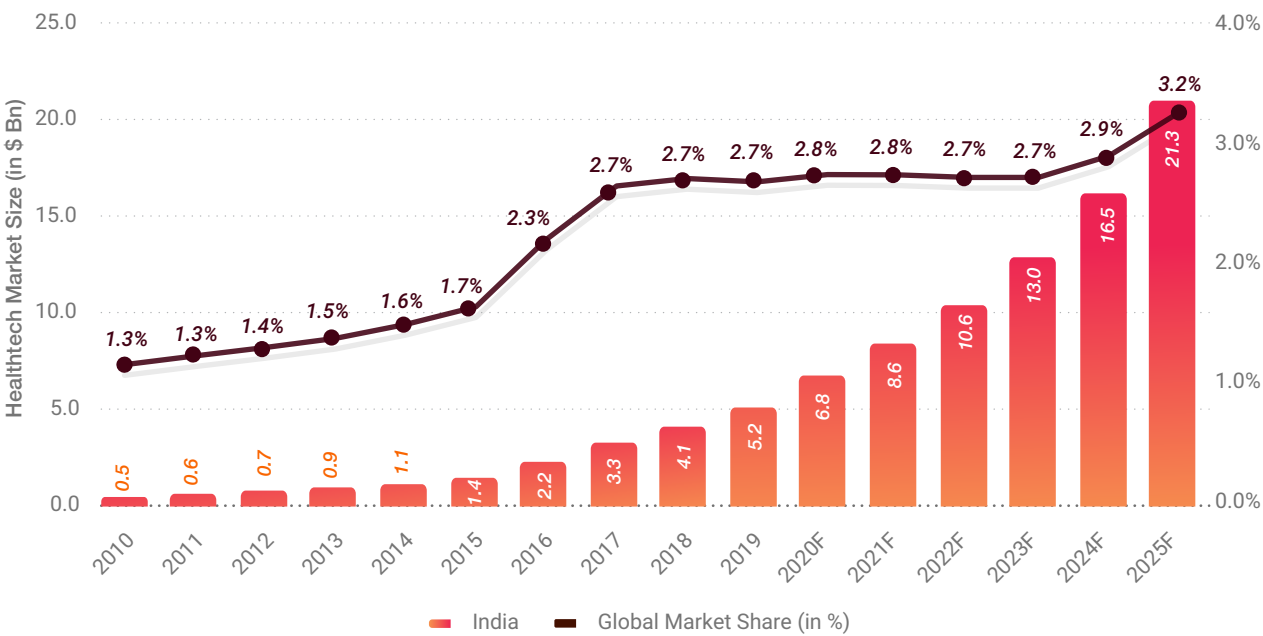
The global healthtech market is expected to reach \$655 Bn by 2025 with a CAGR of 18% during 2020–2025. The US is leading the global healthtech market with \$73 Bn value in 2019. The North America region will hold the biggest market in mHealth services.

China is the largest country in terms of population. It used telemedicine service during Covid-19 outbreak to provide primary healthcare services to people. With increased investments, China has managed to improve the healthcare infrastructure in the last 4–5 years. The healthtech market in China is expected to reach \$75 Bn by 2025 acquiring 11.5% global market healthtech share.



# India Healthtech Market Is Projected To Reach US\$21.3 Billion In 2025 From US\$5.2 Billion In 2019

India healthtech market is holding 2.7% global healthtech market share in 2019

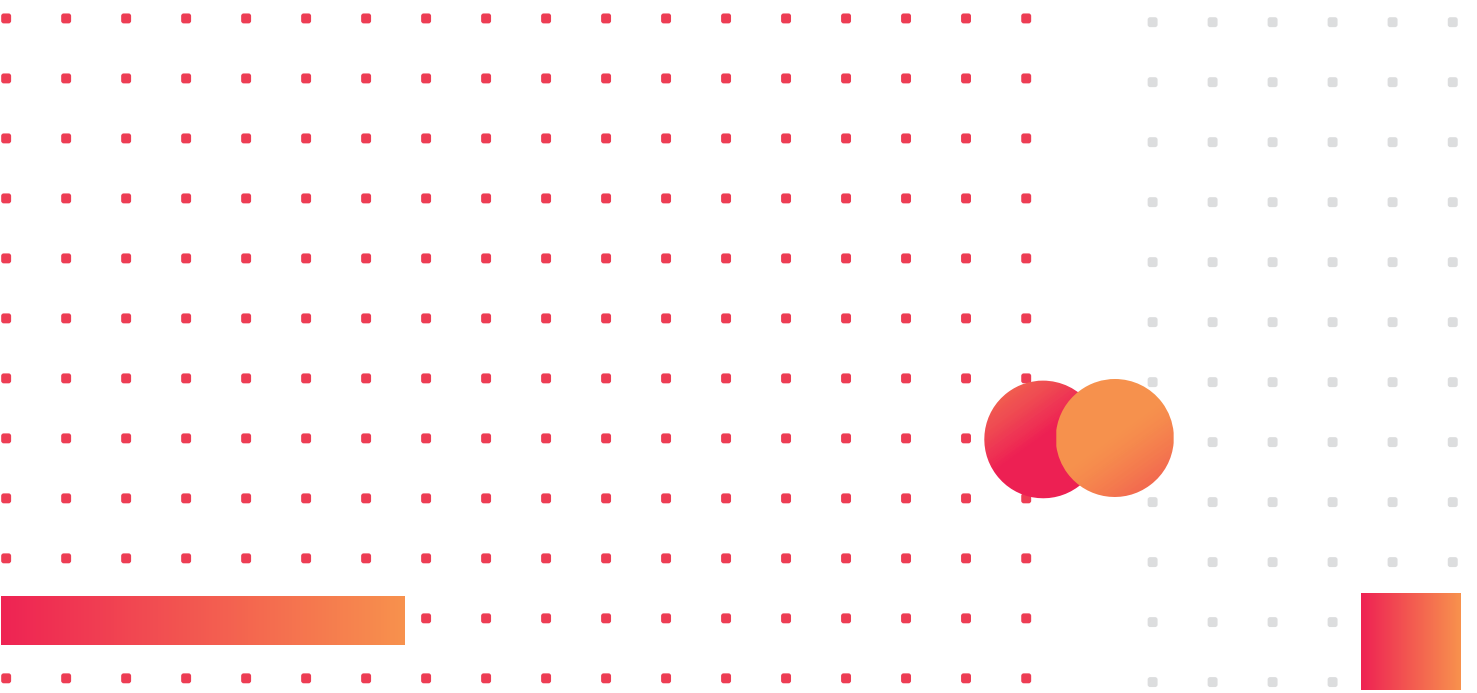


Source: DataLabs Secondary Research

Note: This estimation is based on multiple secondary sources. Also, interviews with top healthtech executives was undertaken.

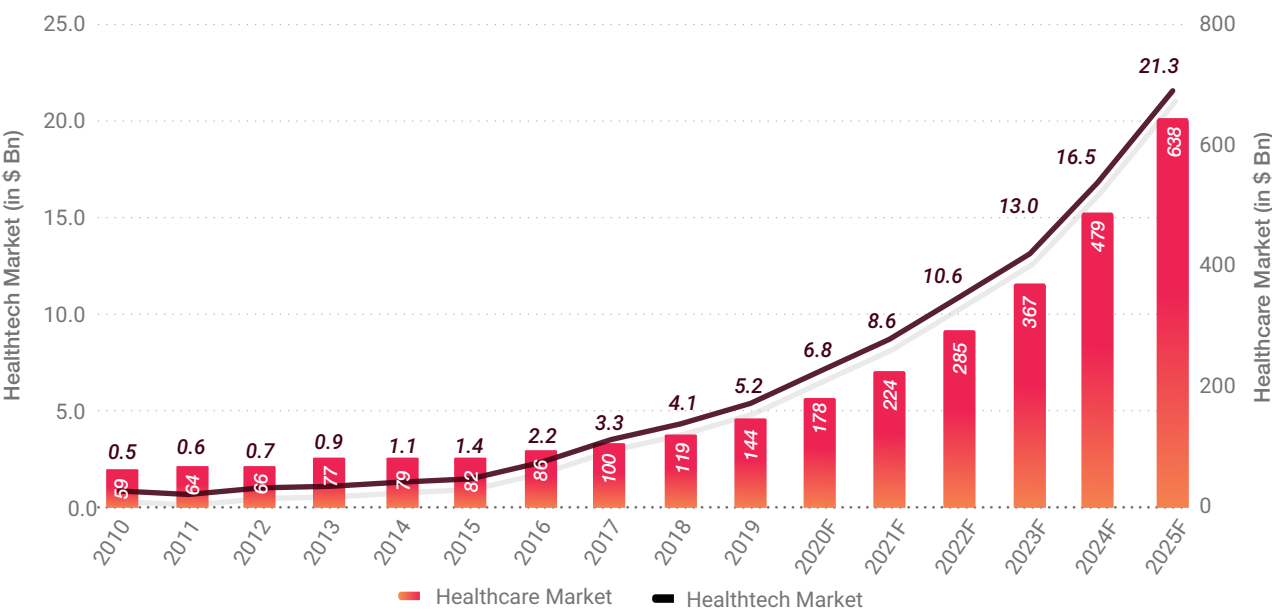
*The Indian healthtech market is projected to reach \$21.3 Bn by 2025 acquiring 3.2% of global healthtech market pie. The market is expected to grow at a CAGR of 27% during 2020-2025.*

The government is also trying to develop India as a global hub for healthcare services. As a part of the plan, the government launched telemedicine practice guidelines during the Covid-19 outbreak. Other schemes like Ayushman Bharat is a major step towards providing universal health coverage.



# Healthtech Market Contributing Only 3.6% Total Healthcare market In India

The share of healthtech market on total healthcare market in India is expected to remain constant till 2025

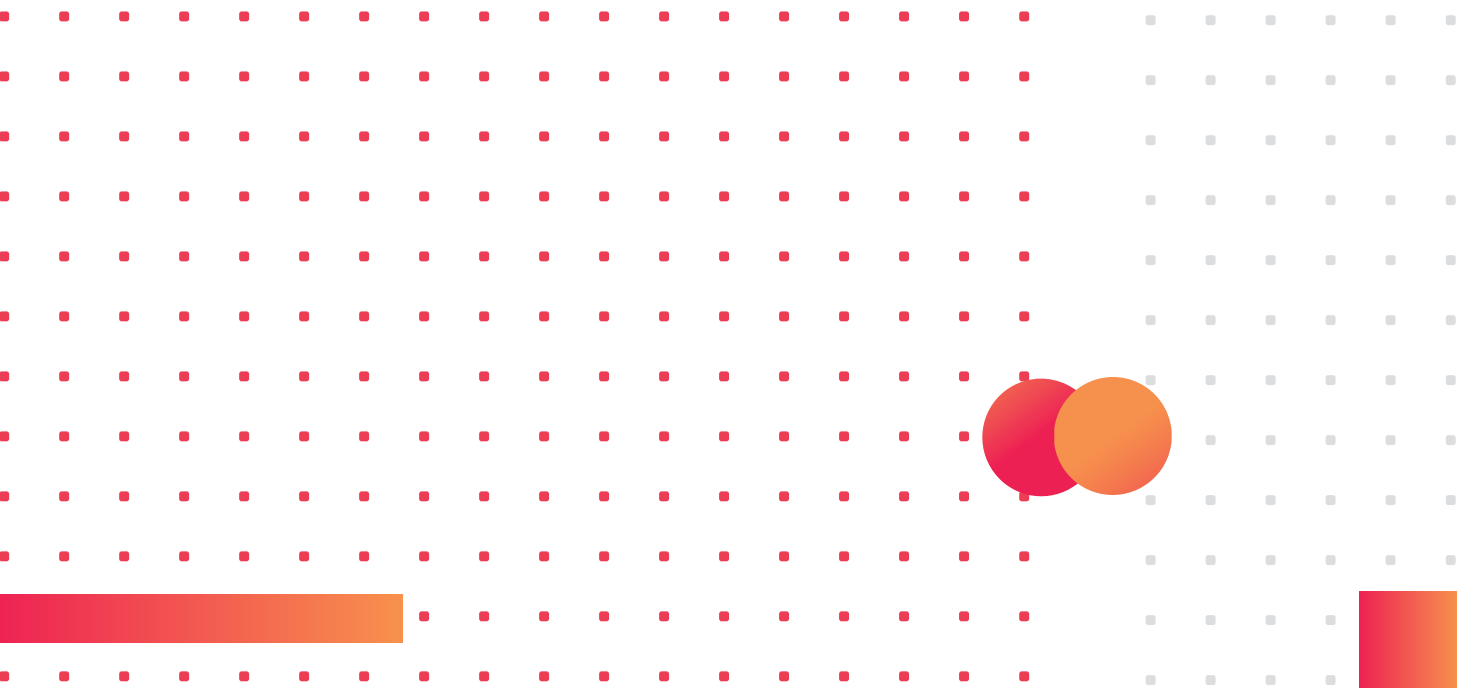


Source: DataLabs Secondary Research

Note: This estimation is based on multiple secondary sources. Also, interviews with top healthtech executives was undertaken.

The healthtech market contributed only 3.6% of the total healthcare market in India in 2019. The trend is expected to continue up to 2025.

The funding in healthtech startups is also rising every year. Again, in an uncertain condition, healthtech startups raised a fund amount of \$252 Mn during Q1 2020, which is the highest in the first quarter during 2015-2020. After 2025, the healthtech market in India will go past the total healthtech market in the UK.





# India's Healthtech Landscape





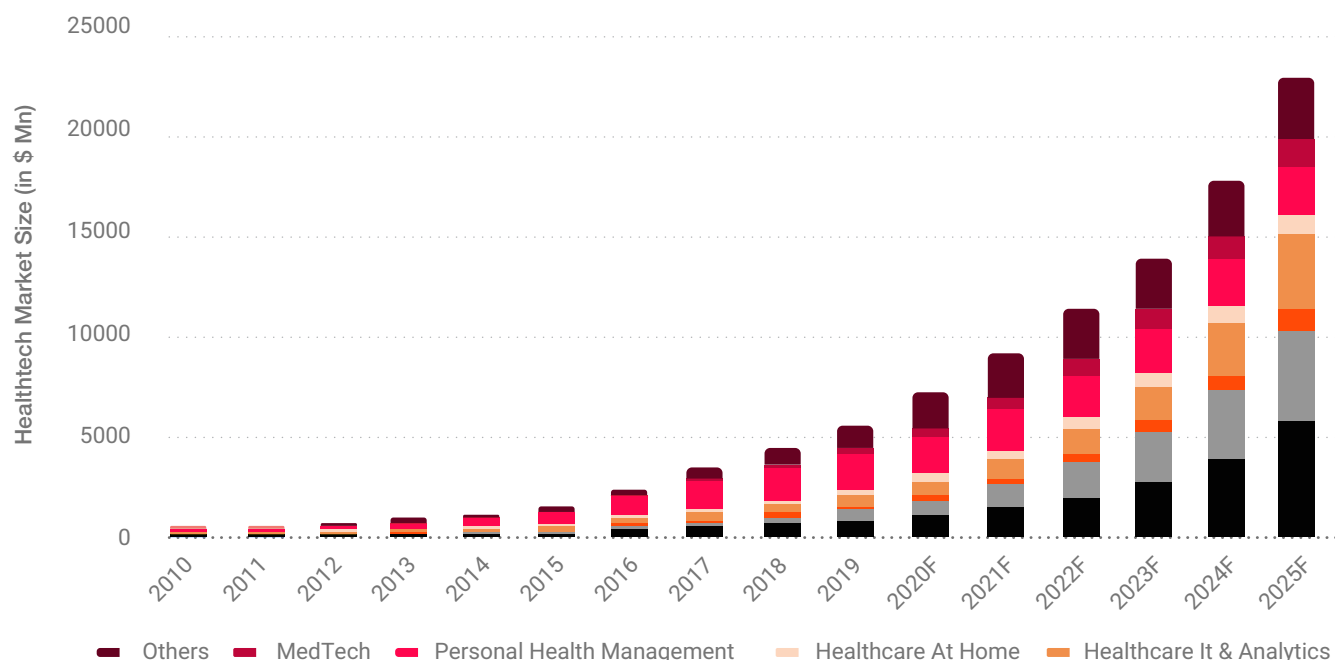
Technology has entered every aspect of daily life. The variety of services, products and offerings makes healthcare one of the most challenging aspects of the economy and this is reflected in the glacial pace of development when one looks at each individual vertical within healthcare.

The healthtech industry can be broadly segmented into seven types. Within India, startups are broadly classified in these verticals and use AI, ML and other modern technology to improve access, affordability and quality services

Segments	Description	Startups
Telemedicine	Online doctor consultation, online doctor appointment & more	       
Online Pharmacy	Selling of medicines online	    
Fitness & Wellness	Fitness and wellness services such as gym, yoga, and mental health counselling among others. It also supplies nutritional food supplements.	      
Healthcare IT & Analytics	SaaS offerings to help accelerate healthcare organisations decisions, better analysis of the business operation and other services such as insurance.	     
Home Healthcare	Healthcare services brought to the patients' home.	   
Personal Health Management	Health advisory content aggregators, and personal health tracking apps, wearables, monitoring sensors come under this section.	    
MedTech	Uses technology to speed up the diagnosis of diseases and take speedy action. Both diagnostics and therapeutics are included in it.	   
Others	The other segment includes Genomics, and other online marketplaces for the healthcare industry.	   

# Telemedicine Segment Will Be Surging In Coming Years

Telemedicine market is expected to grow with a CAGR of 31% during 2020-2025



Source: DataLabs Secondary Research

Note: This estimation is based on multiple secondary sources. Also, interviews with top healthtech executives was undertaken.

- Easy availability of healthcare services from distant places with a healthcare professional, lower cost and quality services are major factors for the growth of telemedicine in India. The healthcare infrastructure in rural areas is not good enough. Hence, telemedicine players are trying to target rural areas after entering into Tier-II and Tier-III cities.

**The telemedicine market will reach \$5.4 Bn by 2025 with maintaining more than 25% market share in India healthtech market.**

- Online pharmacy is in a very nascent stage in India. But there are several startups like 1mg, Netmeds, PharmEasy, Medlife, amongst others, who are performing well in the Indian market. The lack of a structured regulatory policy is hindering the market in the current stage. However, the online pharmacy market will witness sudden growth after regularised policy. The trustworthiness of online pharmacy players will play a vital role in ordering medicine online.

**Online pharmacy market is expected to reach \$4.2 Bn by 2025 with a CAGR of 36%.**

- Healthcare IT and analytics will play an important role in transitioning the healthcare sector to the tech side. From maintaining databases to analysing diseases and providing correct treatment everything will be done effortlessly with the help of IT and analytics. Healthcare IT and analytics will help to automate the processes and provide predictive analytics about risks. Even, insurance players are connecting with the analytics field for easy processing of insurance.

**The healthcare IT and analytics market in India will cross \$3.5 Bn by 2025 with covering more than 16% total healthtech market share.**

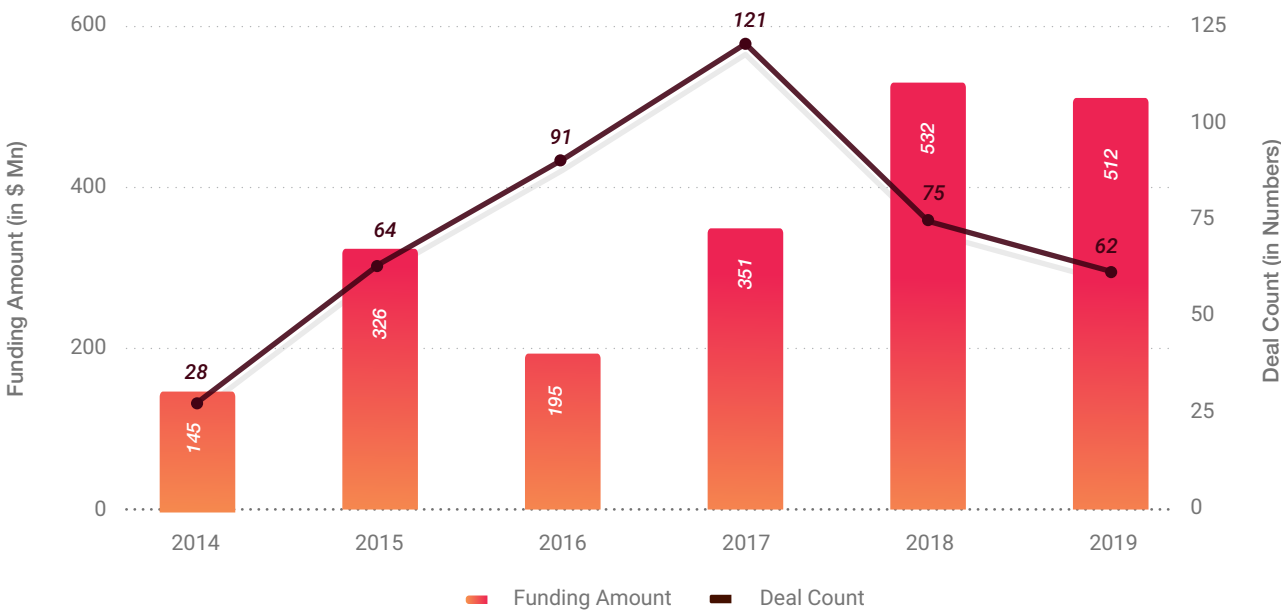
- With the increase of the preventive care market, the healthcare diagnostic and personal health management market will see huge growth. The medtech segment comprises diagnostic and therapeutics.

**The total medtech market will reach \$1.2 Bn. Personal health management market will be valued at \$2.3 Bn by 2025.**

# Indian Healthtech Startup Funding Trends

## With Fewer Deals In 2019, Is Healthtech Funding In India Hitting A Wall?

The total deal count for 2019 in healthtech startups fell below 2015 levels, indicating maturity in certain segments

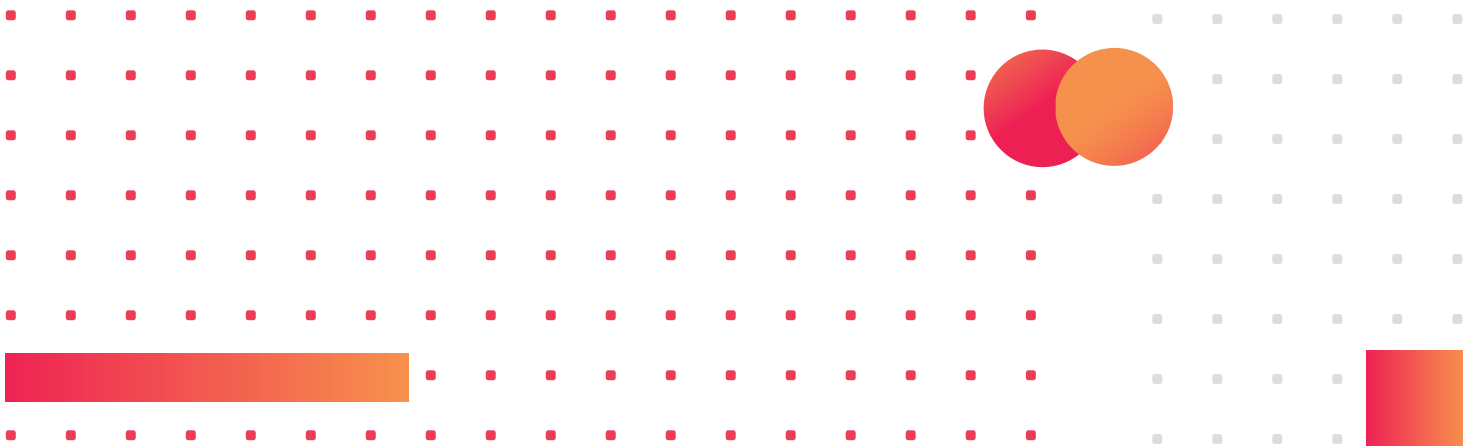


Source: DataLabs Analysis

*In terms of funding deals, healthtech reached its peak in 2017 with 121 deals. In fact, the number of deals is showing a downward trend from 2017, and it reached a five-year low in 2019*

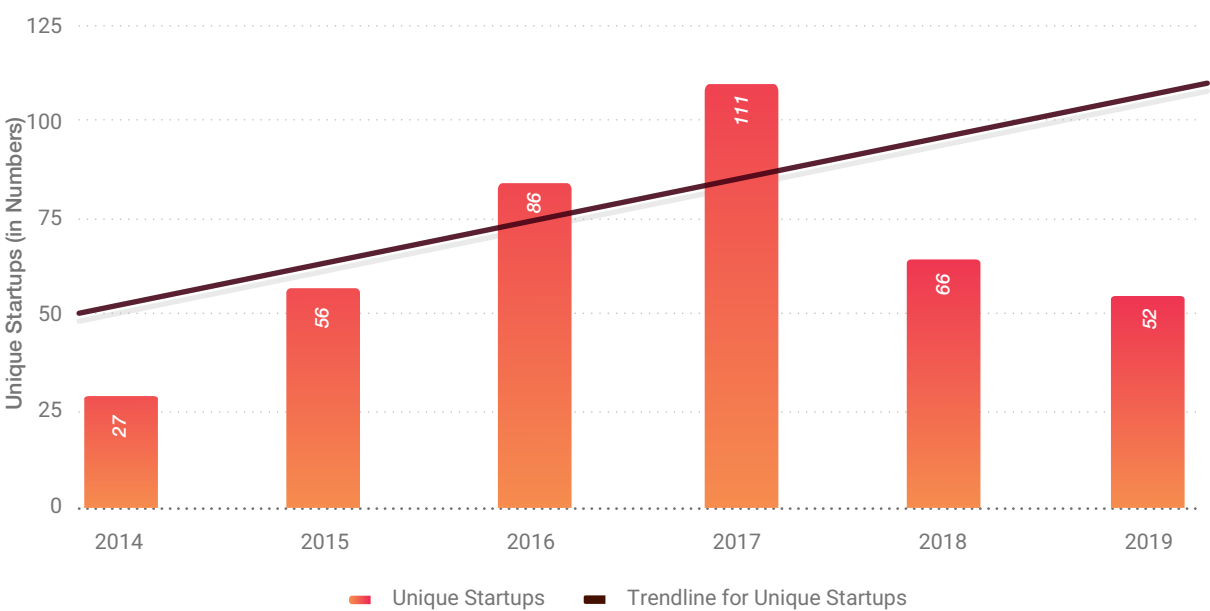
Moreover, total healthtech funding amount fell to \$512 Mn in 2019, though this was not a big drop compared to 2018 (\$532 Mn), which meant while there's investor interest, it does not cover all segments or business models.

The lack of regulatory guidelines and tech-based healthcare infrastructure are the major reasons for lower investment in the healthtech sector.



# Is Lack Of Healthtech Innovation Turning Off Investors In India?

The number of unique startups funded has fallen since 2017 and reached a five-year low in 2019.

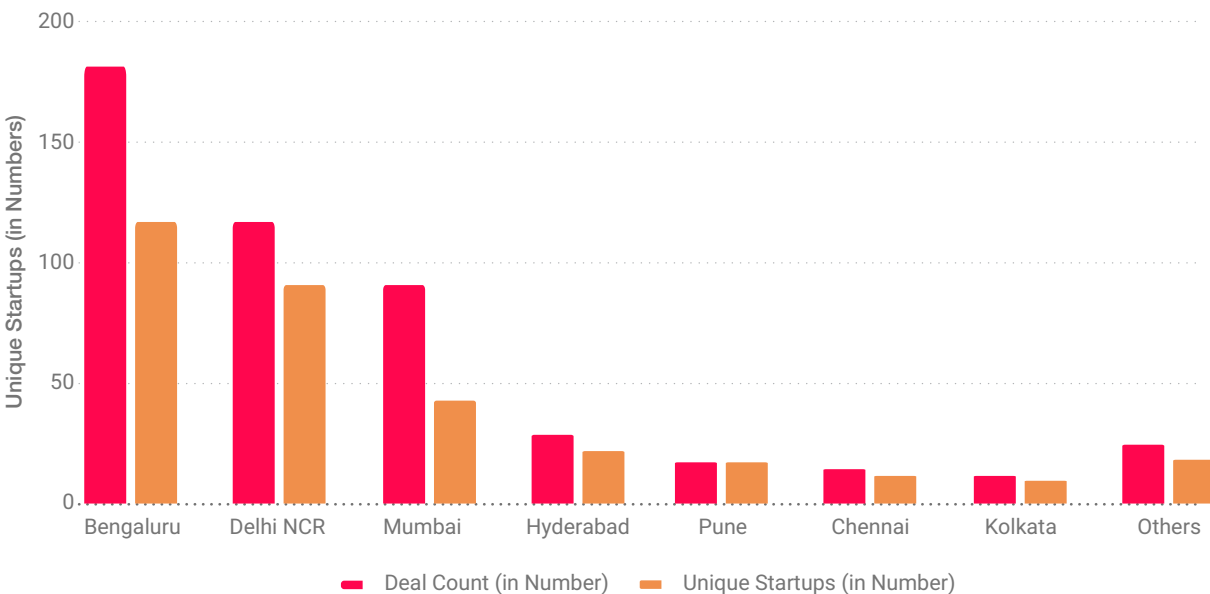


Source: DataLabs Analysis

Lack of clarity from a policy point of view as well as the lack of authentic and structured data has made it difficult for innovative models to emerge in the Indian healthtech landscape. However, with telemedicine guidelines put in place in March 2020, there could be more innovative startups and models funded in this segment this year.

## Bengaluru And Delhi Spearheading Healthtech Startup Ecosystem In India

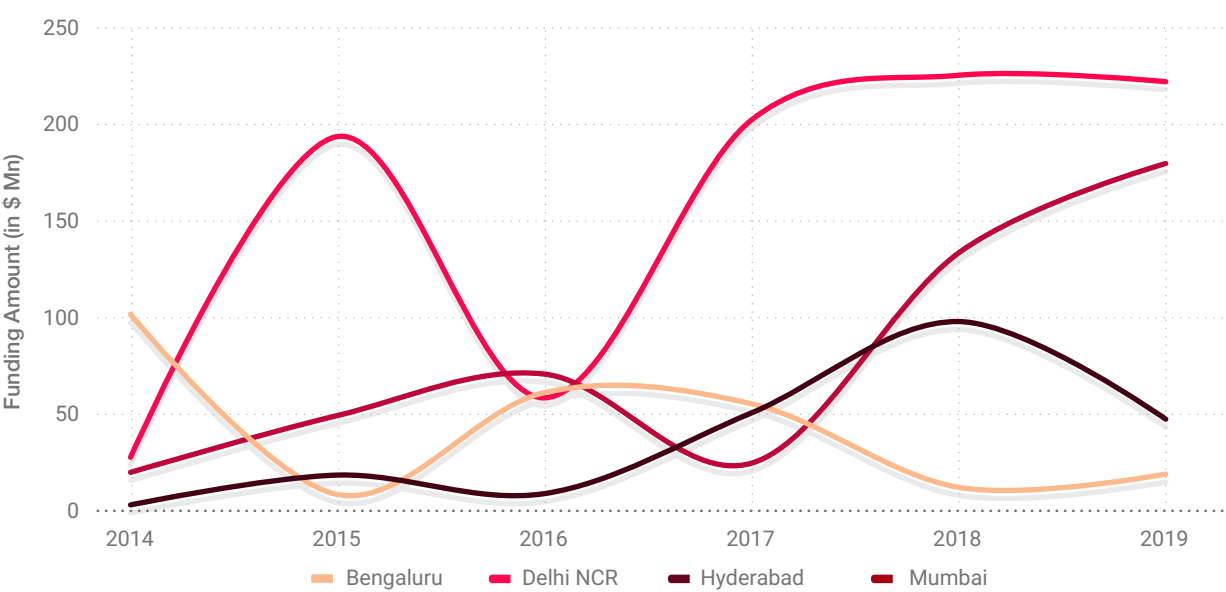
Between 2014 and 2019, Bengaluru and Delhi accounted for the major chunk of healthtech funding deals and unique startups funded



Source: DataLabs Analysis

# Bengaluru Destined To Be Healthtech Capital Of India

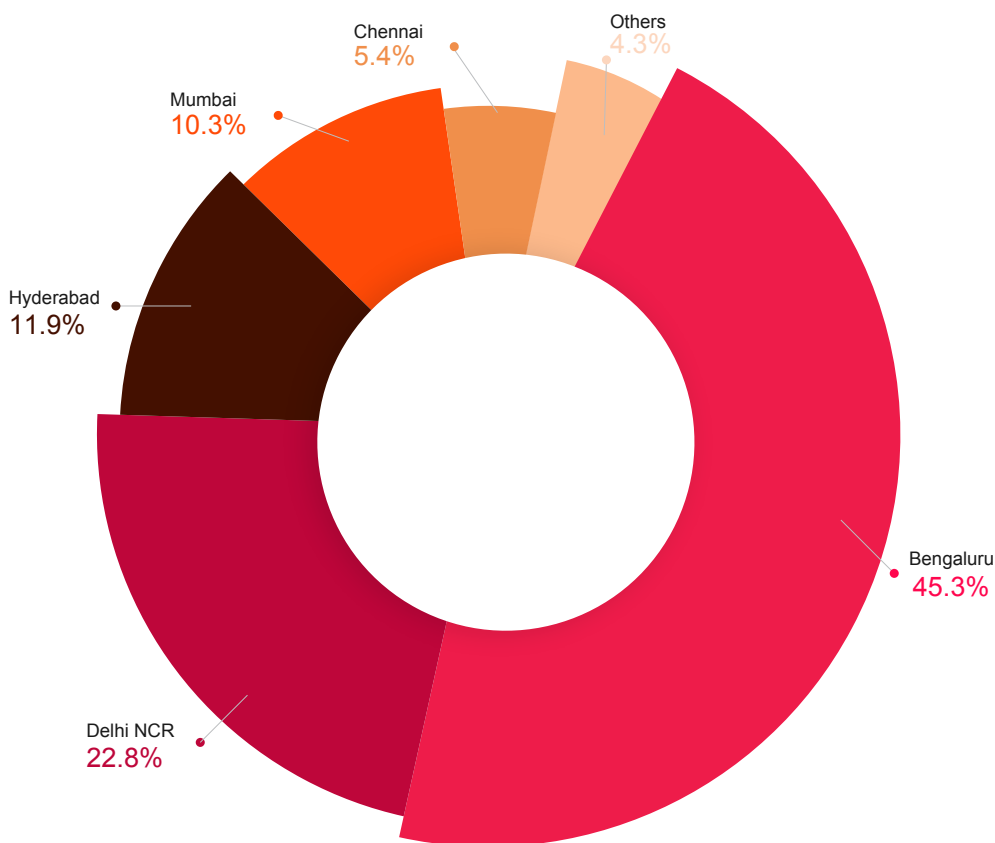
Funding for startups in Delhi NCR has risen significantly in recent years



Source: DataLabs Analysis

## Almost Half Of All Healthtech Funding Has Gone To Bengaluru Startups

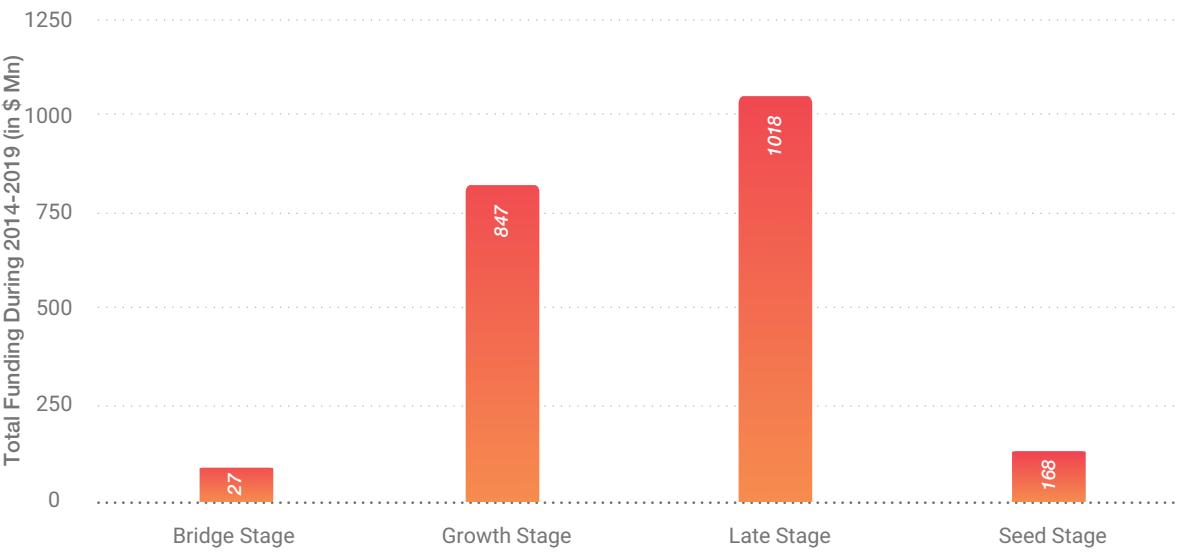
Curefit and Practo have led the field in terms of funding amount from 2014 to 2019



Source: DataLabs Analysis

# Investors Have Clear Preference For India's Growth-Stage, Late-Stage Healthtech Startups

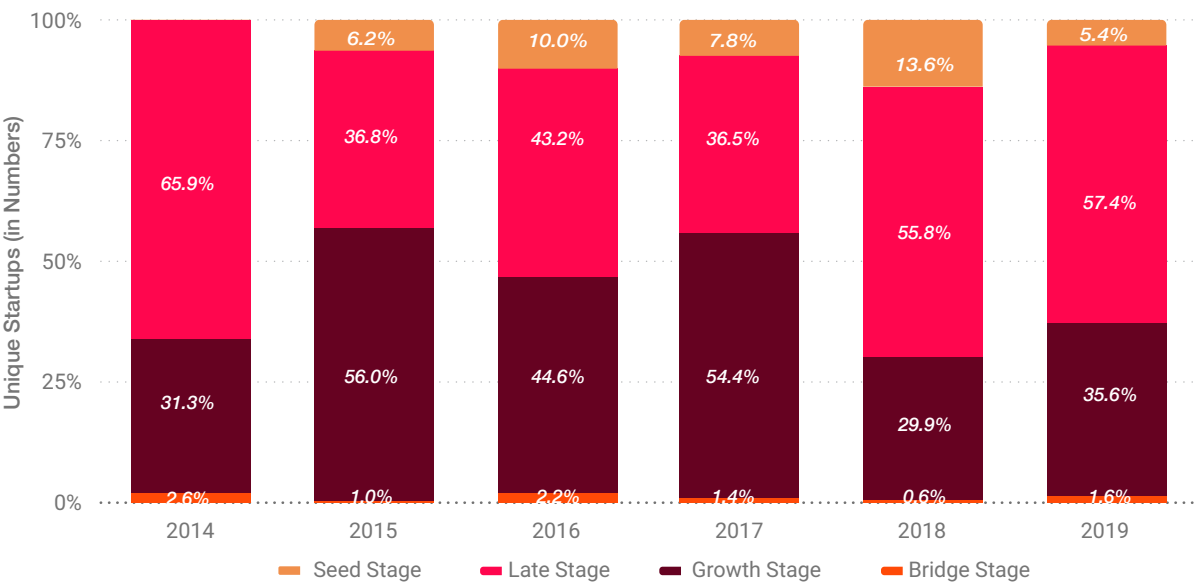
Bridge rounds and seed funding barely make it on the radar when compared to growth-stage funding and beyond



Source: DataLabs Analysis

# Growth Stage Healthtech Funding In India Fell In 2018 But Bounced Back In 2019

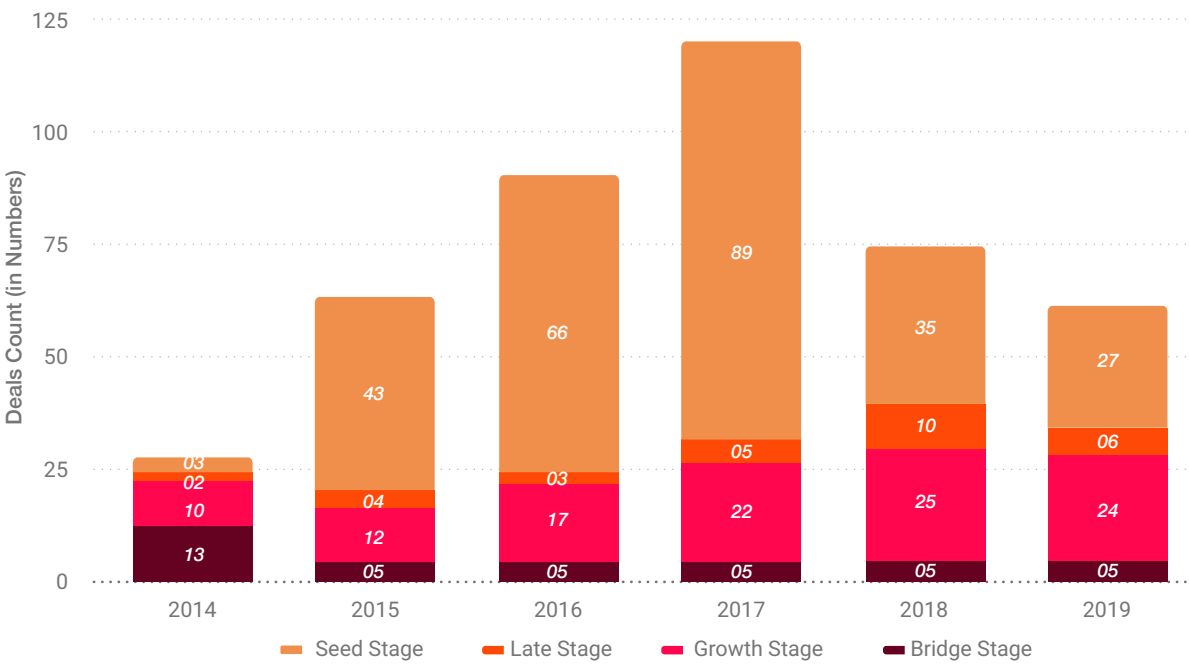
Seed-stage healthtech funding saw the biggest drop in 2019



Source: DataLabs Analysis

# After Bright 2018, Seed Stage Healthtech Funding In India Fell In 2019

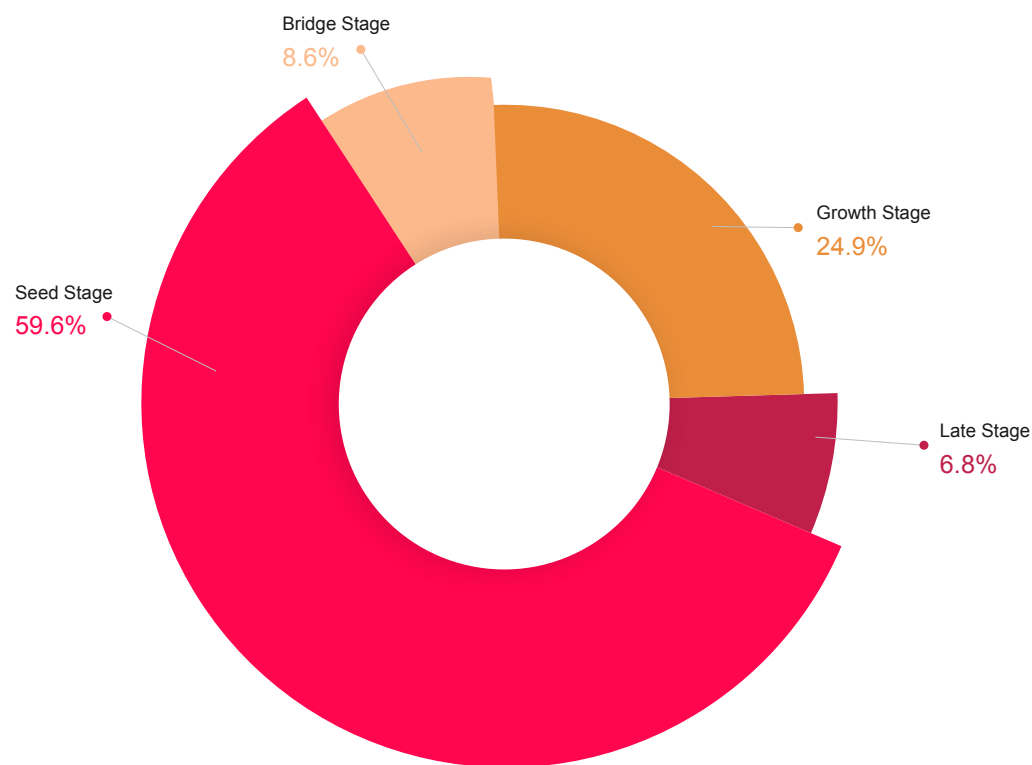
Seed stage accounts 60% of total funding deals during 2014-2019



Source: DataLabs Analysis

## Late-Stage Funding Has Room To Grow In The Indian Healthtech Ecosystem

More than half the total number of deals in healthtech from 2014 to 2019 have been at the seed stage

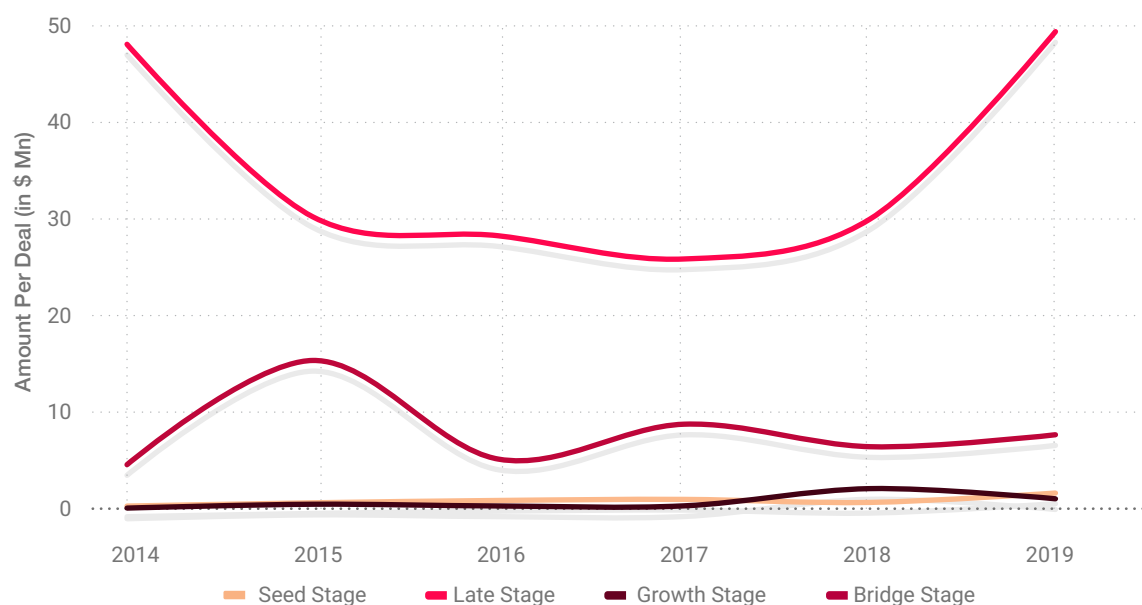


Source: DataLabs Analysis

- Seed stage accounted for 263 total funding deals of the total 441 deals from 2014-19
- The average deal size of seed-stage funding was \$1 Mn in 2019
- The average deal size of growth and late-stage was \$7.6 Mn and \$49.8 Mn respectively in 2019

## Investors Play It Safe By Backing Successful Healthtech Startups Over New Ventures

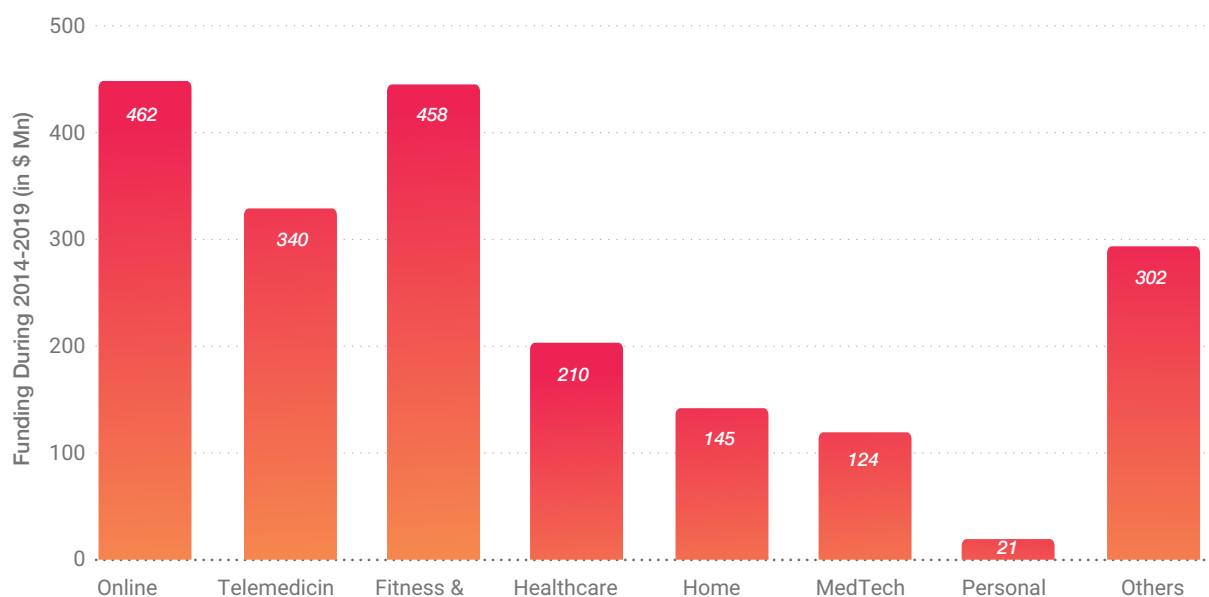
In late stage deals, the average funding amount was \$48.9 Mn in 2019 compared to \$29.7 Mn in 2018



Source: DataLabs Analysis

## Epharmacy, Fitness Apps Have Been The Safest Bets For Healthtech Investors In India

Given the parallels with ecommerce, online pharmacies have seen steady growth in adoption too, perpetuating the cycle of investor interest



Source: DataLabs Analysis



Among the leading startup sectors in the Indian ecosystem, healthtech lags ecommerce, fintech, consumer services, transport tech and others in terms of funding amount. As per DataLabs analysis, healthtech is ranked 10th of 17 recorded sectors in terms of total funding from 2014 to 2019.

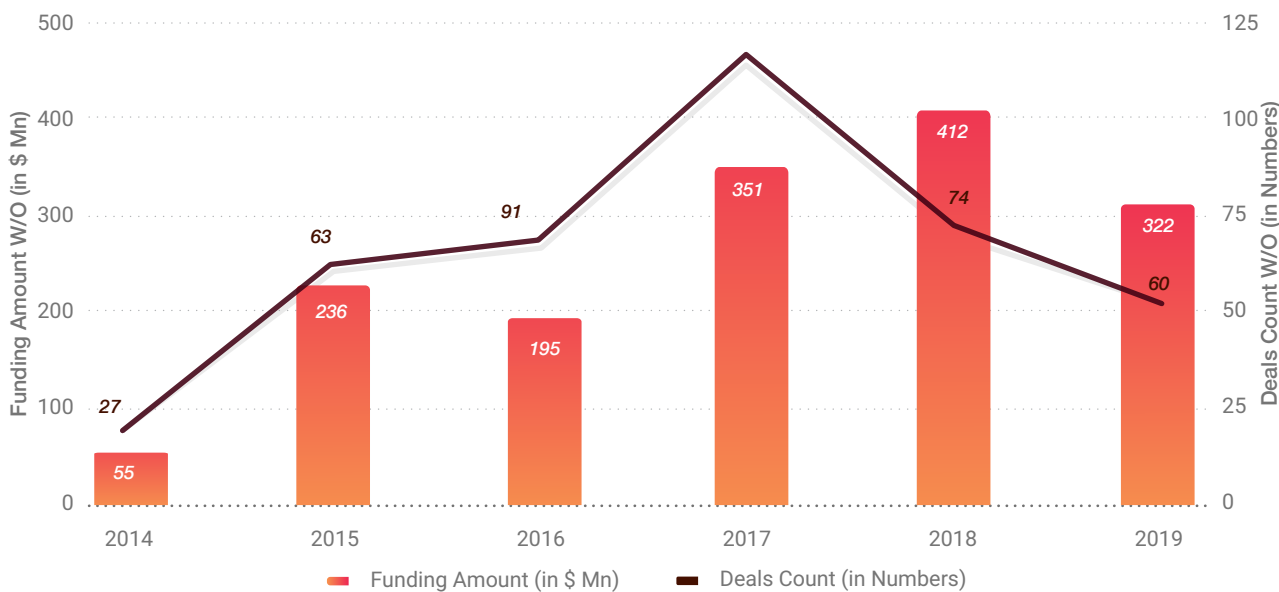
The lack of regulation in emerging health technologies like online pharmacy, healthcare data analytics, and healthcare at home have forced investors to look elsewhere. Curiously, though, despite the uncertain policy status, epharmacies have gained investor attention. In March 2020, the government finalised the telemedicine regulations and defined it as a healthcare service which is expected to boost the number of investments in the next few months.

## Healthtech Funding Without Outlier Rounds

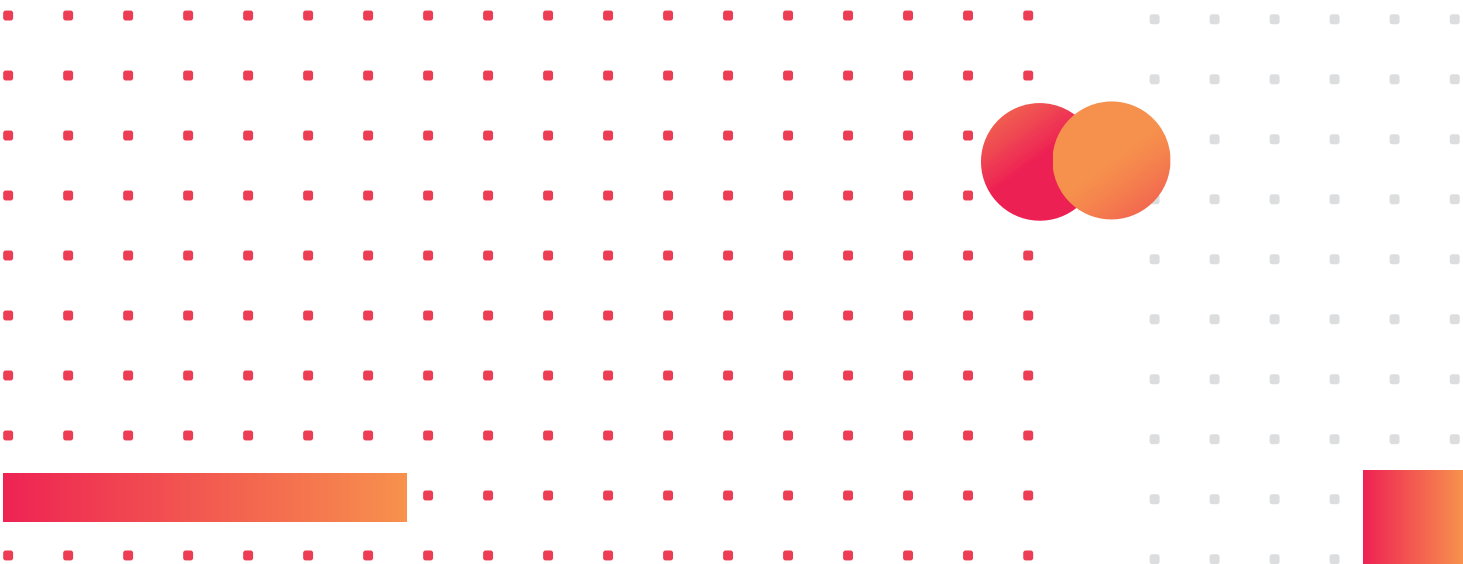
To get more insights from the investment trends in the healthtech industry, we excluded outlier funding rounds and made rigorous statistical analysis. Without outlier data, total funding in the healthtech industry stood at \$1.6 Bn at the end of 2019 from 320 deals. Even outlier data doesn't make a significant change in stage-wise funding, industry-wise funding or location wise funding.

## Excluding Outliers, India's Healthtech Startups Have Raised Over \$1.6 Bn Over Past Six Years

Deal count has fallen year-on-year since 2017 despite the funding amount not dropping significantly

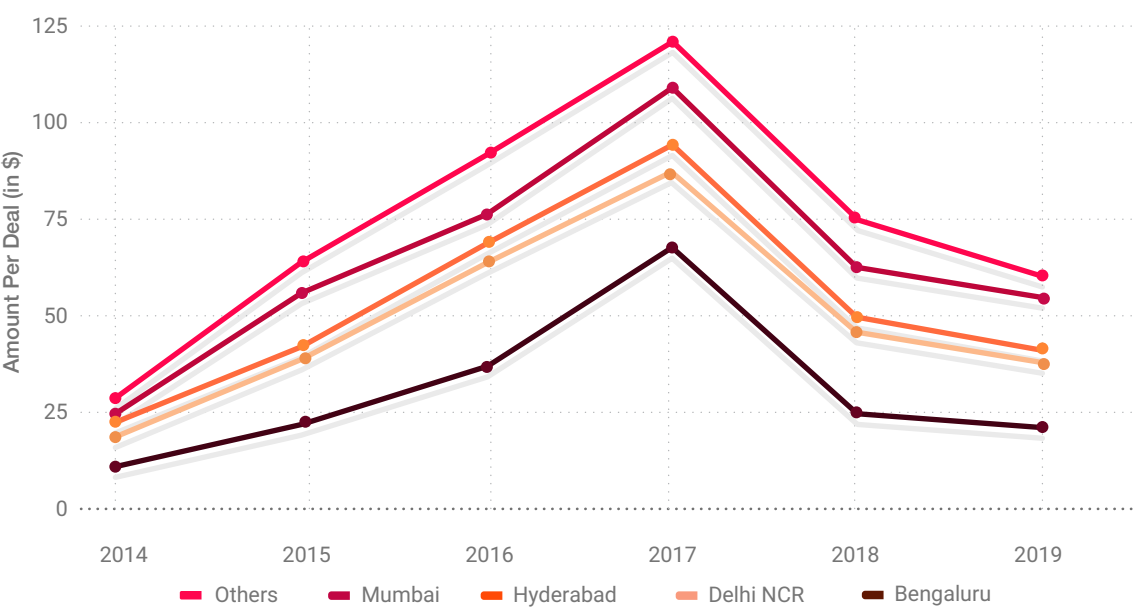


Source: DataLabs Analysis



# Bengaluru Leads Healthtech Funding Deals After Excluding Outliers

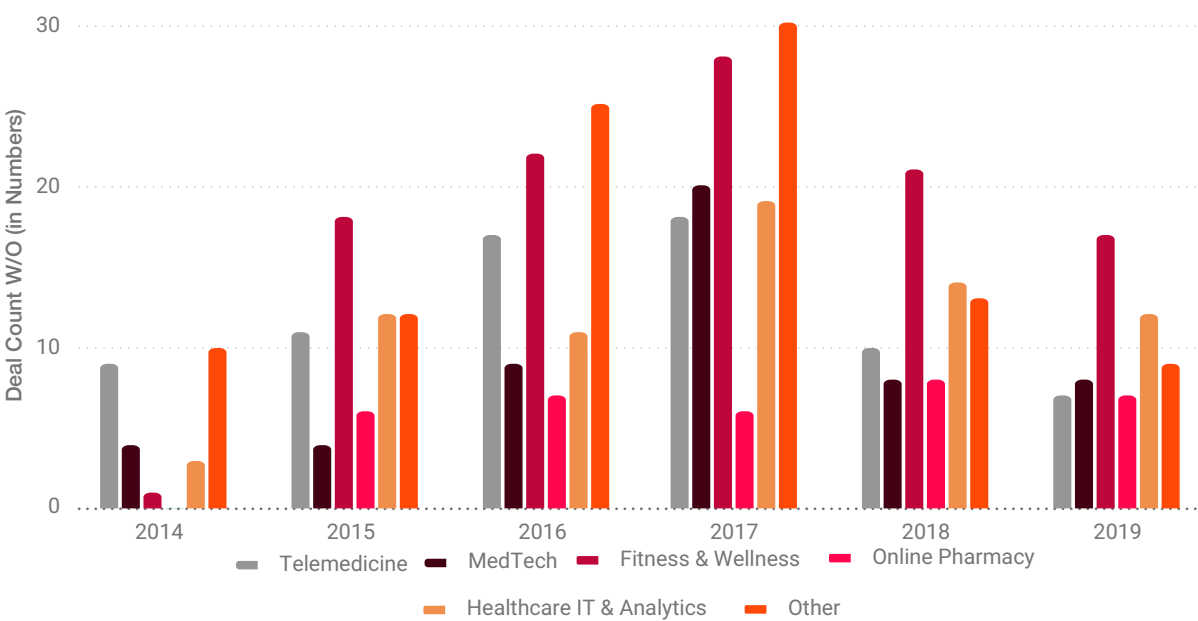
With a total of 178 healthtech funding deals in Bengaluru from 2014-2019, the hub led the Indian market



Source: DataLabs Analysis

# Fitness & Wellness Apps Gaining Investor Attention In India in Recent Years

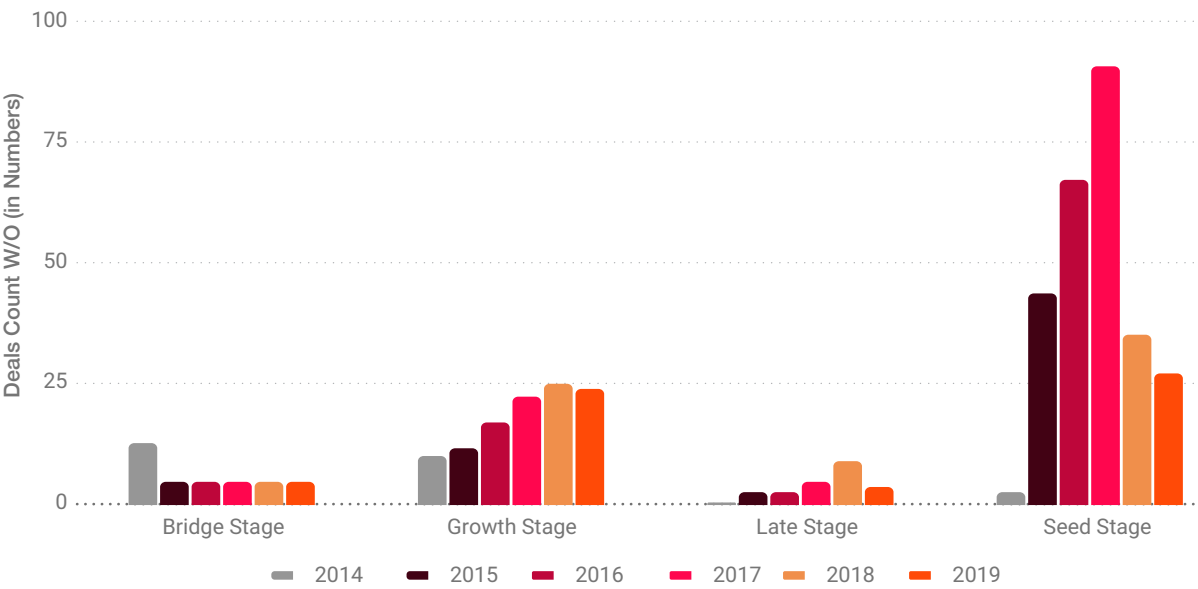
A total of 107 deals were completed in the fitness & wellness category from 2014-19



Source: DataLabs Analysis

# Without Outliers, Growth Stage Funding Has Been A Bright Spot For Healthtech Startups

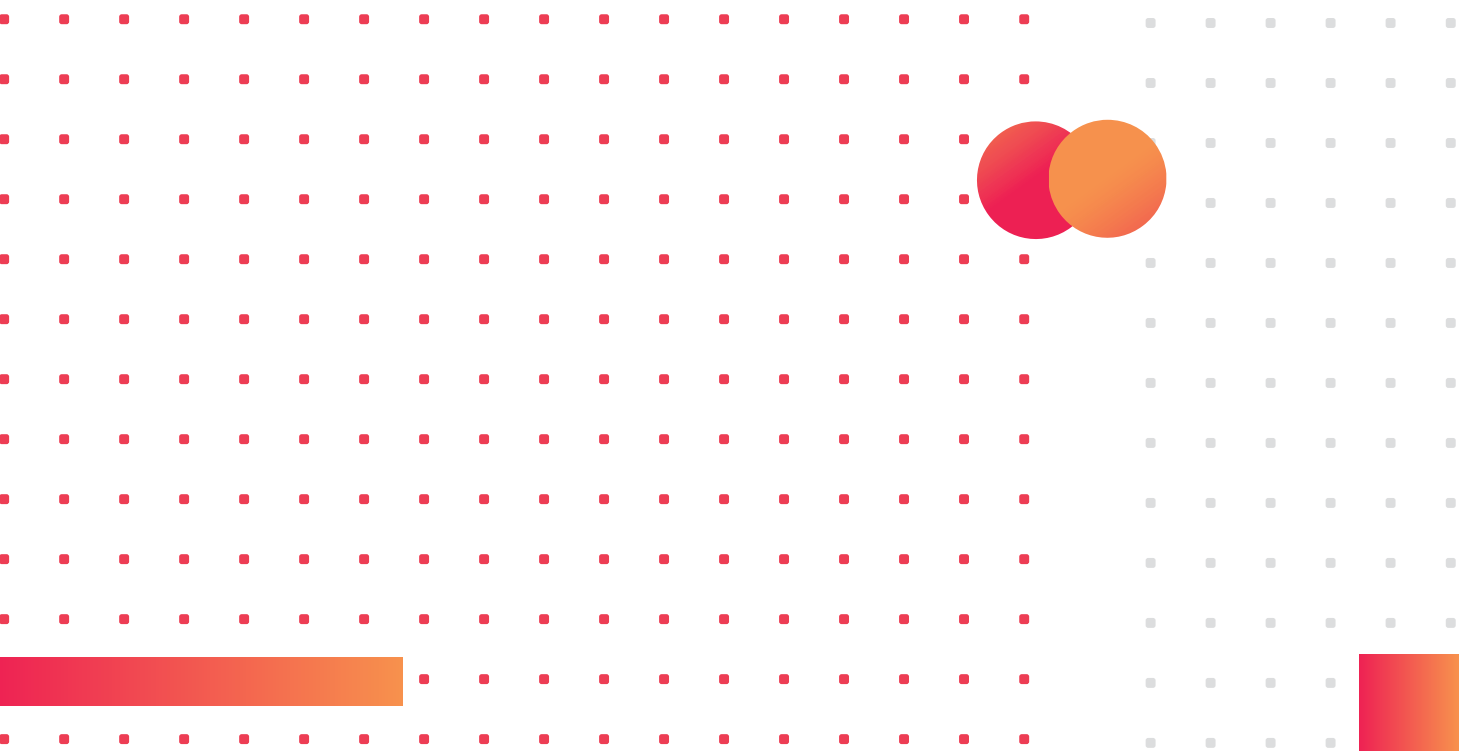
Growth stage funding accounted for one-fourth of the total funding amount in healthtech from 2014-19



Source: DataLabs Analysis

The findings of the study without outlier data are listed below:

- Online pharmacy is the top-funded healthtech segment with nearly \$0.4 Bn funding amount from 2014-19
- Without outliers, seed-stage funding maintains its top position in terms of the number of deals (263), but the total funding was just \$0.2 Bn from 2014-19
- Growth stage funding accounted for 54% of the total funding and one-fourth of all healthtech funding from 2014 to 2019



# Mergers & Acquisitions In Indian Healthtech Market

## Notable Mergers And Acquisitions In Indian Healthtech Market [2015-2019]

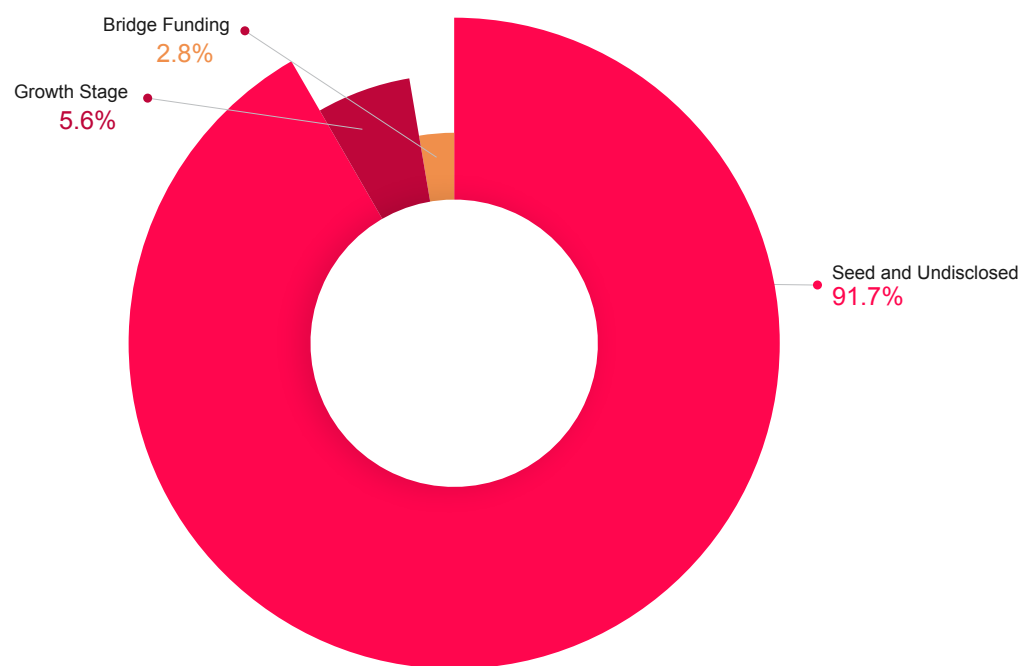
<i>Startup</i>	<i>Location</i>	<i>Acquisition Year</i>	<i>Acquirer</i>	<i>Acquisition Amount</i>
<i>Fitho</i>	Delhi NCR	2015	Practo	Undisclosed
<i>Homeobuy</i>	Delhi NCR	2015	1mg	Undisclosed
<i>Instahealth</i>	Bengaluru	2015	Practo	\$12 Mn
<i>Qikwell</i>	Bengaluru	2015	Practo	Undisclosed
<i>Medybiz Pharma</i>	Bengaluru	2015	Portea Medical	Undisclosed
<i>Bookmyspa</i>	Bengaluru	2015	Gomalon	\$1.8 Mn
<i>Medd.in</i>	Mumbai	2016	1mg	Undisclosed
<i>LoveDoctor</i>	Delhi NCR	2016	SHEROES	Undisclosed
<i>MediAngels</i>	Mumbai	2016	1mg	Undisclosed
<i>The Tribe</i>	Bengaluru	2017	Cure.fit	Undisclosed
<i>VanityCube</i>	Delhi NCR	2017	VLCC	Undisclosed
<i>Click2Clinic</i>	Hyderabad	2017	Home Health Care	\$0.63 Mn
<i>Dawailelo.com</i>	Varanasi	2017	1mg	Undisclosed
<i>Fitness First</i>	Delhi NCR	2018	Cure.fit	Undisclosed
<i>JustDoc</i>	Bengaluru	2018	Netmeds	Undisclosed
<i>Maya</i>	Bengaluru	2019	SHEROES	Undisclosed
<i>KiViHealth</i>	Ahmedabad	2019	Netmeds	\$10 Mn

<b>Myra Medicines</b>	Bengaluru	2019	Medlife	Undisclosed
<b>Wow Web Solutions</b>	Mumbai	2019	Healthians	Undisclosed
<b>DocWise</b>	Bengaluru	2019	DocsApp	Undisclosed

Source: DataLabs Analysis

## Seed-Stage Healthtech Startups Show High M&A Potential In India

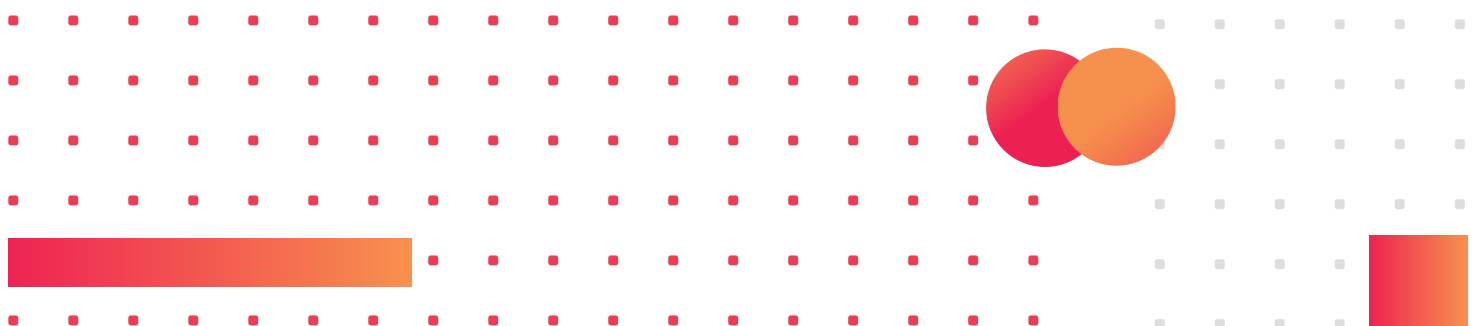
Nearly 40% of all healthtech M&As in India were for seed-stage startups in the past five years



Source: DataLabs Analysis

- A total of 36 M&A deals took place in healthtech from 2015-2019
- 20% of M&A deals were led by Practo and 1mg
- Seed-stage funded startups witnessed most number of M&As among disclosed deals
- Bengaluru accounted for nearly 40% of M&A deals, led by Practo

The majority of M&As in the seed stage can be explained by the fact that growth-stage companies usually target seed funded startups for M&A deals due to a lower requirement of money. Moreover, the valuation of seed-stage startups is low, and in the case of acquirers, the talent is also more affordable.



# The Healthtech Investor Ecosystem

The top investors in terms of healthtech funding deals from 2014–2019 are made up of the most active VCs and investors in India. This includes the likes of Sequoia Capital India, Accel Partners, Bessemer Venture Partners, Matrix Partners and more

## Accel, Sequoia Lead Healthtech Investor Race In India So Far

<i>Investors</i>	<i>Deal Participation</i>	<i>Notable Startups</i>
<i>Accel Partners</i>	23	Cure.fit, Portea Medical, SigTuple, CureJoy
<i>Sequoia Capital</i>	13	Practo, MedGenome, OncoStem
<i>IDG Ventures</i>	10	Cure.fit, SigTuple, HealthifyMe
<i>Matrix Partners</i>	7	Practo, Myra
<i>Nexus Ventures</i>	7	LiveHealth, Lybrate
<i>Kalaari Capita</i>	8	Cure.fit, HealthPlix
<i>Kae Capital</i>	8	Wysa, DailyRounds
<i>Pi Ventures</i>	6	SigTuple, Wysa
<i>Indian Angel Network</i>	5	Pandorum, NeuroSynaptic
<i>Bessemer Venture Partners</i>	5	DocsApp, PharmEasy
<i>Blume Ventures</i>	9	HealthifyMe, Tricog
<i>Omidyar Network</i>	6	1mg, HealthKart
<i>Binny Bansal</i>	5	SigTuple, Pandorum
<i>Unitus Ventures</i>	5	5C Network, Cyclops MedTech

Source: DataLabs Analysis , Deals From 2015–2019

Note: The totals are based only on the deals recoded in our database.

























# Scope Of Preventive Healthcare In India



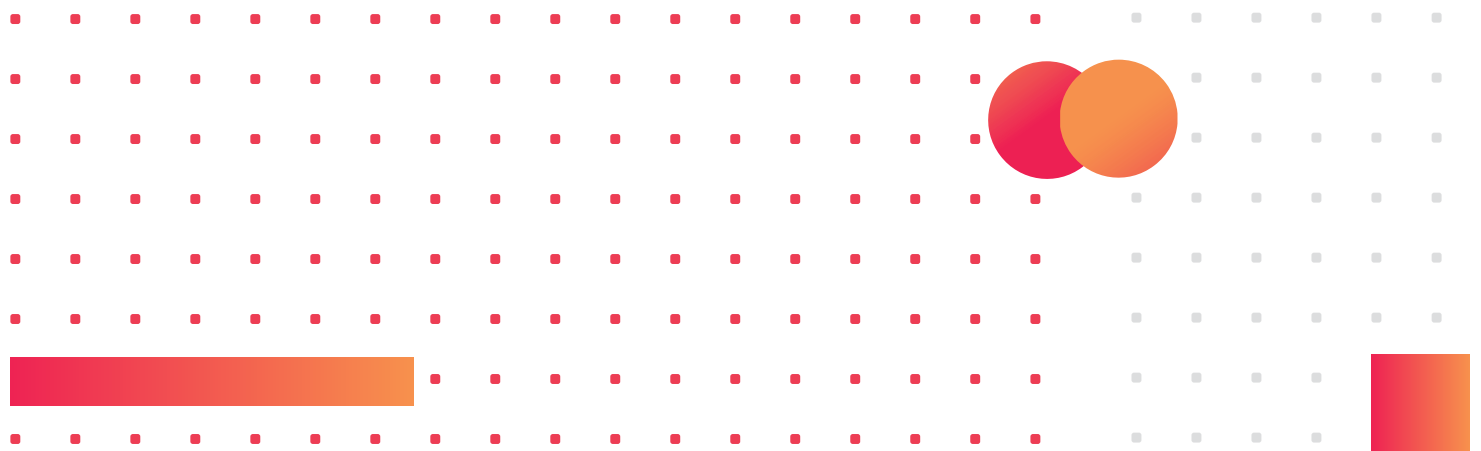
Preventive healthcare is an important factor as prevention means avoiding or slowing the cause of disease which is essential for a good quality life. As per WHO, “Health is a state of complete physical, social and mental well-being and not merely an absence of a disease or infirmity.” However, the definition changed in recent times to incorporate the ability to lead a “socially and economically productive life”. More investment in human capital leads to creating better health and educated people to contribute more to the country’s economy.

With the help of AI and ML, Indian startups are helping to prevent diseases. Although, preventive healthcare space is dominated by large retail players like GSK India, Siemens and Johnson & Johnson, it will be the time for Indian preventive healthcare startups to get momentum in spreading business and earning more revenue.

## India’s Emerging Startups In Preventive Healthcare Space

Segments	Description	Startups
Fitness & Wellness	Healthy lifestyle choice, gyms, yoga, mental well being and meditation are included in this segment	<div>     </div> <div>   </div>
Foods & Supplements	Nutrition and food supplements play a vital role in maintaining a healthy life and preventing diseases	<div>    </div>
Diagnostics & Therapeutics	Testing, diagnosis and therapeutics helps doctors to take preventive action against diseases	<div>    </div> <div>   </div>
Health Insurance	Financial coverage of medical expenses and emergency hospitalization costs are covered by health insurance	<div>    </div> <div>  </div>
Health Monitoring	Wearables, smart health devices and sensors are reducing health risk by monitoring health parameters	<div>     </div>

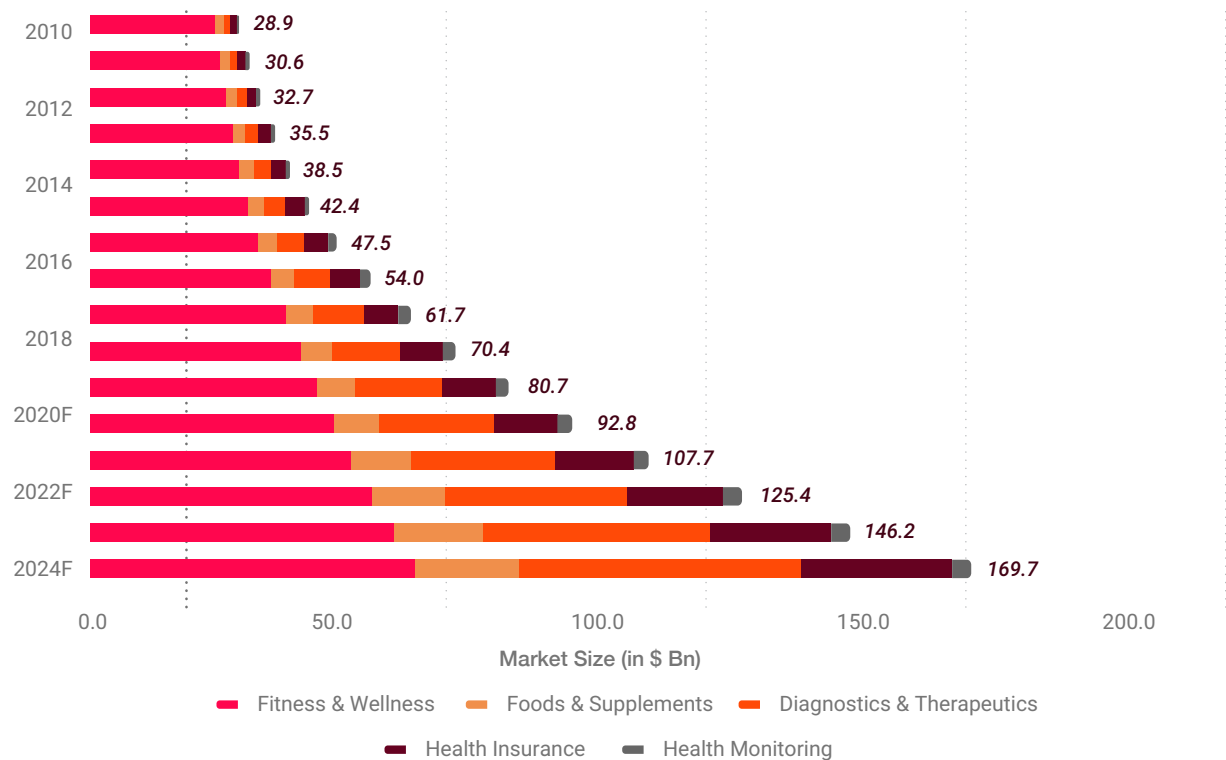
According to a Abegunde and Stanciole study, India lost \$54 Bn in 2015 due to chronic diseases. With the increasing number of chronic diseases, Indians are becoming more conscious about health.





# Preventive Healthcare Market Is Growing Attention In India

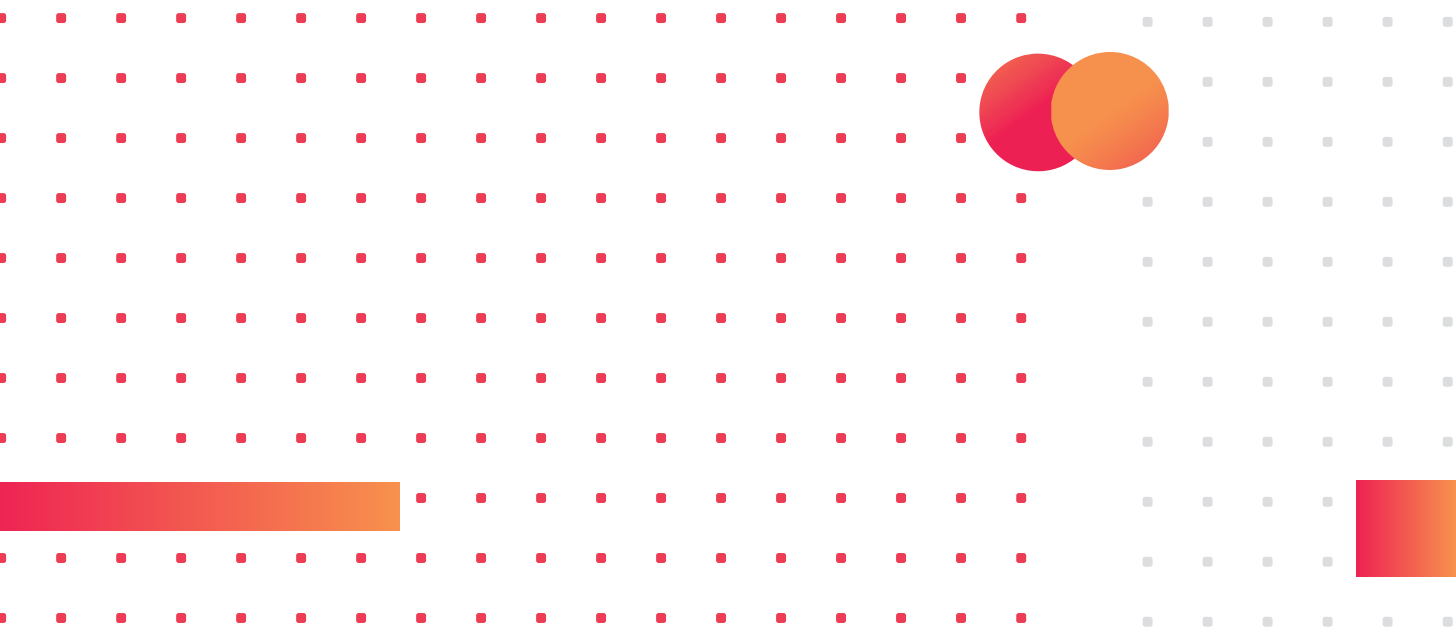
Preventive healthcare market is expected to reach nearly US\$170 billion by 2025



Source: DataLabs Analysis

Uncontrolled lifestyle has led to rising life-threatening diseases like cancer, diabetes and other chronic diseases. According to a Abegunde and Stanciole study, India lost \$54 Bn in 2015 due to chronic diseases. With the increasing number of chronic diseases, Indians are becoming more conscious about health. Hence the preventive healthcare market in India is growing and expected to reach \$170 Bn by 2024

- Fitness and wellness segment attributes 58% to the total preventive healthcare market in 2019.
- The preventive healthcare market will grow at a CAGR of 13% during 2020-2025.
- The diagnostic and therapeutic market will reach \$54 Bn in 2025 from \$13 Bn in 2019 with acquiring 32% of the total preventive healthcare market in 2025.

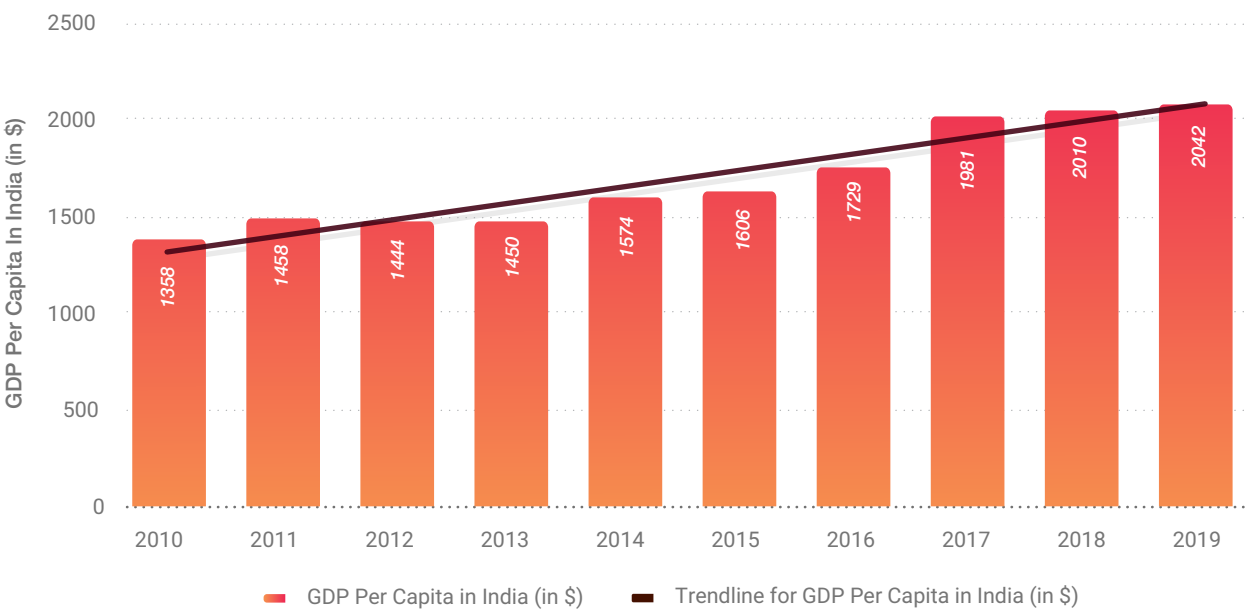


# Factors Fueling Preventive Healthcare Market In India

**Rising income levels:** The per capita income in India is rising which is shown in the graph below. With rising incomes, people are investing more in healthcare spending. People have started taking precautionary measures to avoid fatal diseases.

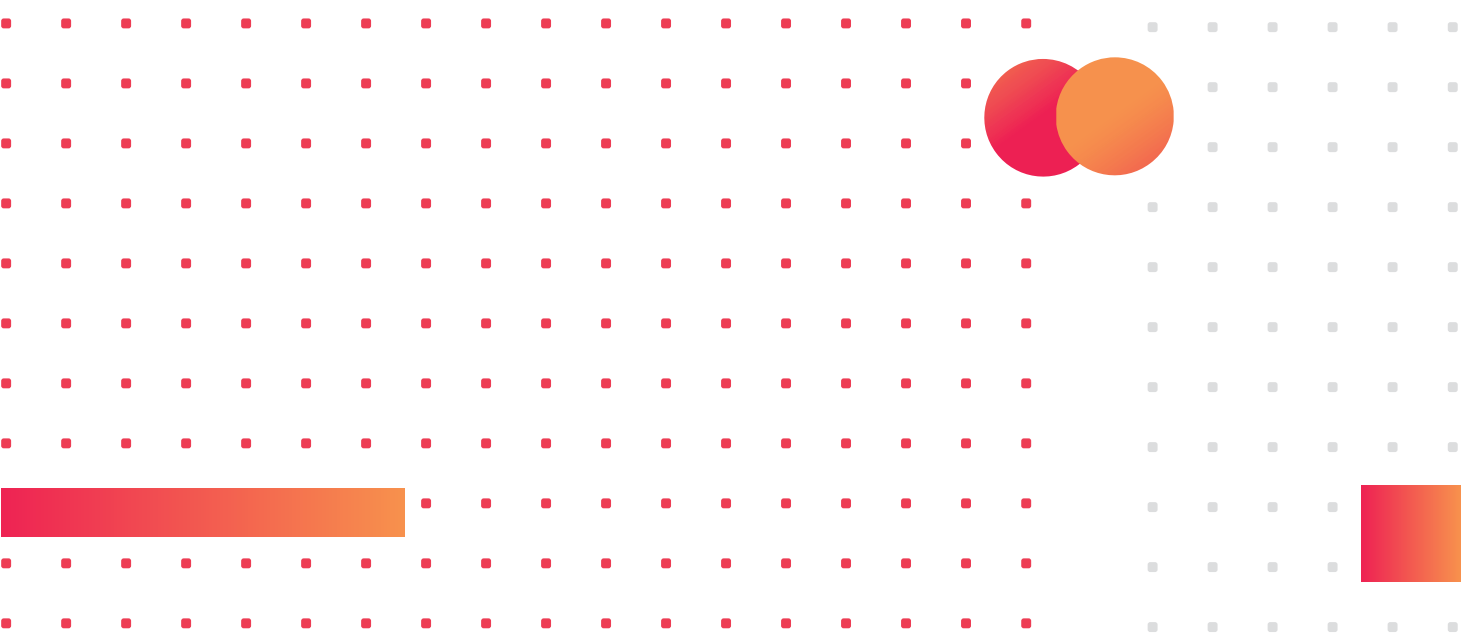
## GDP Per Capita In India Rising But Growth Rate Fallen In Past Few Years

GDP per capita in India grew by 4.6% during 2011-2019



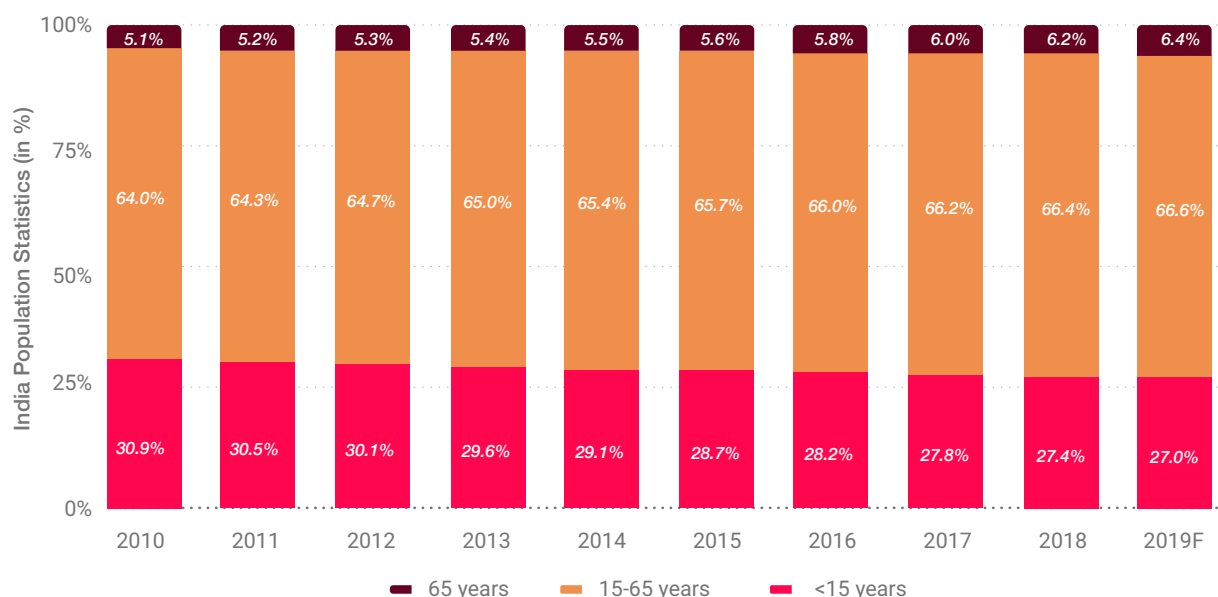
Source: World Bank & DataLabs Analysis

**Increasing ageing population:** The younger population (<15 years) in India is decreasing while the elderly (>65 years) and middle age (15-65 years) population are increasing. The ageing population is creating more burden on the healthcare industry. With rising ageing people, the preventive healthcare market in India is getting more attention. Moreover, people are availing more preventive healthcare services to remain fit and healthy.



# Ageing Population In India Rising Alarminglly

Younger population decreasing while elderly population increasing



Source: OECD & DataLabs Analysis


- **Increasing Health Awareness:** People are becoming more aware of health and wellness. They have started to spend more on healthcare. The internet has helped in providing necessary information.

As the Covid-19 lockdown was announced in India, there was panic in the market around personal hygiene products like hand wash, hand sanitiser and face masks as well as other protective gear. This turned the situation into something similar to the grocery delivery market, with supply chain disruption for personal hygiene products.

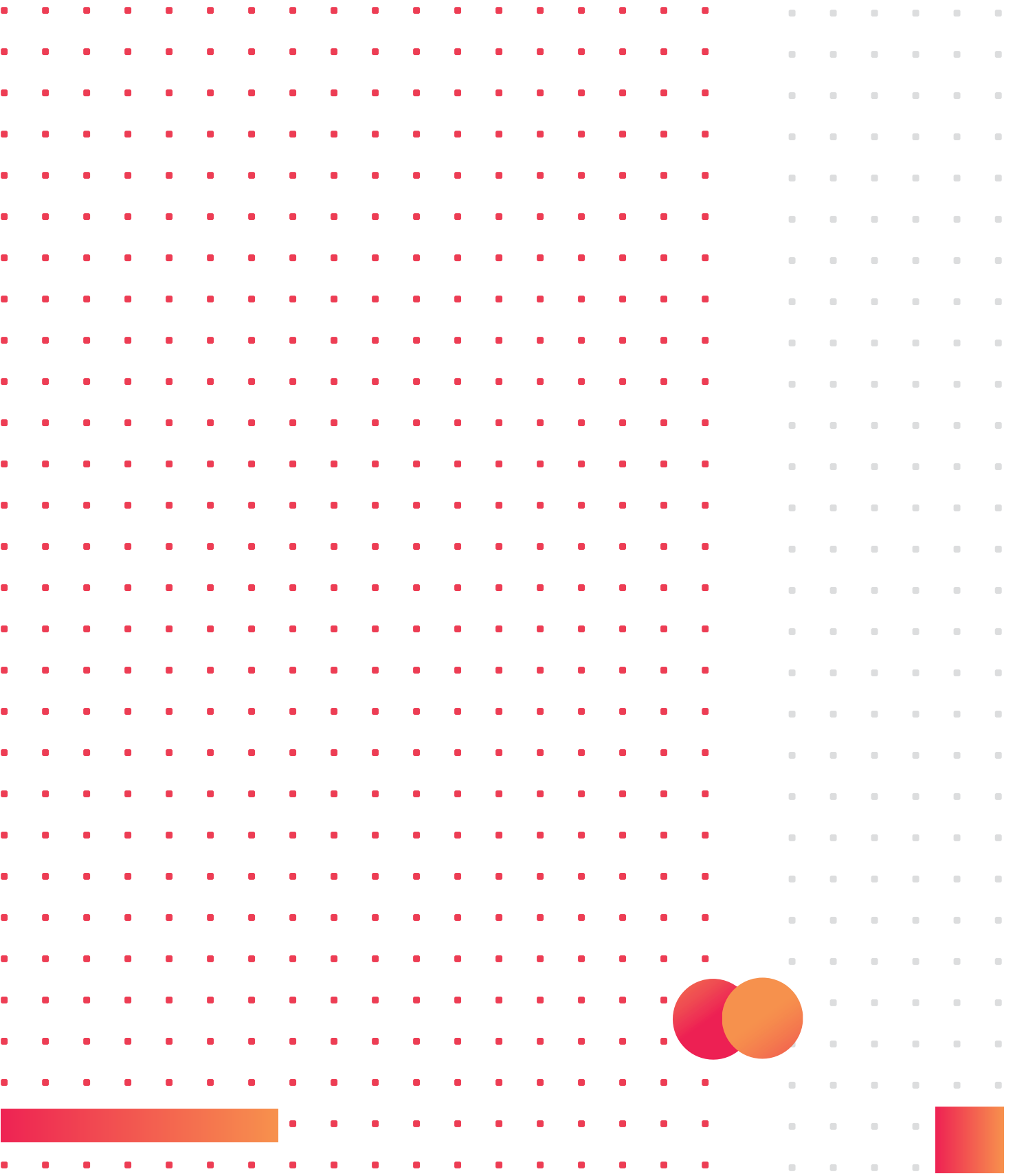
- **Changing consumer attitude:** The younger population is more suitable to use digital technologies. Digital technology has leveraged app-based service to provide information and consultation to consumers. More healthtech players are entering the digital technology-based preventive healthcare market like Curefit and HealthKart.

## Challenges In Preventive Healthcare Market

- **Lack of awareness for preventive healthcare:** In India, people used to visit hospitals or clinics only after they experience visible symptoms for diseases. The narrative is the same in rural India.
- **Increasing preventive healthcare cost:** Initial stage of technology adoption in the healthcare system is rising preventive healthcare costs. Even, middle class are unable to avail preventive healthcare services.
- **Formulating effective preventive care channel:** Creating an effective preventive care channel for rural areas will be a strong challenge for the government. Companies should focus on engaging more people on their platforms. It will help to penetrate easily in the lower economic segment of the population.
- **Shortage of screening equipment:** The Indian healthcare system lacks technology infrastructure. The shortage of proper screening equipment in public healthcare centres isn't helping people to take preventive actions. More usage of wearables and modern diagnostic equipment will help to detect diseases properly.

 **Lower expenditure on healthcare system by government:** In India a majority of people depend on the government healthcare system. For FY2020-21, the government is projected to incur 2.1% of total expenditure on the healthcare system and planned to increase it up to 2.5% by 2025. The low expenditure on healthcare is not enough to maintain a preventive healthcare system. Increasing investment on preventive healthcare systems will reduce medical cost for treatment.

With the outbreak of Covid-19, people are becoming more conscious about preventive healthcare. Indian consumers will start spending more on health insurances and fitness products. Besides this, dietary supplements will play a vital role in keeping good health.





# The Financial Performance of India's top Healthtech Startup

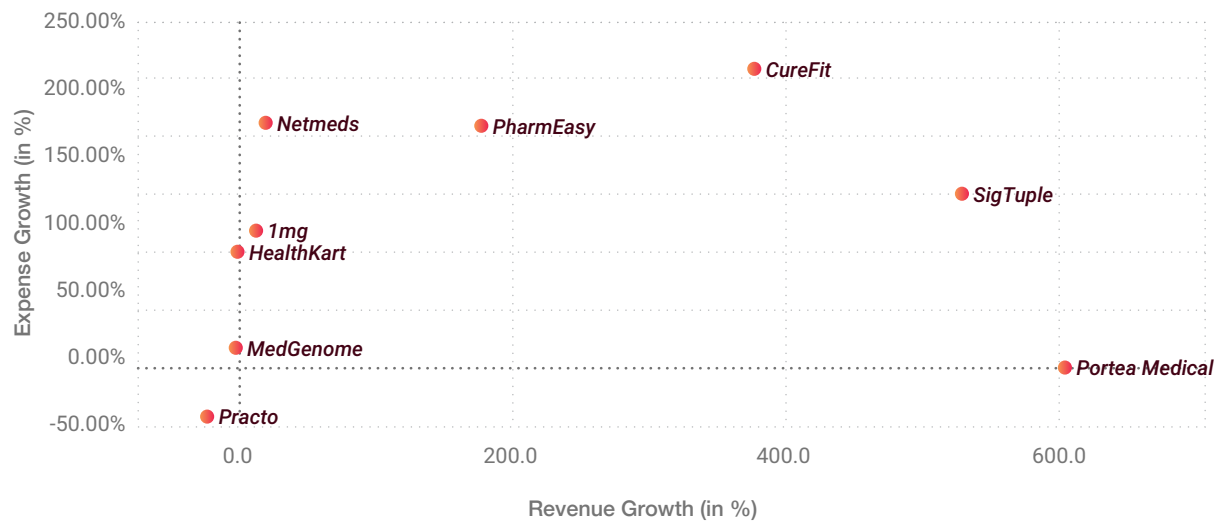


Rank	Startup	Total Funding (2014-19)
1	Cure.fit	\$297.7 M
2	Practo	\$195.1 Mn
3	1mg	\$167.4 Mn
4	PharmEasy	\$108.1 Mn
5	Netmeds	\$99.4 Mn
6	Portea Medical	\$69.1 Mn
7	HealthKart	\$68.7 Mn
8	Medgenome	\$60 Mn
9	DocPrime	\$50 Mn
10	SigTuple	\$45.5 Mn

Note: This funding amount is based only on the deals recorded in our database.

## Portea Medical Generating Steady Revenue With Minimal Expenses

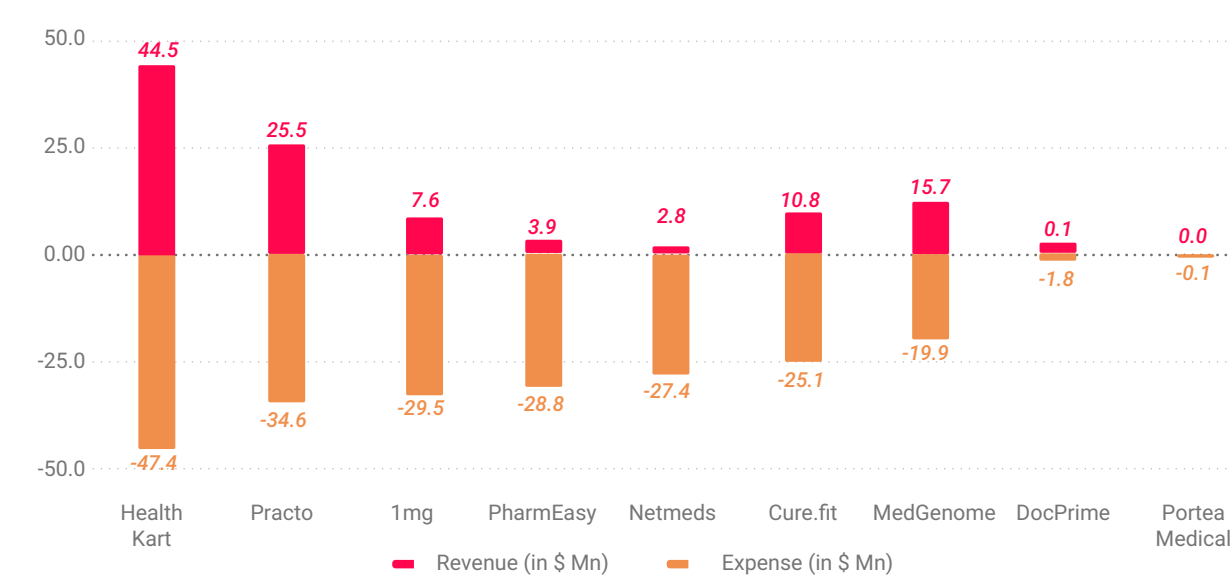
Cure.fit invested heavily on business expansion resulting in higher revenue and expense growth



Healthtech startups are spending more on marketing and customer acquisition, which are the same problems faced by many consumer-facing startups in the ecommerce and food delivery sectors. Startups like Practo, PharmEasy and Curefit, which have higher revenue generation are struggling to reduce expenses. In Curefit's case, the retail asset building, in particular, has been an expensive proposition.

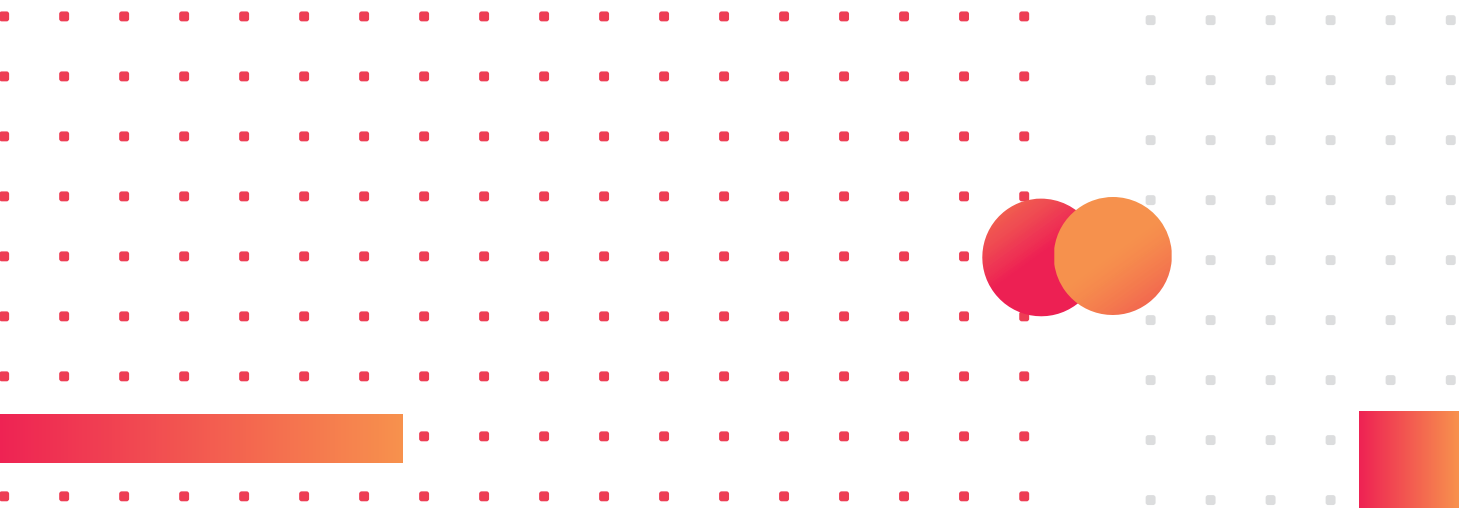
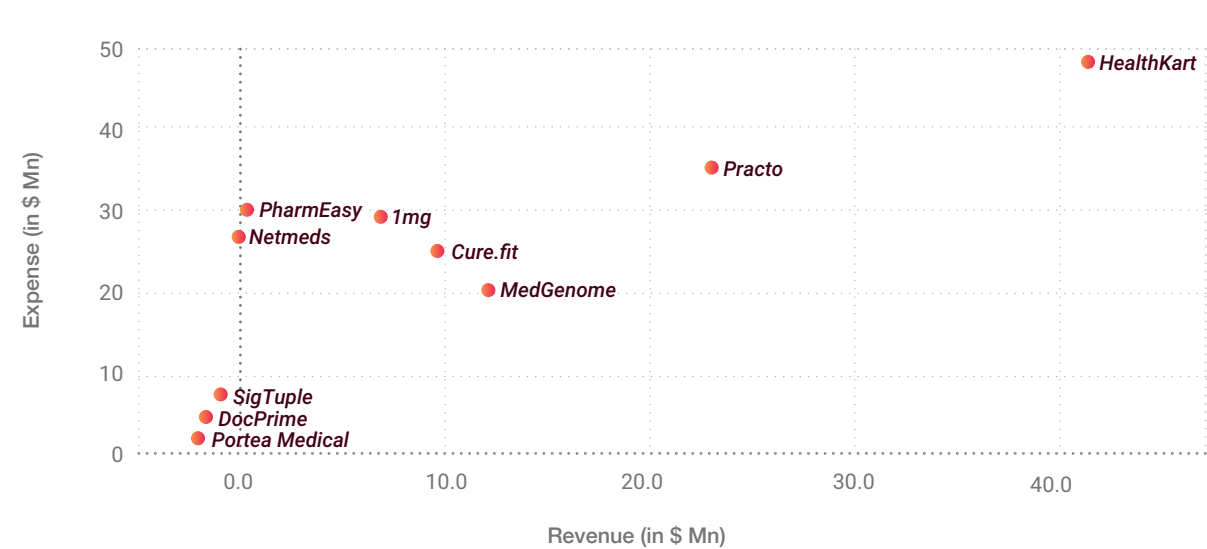
# Not A Single Top 10 Funded Healthtch Startup Turn Into Profitability

Healthtch startups ar spending more on marketing, customr acqusition and supply



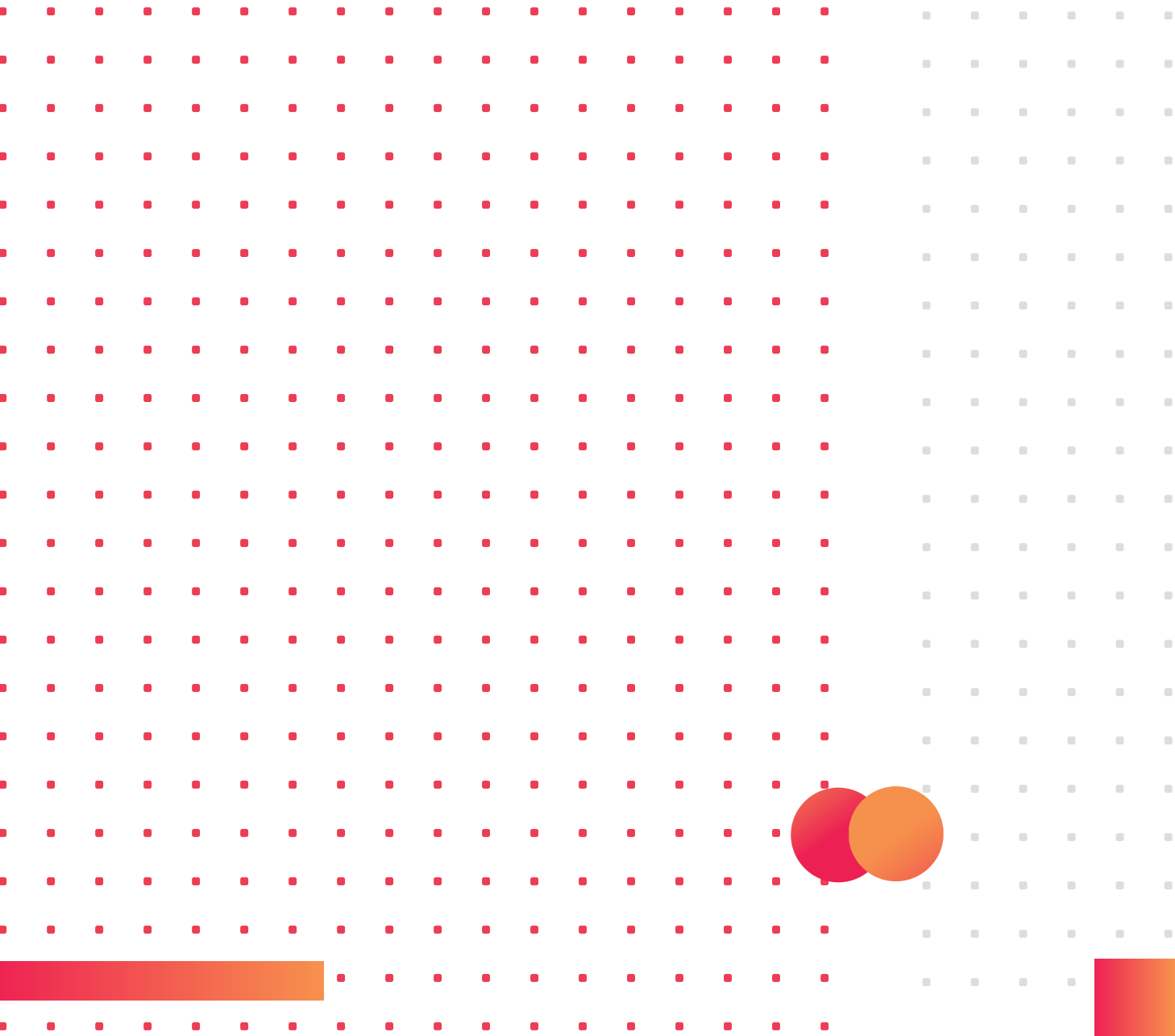
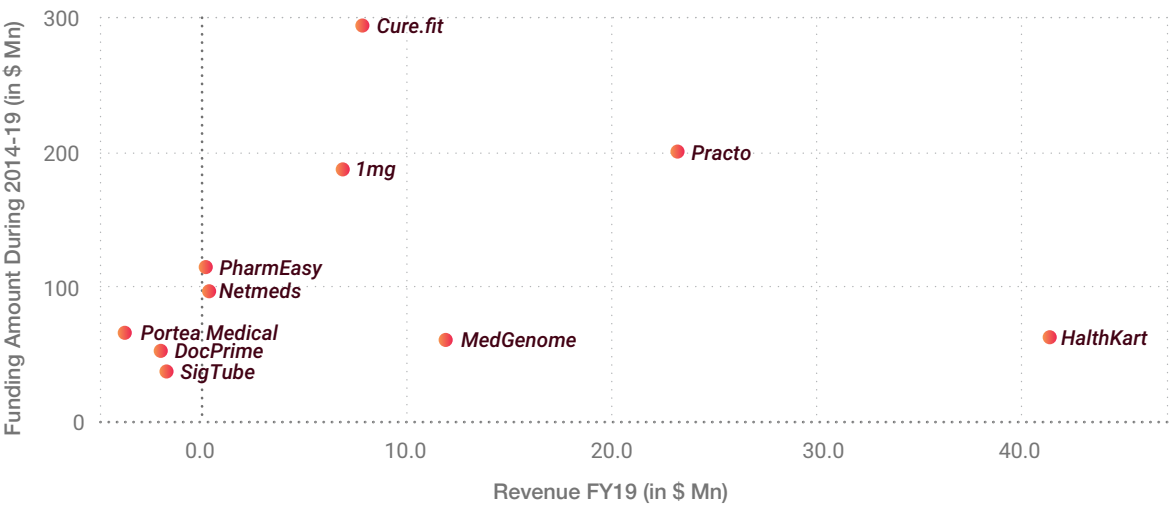
## Healthkart: The Healthtech Outlier

Healthkart's revenue was \$44.5 Mn where expense stood at \$47.4 Mn in FY19



# Healthkart Leading In Revenue Generation While CureFit Leading In Funding During 2014-19

Healthtech startups are struggling to generate revenue after getting moderate funding







# Factors Driving Healthtech Adoption In India

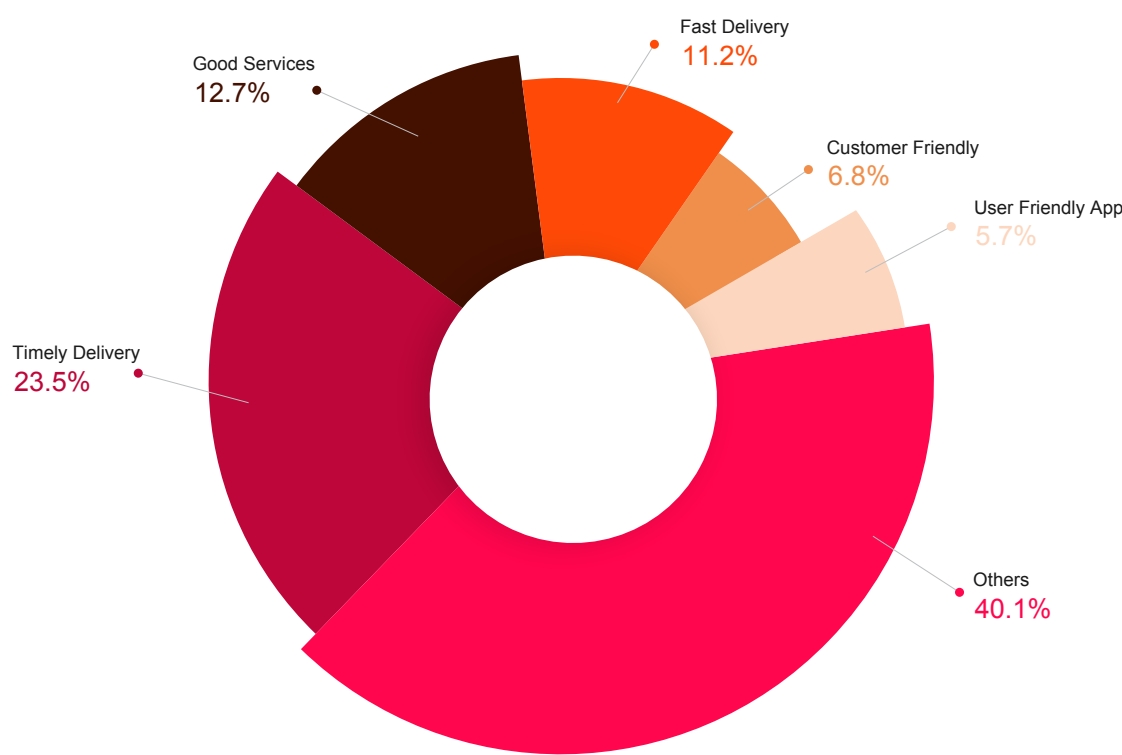


Customer preferences are always changing in the healthcare service space. To know the consumer perception about the healthtech industry, we jointly did a survey with Clootrack. In this survey, 10,331, 17,863 and 7,781 consumers participated for online pharmacy, telemedicine and fitness & wellness categories respectively.

# Online Pharmacy: The Consumer Side Of The Healthtech Story

## Timely Delivery Is The Foremost Factor In Indian Consumers Choosing Online Pharmacies

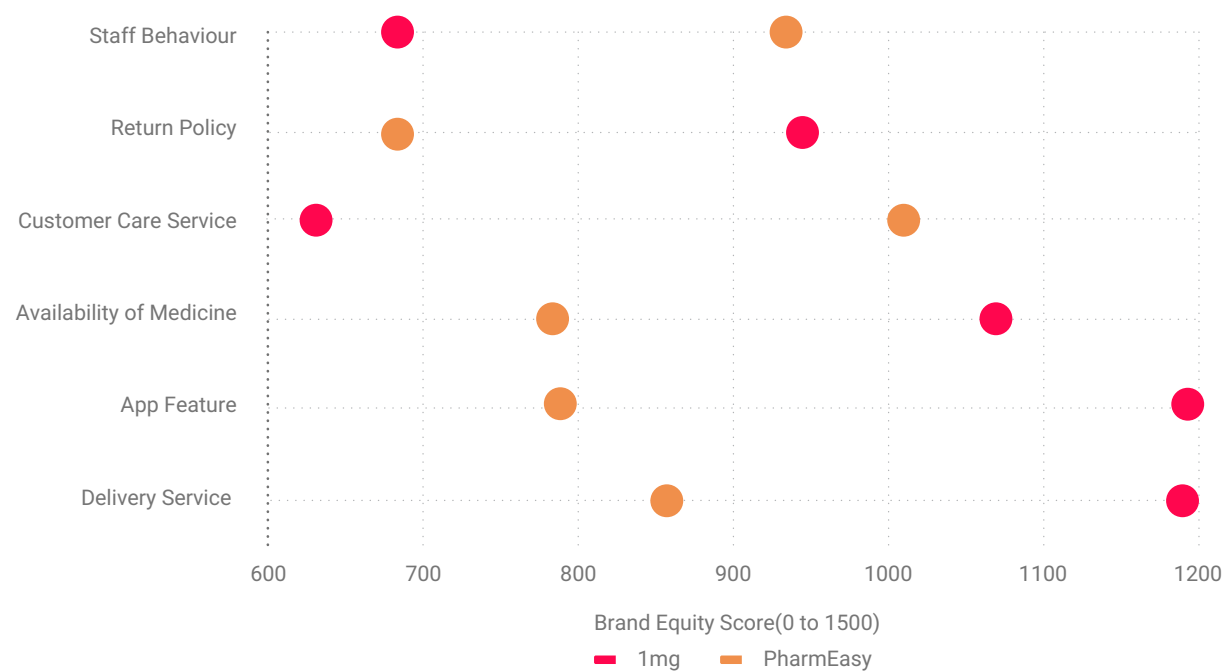
Surprisingly, quality of service and ahead-of-time or fast delivery came up lower on the consumer preference charts



Source: Clootrack & DataLabs Analysis

# 1mg Scores Better On Deliveries, While Pharmeasy Wins On Customer Service In Indian Market

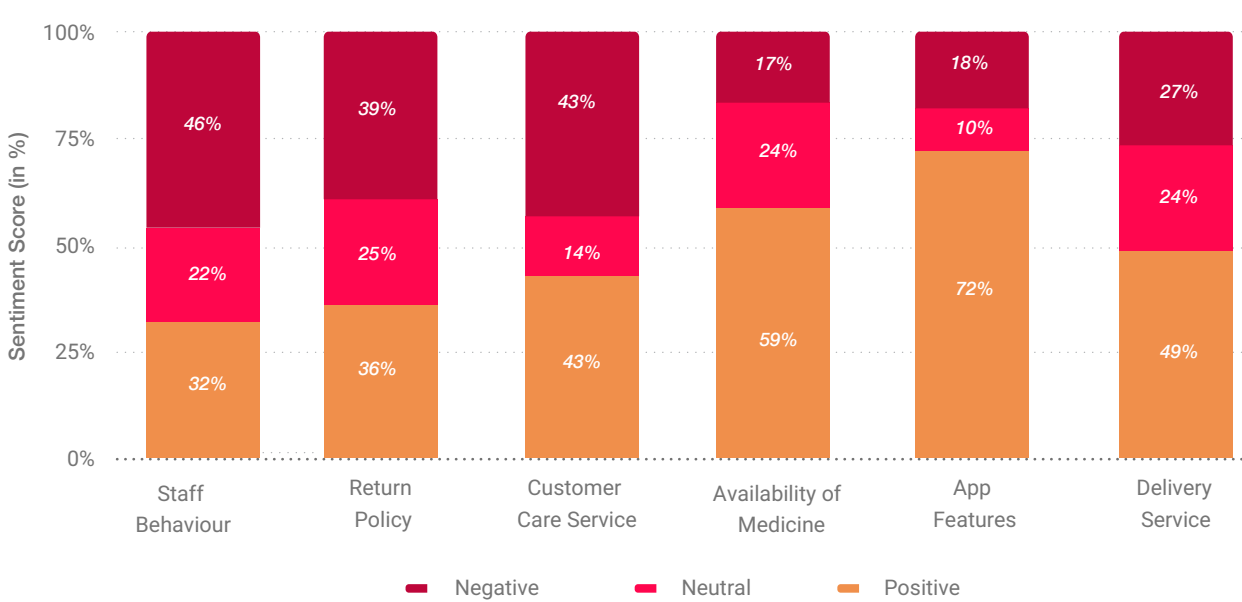
Among the two leading epharmacy players, 1mg seems to have better brand perception among consumers.



Source: Cloomtrack & DataLabs Analysis

## Indian Consumers Prefer Epharmacies For App-Based Features And Availability Of Stock

But online pharmacies rate poorly among consumers when it comes to returns policies and customer care service



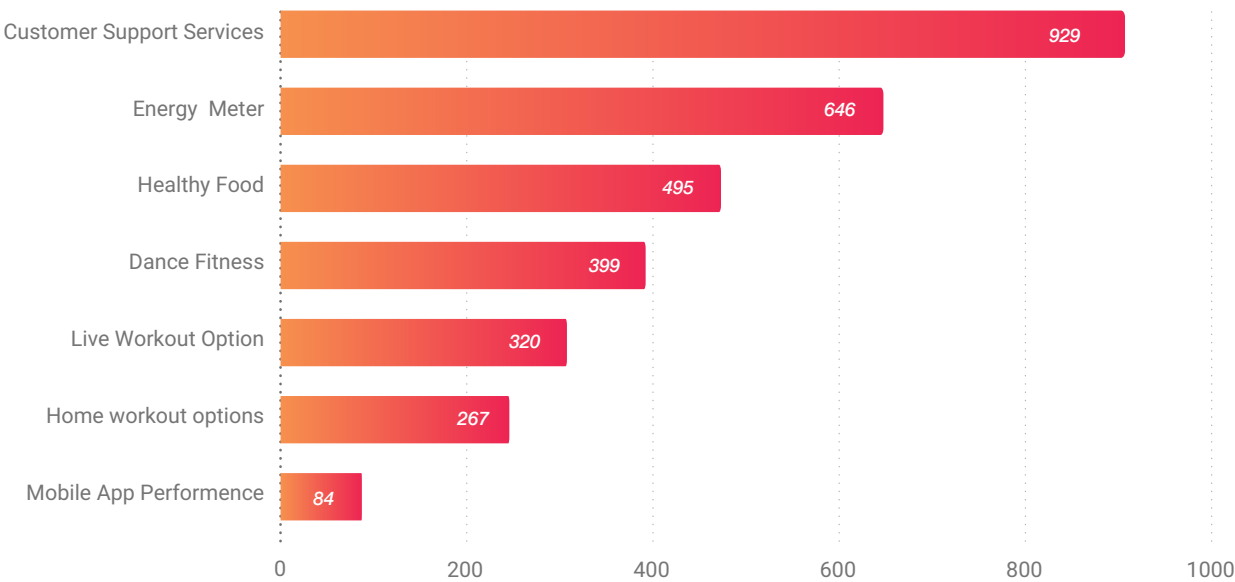
Source: Cloomtrack & DataLabs Analysis

- The behaviour of staff such as customer service executives and delivery partners was a key driver for online pharmacy segment
- Customised and localised services are gaining more popularity among Indian online pharmacy consumers
- Indian online pharmacies need to pick up their game when it comes to returns and customer care

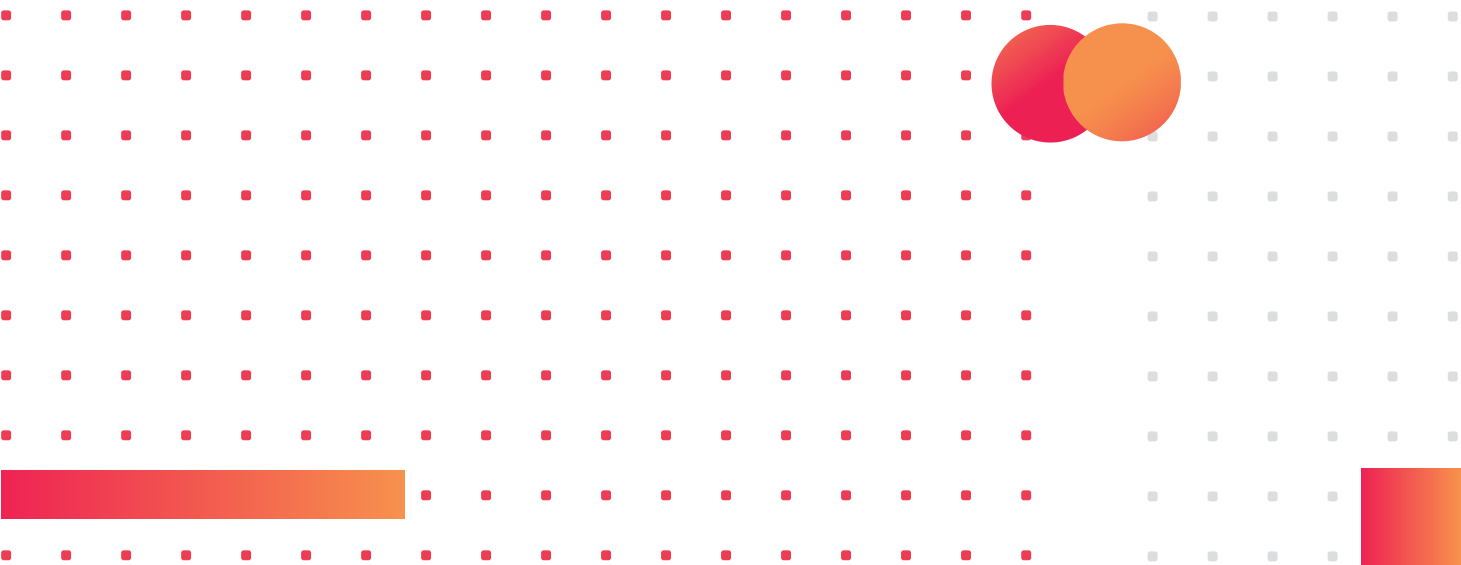
# Fitness And Wellness: What Gets Consumers Moving?

## Customer Support Services Is The Most Desired Factor For Indian Consumers In Selecting Fitness & Wellness Platforms

Indian consumers are less bothered about home workout options and mobile app performance

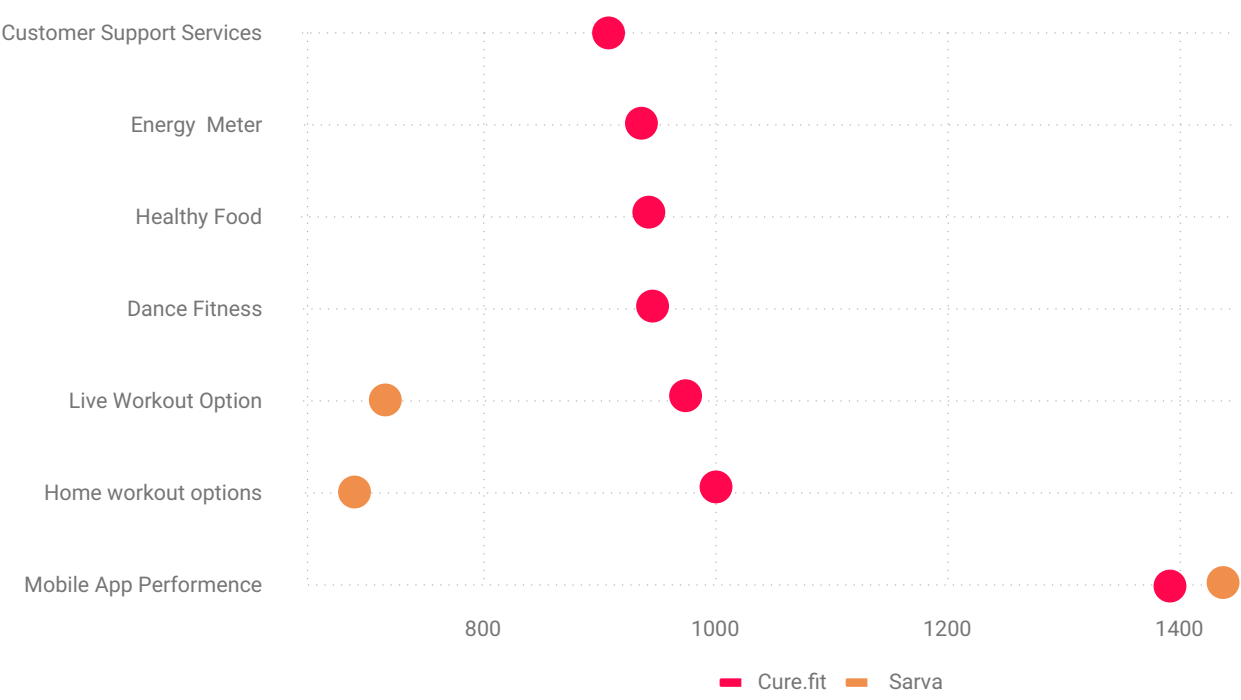


Source: Clootrack & DataLabs Analysis



# Cure.fit Is The Most Preferred Brand Overall In The Fitness & Wellness Category In India

However, Sarva fared better among consumers for mobile app performance



Source: Clootrack & DataLabs Analysis

## App Performance Is The Biggest Factor In Adoption Of Fitness & Wellness Platforms In India

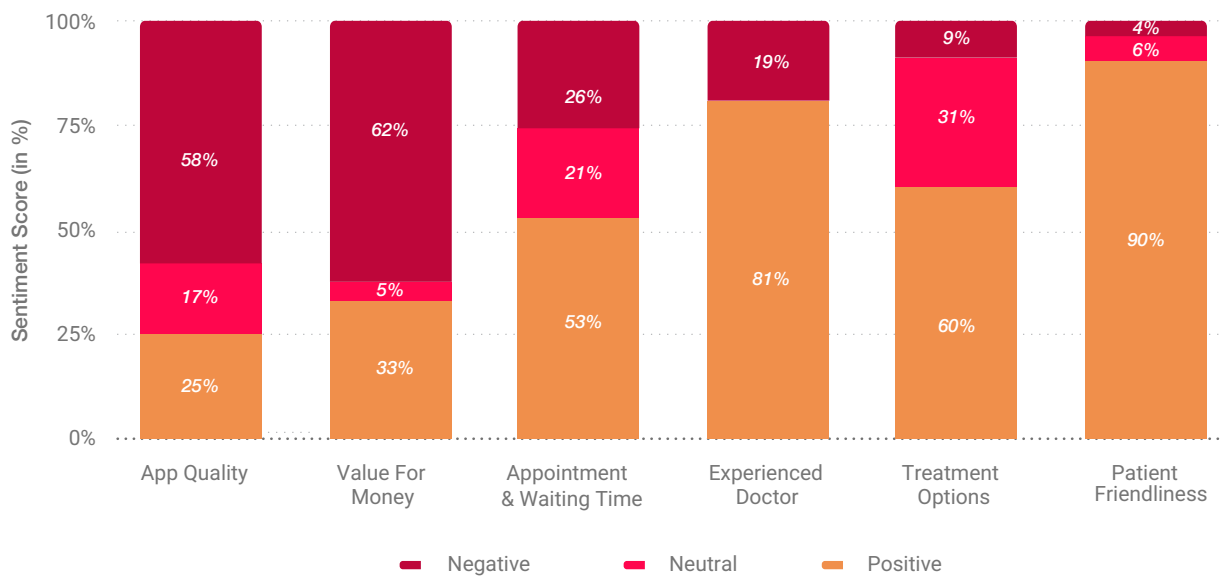
The quality of trainers and meditation sessions are other important drivers for attracting Indian consumers

Rank	Drivers	Sentiment Score
1	Best App	61.34%
2	Good Trainers	55.83%
3	Meditation Sessions	19.02%
4	Live Sessions	13.62%
5	Fitness Trainers	11.04%

Source: Clootrack & DataLabs Analysis

# Live Sessions And Home Workouts Earn Most Positive Response From Indian Fitness App Users

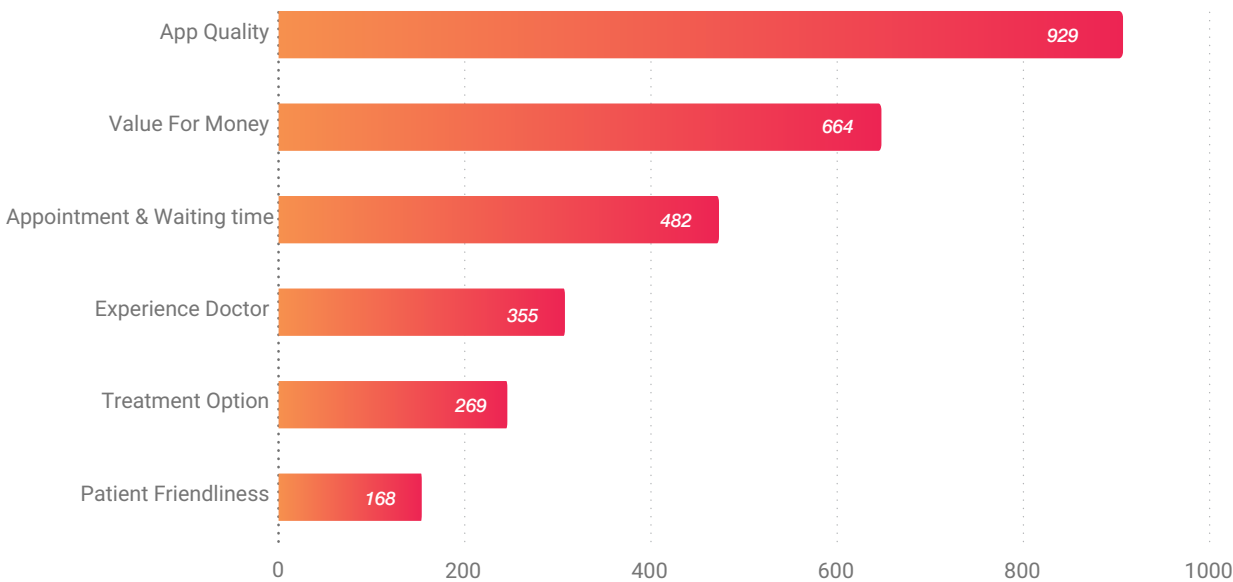
Fitness and wellness apps need to pick up their customer service game to win more consumers



Source: Clootrack & DataLabs Analysis

# App Quality Is The Top Preference For Indian Telemedicine Consumers

Treatment options and patient friendliness factors have less impact on selection of telemedicine services



Source: Clootrack & DataLabs Analysis

# Practo Earns Higher Consumer Approval Among India's Most-Funded Telemedicine Startups

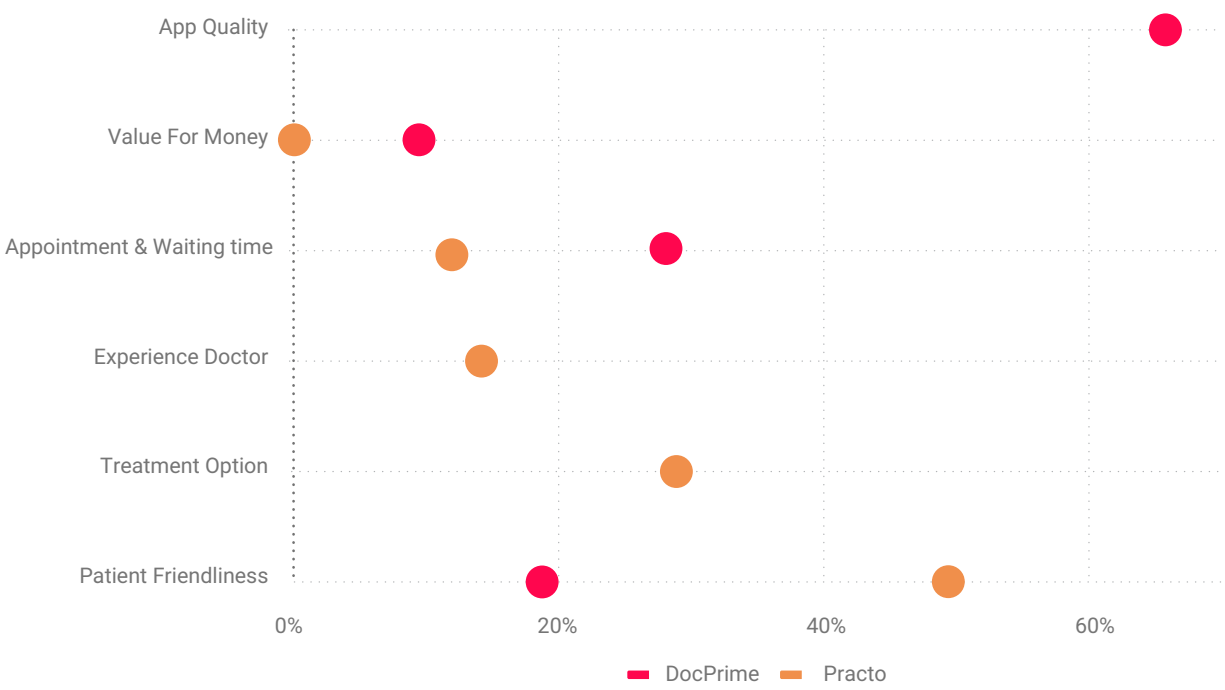
Practo outperforms DocPrime on every point except appointment & waiting time



Source: Clootrack & DataLabs Analysis

# DocPrime Outperforms Practo In Terms Of App Features

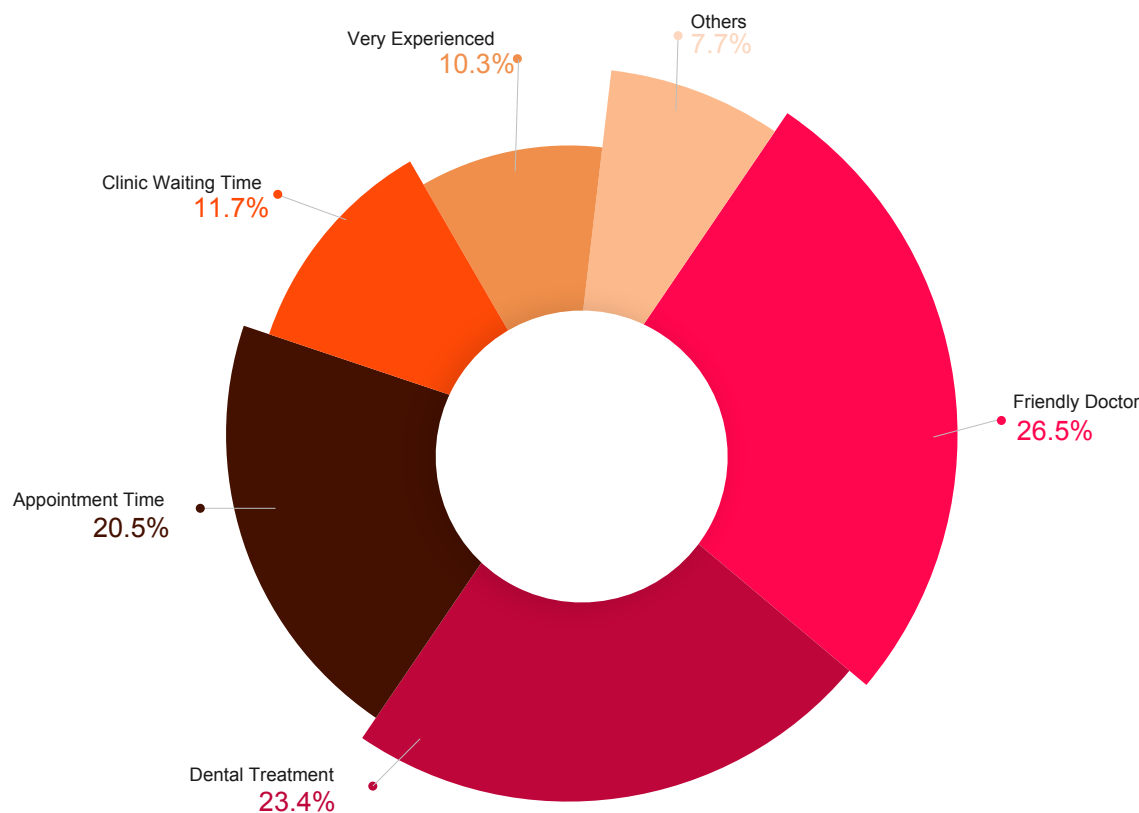
Practo's lead in patient friendliness and treatment options are major success factors



Source: Clootrack & DataLabs Analysis

# Doctor Friendliness Is A Key Consumer Success Factor For Indian Telemedicine Startups

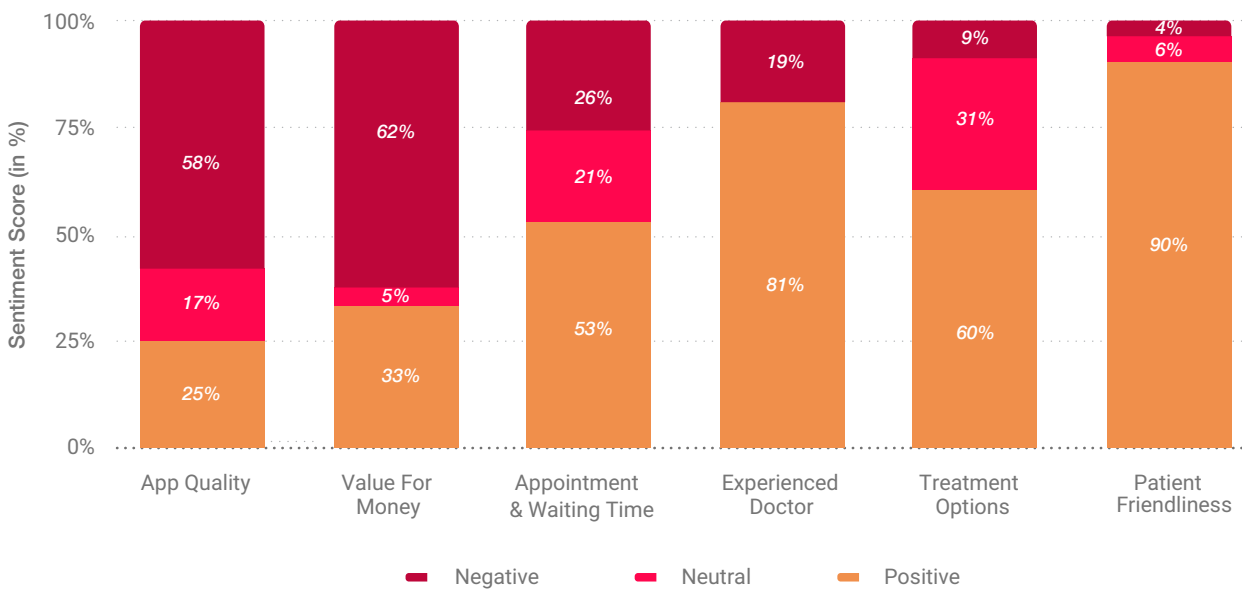
Low waiting time and dental services also play a big role in consumer decision



Source: Cloomtrack & DataLabs Analysis

## India's Telemedicine Startups Need To Focus On Affordability

Telemedicine startups earn biggest applause for patient friendliness features



Source: Cloomtrack & DataLabs Analysis



# Top Spotlights In Telemedicine Services:

- For mass adoption of telemedicine services, telemedicine players should rethink app quality and value for money
- Genuine feedback is playing a vital role in selection of telemedicine platforms
- Seamless appointment and follow-ups are among the most demanded features by Indian consumers





# Future Trends And Technologies

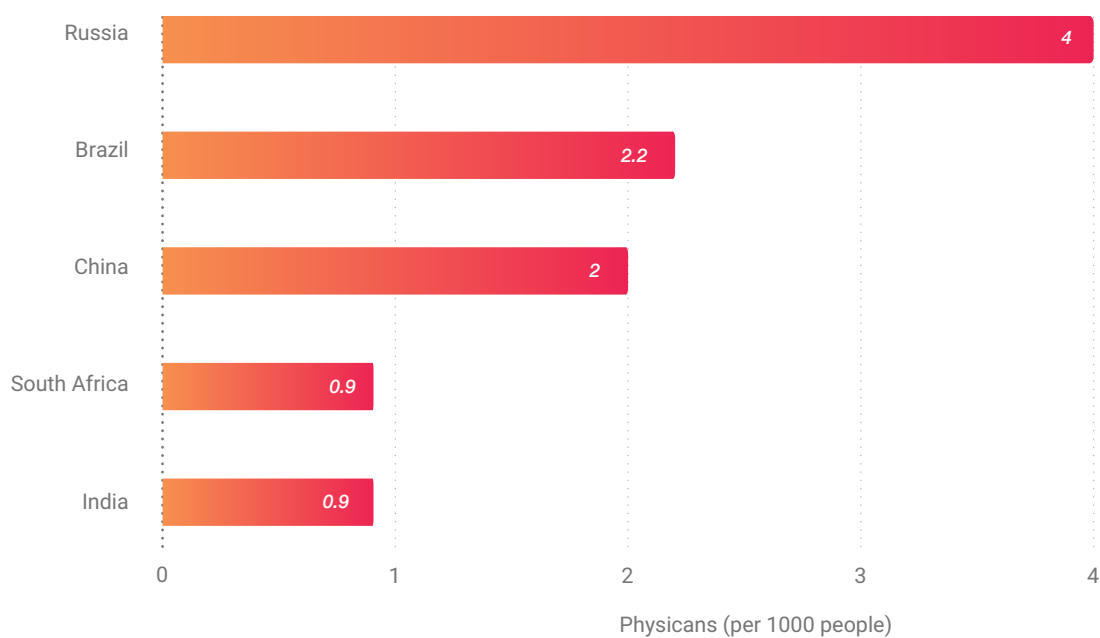


# Virtual Consultations

With an increase in the incidence of lifestyle diseases and rising healthcare costs, there's immense pressure on the traditional healthcare system. Innovative technologies are allowing health organisations to enhance the access and reduce the burden on hospitals through real-time consultation with doctors through smartphones, tablets, laptops or PCs.

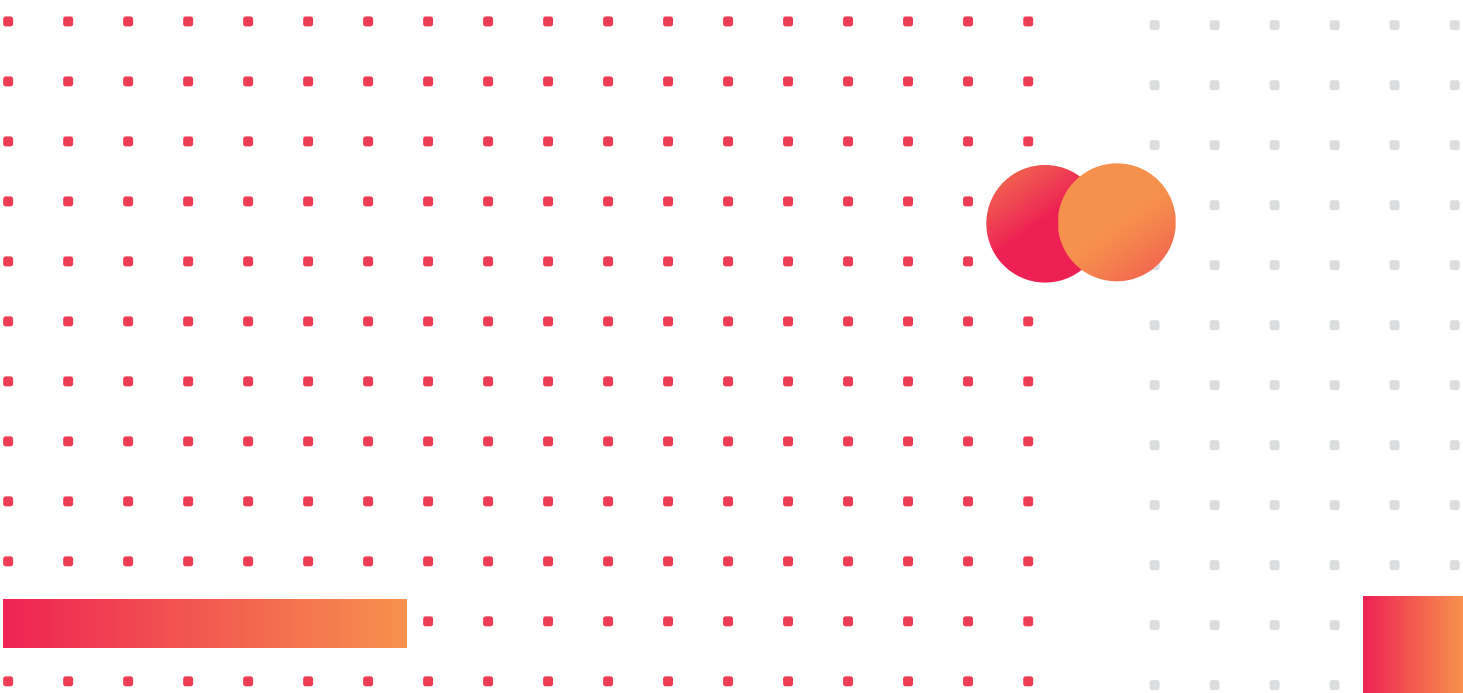
## India Has The Lowest Physicians Per One Thousand Person Among BRICS

Virtual consultation can facilitate larger number of OPD consultation at a relatively lower price



Source: WHO, DataLabs Analysis

Apart from facilitating wider frontiers for doctor consultations during the pandemic, the use of technology can make basic doctor consultations widely available to millions of people in the rural and suburban areas.

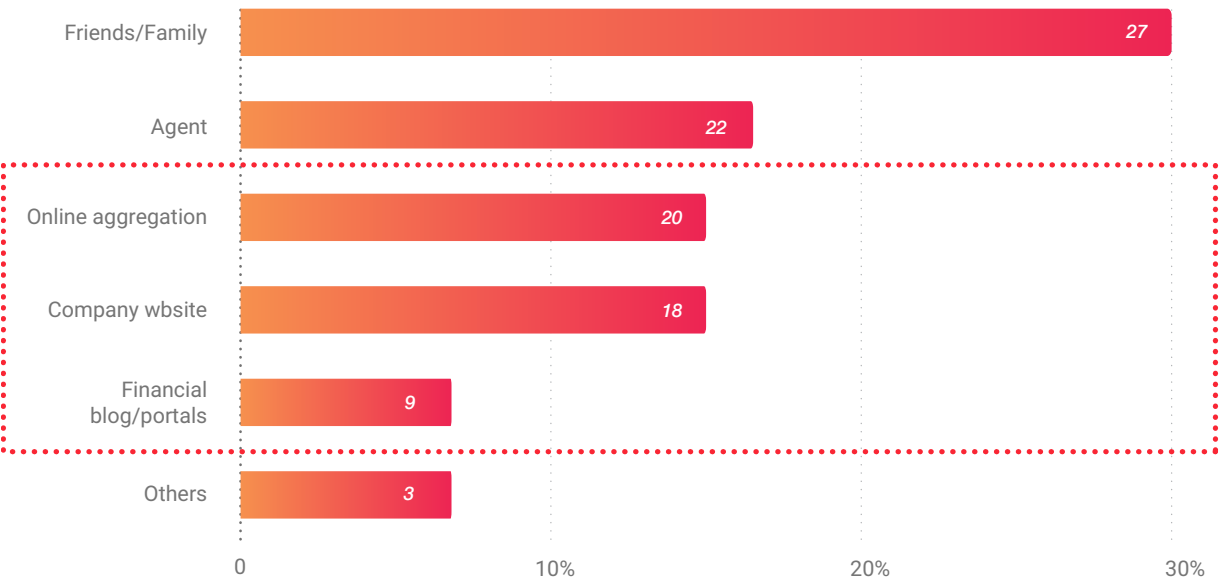


# Digital Health Insurance Expected To Rise

Convenience clubbed with the people’s anxiety of public places due to the pandemic will fuel the adoption of digital means to access insurance. Although, life insurance is the most popular insurance product in India. There has been an unprecedented rise in the acknowledgement of the importance of health insurance since the breakout out Covid-19 in India.

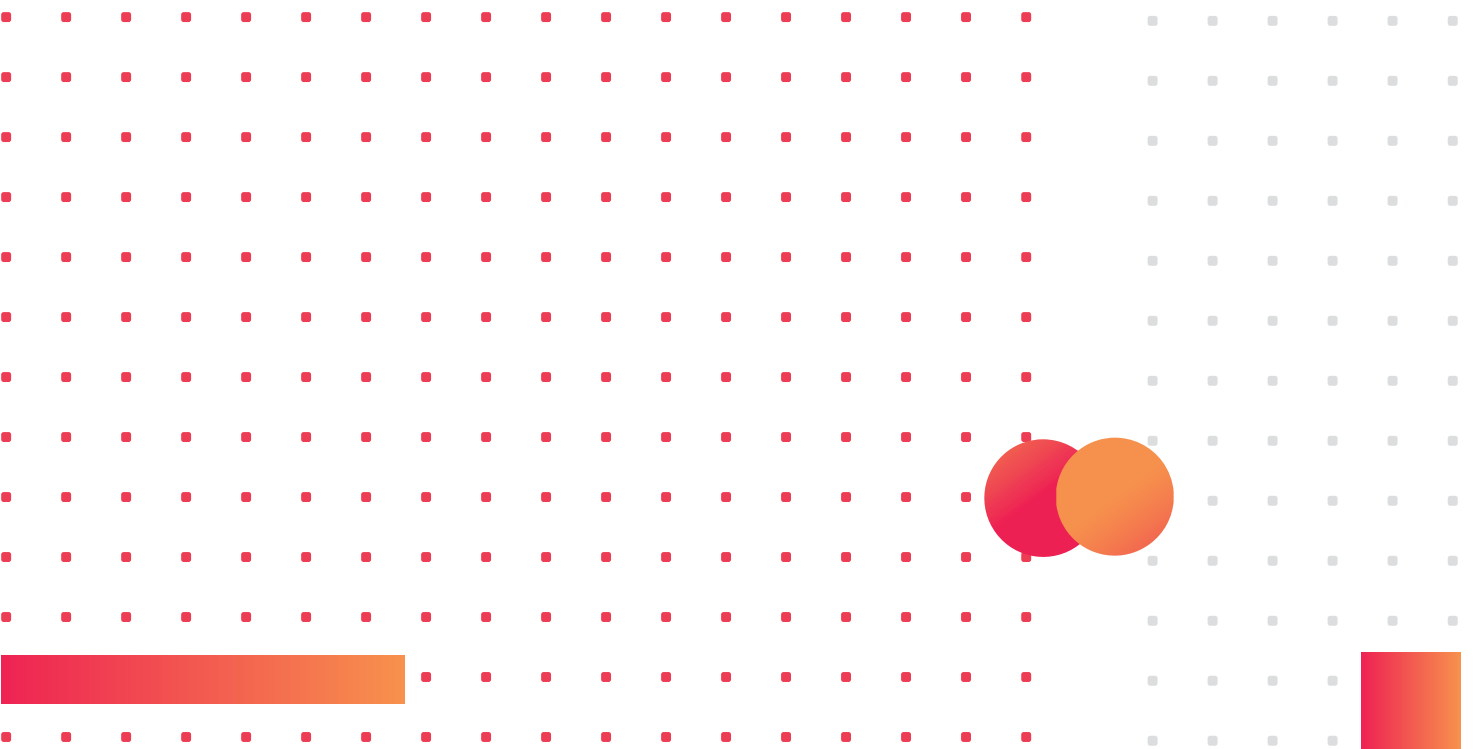
## 47% Considered Online Means As Their Most Valuable Source For Insurance Related Information

The connivence and wider options will be the rise of digitalisation in Insurance



Source: PwC India’s Insurance Technology Adoption Survey 2019

A survey conducted by Max Bupa Health Insurance found that 70% of the respondents, who intend to take a health insurance plan are aware of the fact that the Coronavirus cover is there in the intended health insurance policy, while about 50% of the current policyholders are aware of the benefit in their existing policy. This clearly indicated that the demand for health insurance is poised to increase in the near future and digital platforms can actually become the gateway.

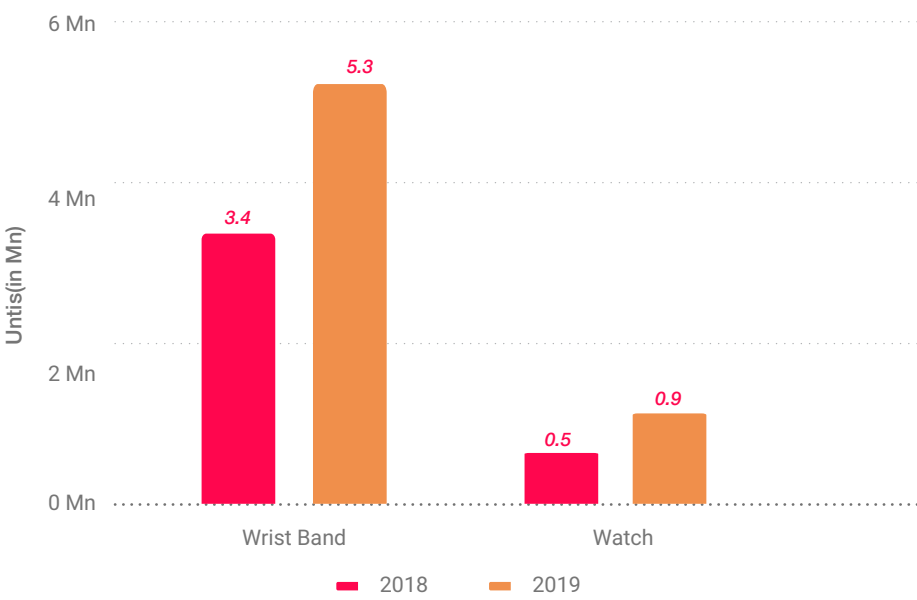


# Increased Adoption Of Healthcare Monitoring In Wearables

Health monitoring focused wearables have seen a surge in demand in recent times. All the major smartwatch manufacturing are focusing on the health monitoring aspect, from Apple to Samsung health monitoring is at the centre of their product. Fitbit an early mover in this segment which has sold over 106 Mn(2010-2019) units worldwide. Was acquired by Google for \$2.1 Bn in an all-cash transaction with a per-share value of \$7.35 on November 1, 2019.

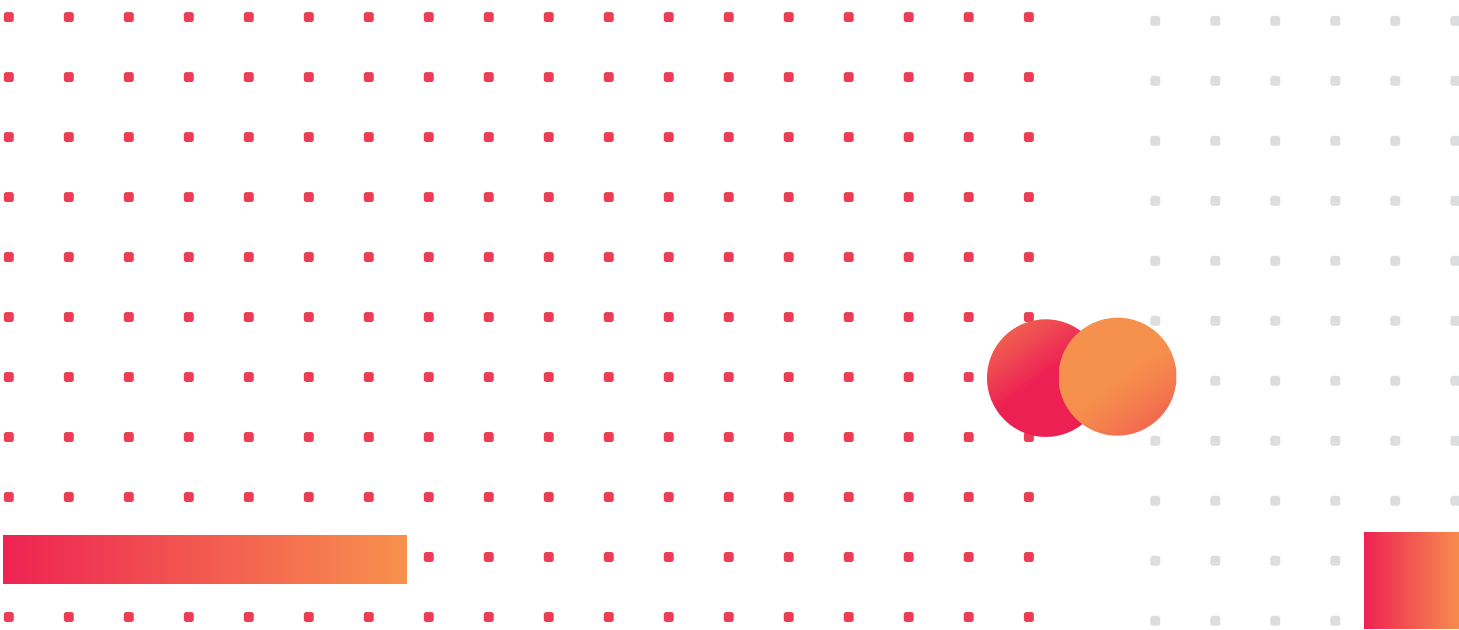
## Year on Year Growth In Shipments Indicate Increase In Demand

Shipment for watch surged 80% whereas 56%in the case of wrist band



Source: IDC, DataLabs Analysis

Overall the growth of wearable technology in India has been laudable, the India wearables market completed another record year as the shipments of wearables devices saw an impressive 168.3% year-over-year (YoY) growth in 2019, closing the year with 14.9 Mn.



# Emerging Technology Trends

## Wider Application Of Robotics



Although robotics has a plethora of applications in the medical industry some among these which are most likely to prevail in the near future are use of robotics in surgery and prosthetics. The use of robotics in surgery can increase precision and sophistication in the procedure. On the other hand, application in prosthetics such as limbs, legs etc. will give the patient greater satisfaction than the current products.

With growing per capita income and tech literacy the demand for such products in India is expected to rise.

## Cloud Infrastructure In Healthcare Record Maintenance



Mobilisation of healthcare records in India is a crucial factor in achieving digitalisation in the industry. The need to establish a common public database for patient healthcare records can not only increase the convenience but will also play a crucial role facilitating opportunities for related products such as insurance and other healthtech products and services.

The implementation of Health Stack by iSpit, an open tech infrastructure to facilitate digitalisation in healthcare will open new frontiers for healthtech players in India.

## 3D BioPrinting Applications



The application of 3D bioprinting includes— drug testing, living human tissue production, medical research and development. For long 3D printing in India has been a dark horse in terms of production, application of 3D printers in healthcare can improvise the availability of human organs along with expanding the spectrum of medical research.

The fact that India's 3D printing ecosystem is still at a very nascent stage the increased adoption of 3D bioprinting will open new frontiers for existing players also opening new venture opportunities for budding entrepreneurs.

## Nanomedicine: Precision Medication



Nanomedicine is defined as the monitoring, repair, construction and control of human biological systems at the molecular level using engineered nanodevices and nanostructures. It can also be regarded as another implementation of nanotechnology in the field of medical science and diagnostics.

Applications of nanotechnologies in medicine are especially promising, and areas such as disease diagnosis, drug delivery targeted at specific sites in the body and molecular imaging are being intensively investigated and some products are undergoing clinical trials. The global nanomedicine market is expected to grow from \$112 Bn in 2016 to \$261 Bn by 2023.

# Methodology

**Data:** Data is taken from trusted sources like OECD, MoHF etc., then analysis is done by DataLabs. Various health schemes and budget of past years are studied to know healthcare infrastructure in India

**Assumption:** India as well as global healthtech market is expected to witness rising investment after the Covid-19 outbreak. People will be more conscious about health and purchase more preventive healthcare products.

**Consumer Analysis:** This is jointly studied by DataLabs and Clootrack during November 2019 to May 2020.

**Startup Analysis:** Funding data is analysed to know the startup space in Indian healthtech market. Even outlier data is excluded and “without outlier” analysis is done as well.

**Company Interview:** We have done interview with major healthtech players like Practo, Sirona Hygiene, Tattvan E Clinics, DocsApp, 1mg and Netmeds to know details about healthcare and healthtech industry in India.

**Healthtech Market Data:** At first data for various segment like telemedicine, online pharmacy, fitness & wellness and other segments is collated from secondary resources. Beside this, we arranged some interview with leading healthtech players to know business strategy, revenue generation, operation expenses and monthly users. We also discussed about healthtech infrastructure and addressable market size for each segment. Then, we made forecast based on data available for past years. In case of forecasting, we also took help of secondary sources and C level executives to verify our data.

**Preventive Healthcare Data:** Preventive healthcare market is quite larger in India, hence lots of secondary sources data available from company websites, investor relationship, research portals, media briefings and government study. We collected historical data then made forecast depending various parameters like healthcare spending, Covid-19 outbreak, awareness and GDP growth. Again, in this case, we verified our data by group interview with related companies in this sector.



# Glossary

**Healthtech Startups:** An organisation or firm which facilitates technology-enabled products and services in the healthcare sector

**Seed Stage:** Upto seed funding round

**Bridge Stage:** Any transitional funding rounds

**Growth Stage:** Series A and B funding rounds

**Late Stage:** Series C and beyond funding

**Funding W/O:** It stands for “funding without outliers”. The high funding amount of startups are excluded to decrease deviation in the data set.

**CHC:** Community Health Centre

**PHC:** Primary Health Centre

**CVD:** Cardiovascular disease







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# Inc42

[www.inc42.com](http://www.inc42.com)

Inc42 is a leading Indian media and information platform, known for its end-to-end coverage of the Indian startup ecosystem. We work with the mission to empower, connect & grow the Indian Startup Ecosystem by providing a deep understanding of the startup economy through data-backed news and analysis. Inc42 is the authoritative voice of the Indian Startup Ecosystem and it has brought to light the amazing stories of thousands of startups, entrepreneurs, technological innovations, businesses and many other constituents of the startup ecosystem. Starting 5 years ago, Inc42 has now become the gateway to the Indian startup ecosystem, having published more than 20,000 stories and touching the lives of more than 20 Million people in India every month.

## DataLabs

[www.datalabs.inc42.com](http://www.datalabs.inc42.com)

The research wing of Inc42 Media, DataLabs specialises in producing comprehensive data-driven and insightful reports about the ballooning Indian startup economy. Since its launch, DataLabs has produced over 35+ reports — covering diverse sectors such as Blockchain, Agritech, Foodtech along with regular coverage of investments and the overall health of the Indian startup ecosystem.

DataLabs reports are aimed at bridging the information & data gap about the Indian startup economy. In the last few years, DataLabs has produced comprehensive & insightful reports to help readers make more informed decisions at work, in investments, and more. It is responsible for producing detailed reports covering the diverse industries of the Indian startup ecosystem spread across 29 states and 7 Union Territories of India.

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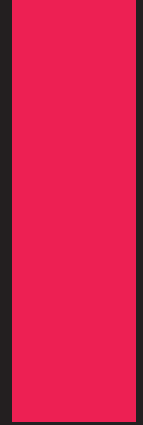
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