

## NATHEALTH highlights challenges in diagnostics sector

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### The report highlights the challenges and opportunities in the Lab Diagnostic segment



NATHEALTH Diagnostic Study was recently released by Dr Vinod Paul, Member (Health), NITI Aayog during the 6th Annual Summit of the Federation.

The report highlights the challenges and opportunities in the Lab Diagnostic segment which is an important pivot to India's response to the twin challenges of communicable and non-communicable diseases.

The Indian Diagnostic industry plays a critical role in the achievement of the vision of Universal Health Coverage (UHC) as well as the Sustainable Development Goals (SDGs). The industry, however, suffers from a limited focus on quality standards and cost pressures driven by high custom duty and the Goods and Services Tax(GST)structure, reveals a Diagnostic Study, released by Healthcare Federation of India-NATHEALTH.

The report highlights, "Going forward, the government and industry should come together and efforts should be made towards laying down minimum quality requirements, easing of custom duty and extending input tax credits for GST."

"The lab diagnostics industry plays a significant role in the care continuum. The growing importance of evidence-based medicine has provided a fillip to the industry. Along with its core objective of diagnosis, the industry offers additional benefits, be it employment generation, availability of specialised tests, improved access, and technological advancements, among others," the study points out.

Commenting on the findings of the Study, Dr Sudarshan Ballal, President, NATHEALTH said, "A robust diagnostic ecosystem is critical for the success of schemes like Ayushman Bharat to establish minimum quality requirements, easing of custom duty and extension of input tax credits for the Goods and Services Tax (GST). Such policy measures would support the diagnostic segment to ensure that the benefits of quality diagnostics and wellness can be delivered to the country as a whole."

The Indian medical diagnostics industry today employs around 0.8 million people with almost 3–4 direct jobs and 3–6 indirect jobs created per new diagnostics establishment, says the Study.

According to the study, the Indian laboratory diagnostics industry, estimated at USD 6 billion, is growing at a healthy rate of 13–14% per annum. With more than 1 lakh labs in India, the industry is highly fragmented and the largest of the organised players have a market share of less than 5%. The industry plays a significant role in the care continuum, be it for diagnosis, prevention, monitoring or treatment. Today, 70% of medical decisions are based on laboratory results. The industry today is governed by forces of supply and demand, with service quality driving market success.

The value chain in the industry today has three core components – clinical, retail and logistics. Concerning the clinical component, the industry has matured and today offers a comprehensive array of tests at affordable prices. The industry operates at one of the lowest price points in the world. Even at these low rates, the Indian medical diagnostics industry has been able to provide people living in remote areas access to modern diagnostics facilities. The prices have remained flat or at best increased by 5–10% in the last 5 years, while the consumer price index (CPI) price inflation has grown by around 30%. The retail component is highlighted by the doorstep presence of the industry, same-day delivery of lab reports, high customer satisfaction and other advances made in making the whole experience a relatively pleasant one. The last component, logistics, is highlighted in the processes deployed by labs to collect samples from collection centres and transfer them to the central lab for processing.

These three components have transformed the industry into a service industry, with retail and logistics component accounting for more than 50% of the costs. This has enabled access to modern diagnostics in more than 50% of the aspirational districts of the country.

Siddhartha Bhattacharya, Secretary General, NATHEALTH commented, “The Study has assessed India’s Laboratory Diagnostic Industry and highlights the role played by the Industry in improving Indian Healthcare in terms of Accessibility, Affordability, and Accountability. The industry has created social capital in the form of nearly 8 lakh jobs and skilling opportunities. We, at NATHEALTH, are committed to partner with the government to achieve the SDG 2030.”

The launch of Ayushman Bharat is a significant step towards achieving the goal of UHC. The lab diagnostics industry would need to play a key role in the realisation of this goal.

“Wellness centres are an important pillar for Ayushman Bharat, with the government aiming to set up 1.5 lakh such centres across the country. NITI Aayog has called for making these centres operational by 2022–23 to ensure sufficient coverage and lower the burden on secondary and tertiary care. The diagnostics industry will play a critical role in making this a reality while working closely with the government,” the study emphasises.

Given the right impetus, the industry can play an important role in the health and economic well-being of the country by:

- Creating Job opportunities
- Increasing access to diagnostics
- Becoming a diagnostics centre of excellence in the region
- Providing entrepreneurship opportunities
- Advanced personalised test menu Increase trained and highly skilled manpower
- Ensuring the success of Ayushman Bharat