



A view of the Indian Healthcare landscape

Harpal Singh of Fortis Healthcare examines the strengths and challenges in the Indian business arena.

China may be overheating, and Japan seems to be cooling off ... but India is beginning to look “just right.” With a huge internal market, a high savings rate, \$25 billion in direct foreign investment so far this year, and booming domestic demand, India with its one-billion-plus population is the world’s largest democracy. Its markets, legal, and political systems are familiar to the industrialised West. Britain’s erstwhile ‘Jewel in the Crown’ is fast becoming a beacon of light pointing the way out of the darkest economic time the world has known in more than 80 years.

If you looked at the 20th century in India, the first half of the century India was still a colonial-ruled country and our average growth rate of GDP in those years was about one per cent per annum”, said Indian business leader **Harpal Singh**, addressing the second INSEAD Alumni Healthcare Summit in Paris in October.

“India became independent and over the next 15 years or so, we took that one per cent growth rate to three per cent, a 300 per cent increase over what we had. But even then people used to deride us – used to call it a ‘Hindu growth rate’ because the rest of the world was growing at a much faster pace. But nobody said we were growing 50 per cent faster than the first 50 years of our existence.”

Singh is only too happy to paint a picture of the new business landscape in his native India. At 60, the Chairman Emeritus of India’s number two healthcare company, Fortis Healthcare, and patriarch of one of the country’s wealthy industrial families, he has spent more than three decades in the private sector in India: senior positions in various Tata groups such as Hindustan Motors; and in the healthcare sector with pharmaceutical company Ranbaxy, India’s first private sector company to achieve one billion US dollars in turnover. He played a first-hand role in the development of the Indian economy, and he shared his perspective with INSEAD Knowledge.

“I would say the real changing point came about in 1991 when our current Prime Minister Manmohan Singh - who was at that time the finance minister – embarked on a series of reforms which opened up the country and gave the private sector much more breathing space. That’s not to say the government didn’t let the private sector exist. It did exist, but for the first 30 years of its existence – pre-1991 – the Indian private sector was under great constraints.”

According to Singh, that 1991 law allowed India’s innate talents to kick in – survival attributes which today have been given organisational, respectable names: diversity, flexibility, innovation ...

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“You cannot operate in an environment more complex than India. Indians are inherently attuned to working in diversity. Something keeps going wrong: if it isn’t the weather it’s some calamity, but we always tend to find solutions – we are great solution-finders - and get on with it”, he says. “I can tell you if the electricity shuts down in many parts of the Western world, everybody sort of collapses; in India, we take that in our stride.”

Singh claims Indians are also quick to grasp opportunities. “I remember when IBM was asked to leave India (in 1978),” recalls Singh. “There was a particular mainframe system called the 1401. When IBM came back to India many years later, they couldn’t even imagine the kind of use that we Indians had put the 1401 to. They said this was never part of the design perimeter ... so we Indians are great extractors of value.”

After a first degree in economics from St Stephen’s College, Delhi, Singh was awarded a master’s degree in public affairs from California State University – extracting value from abroad, like many of his successful compatriots. “Because India was unable to provide opportunities, many qualified people travelled overseas and settled all over the world – so they got a good education and were able to put that education to use in some of the best systems of the world and further acquired competencies.”

“Respect for education is innate in India, even in the remotest village,” he adds. Singh himself is active on many school boards and is a member of the Punjab Education Board. “Recently we passed the ‘Right to Education’ Act – elementary education for all children.”

Singh acknowledges India needs to work on such things as compliance before it can become a full and equal participant in the global free market. And a quick look at current economic statistics paints a cautionary view: in the last six months prices have doubled in India for such things as food and other commodities; wage demands are on the rise, and as a consequence, inflation is running in the double-digits, while the rupee has gained five per cent against the US dollar so far this year.

But underneath Singh’s well-tailored dark business suit and turban lies a profound belief in India’s future. “My personal view is, one of our strongest strengths is democracy. We’ve taken it down to the level of the village ... we will produce much more sustained results and growth and positive outcomes in the medium to long term ... and therefore we believe this kind of growth (GDP growth of 8.5 per cent growth is forecast this year) will be sustained at least for the next two decades. Beyond that you’d need a crystal ball.”

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