

Rural healthcare gets a boost

5-Year Tax Holiday Gives Corporate Hospitals A Reason To Expand In Bharat

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CORPORATE HOSPITALS AND nursing homes now have a great reason to dive deep and expand in rural India, with Mr Chidambaram announcing the gift of a five-year tax holiday. Labelling health as one of the pillars of social sector reforms, FM has delivered a sugar-coated pep-up pill with marked-up public healthcare spending at Rs 16,534 crore (up 15%) and brand-new interventions such as an insurance plan for the unorganised workforce and a special facility for geriatric care.

Corporate healthcare will witness heightened activity with a new sub-section (11C) in Section 80-IB that will grant a five-year tax holiday to hospitals set up anywhere in India, except in specified urban agglomerations. This window will be open between April 2008 and March 2013 during which the hospital has to begin operations.

Corporate hospitals may now take a

relook at their growth strategies and deploy investments in these regions. High-tech healthcare facilities in rural India will reduce the need for patients to travel to urban centres for primary referrals. Apollo Hospitals chairman Prathap C Reddy said: "Given the need to have one lakh beds in the next two decades, these incentives will help bridge the gap."

More than corporate hospitals, the move may trigger expansion by regional neighbourhood clinics and nursing homes. Healthcare trackers see growth in the number of 50-100 bed hospitals, which will offer specialty treatment in a few areas like cardiac or trauma care.

"We still need to look at the list of cities, which will benefit from this plan. We may modify part of our strategy accordingly, even if tier II and III cities have always been part of our expansion plans," said Fortis Healthcare CMD Shrivinder Singh.

Chains like Apollo Hospitals and Wockhardt already have well-defined plans

to spread wings to these cities. Apollo may be looking at investments of up to Rs 3,000 crore to set up 100 such hospitals in tier II and tier III cities. Wockhardt plans to set up 17 hospitals in cities like Nagpur, Rajkot and Bhopal, said Wockhardt Hospitals CEO Vishal Bali.

On the delivery side, the government is upgrading 323 district hospitals and is planning to set up community-owned, 24/7 decentralised health centres under the Rs 12,050-crore National Rural Health Mission. Nearly 4.62 lakh social health activists have been trained to activate this plan. The Budget has also enhanced outlays for drives against AIDS (Rs 993 crore) and polio (Rs 1,042 crore).

The government is piloting a health insurance plan that will offer cover of Rs 30,000 for every worker in the unorganised sector under the BPL category. The plan, for which the Centre's share of premia will be Rs 205 crore, is being rolled out in Delhi, Haryana and Rajasthan.