



#GTONBudget

Pre-budget expectation survey

Healthcare sector

Executive summary

The COVID-19 pandemic has tested the resilience of our healthcare system. With the government's support and swift regulatory action, we have addressed some of the critical challenges. However, more needs to be done, starting with an increase in public healthcare expenditure, which should be in line with other countries, where it is in the range of 8% of the gross domestic product (GDP).

The development of rural healthcare infrastructure is critical to make healthcare truly available and accessible to all. A mix of fiscal incentives and public-private partnerships will encourage private investments in the area. Permitting expenditure towards healthcare infrastructure as a corporate social responsibility (CSR) expenditure will provide an impetus to investments in rural areas.

Zero-rated Goods and Services Tax (GST) structure for healthcare services has emerged as a key demand, with nearly 78% of respondents favouring such a regime.



78%

expect more than 2% of GDP as healthcare expenditure



58%

believe that fiscal incentives will encourage private investment in the rural healthcare infrastructure

About the **SUR** **EY**

What does the upcoming budget mean for India Inc? What kind of expectations do individuals/corporate taxpayers have from the finance minister?

To gauge the market sentiments and better understand the expectations from Union Budget 2022, Grant Thornton Bharat conducted a series of surveys across sectors. More than **1,000 respondents** participated in these surveys across digital platforms.

Key highlights



Healthcare services should be considered under the ambit of zero-rated GST services

Extending capital gains exemptions for investments in healthcare start-ups is a priority for many



Expert's take



**Bhanu Prakash
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Availability, accessibility and affordability have been the focus of the government and an increase in healthcare budget allocation to at least 3% of the GDP over the next few years will provide the desired impetus. Measures, such as enhancing deductions under Chapter VI-A of the Income Tax Act, 1961 and zero-rated GST structure for healthcare services would bring down the cost of healthcare services and will provide some relief to the citizens.

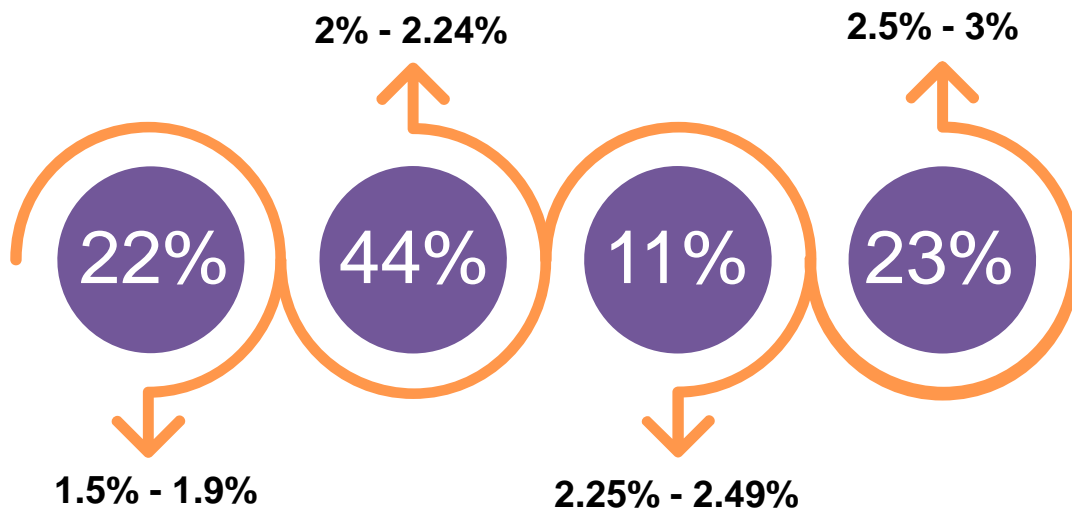
Survey findings



Leveraging technology, co-pay insurance schemes and encouraging preventive health check-ups have emerged as key expectations from the budget.

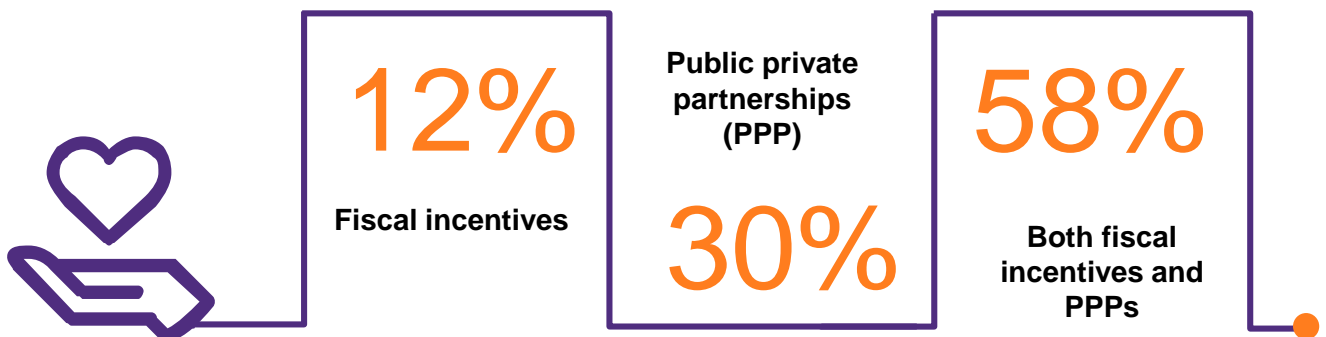
01

The current public healthcare expenditure by the Government of India accounts for 1.2% of the GDP. What percentage of GDP for healthcare expenditure can be expected from the government in 2022?



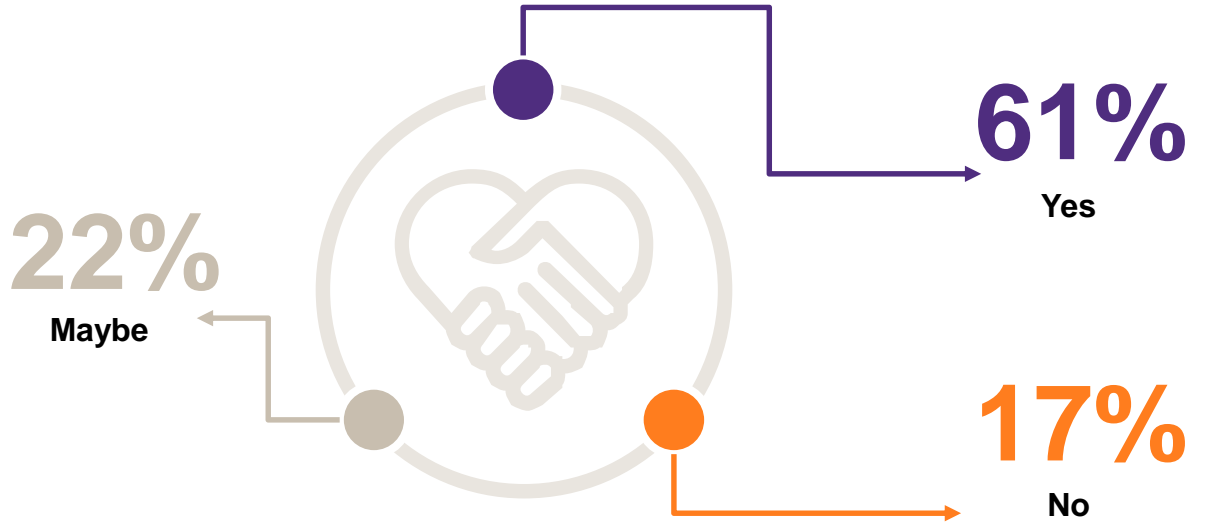
02

What will encourage investments by private sector in rural healthcare infrastructure?



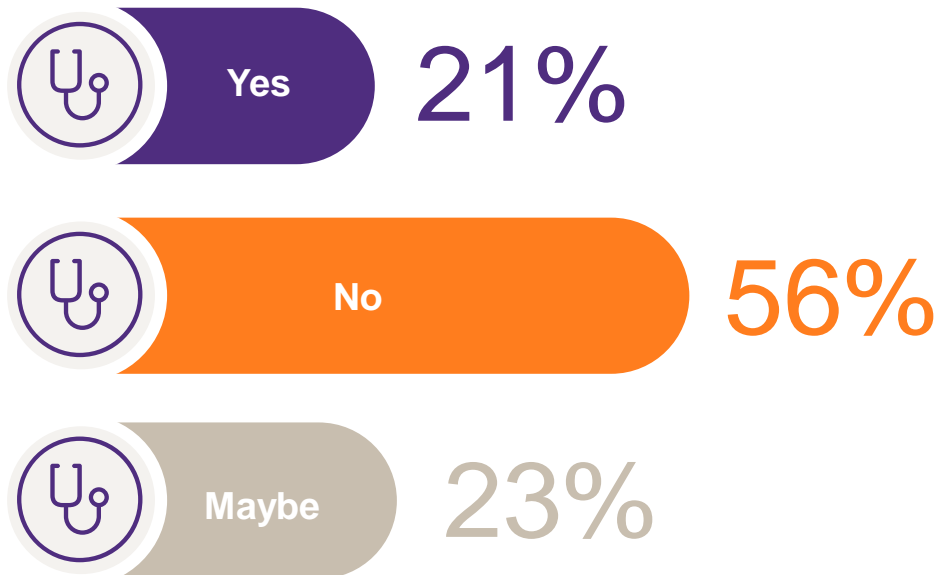
03

Will the private sector contribute to the development of rural healthcare infrastructure if these expenditures are placed under CSR?



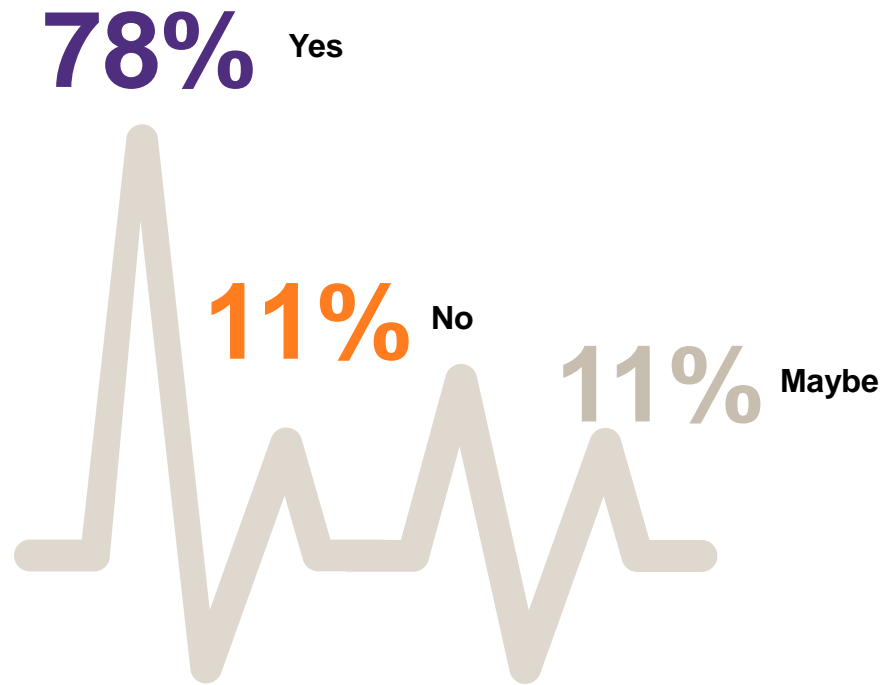
04

Do you believe adequate measures have been taken to address data security and patient privacy issues for private hospitals, labs and diagnostic chains to enrol for the National Digital Health Mission and share patient data?



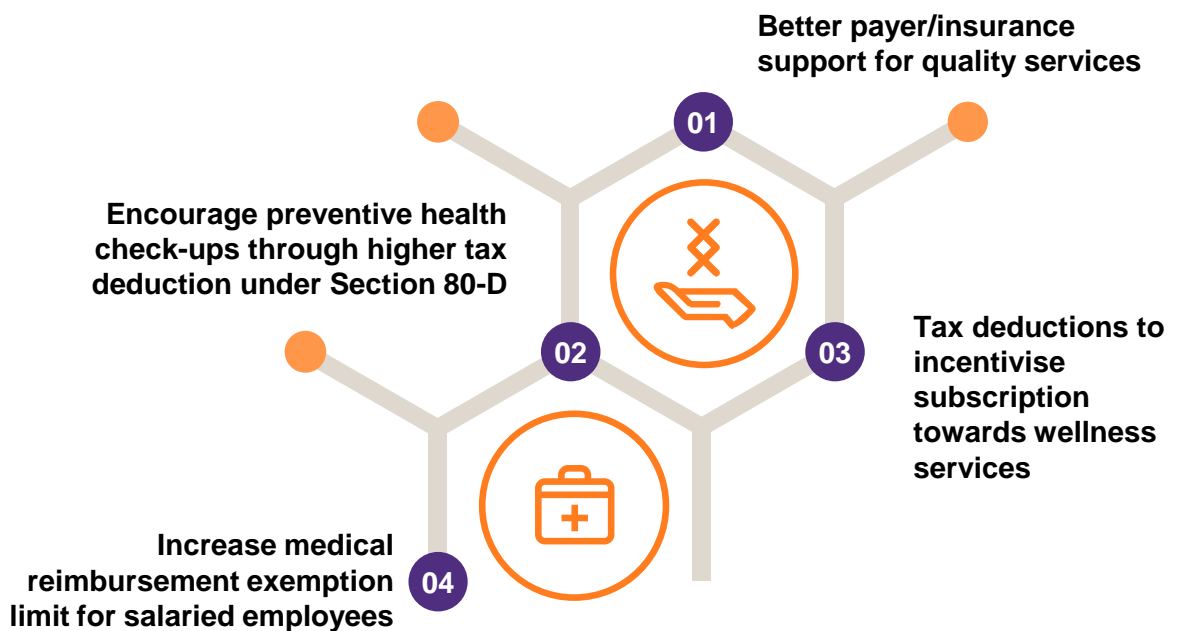
05

Should healthcare services be considered under the ambit of zero-rated GST services?



06

What should be the order of priority to reduce out-of-pocket expenditure of individuals on healthcare?



07

What will drive capacity expansion in healthcare sector? (Arranged below in the order of preference that the government should consider)

01

Extend capital gains exemptions for investments in healthcare start-ups

Allow healthcare sector to carry forward losses and unabsorbed depreciation on mergers under Section 72A

02

03

Tax exemption for overseas mergers/reorganisations of foreign companies held by residents

Allow depreciation on goodwill acquired by way of purchase

04

08

What will accelerate skill development in healthcare sector to address gap in doctor-patient ratio, nurse-patient ratio? (Arranged below in the order of preference that the government should consider)

01

Skill development awareness campaigns across professional categories such as nursing and midwifery, medical assistants, medical equipment operators, etc.

02

Separate regulatory body for each segment with dedicated budgets for skill development programmes



03

Skill upgrade-linked compensation schemes

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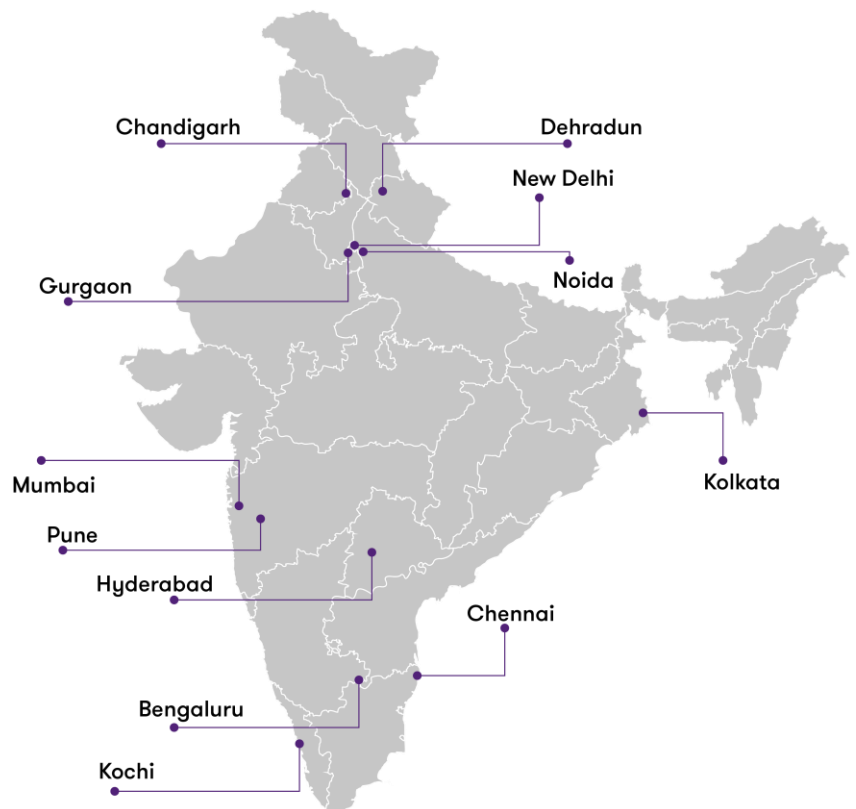
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