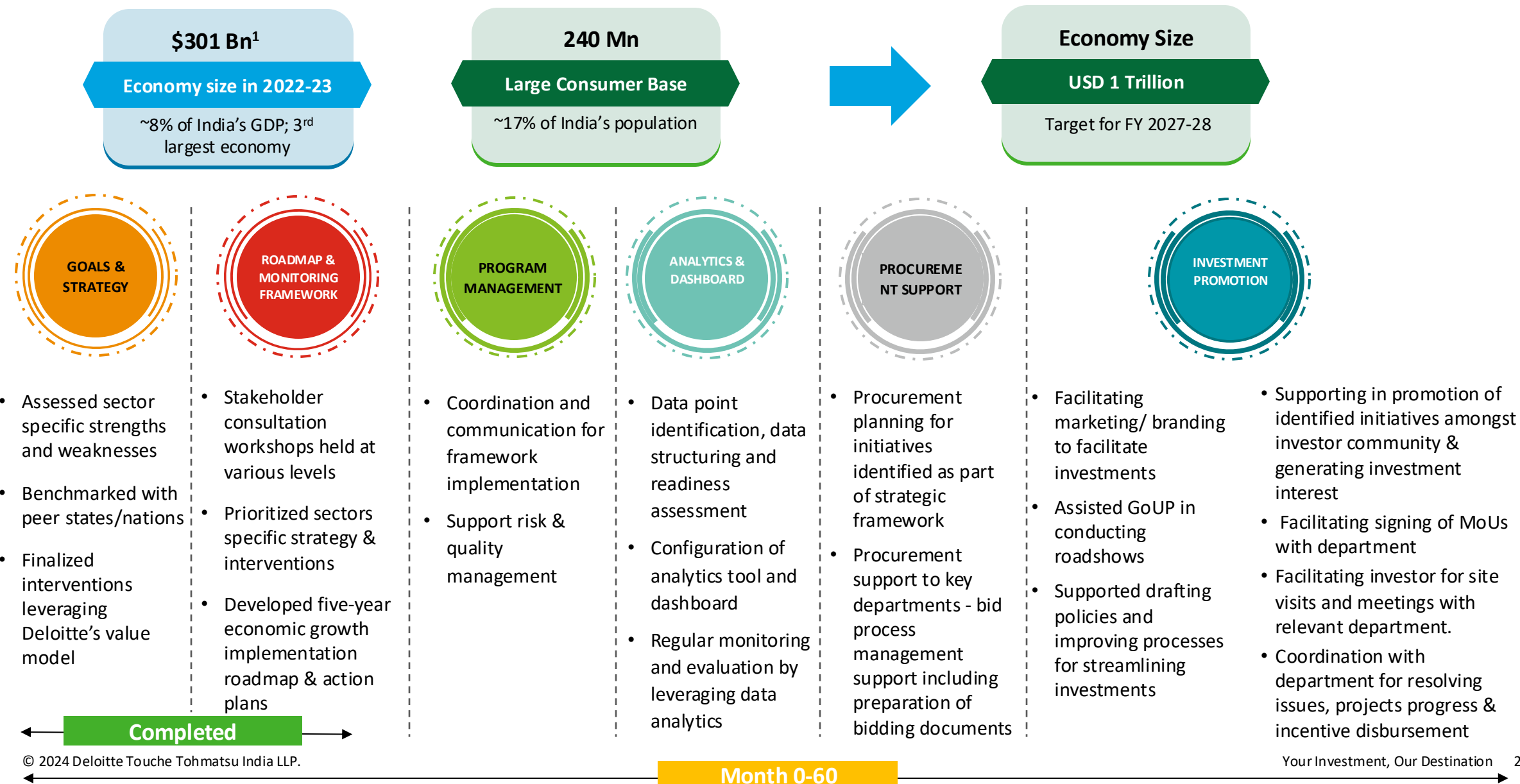




Uttar Pradesh: Opportunities in Health Care

Changing the face of Health Infrastructure

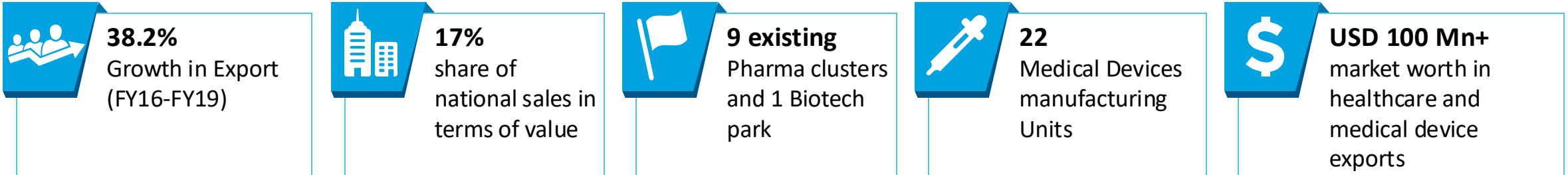
Deloitte is assisting Government of Uttar Pradesh in its ambitious target



Healthcare

UP has carved out a niche in the export of health-care services. The state has the largest consumer base in India.

Sector Overview



Advantage UP

- **R&D Base** Of 18 World-Class Pharma Research Institutes viz. CSIR(Lucknow); NIB-Noida, IITR-Lucknow; King Gorge Medical University-Lucknow; NBRI etc.
- **3-tier** public healthcare infrastructure & Private healthcare services
- 208 Medical, Bio-Technology & Pharmacy colleges helping the State in developing a large pool of human resource
- Rapidly Growing '**Jan aushadhi Pariyojana Centres**' 1 lakh pharmacists and 86,000+ Retail pharmacies
- **Strategic location** as it shares borders with several states, offering easy access to a wider market. Additionally, it is well-connected to major cities like Delhi, Mumbai, and Kolkata, enabling efficient transportation and distribution of healthcare products

Infrastructure and services as an enabler of healthcare delivery

- **Healthcare Facilities:** State has strong presence of a combined total of more than 30,000 Sub Centers (SCs), Primary Health Centers (PHCs), Community Health Centers (CHCs), and sub-district hospitals
- **Rural Health Services:** UP has implemented various initiatives to strengthen rural health services, including the deployment of doctors and healthcare professionals in rural areas
- **Maternal and Child Health:** Programs such as Janani Suraksha Yojana and Mission Indradhanush have been implemented to ensure safe deliveries, immunization, and better healthcare for mothers and children
- **Telemedicine and E-Health:** Telemedicine services have been introduced, enabling patients in remote areas to consult doctors remotely. E-health initiatives, including electronic health records and online appointment systems, have been implemented to streamline healthcare delivery

Support from Government: Key Policy Objectives

Uttar Pradesh Pharmaceutical and Medical Devices Policy, 2023



Policy Highlights

	Capital Subsidy @15% of investment upto Rs 200 Cr to be provided in 5 annual installments
	Interest Subsidy @5% p.a. for 5 years on loan taken for procurement of P&M, for building infra self-use upto Rs 1 cr p.a per unit; @50% p.a. for 5 years for research quality improvement upto Rs 2 Cr per unit
	Stamp duty exemption @100%
	Interest subsidy for loan to set up waste management setup @50% annual for 5 years upto Rs 10 lakh
	Interest Subsidy for setting up common boiler @35% (for solid fuel), @50% (for clean fuel) of fixed installment cost upto Rs 2 Cr
	Patent Filing Subsidy @ 100% of actual filing costs on domestic patents; @50% of actual filing costs on international patents
	Support for setting up R&D institutes @60% of annual interest on loan taken reimbursement
	Support for Clinical Trials @ 75% of total expenditure reimbursement
	For Contract/sponsored research @50% subsidy on eligible project cost to institutes situated in UP
	Electricity duty exemption @100% exemption for 10 years to all new units
	Quality Certification Subsidy @75% of cost incurred for ISO certification and 50% of cost incurred for BIS certification

Source: Uttar Pradesh Pharmaceutical and Medical Devices Policy, 2023

UP FDI and Fortune 500 Policy 2023 – Fiscal Incentives

Major benefits

Capital subsidy

- 25% of *ECI (excluding land cost) in Gautam Buddha Nagar and Ghaziabad regions
- 30% of ECI (excluding land cost) in Paschimanchal and Madhyanchal regions
- 35% of ECI (excluding land cost) in Bundelkhand and Purvanchal regions

Capital Subsidy will be provided in 7 equal annual instalments with annual capping of INR 100 crores

SGST reimbursement/ refund

- **Option A - Net SGST reimbursement on sales:**
 - 100% of net SGST paid for 10 years
 - Annual capping: Upto 10% of ECI, Overall capping: Upto 100% of ECI (excluding land cost and capital subsidy)
- **Option B - Input SGST refund on capital goods:** 100% SGST refund in 5 annual instalment (Applicable only in case of inverted duty structure)

Note: Option to choose any one out of A and B is available

Land subsidy

- Upto 75% in Paschimanchal and Madhyanchal region
- Upto 80% in Bundelkhand and Purvanchal region

Other fiscal benefits

- **Stamp Duty & Registration Fees:** 50% - 100% exemption/ reimbursement

- **Electricity Duty:** 100% exemption from for 5 years

- **Skill development subsidy:** Upto INR 5,000 p.m. per person for 5 years (max. 500 persons)

- **Green Industry Incentives:** 50% capital subsidy on the cost of Effluent Treatment Plant capped at INR 2.5 crores

- **Industrial Housing Incentives:** Reimbursement upto 10% of the cost of development of workers' housing or dormitory for 7 years overall capped at INR 10 crores

- **R&D incentives:** Reimbursement upto 25% of the cost of standalone R&D centre capped at INR 10 crores (with minimum capital investment of INR 20 crores)

- **Centers of Excellence (CoE):** Grant upto 50% of the project cost capped at INR 10 crores per project
Note: Option to choose any one out of above is available

- **Logistics Subsidy:** Reimbursement upto 50% of the transportation cost on import capped at INR 2 crores per unit (in case of shifting of existing plant from international or domestic locations to UP)

- **Patent cost:** Reimbursement upto 75% of the cost capped at INR 10 lakh (for domestic) and INR 20 lakh (for international)

UP IIEPP 2022 – Scope and highlights

Policy scope and coverage



Industrial Undertakings



Circular Economy



Private industrial Parks



Infrastructure Projects



R&D units

Major highlights of the Policy



Preferential land allotment on fast-track basis for specified units



Government will facilitate land aggregation for Private Industrial Parks



Eligible projects - New, Expansion, Diversification



Special measures (40% of old P&M will be considered eligible) for projects relocating from other countries






Customized package available for Ultra Mega category projects of special importance for the state

Note - Option to avail sector wise policy is also available

UP IIEPP 2022 – Project categories

Eligible units and investment criteria

 Type of unit	 Eligible capital investment (ECI)*	 Eligible Investment Period
Large scale industrial unit	Above INR 50 Cr but below INR 200 Cr	Earlier of commencement of commercial production or 4 years
Mega scale industrial unit	INR 200 Cr or above but below INR 500 Cr	Earlier of commencement of commercial production or 5 years
Super Mega scale industrial unit	INR 500 Cr or above but below INR 3000 Cr	Earlier of commencement of commercial production or 7 years
Ultra Mega scale industrial unit	INR 3,000 Cr or above	Earlier of commencement of commercial production or 9 years

3 options for Industrial Undertakings to apply for Investment Promotion Subsidy ('IPS')

Capital subsidy in the form of -			
Base capital subsidy + Employment generation booster + Export booster + Ecosystem support booster	 OR	Net SGST reimbursement	 OR
			30% Top up on Production Linked Incentive (PLI) schemes of GoI

* Investment thresholds for various categories may be considered for revision by the UP Government

Opportunity 1: Development of OPPRI

Development of Organization for Promotion of Pharmaceutical Research and Innovation in Lucknow (OPPRI)

About the Project	<ul style="list-style-type: none">• A dedicated organization – "Promote Pharma" for engaging private sector in Pharmaceutical Research and Innovation has been established in Uttar Pradesh in the capital city of Lucknow• The provision of basic amenities to investors will be funded by a budget of INR 500 crore
Connectivity	<ul style="list-style-type: none">• Nearest airport is Lucknow International Airport, which is within 10 km from the institute.• The city of Lucknow is well connected through road with Delhi using the Agra Expressway and Yamuna Expressway.• It is also connected to Other regions in the state through the Purvanchal expressway and Bundelkhand expressway.
Infrastructure and Land availability	20 acres
Target Segment	National and Global Pharmaceutical Research Companies, Biopharma Companies, Startups in the Medical and Life sciences sector
Value proposition for the Investor	Start ups and Companies from Pharma, Biotechnology and MedTech sectors may use this platform to enhance R & D in the sector, Promote new Innovations, Develop patents having commercial value and overall achieve a faster time-to-market with new products development.

Opportunity 2: Development of Private Hospitals on PPP Mode

Private hospitals establishment in PPP mode

About the Project

- The project focuses on securing private investment for the advancement of healthcare facilities within the state of Uttar Pradesh, specifically targeting 18 identified districts.
- The development will be carried out under PPP framework, aiming to improve access to quality healthcare services for the residents of these regions.

Connectivity

- Road Connectivity: Uttar Pradesh has an extensive road network that connects its cities and towns. The National Highways (NH) and State Highways (SH) play a crucial role in linking major cities. Some key roadways include the Yamuna Expressway, Agra-Lucknow Expressway, and the National Highway 44 (NH44) that connects major cities like Agra, Kanpur, and Lucknow.
- Rail Connectivity: The Indian Railways network is highly developed in Uttar Pradesh, making it one of the best-connected states by rail in India. Major cities like Lucknow, Varanasi, Kanpur, and Allahabad have prominent railway stations that are well-connected to various parts of the country.
- Air Connectivity: Uttar Pradesh has 16 Domestic airports (9 operational & 7 under-construction) and 5 International airports (4 operational & 1 under-construction) that enhance air connectivity between cities.

Target Segment

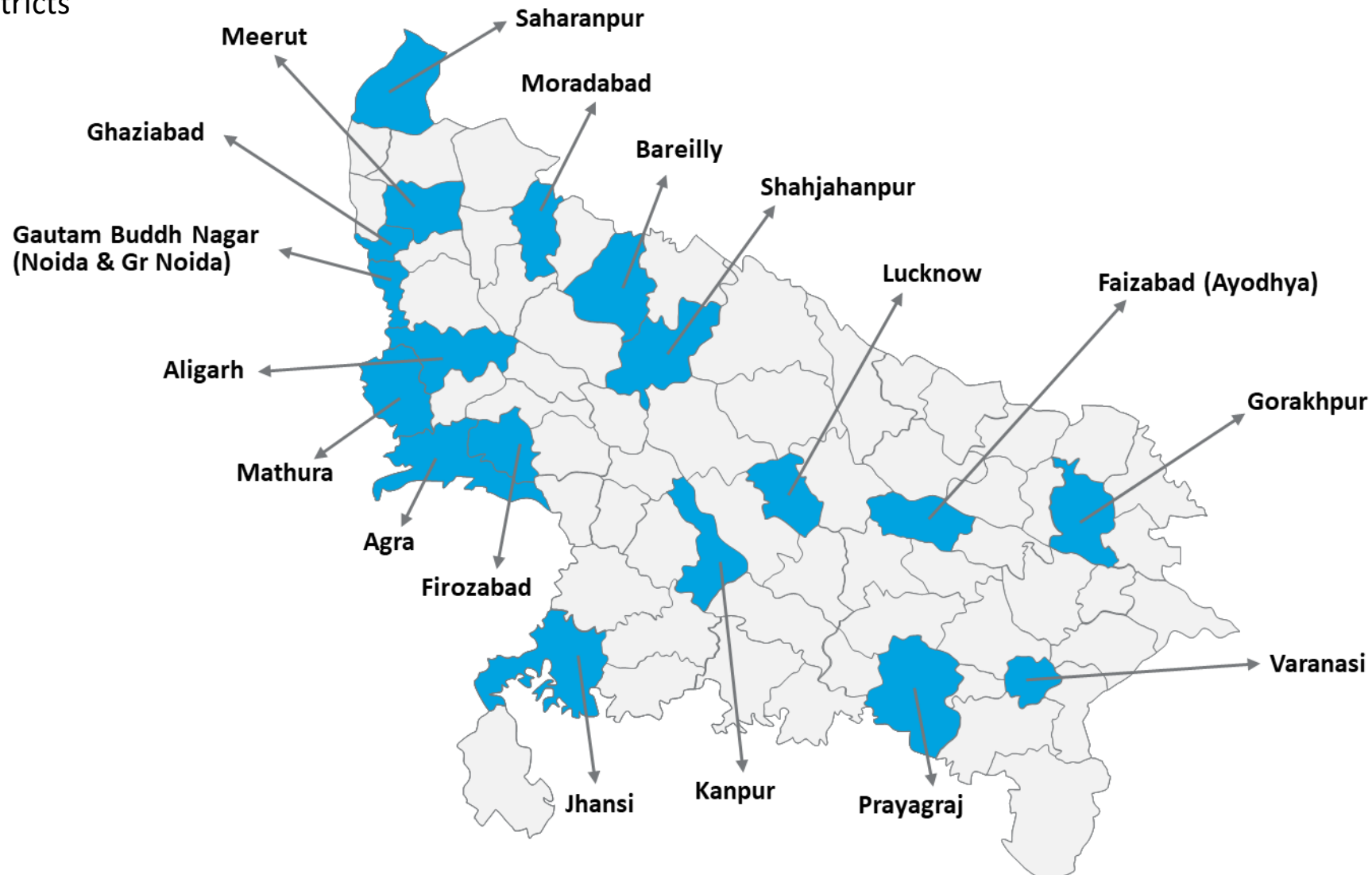
National and Global Chain of Hospitals, Renowned Doctors/existing hospital chains, Startups in the Medical and Life sciences sector

Value proposition for the Investor

The government stresses on mutual benefits which includes offering financial incentives, streamlining regulations, facilitating access to land and infrastructure, ensuring policy support, promoting collaboration and committing to a long-term partnership. The goal is to attract private investment and expertise improving the healthcare ecosystem in Uttar Pradesh.

Opportunity 2: Development of Private Hospitals on PPP Mode

Under scheme for support to attract Private Investment in the development of hospitals in the state of Uttar Pradesh, government has identified 18 Districts



Opportunity 2: Development of Private Hospitals on PPP Mode

Incentives for Private sector for Investment in the Healthcare Infrastructure and Services on PPP Model

S. No.	Parameter	Model 1: Leveraging Viability Gap Funding by Government of India	Model 2: State Government funded incentives		
		Mode A	Mode B	Mode C	Mode D
1	Capital Grant	Up to 80% of the total project cost as per VGF Scheme.(of which amount equivalent to 40% of the expenditure may be availed under the VGF Scheme)	40% of the total project cost	-	-
2	Operational Grant*	Up to 50% of the operational expenditure for the first 5 years (of which amount equivalent to 25% of the expenditure may be availed under the VGF Scheme)	Annual Operational Grant payable from Commercial Operation Date for each operational year during the Concession Period (Annual Operational Grant shall be escalated every year from 1st anniversary of COD at the rate of variation in CPI (IW) published by Ministry of Labour, GoI	Annual Operational Grant payable from Commercial Operation Date for each operational year during the Concession Period (Annual Operational Grant shall be escalated every year from 1st anniversary of COD at the rate of variation in CPI (IW) published by Ministry of Labour, GoI	Annual Operational Grant payable from Commercial Operation Date for each operational year till the expiry of 10th year from Commercial Operation Date during the Concession Period (Annual Operational Grant shall be escalated every year from 1st anniversary of COD at the rate of variation in CPI (IW) published by Ministry of Labour, GoI
3	Interest subsidy	Interest subsidy of 5% out of the Interest Rate (IR) on the capital cost for construction, funded from scheduled bank for an interest subsidy period of 5 (five) years, subject to maximum ceiling of Rs 1 (one) Crore per annum per hospital	Interest subsidy of 5% out of the Interest Rate (IR) on the capital cost for construction, funded from scheduled bank for an interest subsidy period of 5 (five) years, subject to maximum ceiling of Rs 1 (one) Crore per annum per hospital	Interest subsidy of 5% out of the Interest Rate (IR) on the capital cost for construction, funded from scheduled bank for an interest subsidy period of 5 (five) years, subject to maximum ceiling of Rs 1 (one) Crore per annum per hospital	Interest subsidy of 5% out of the Interest Rate (IR) on the capital cost for construction, funded from scheduled bank for an interest subsidy period of 5 (five) years, subject to maximum ceiling of Rs 2 (two) Crore per annum per 200 bedded hospital
4	Exemption on stamp duty	Rates as notified for Industries covered under UP Industrial Policy	Rates as notified for Industries covered under UP Industrial Policy	Rates as notified for Industries covered under UP Industrial Policy	Rates as notified for Industries covered under UP Industrial Policy
5	Other incentives	As per the extant policies by respective department	As per the extant policies by respective department	As per the extant policies by respective department	As per the extant policies by respective department
6	Land	Nominal rate of Re 1/- for lease	Nominal rate of Re 1/- for lease	-	-

1. Mode A; Mode B and Mode C are applicable to all areas across the state except areas to which Mode D is applicable (Municipal Corporation areas of 17 districts, Noida and Greater Noida)

2. *This incentive shall be paid over and above the reimbursement for healthcare services by the Government

Opportunity 3: Addressing the Need - Enhancing Cancer Care Services in Uttar Pradesh



Burden of Cancer in Uttar Pradesh

~ 2.45 Lakh Cancer Cases every year
1.6 % Annual Increase
Future Annual increase up to 3.2 %



Status of Preventive Care and Treatment System in place

- Less than 1 % eligible population screened for cancer in UP
- One Cancer Facility per 61 Lakh Population
- 1 Radiation Unit per 20 lakh population
- Only Few Medical Colleges and District Hospitals provide Tertiary Cancer case services



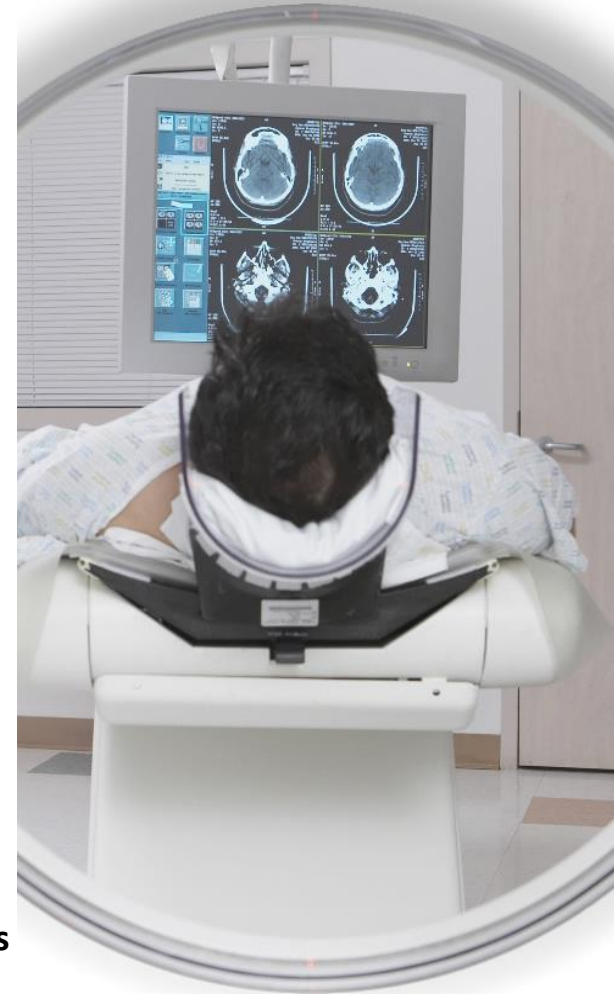
Why Cancer emerges as a big challenge ?

- More than 70 % Cases are identified Late
- High Mortality Rate
- Cost of Care increases 3 times in cases with delayed diagnosis



Cost of Cancer Treatment

- In Private Sector – Average 4-5 lacs per case
- Less than 5 % population is able to afford cancer treatment
- Only 27 % of annual cases identified are able to get treatment
- **Insufficient public Hospital system for cancer, Only 12 % cases are getting treatment in Govt Hospitals**



Opportunity 3: Addressing the Need - Enhancing Cancer Care Services in Uttar Pradesh



Govt Cancer Treatment Centres in UP

- Kalyan Singh Super Specialty Cancer Institute, Lucknow
- SGPGI, Lucknow
- National Institute of Cancer Prevention, Noida
- J K Cancer Institute, Kanpur
- IMS BHU, Varanasi
- Cancer Units in 12 District Medical colleges
- Average Travel to seek Cancer Treatment in UP – 200 kms
- ~4 -10 hours



Private Cancer Treatment in UP

- Lucknow Cancer Institute, Lucknow
- Medanta Lucknow
- Apollo Hospital
- Globe Hospital, Lucknow
- Sahara Hospital
- Other Oncologist run Cancer Centres

What is Needed ?

- Holistic System from Primary level to Tertiary Care Level
- 35 % Increase needed in Oncology Beds in UP In current scenario



Opportunity 4: Establishing C.T. Scan Facilities under PPP mode in the District Hospitals

Outsourcing Program by Department of Medical Health & Family Welfare, GoUP

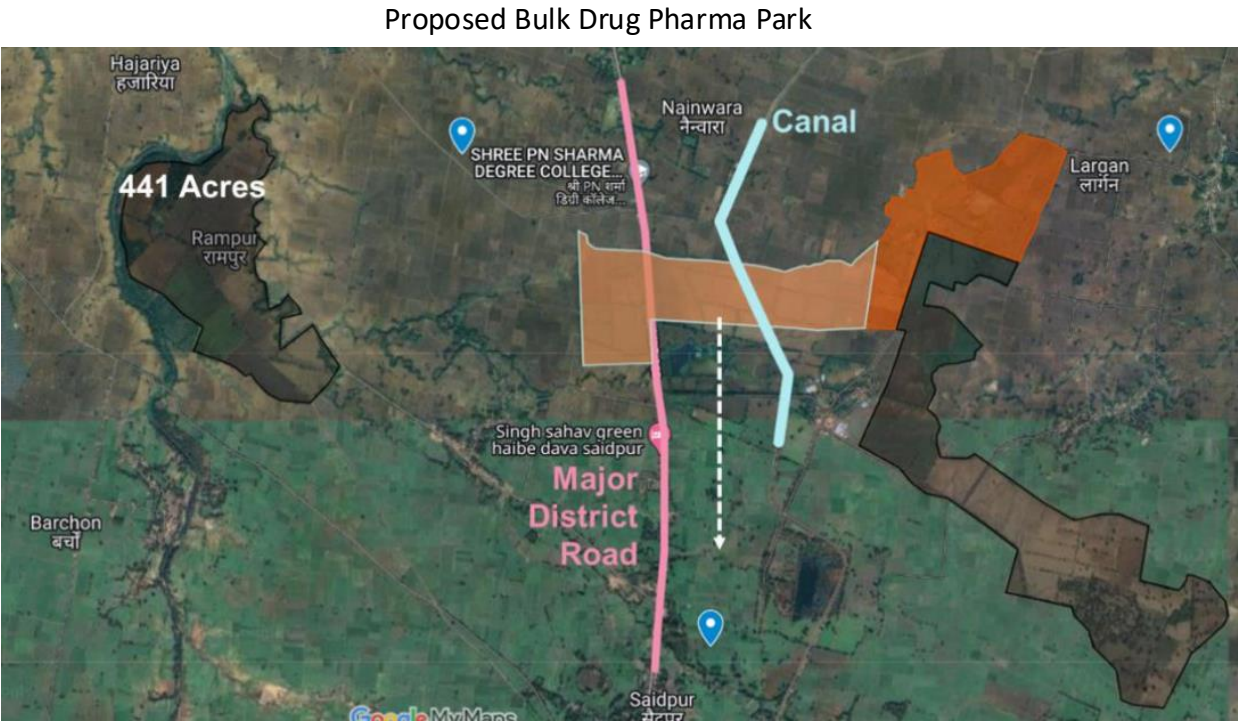
Objective

- To ensure greater access of the people to quality investigation facilities at affordable cost with a safety net for patients indigent in nature. Also, to ensure better diagnostic facilities in government hospitals and to reduce patient's dependence on private facilities

About the Project

- Earlier, no high-end diagnostics were present in the government hospitals. To improve this, the Government is reaching out to private vendors to install CT Scan facilities in hospitals:
 - The department will be providing cases to the vendor wherever such facilities are required
 - The private partner will be responsible for maintenance and security for the space provided to them for C.T. Scan services.
 - The private partner, at its own cost, would install C.T. Scan machines, furniture and all related and necessary equipment for operationalization of the services. The cost incurred by the private vendor will be reimbursed (case to case basis) by the Department
 - The facility would be installed under a tender process

Opportunity 5: Development of Bulk Drug Pharma Park at Lalitpur



- Government is planning for setting up of a bulk drug pharma park on around **1172 acres** in District Lalitpur on PPP mode.
- The proposed bulk drug pharma park shall provide easy access to world class Common Infrastructure Facilities to pharma and bulk drug units.
- It would significantly serve as a State manufacturing powerhouse for pharmaceutical products like bulk drugs, Key Starting Materials (KSM), Active Pharmaceutical Ingredients (API) etc.

Tender Details

Tender ID	2024_SIDC_916253_1
Name of the Project	Developers for Development of Bulk Drug Pharma Park in district Lalitpur in Uttar Pradesh on PPP mode on 1,172 Acres
Schedule of Bidding process	<ul style="list-style-type: none">• Pre-bid meeting - 2nd April 2024, 11AM• Last date for Bid submission – 22nd April 2024 upto 4PM• Opening date of EOI – 23rd April 2024 at 4PM

Link: [eProcurement System Government of Uttar Pradesh \(up.nic.in\)](https://eprocurement.up.nic.in)

Opportunity 6: Development of Medical College Infrastructure

Building Tomorrow's Healthcare Leaders: Enhancing Medical College Infrastructure	
About the Project	<ul style="list-style-type: none">Uttar Pradesh, a state with a population of approx. 24 Crores, has a doctor-to-population ratio of 0.37 per 1000 population which is much lower than the WHO-recommended standard of 1:1000.(Data Source - Rural Health Statistics 2020-21 ,National Health Profile -2021)GoUP has a scheme for Govt support to Private incentive in Development of Medical Colleges in Underserved Districts59 out of 75 districts in UP have a Medical College in it. Process of starting Medical Colleges in 10 out of 16 underserved districts in UP is currently underway through PPP Mode / VGF funding approved by GoI.
Locations	<ul style="list-style-type: none">Mahoba, Mainpuri, Baghpat, Hamirpur, Hathras and Kasganj
Infrastructure and Land availability	<ul style="list-style-type: none">Land will be provided by the Govt in the identified districts
Target Segment/ Focus Areas	<ul style="list-style-type: none">Establishment of Medical College in 06 underserved districts

Opportunity 7: Setting up of E-HEALTH initiatives & Analytics ecosystem

Transforming Healthcare through Digital Innovation and Data Analytics

About the Project

- GoUP is currently providing Telemedicine services through eSanjeevani Hub and Spoke Model in the state of UP to the citizens of the state across various specialties
- A total of 17,528- Spokes (Health and Wellness Centres), 4,921- Hub cum Spokes (Primary Health Centres, Community Health Centres, and Identified District Hospitals) and 30 Hubs (Identified Medical Colleges) are operational in the state of UP. The existing system caters to an approximately 45,000 General tele-consultations daily across different levels of health facilities in the state.
- eSanjeevani Portal is the singular platform currently being used for facilitating telemedicine consultations in UP.

Existing Schemes

- GoUP provides funding support for implementation & outreach of Telemedicine services in the state as part of its Annual Project Implementation Plan (PIP).
- Specialty Telemedicine services are also being provided in UP in identified health facilities in PPP mode. GoUP is currently engaging 02 Private Companies (Apollo Healthcare and Pawanshree Medicare for providing Specialty Tele-Consultation services. Similarly, Teleradiology services is being provided by Apollo Healthcare across more than 100 CHCs in the state of UP

Infrastructure and Land availability

- Land Available at identified Medical Colleges and / District Hospitals of UP

Target Segment/ Focus Areas

- Infrastructural and Capacity Strengthening of Telemedicine services in the state of UP on a Distributed Hub Model
- Development of State of Art Tele-hubs in UP including HR Support

Opportunity 8: Establishing Health Infra for Initiating advanced procedures in public health facilities in PPP Mode

Advancing Public Health: Collaborative Infrastructure for Cutting-edge Care

About the Project	<ul style="list-style-type: none">The project focuses on initiating advanced procedures in Govt Medical Colleges (GMCs) / Autonomous State Medical Colleges (ASMCs) in PPP Mode in UP. This will ensure greater access of the people to cost intensive advanced diagnostic, radiotherapy, surgical and other treatment procedures and make available quality investigation facilities at affordable cost for patients in the state. It will also ensure availability of advanced diagnostic/treatment facilities in government hospitals and reduce patient’s dependence on private facilities
Existing Schemes	<ul style="list-style-type: none">GoUP is already providing many advanced diagnostic and treatment services in PPP mode in various districts in UP. It includes providing Dialysis Services and CT Scan facility in all 75 Districts in UP. Additionally, Tele radiology services as well as POCT pathology services are also being provided in PPP mode in the state.
Infrastructure and Land availability	<ul style="list-style-type: none">Land available at identified Govt Medical Colleges (GMCs) / Autonomous State Medical Colleges (ASMCs) in UP
Target Segment/ Focus Areas	<p>Setting up of High Value Medical Infra which could be then made operational in PPP Mode in GMCs /ASMCs in UP</p> <ul style="list-style-type: none">Infra Dev of Trauma Centres in UP (This activity has also been added in supplementary budget)Infra Dev for Establishing Radiotherapy Units in UPInfra Dev for Cancer Linear Accelerator(LINAC) machinesInfra Dev for PET Scan Machines for cancer care diagnostics.Infra Dev for CATH LAB establishment in UP



Contact

Sumit Khanna
Partner

Nirav Pujara
SME

Sandeep Negi
SME

Abhishek Sood
Director

Email:
inpjparamup@deloitte.com

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