

## INDIAN HOSPITAL SECTOR

Private sector investments driving capacity growth; outlay of Rs. 40,000 crore seen over FY2026 to FY2030 towards 34,000+ bed additions

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*Several large players in the Indian hospital sector have announced sizeable expansion plans across locations. While most of these bed additions are likely to be across metro cities, ICRA notes that tier II and III cities will also see traction.*



In India, the private sector accounts for about 62-63% of the total number of hospitals and 59-60% of available hospital beds. Public healthcare spending remains low at around 3-3.5% of India's gross domestic product (GDP) and there are challenges such as overcrowding of patients and a sparse availability of public healthcare facilities in both rural and urban regions. As a result, dependence on private hospitals remains high and is likely to continue over the medium term.



To capitalise on the demand-supply gap, large private hospital players are undertaking sizeable capacity expansions. Cumulatively, ICRA's sample set of 18 large hospital chains is expected to add over 34,000 beds during FY2026–FY2030, translating to a cumulative 48-50% addition over their existing capacity as on March 31, 2025. However, this translates to about a 2.3-2.5% addition to the existing total private hospital bed capacity in India. Nonetheless, this hints at an improving market share position of these large hospital chains.



Around 42-44% of these bed additions will come up in North India, followed by about 31-33% in the South. Western India will account for around 16-18%, with the East and Central India bringing up the rest.



Further, more than 13,400 beds (around 38-40% of the total planned bed additions) are estimated to be added in tier II and III cities, while the balance will be in metro cities.



This capital expenditure (capex) is estimated to be a mix of greenfield and brownfield expansions, which will lead to an outlay of approximately Rs. 40,000 crore between FY2026 and FY2030. The same is likely to be funded through a mix of internal accruals, equity fund raise, existing cash balances and incremental debt.



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