Healthcare emerges as India's next big growth engine

FROM capacity expansion to quality-led growth-the Indian healthcare story is fast evolving. India's healthcare sector is no longer merely a defensive play driven by demographics. It is fast emerging as one of the country's most compelling structural growth stories, propelled by rising incomes, greater health awareness, expanding insurance coverage and sustained policy support. If current trends hold, healthcare delivery may well become one of the defining pillars of India's next phase of economic growth.

The Indian healthcare delivery market, valued at around Rs 7 trillion in FY25, is estimated to have expanded to nearly Rs 7.6-7.8 trillion in FY26. Looking ahead, the sector is projected to grow at a healthy 10-12 per cent compound annual growth rate through FY30, taking the market to Rs 11.2-12.2 trillion. Such growth is not cyclical; it is structural.

Today's growth is being driven by a far broader and more sophisticated mix. Routine treatments, elective surgeries and outpatient consultations continue to witness strong traction. At the same time, specialised segments such as critical care, renal care, oncology, neurology and orthopaedics are expanding rapidly as India grapples with the twin challenges of an ageing population and a rising burden of lifestyle diseases. Interestingly, while outpatient departments (OPDs) continue to account for significantly larger patient volumes, inpatient departments (IPDs) remain the principal revenue generator, contributing nearly 71-72 per cent of the market by value in FY26. This reflects the increasing complexity of medical interventions, higher adoption of advanced technologies and longer treatment pathways for chronic diseases. Yet the real transformation extends beyond market size. It lies in the changing architecture of healthcare delivery itself.

The government's initiatives, particularly the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY), have significantly expanded financial access to healthcare for millions of households. Simultaneously, increased public investment in healthcare infrastructure has strengthened the broader ecosystem. These initiatives are creating demand while also encouraging private providers to expand into newer geographies. The private sector, accordingly, is expected to account for nearly 69 per cent of healthcare treatments by value by FY30, up from 64 per cent in FY20. This growing role should not be viewed as a retreat of the public system but as recognition that India's healthcare challenge is simply too vast for either sector to address independently. Public-private partnerships, rather than competition, will increasingly define the future.

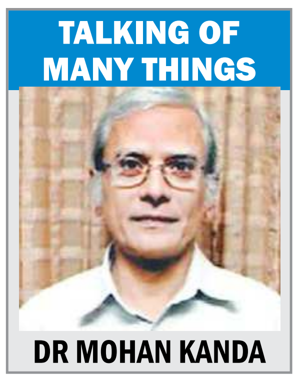
However, sustained growth cannot be taken for granted. India's healthcare infrastructure continues to face significant capacity constraints outside major metropolitan centres. Tier-II and Tier-III cities remain underserved in speciality care, while shortages of trained doctors, nurses, technicians and allied healthcare professionals continue to limit expansion. Technology can bridge part of this gap through telemedicine, artificial intelligence-enabled diagnostics and digital health platforms, but human capital will remain the sector's most critical resource.

As private healthcare expands, policymakers must ensure that quality improvements do not translate into excessive cost escalation. Transparent pricing, stronger insurance penetration, value-based care models and greater regulatory oversight will be essential to maintain public trust. The coming decade will be about building a healthcare ecosystem that is accessible, affordable, technologically advanced and outcome-oriented. The next chapter will be written not merely by rising patient volumes or expanding revenues, but by the country's ability to deliver quality healthcare to every citizen. If policy, private investment and innovation continue to move in tandem, healthcare could become one of India's most resilient engines of inclusive economic growth.

FCRA Bill: Walking the fine line

The new FCRA framework aims to curb misuse of foreign funds while ensuring legitimate organisations continue to serve society

TALKING OF MANY THINGS



DR MOHAN KANDA

GOVERNMENTS, whether national or provincial, and across countries, have long re-alised that the "government alone" approach will not suffice if the delivery of goods and services is to be effective. Non-government actors are vital for success-fully rolling out government programmes and delivering essential services to grassroots and vulnerable communities where state infrastructure falls short. Act-ing as last-mile delivery agents, non-profit organisations, social enterprises and private entities bridge critical gaps across several key sectors to ensure that citizens are able to access the benefits and subsidies intended for them. Like-wise, Busi-ness Correspondent Networks disburse pensions, wages and social security benefits, functions that understaffed rural banks find difficult to perform. They also help marginalised individuals navigate government portals, open bank accounts and apply for crucial identity documents. It is also common for enterprises to train and deploy community health workers, such as Accredited Social Health Activists and Anganwadi facilitators, to deliver maternal healthcare, nutritional supplements and immunisation reminders, supply medicines, operate mobile clin-ics and facilitate local health camps to reach tribal and remote populations.

All such organisations and groups cannot, on their own, find the wherewithal to fund their activities. The Central and State governments have many programmes in whose framework special provisions are available to promote and encourage the participation of NGOs in the delivery of goods and services. There are, in addition, many other sources, such as donations from individuals and groups, crowdfunding and corporate social responsibility initiatives.

Funds made available by individuals and organisations in foreign countries un-doubtedly form a welcome addition to the available resources in developing countries. In the case of India, however, only about 7 to 10 per cent of the fund-ing available to NGOs comes from such sources. The question that arises, there-fore, is whether NGOs need to go to the trouble of reaching out to agencies and individuals abroad. The answer would appear to be in the negative, considering the insignificant share such contributions form in the overall scheme of things. It is, therefore, not without reason that excessive dependence on such foreign resources is viewed with suspicion and distrust by the authorities concerned.

Foreign funding in India is not merely an issue relating to the regulation of in-flows of funds. It is the danger of vested interests using that route to advance ob-jectives inconsistent with national policy or public interest that needs to be recognised and guarded against.

The fact remains, however, that no offer of help, no matter how small, deserves to be treated with indifference or contempt. Thus, to the extent that the proposed Bill promises to ease the receipt of foreign funding while holding out the threat of strict action where the objectives of organisations are questionable, it deserves to be welcomed.

The Foreign Contribution (Regulation) Amendment Bill, 2026, introduced in the Lok Sabha on March 25, 2026, proposes structural changes in the manner in which the Government of India regulates the affairs of foreign-funded non-governmental organisations (NGOs).

While the government says that the legislation is necessary to improve transpar-ency and safeguard national security, civil society groups and opposition parties argue that it creates an over-centralised framework that threatens the operations, and even the very survival of NGOs.

One of the important features of the Bill is that it establishes a Designated Author-ity to close legal gaps regarding how physical infrastructure cre-ated through for-eign funding is handled. By envisaging stricter checks on the utilisation of foreign money, it aims to prevent foreign influence from dictating local narratives or fuelling anti-national activities and forced religious conversions. An independent appellate body, it is felt, would protect the integrity of organisa-tion cannot simply opt out of, or voluntarily surrender, its FCRA licence without forfeiting the assets it built using foreign contributions in the past.

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The government can also exempt organisations from the provisions of the Bill in the public interest. It, however, neither identifies any differentia that dis-tinguishes such organisations or persons from those to whom the law applies, nor establishes a rational nexus between such exemption and the object sought to be achieved. Critics fear that this provision may lead to discriminatory application.

the law while sparing gen-uine organisations from avoidable disruption. The newly launched FCRA 2.0 platform also offers a real opportunity to simplify compliance and move towards risk-based supervision. Fixed timelines for the receipt and utilisation of funds un-der the "prior permission" category replace open-ended frameworks, seeking to ensure that grants are utilised quickly and transparent-ly. Law enforcement agen-cies and State governments will now need to obtain prior approval from the Cen-tral government before launching FCRA-related investigations, a move that will curb erratic or localised harassment of organisations. The proposed reduction in prison sentences indicates a softer approach towards penalties for non-compliance.

The Bill, however, also raises many concerns. For example, a highly controver-sial provision allows the State to seize, transfer or permanently sell the physical assets, such as buildings and equipment, of an NGO if its registration ceases pure-ly through administrative channels without prior judicial approval. Critics argue that this threatens constitutional rights to property. The Bill also provides that an organisation's FCRA status auto-matically lapses if its registration expires or its re-newal remains pending. Critics note that bureaucratic delays could paralyse func-tional NGOs and trigger immediate asset seizure without any proven misconduct. Because cessation triggers the vesting of assets with the government, an

Among the other provisions perceived as undesirable or unduly restrictive is the proposed limitation of foreign funds to heavily policed "reasonable activities", which could cut off overseas funding for groups involved in human rights advocacy, policy research, legal aid or constitutional awareness. The rules could also be weaponised to disproportionately target minority-run charitable bodies and churches.

Every sovereign nation has both the right and the responsibility to regulate for-eign capital flowing into organisations that shape public life. The United States, Australia and several European democracies have comparable regimes. The issue is not whether foreign funding should be regulated, but whether such regulation is proportionate, predictable and efficiently administered. While the general im-pression is that tight FCRA rules have hollowed out Indian development work, the numbers tell a different story. NITI Aayog's NGO Darpan portal lists roughly six lakh voluntary organisations, of which only about 14,500 hold active FCRA registration. Foreign contributions have themselves doubled over the decade, from about Rs 10,000 crore to around Rs 22,000 crore. The sector has clearly not been starved of money from abroad. One needs to appreciate the spirit that appears to inform the Government of In-dia's move. It is akin to what Mahatma Gandhi must have felt when he gave the clarion call for "Swadeshi" goods during the freedom movement; a call for the people of the country to embrace the concept of national self-reliance and translate into reality the economic and moral independence they expected from free-dom. It is, in other words, a determined effort to rid the country of foreign fi-nan-cial influence and its pernicious impact on India's agenda, democratic processes and public discourse.

On the other hand, it also needs to be appreciated that not everything foreign is necessarily bad. Even the imperial powers that ruled India, such as the Mughals, the Portuguese, the French and the British, left behind positive legacies before they departed. The Mughals put in place an excellent land revenue system and unified many parts of the country under a single centralised administration, making India one of the richest economies of its time.

The French, in turn, left behind a unique cultural and architectural legacy, partic-ularly in Puducherry. The Portuguese introduced crops such as chillies, potatoes and tomatoes, modern printing technology, and a distinctive architectural style. Similarly, but on a much larger scale, the railways, the telegraph and postal ser-vices and the judicial and civil services are what the British left behind, as invalu-able and permanent assets, before they left. They also established the Survey of India and the India Meteorological Department, organisations that continue to play vital national roles.

I have the privilege and honour of being a Trustee of the prestigious Durgabai Deshmukh Andhra Mahila Sabha in Hyderabad. It is in the context of an ongo-ing discussion within the organisation on the desira-bility of seeking FCRA regis-tration that I thought it appropriate to share my views with readers.

(The writer was formerly Chief Secretary, Government of Andhra Pradesh)

Robot teacher trial sparks debate on AI's classroom role

Experts say empathy and student well-being still require human teachers

Louise Starkey & David Moltow

> Sally is not the first robot to be proposed for classrooms. Non-humanlike robots (such as "Nao") have been trialled in classrooms before. For exam-ple, they have been used to help students learning languages in Japan, South Korea, Europe and East Asia. They have also been used in technolo-gy classes when teaching skills such as coding. Tools such as Alexa, which responds to voice commands, have also been trialled in primary classrooms in New Zealand

A New York school district made global headlines this week for plans to trial a humanoid robot named "Sally" in high school classrooms. Sally has lifelike sili-cone skin, long brown hair, and the ability to move her arms, head, and face while seated. According to the manufacturer, she uses "natural conversation, faci-al expressions and real-time interaction". She is programmed to be a stationary classroom teaching assistant and would work as a chat-bot to answer student and teacher questions. She would also be available to students 24/7 as a digital avatar online. Following concerns about student privacy and data storage and tracking, the project has been paused. But how far away are we from having human-like robots or AI-enhanced avatars as routine features of the school class-room?

Robots are not new to classrooms

Sally is not the first robot to be proposed for classrooms. Non-humanlike robots (such as "Nao") have been trialled in classrooms before. For example, they have been used to help students learning languages in Japan, South Korea, Europe and East Asia. They have also been used in technology classes when teaching skills such as coding. Tools such as Alexa, which responds to voice commands, have also been trialled in primary classrooms in New Zealand. Here, results varied by age. Younger children had difficulty asking questions in the right format to get the answer they were seeking. Older students tested the limits of the technology, testing social interactions like joke telling or seeking unusual responses.

Teachers are also increasingly turning to generative AI for administrative tasks to save time, while chatbots are now regularly used in schools in Australia. For ex-ample, South Australia and New South Wales have introduced their own genera-tive AI tool for students and teachers. This growing day-to-day familiarity is like-ly to lower the barrier to more advanced, human-like technologies entering class-rooms.

Here to help

Research on AI-based avatars (which chat like a human but only exist online) found they can have a positive effect on learning. They can provide on-demand academic support by individualising learning. For example, patiently going over a maths problem, step-by-step. They can also help self regulation by teaching strategies and repeatedly encouraging students to apply these over time. For ex-ample, "before you start this equation, take a deep breath". Students have also re-ported experiencing less pressure and anxiety when interacting with AI tutors, which are often perceived as less judgemental than teachers.

But we still need real teachers

A robot can simulate warmth, deliver curriculum flawlessly, and never get tired or need a break. However, evidence indicates the most effective role for these technologies when they are used alongside teachers, rather than replacing them. For example, a 2026 meta-analysis of 146 studies on social robots (robots that have a physical presence in the classroom) used to teach cognitive skills, found they could improve learning outcomes, especially when they could personalise responses. But this was only when a teacher was present. But robots used as teacher substitutes could not manage the complexity of the classroom content, re-spond to spontaneous student behaviours or handle unforeseen occurrences. Re-search also tells us children and young people learn best when they are engaged not just cognitively, but with other people.

They need interactions that build trust and instil confidence they are seen, known and cared about by their teachers and peers in human ways that make sense to all involved.

Data, privacy and beyond

There are safety concerns as well with this technology. As a robot interacts with a child, the interac-tion is recorded. This allows the robot to provide targeted and per-sonalised responses. When pro-grammed with generative AI, the data may be accumulated and used to inform future interactions with other students. But this creates risks around data privacy, storage and tracking. It also leads to other ques-tions about who programs and then controls the programs for the robots, and to what end? What happens if the program or data is hacked?

Can kids learn empathy from a robot?

Teachers are in a significant po-sition of trust, in charge of vulnerable children and young people. There are legislative frameworks and teacher registration boards that regulate teachers' professional behaviour but does not extend to robots. Teachers are obliged to identify, protect and foster students' best interests. This requires them to make nuanced judgements about individual learning needs, be-haviour and wellbeing. This can be difficult to capture in fixed rules or instruc-tions, or robot program-ming. As researchers have noted, this also raises concerns about children's development if they are interacting with simulated rather than genuine care and empathy.

What's next?

We are not going to have human-like robots in classrooms tomorrow. But the developments out of New York show how they might be a serious option for the future – particularly amid ongoing concerns about teacher shortages and work-loads. If we are going to move further in this direction, there are tough questions to answer. We will need teachers present to make sure they are being used in ways that help and protect students as they interact and learn.

(The writers are as-sociated with the University of Tasmania, Australia)

The road to 2047 runs through reform

India's ambition to become a developed nation will hinge on sustained economic growth, structural reforms

Vincent Fernandes

AS India aims for developed-country status by 2047, its path forwards demands overcoming economic challenges in labour, education, trade and regulation. India can achieve lasting economic and social transformation by 2047, but it requires sustained annual GDP growth of 7% to 10%, massive job creation, and major structural reforms.

Earlier this year, Prime Minister Narendra Modi announced that India aims to achieve developed-country status by 2047, the centenary of its independence from the British Empire. This ambitious goal, which could transform the Indian economy and reshape the global economic landscape, has generated widespread excitement.

But reaching this milestone is no small feat. Conservative estimates suggest that India's per capita income growth would need to outpace China's by 3.5 percent-age points each year to meet Modi's 2047 target. While India has experienced strong annual growth of six to eight percent in recent years, the economy is al-ready showing signs of slowing. Moreover, even if a slowdown can be averted, sustaining this growth momentum over the next two decades will be challenging.

India is a country of extremes. It has a thriving software industry, and its bio-metric identification system, Aadhaar, has enabled the government to co-ordinate public services for the world's largest population. And India is home to world-class universities, particularly the Institutes of Technology and Institutes of Man-agement.

But India's shift from rural to urban employment has lagged behind most devel-oping countries, exacerbating inequality. While the country has 167 billionaires, more than 129 million people still live below the poverty line. These disparities extend to the education system, where over half of the country's fifth-grade stu-dents struggle to read at a second-grade level.

But although the country's GDP growth accelerated, it never matched the rapid pace of China's economic rise. In its latest World Economic Outlook, the Interna-tional Monetary Fund estimated India's per capita income at $2,730, compared to China's $13,140.

Despite China's current econom-ic challenges, most analysts expect it to achieve developed-country status by the 2040s. For India to do the same, it must address several glaring economic weaknesses. But given that the pace of reforms has slowed over the past decade, it is unclear whether it can muster the political will to pursue the changes needed to meet the 2047 target.

Four areas require urgent attention: labour, education, trade and regulation. In-dia's restrictive labour laws, which make it extreme-ly difficult to fire workers, present a particularly serious policy challenge.

"Lessons from countries like Chile, Korea and Poland show how they have suc-cessfully made the transition from middle- to high-income countries by deepen-ing their integration into the global economy," said Auguste Tano Kouamé, World Bank Country Director. "India can chart its own path by stepping up the pace of reforms and building on its past achievements."

More private and public investment (increasing the real investment rate from around 33.5 per-cent of GDP to 40 percent by 2035) will be fundamental to long-term growth. The report notes actions such as strengthening financial sector regu-lations, removing con-straints to formal credit for micro, small, and medium en-terprises (MSMEs), and simplifying foreign direct investment (FDI) policies will be critical.

The report recommends incentivizing the private sector to invest in job-rich sec-tors like agro-processing manufacturing, hospitality, transportation, and care economy. This requires targeted strategies for labor-intensive sectors, a bigger skilled workforce, greater access to finance and fostering an innova-tion-driven economy.

One major driver of India's earlier economic reforms was the loosening of tight controls on foreign trade and capital flows. But under Modi's 'made in India' policies, the country has reverted toward protectionism, imposing tariffs and erecting other import barriers while subsidizing the domestic production of essen-tial goods. This protectionist turn casts a shadow over India's growth prospects. Without a rapid expansion of labour-intensive industries and exports, it is doubt-ful that the country can maintain the growth rate needed to achieve developed-country status by 2047.

Currently the share of agriculture in employment is 45 percent. Allocation of land, labor and capital to more productive sectors, like manufacturing and ser-vices, can help raise firm and labor productivity. Strengthening infrastructure, adopting modern technology, streamlining labor market regulations and lowering the compliance burden on firms will further drive productivity and competitive-ness.

The state of the global economy in 2050 will partly depend on how quickly and effectively India implements these changes. Given the right policies, the country could reach high-income status by 2047. Otherwise, it risks remaining a middle-income country plagued by low productivity and sluggish growth. From the dawn of Independence in 1947 to the vision of a developed India in 2047, every generation has contributed to India's remarkable story.