

The Indian Surgical Equipments, Medical Devices & Pharmaceutical Machineries Industry

Overview

India is now the limelight for its expertise in some segments of the medical devices sector. Owing to its high growth potential in terms of domestic manufacturing and global exports, the Medical Devices, Surgical Equipments and Pharmaceutical Machineries has emerged as the '*Sunrise Sector*' of India. India Brand Equity Foundation (IBEF) and EEPC India under the aegis of Ministry of Commerce and Industry, Government of India have identified the medical devices as one of the four focus sectors under the 'Brand India Engineering'.

The 'Brand India Engineering' is an initiative being implemented by IBEF and EEPC India under the aegis of the Ministry of Commerce and Industry, in close cooperation with the industry to enhance India engineering exports, by highlighting and showcasing *Made in India* products and their capabilities in the global market. The initiative involves 360° approach in promoting branding of Indian engineering products.

The Indian medical devices industry is currently valued at around US\$ 5 billion which is 2% of the US\$ 250 billion industry. The overall healthcare industry in India is valued at USD 90 Billion which is expected to reach US\$ 220 billion by the year 2020. Thus India's medical devices, surgical equipment and pharmaceutical industry is poised to grow significantly in the coming years and emerge cost effective supplier of the products to the whole world.

The Indian surgical equipment, medical device and pharmaceutical machinery industry is fragmented with close to 1,800 domestic firms who are predominantly MSMEs, primarily competing in the range of low to medium technology products. However, in recent years there has been a paradigm shift in the manufacturing landscape and which now have expanded for producing more cost-effective to number high end products including hi tech R&D and testing in the sector.

The domestic market caters to low-value disposables and supplies space, whereas importers dominate the costly and high end medical equipments with extensive service networks.

The Indian medical devices industry is a sunrise segment in the healthcare space. With focus on technology, innovation and a conducive regulatory framework, this sector will attract investments from the private sector. This would help Indian companies to become originators rather than traders.

International companies in this field are also using India as a manufacturing base by either setting up facilities of their own or by acquiring domestic manufacturers. Some examples include 3 M's manufacturing plant in Pune, Becton Dickinson's manufacturing facility in Haryana, Hollister's setting up manufacturing facility in India and Philips Medical Systems' acquisition of Medtronic and Alpha X-Ray Technologies.

Recent initiatives taken by the Government of India are:

- i. The Government has launched voluntary scheme 'ICMED' or Indian Certification of Medical Devices to bring international respect to medical devices which are made in India.
- ii. With effect from January 1, 2016 the Government has scrapped the requirements of obtaining a 'No Objection Certificate' from the Ministry of Health for exports meant to developed countries. This is because these nations have scrutiny mechanism before importing from India, and since our exporters take due approvals from importing countries, this additional information is not required.
- iii. 100% FDI has been allowed in order to promote world class manufacturing and enhance competencies in the local manufacturing. Existing companies or setting up of new companies are allowed to bring FDI under automatic route in the medical devices sector. FDI inflow will spur R&D and manufacturing innovations, in turn increasing the efficiency and effectiveness of medical electronic products. Advancement of medical electronic product quality and associated successful diagnostic rates are expected to create a spurt in adoption.
- iv. National Medical Device Policy 2015 focuses on R&D, testing and quality for domestic manufacturing.
- v. The Government of India unveiled start-up policy aiming to encourage entrepreneurs in overall manufacture of goods and services. The policy in itself has covered significant benefits such as barriers to the entry have been diluted, a large corpus of seed funds have been earmarked, tax benefits have been extended and regulatory requirements have been significantly done away with.

- vi. To stimulate domestic manufacturing, the Government of India has announced (on 19th January 2016) withdrawal of earlier concessional import duty. Notification on Chapter 90 items and restricting this Concessional Duty to only 12 Medical Devices of this notification whereby the custom duties have been increased from 5% (0%) to 7.5% as earlier and SAD of 4% have been re-imposed on 67 items of the 117 items identified as Medical Devices.

- vii. In order to boost self-sustaining industry oriented R&D mechanism, the Ministry of Commerce and Industry has undertaken an initiative for technological upgradation for boosting engineering exports. Wherein, 34 products at 8 Digit HS Code tariff lines in the medical devices have been identified, having significant global export potential. These products are mainly related to Chapter 90 i.e Optical, Photographic Cinematographic Measuring, Checking Precision, Medical Or Surgical Inst. and Apparatus Parts and Accessories etc.

- viii. Government has announced that it would open three medical devices parks. The 200 acre park is being established in Vishakhapatnam, by Government of Andhra Pradesh. Similarly, the Maharashtra Government is considering a 200 acre park in Mihan, Nagpur, Maharashtra

- ix. The Department of Commerce and EEPC India is organizing series of Technology Meets across major engineering exports clusters in year 2016-17. Some of the major medical devices manufacturing clusters like Ahmedabad, Rajkot, Bangalore, Delhi NCR etc also covered in the planned calendar of meets. The engineering enterprises of these clusters are being provided platform to connect with the leading R&D Labs and strengthen their manufacturing and export capabilities.
