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Cabinet approves promoting domestic manufacturing of medical devices

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For financing Common Infrastructure Facilities in 4 Medical Device Parks with financial implications of Rs. 400 crore



The Union Cabinet chaired by the Prime Minister, Narendra Modi has approved the following schemes:

1. The scheme on Promotion of Medical Device Parks for financing Common Infrastructure Facilities in 4 Medical Device Parks with financial implications of Rs. 400 crore.
2. The Production Linked Incentive (PLI) Scheme for promoting domesticmanufacturing of medical devices with financial implications of Rs. 3,420 crore.

The expenditure to be incurred for the above schemes will be for the next five years i.e. from 2020-21 to 2024-25.

Promotion of Medical Device Parks

1. Medical Device is a growing sector and its potential for growth is the highest among all sectors in the healthcare market. It is valued at Rs. 50,026 crore for 2018-19 and is expected to reach to Rs. 86,840 crore by 2021-22. India depends on imports up to an extent of 85% of total domestic demand of medical devices.
2. The Scheme aims to promote Medical Device Parks in the country in partnership with the States. A maximum grant-in-aid of Rs.100 crore per park will be provided to the States.

Production Linked Incentive Scheme

1. The Medical Device sector suffers from a cost of manufacturing disability of around 12% to 15%, vis-a-vis competing economies, among other things, on account of lack of adequate infrastructure, domestic supply chain and logistics, high cost of finance, inadequate availability of quality power, limited design capabilities and low focus on R&D and skill development, etc. There is, thus, a need for a mechanism to compensate for the manufacturing disability.
2. The Scheme aim to boost domestic manufacturing by attracting large investments in medical device sector. Under the Scheme, incentive @ 5% of incremental sales over base year 2019-20 will be provided on the segments of medical devices identified under the Scheme.

Implementation:

The Scheme for Promotion of Medical Device Parks will be implemented by a State Implementing Agency(SIA). The PLI Scheme for promoting domestic manufacturing will be implemented by a Project Management Agency (PMA) to be nominated by Department of Pharmaceuticals. The target is to provide financial assistance for Common Infrastructure Facilities for 04 Medical Device parks. The target for PLI Scheme is to provide assistance to about 25-30 manufacturers under the following categories of medical devices: -

1. Cancer care/Radiotherapy medical devices,
2. Radiology & Imaging medical devices (both ionizing & non-ionizing radiation products) and Nuclear Imaging Devices,
3. Anesthetics & Cardio-Respiratory medical devices including Catheters of Cardio Respiratory Category & Renal Care Medical Devices and
4. AII Implants including implantable electronic devices like Cochlear Implants and Pacemakers.

Impact:

Under the sub-scheme for Promotion of Medical Device Parks, Common Infrastructure Facilities would be created in 4 Medical Device Parks, which is expected to reduce manufacturing cost of medical devices in the country.