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As lockdown gets extended, Medical device sector needs urgent govt. support: MTaI

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Supply of medical devices is an essential service to manage the COVID-19 pandemic in India but persistent financial and logistical bottlenecks are creating operational challenges for the sector. The situation has not improved much even after partial lifting of nationwide lockdown from 20th April, as a result of which factories and warehouses of our member companies are either shut or operating at 20-30% capacity. As the lockdown gets extended for another 2 weeks, these challenges will continue to impede the supply of medical devices unless the industry gets support from the government.

Current hospital occupancy is only 30% because of restrictions on elective surgeries and demarcation of capacity for COVID-19 patients. As a result, the hospitals are facing a steep decline in revenue. This is having a domino effect on medical devices sector as its overall revenues are depressed deeply and its payments are not coming on time.

This is compounded by a sharp increase in operational expenses for the Medtech sector. It is having to pay surge prices to transport medical devices to healthcare providers as only limited transportation facilities are available. Additional costs are being incurred on maintaining health safety of its workforce as well.

Pavan Choudary, Chairman and Director General of Medical Technology Association of India said, “Medical devices sector has always been the backbone of in-patient healthcare. Despite numerous challenges, it has shown commitment and resilience in the face of adversity and has ensured uninterrupted supply of medical devices to hospitals. But the challenges are only increasing for the sector as it braces for the extension of the lockdown. There is an urgent need for intervention from the government to help the Medtech sector recover and continue fulfilling its role in ensuring critical care services in the country.”

MTaI seeks following assistance from the government:

Release pending payments to providers: We urge the government to release the pending payments, currently close to Rs 1,700 crore, to all healthcare service providers enrolled in healthcare schemes like Central Government Health Scheme and Rashtriya Swasthya Bima Yojana. There are cases where payment is pending for more than 5 years. The release of payment will facilitate the required cash-flow in the healthcare industry.

Give tax exemptions: We request the government to consider giving tax and duty exemption (GST, Basic Customs Duty) to the medical device industry to cope with the liquidity challenges during this time.

Revoke health cess: The government should revoke the additional 5% health cess on all medical devices or at least on those which are used in treatment of COVID-19 patients. More than 130 medical devices -from Specimen Collection & Management devices like swabs, Safety Arterial Blood Gas Syringes to in-patient devices like PPE, oxygen masks, catheters, cardiac monitors to infection control devices and respiratory care devices are used in COVID-19 treatment.

Give loan assistance: Make zero interest working capital loans available where need be with the necessary collaterals to medical devices companies as the country needs a fully functioning Medtech sector to handle this health crisis.