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Medical device industry to get new policies

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As per reports, the government is planning to consider a separate policy for allowing 100 percent Foreign Direct Investment (FDI) in the manufacture of medical devices, through the automatic route.

Currently the industry comes under the Drugs and Cosmetics Act, and the FDI is governed by the same rules that apply to the pharma sector. Though the government allows 100 percent FDI in pharma, it differentiates between setting up a new facility and the expansion of an existing one. FDI for a new facility is allowed through the automatic route but this has to be approved by the foreign investment promotion board and the competition commission of India.

"Unlike pharma, FDI in medical devices will be essentially in greenfield (new) projects because there is no question of brownfield (expansion)," an official said. He added, "The government realizes that the medical devices industry has suffered due to a lack of specific norms and policy. Investments in greenfield medical device projects have been impacted because of the clubbing of the industry with pharma. A separate policy will certainly boost investment and generate interest in the sector."

A report by the Confederation of Indian Industry (CII) highlights that the Indian medical technology industry has the potential to expand to $50 billion by 2025, if it receives appropriate policy support from the government. It is worth $6.3 billion at present.

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