

CII's take on medical device duty implications in budget totally unfounded: AIMED

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"Nothing can be further from truth. CII's assertions is absolutely unfounded, misleading and totally against PM Modi's vision of 'Make in India'," said Mr Rajiv Nath, Forum Coordinator of Association of Indian Medical Device Industry (AIMED), the largest industry body of medical device manufacturers in India.

AIMED has strongly refuted the assertions made by CII that raising import duty will hurt consumers' interest and would be detrimental to Indian medical device industry or Indian consumers.

Mr Nath in a statement said that he was rather aghast that a respected industry body like CII has permitted itself to be misused by groups who are inimical to country's long term interests and did not want domestic manufacturing to take off in India.

He further pointed out that duty rationalization by lowering the duty on raw materials and increasing it on finished devices will not only create a level playing field between imports and domestically manufactured goods but will also give the much needed impetus to domestic manufacturing. He added that duty rationalization will also attract MNCs to set up manufacturing units within the country rather than continuing with their preferred route of imports to market their products in India.

"If government really wants to realize the PM's vision of 'Make in India', it needs to correct the flawed legacy duty structure which made us an import dependent nation in the critical sector of medical devices," said Mr Nath.

Mr Nath asserted that the tactics of spreading false alarm about dramatic rise in prices of medical devices if import duties were raised was dishonest aimed at camouflaging the truth and ground realities.

"Fact of the matter is that nobody really knows for sure what the MRP of imported devices are? And MNCs and some

unscrupulous importers have been artificially hiking up prices on imported goods, promising supernormal margins to retailers and hospitals to capture market share. Such unhealthy practices have been the major cause for skewed prices of medical devices in the

country while leading to near complete annihilation of domestic manufacturing," said Mr Nath adding that, "Government or consumers should not get hoodwinked by such false assertions and self-serving interest groups."

Mr Nath added that it seems the agenda of some influential industry associations is to ensure total annihilation of domestic manufacturing and perpetuate the regime of complete import dependency in the critical sector of healthcare.

"Some influential industry bodies need to rethink their priorities - whether they are with PM's 'Make in India' vision or with MNCs and unscrupulous importer lobbies who would like to see India remaining import dependent. It's a question of India and Indians' long terms interests vs ensuring profitability for the few," said Mr Nath.

AIMED for quite some time now has been voicing its concern about the perilous level of import dependency in the critical sector of USD 5 billion medical device industry, which today is as high as 80 per cent due to myopic and lopsided duty regime pursued by previous governments, which encouraged imports at the cost of ruining domestic manufacturing and innovations.

"It does not require rocket science to understand that if import duty is lower on finished products and higher for raw materials; making these products within the country will naturally be more expensive than imports then why will anybody including MNCs manufacture in India. I don't understand as to why CII is trying to spread flawed rationale," said Mr Nath.

"And anyway how can Indian consumers suffer if medical devices start getting manufactured within the country in large scale. Its like saying we would have been better off, if we had remained import dependent for items like medicine, cars, refrigerators or even food. It's a weird logic," said Mr Nath.

He added that besides the ultimate price advantage of domestic manufacturing, we must not lose sight of concomitant benefits like large scale employment creations, development of our own exports which will come with domestic manufacturing.

Mr Nath also pointed out that lopsided duty structure has also been a major drain on country's foreign exchange reserves and this situation will only worsen if flawed inverted duty structure is not rationalized even as industry is expected to grow to USD 30 billion by 2022. Regulatory loopholes concerning imported goods have also been a major cause for artificial price hikes of medical devices in the country due to non-application of certain norms - such as mentioning of MRP - which are applicable on domestically manufactured products but not enforced on imports on their unit packs.

"Levy of 1% excise duty would be deterrent for increase of MRP and will make reversal of artificial increase of MRP possible," said Mr Nath.