

BioSpect

the business of Bio

24 years of leveraging the business of Bio
www.biospectrumindia.co

Looking at reasons for high growth of medical devices industry

12 October 2020 | Views

The government has taken various steps to ensure price and quality competitiveness in the medical devices sector



The Indian medical device industry which constitutes around 4% of the healthcare industry has been growing steadily from around \$2 billion in 2009 to nearly \$4 billion in 2015, which makes it a CAGR of over 15%. The Indian medical devices market will grow to \$50 billion industry by 2025, which sets the stage for high growth for the device industry.

India is among the top 20 global medical devices market. Equipment and instruments (surgical and non-surgical) form the most important segment, 53% of the Indian medical device industry in India. A look at the reason for the high growth for the device industry,

Favourable government policies

To boost investment in multiple sectors, government eased FDI policies, and allowed up to 100% Foreign Direct Investment in medical devices industry through the automatic route in 2015. 'Make in India' initiative and most recently, the PM's clarion call of 'Atmanirbhar Bharat' which is an ideal launch pad for a large-scale investment in local manufacturing, will also attract foreign investment. Taking advantage of this lucrative opportunity, an increasing number of MNCs are setting up their base in India. There are a variety of medical device clusters that have emerged thanks to a supportive state-government level policy, also due to the availability of skilled labour, more is in the works like the upcoming medical park in Jodhpur city of Rajasthan, apart from this there are a couple of medical device parks planned across India, including Andhra Pradesh, Telangana, Tamil Nadu, Maharashtra and Gujarat.

Growing demand from increasing population

With the rising population, and availability of healthcare services and medical infra, the demand for medical devices is also growing in sync. With an increasingly ageing population, there will be greater demand for better health care facilities and medical devices. Also, with an outsized number of personal players entering the market with superior products and services has led to a rise in the number of hospitals, diagnostic centres and specialized facilities. Demand from overseas patients as India becomes a hub for medical tourism due to the affordable prices at which these services are available when compared to the international peers. Most of the private hospitals in India score high on quality and accreditation at par with international standards.

Penetration of insurance

The advent of health insurance, cashless Mediclaim policies and most importantly the Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana has helped many to avail medical services. Some insurance policies come with a cover for pre-illness expenditure, diagnostics etc. The concept of health insurance has made expensive treatment possible for many middle-class people who opt for a high coverage amount. The government's flagship scheme AB-PMJAY which aims to provide benefit to nearly 40% of the country's population or 50 crore people. This a big number and will expand the horizon for healthcare sector in India.

Improving medical infra

The trend of improving medical infrastructure in India, availability of healthcare services across India has increased the demand for medical equipment. The private medical infrastructure and services were long the mainstay, at least for people who could afford high priced services in India, but with favourable government policies, welfare schemes even public healthcare system is improving across India to provide services to the poor and the marginalized to realize the dream of Universal healthcare access for all citizens of the country.

Regulatory focus on quality

Numerous steps taken by the government like accreditation of hospitals before empanelling them for Ayushman Bharat Pradhan Mantri Jan Arogya Yojana, government directly procuring critical medical devices at a competition price to avoid any shortage at hospitals. These steps taken by government authorities have ensured that not only the quality of medical devices is kept at par but also the steady demand.

One of the foremost critical policies is that the Draft National Medical Device Policy – 2015 that was proposed to strengthen the Medical Devices sector by reducing dependence on imports, thereby giving impetus to the 'Make in India' initiative. Under this Policy, a single-window mechanism is going to be provided to the industry to not just specialize in self-reliance, but also work towards making India the worldwide hub of production in medical devices. The policy entails interest sops for MSMEs, power tariff concessions, initial capital and minimum or no duty on raw materials, among others.

The government has taken various steps to ensure price and quality competitiveness in the medical devices sector, further, a task force was constituted to implement a variety of recommendations, including the segregation of medical devices from drugs with 15 categories of medical devices regulated as drugs. The new set of regulatory practices ensures Ease of Doing Business like, doing away with periodic renewal of licenses, manufacturing and import licenses are going to be valid until it's suspended or cancelled, culture of self-compliance by manufacturers of medical devices.

Satyendra Johari, Founder & Chairman, JDHL, Jodhpur