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Booming Indian medical devices and diagnostics market hits Rs 89k Cr for 2020-21

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The medical device sector in India suffers from a considerable cost of manufacturing disability



The pandemic has propelled the growth of the local medical devices and diagnostics market during 2020-21, with domestic players making a huge difference in offering essential medical devices at unbelievable prices (varying between ¼ and 1/10 of the imported products). With this, the overall Indian market for medical devices and diagnostics stands at Rs 89,171 crore for 2020-21 registering a growth of 15 per cent as against 8 per cent growth of the previous year.

The overall Indian market for medical devices and diagnostics stands at Rs 77,540 crore for the year 2019-20. In 2018-19 the overall market was Rs 72,000 crore growing at 7 per cent over the previous year's market size of Rs 66,400 crore. According to Invest India, the National Investment Promotion and Facilitation Agency of India, the country's exports stood at $2.51 billion and imports at $5.6 billion in 2019-20. It noted that the overall import dependency is over 75 per cent.

As per the Directorate General of Commercial Intelligence and Statistics (DGCI&S) report India's export of medical and surgical instruments stood at Rs 10,220 crore for 2020-21 whereas imports stood at Rs 30,699.59 crore for 2020-21 period. Currently, India is exporting ventilators, PPEs, diagnostic kits, sanitizers and surgical gloves (2/3 ply). According to the annual report 2020-21 by Engineering Export Promotion Council (EEPC), India's medical and scientific instruments exports have dropped by 2.87 per cent to $1.717 million in 2020-21 against $1.768 million. This drop is mainly because of fulfilling the requirements at the local market.

The pandemic has pushed India to increase its import of medical ventilators, Extracorporeal membrane oxygenation (ECMO), Continuous Positive Airway Pressure (CPAP) units, Continuous Positive Airway Pressure (CPAP) units, Oxygen concentrators, Oxygen humidifiers for oxygen therapy applications, Oxygen delivery devices to supply oxygen from the device to the patient significantly as imports have registered a growth of 71.71 per cent to Rs 2,334 crore in 2020-21 from Rs 1,359.64 crore in 2019-20.

Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, whether or not put up in the form of kits also witnessed a significant growth of 74.65 per cent with imports touching a figure of Rs 6,431.79 crore for 2020-21 against Rs 3,682.64 crore for 2019-20.

India's imports of Pulse oximeters have increased by just over 7.36 per cent to Rs 518.25 crore in 2020-21 as against Rs 482.74 crore. Similarly imports of immunological products, put up in measured doses/forms/packings, for retail sale have increased by 6.13 per cent to Rs 1,274.87 crore in 2020-21 against Rs 1,201.28 crore in 2019-20.

In medical oxygen space, the imports have dropped by 54.53 per cent to Rs 1.49 crore in 2020-21 from Rs 3.29 crore in 2019-20. The downward movement was also witnessed in Colorimetric end tidal CO2 detector by 20.65 per cent to Rs 2,228.96 crore in 2020-21 from Rs 2,808.89 crore in 2019-20. The downward trend continued to instruments and appliances used in medical, surgical, dental or veterinary sciences as imports stood at Rs 10,785.42 crore for 2020-21 from Rs 12,513.02 crore, down by 13.81 per cent.

The medical device sector in India suffers from a considerable cost of manufacturing disability vis-à-vis competing economies, inter alia, on account of lack of adequate infrastructure, domestic supply chain and logistics, high cost of finance, inadequate availability of power, limited design capabilities, low focus on research & development (R&D) and skill development, etc.

To boost domestic manufacturing, attract large investment in the medical device sector, the Department of Pharmaceuticals had launched a Production Linked Incentive (PLI) Scheme for Promotion of Domestic Manufacturing of Medical Devices to ensure a level playing field for the domestic manufacturers of medical devices with a total financial outlay of Rs 3,420 crore for the period 2020-21 to 2027-28. These investments will go a long way in supporting the growth of the industry and to become AtmaNirbhar in the next few years.

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