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Low R&D spending constrains MedTech innovation in India: Exim Bank Study

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Study on building technological capabilities in India's medical devices industry



India's medical devices industry stands at a critical juncture. While the country has made significant strides in manufacturing and exports, achieving technological self-reliance will require a shift from low-value production to innovation-led growth.

Key findings from the Exim Bank Study, *"Building Technological Capabilities in India's Medical Devices Industry,"* are as follows:

Domestic manufacturing is gaining momentum- Production of medical and dental instruments more than doubled from Rs 162.6 billion in 2019–20 to Rs 348.7 billion in 2023–24 (21.0% CAGR), while production of irradiation, electromedical, and electrotherapeutic equipment rose from Rs 70.8 billion to Rs 113.9 billion (12.6% CAGR).

Exports are growing but not reducing import dependence- Medical device exports increased from \$4.7 billion in 2019 to \$6.9 billion in 2024 (8.1% CAGR), outpacing global growth (7.7%). However, the trade deficit widened from \$2.9 billion to \$4.9 billion, reflecting continued reliance on imports.

Technology gap remains the core challenge- Exports are concentrated in low- and medium-technology segments such as consumables (37.2%) and PPE (29.8%), while imports are dominated by medium-tech instruments and high-tech equipment. Low R&D spending further constrains innovation.

Global market presence remains limited- India accounts for only ~1% of high-technology exports, 1.3% in low-tech, and 0.7% in medium-tech segments, indicating significant untapped potential.

High-potential product opportunities identified- The study highlights 11 *Product Champions* (\$1.4 billion India exports vs. \$45 billion global market) where India has export competitiveness and exhibits strong global demand and 68 *Underachievers* (\$3.7 billion vs. \$576 billion globally), indicating substantial scope to expand exports in high-demand segments.

Strategic roadmap aligned with National Medical Policy 2023- In line with the National Medical Devices Policy 2023 target of achieving a 10–12% global market share by 2047, the study outlines measures to build a technology-driven, high-value manufacturing ecosystem.

Key policy recommendations include strengthening domestic production of critical components; improving MSME access to finance; scaling public–private R&D partnerships; upgrading testing and certification infrastructure; developing specialized medical devices clusters and med-tech parks; deepening industry–academia collaboration.

Market expansion opportunities exist in high-growth markets such as Mexico, Brazil, Canada, Russia, Vietnam, Hong Kong, Saudi Arabia, and Singapore, leveraging recently signed FTAs with Australia, UK, EU, EFTA, New Zealand, UAE, Oman among others, alongside digital and AI-driven innovation in product and services.