

## Healthcare Sector to reach over \$280 bn by 2025: NATHEALTH

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NATHEALTH, Healthcare Federation of India, an apex body for the healthcare sector partnered with Deloitte to present imperatives and develop recommendations for actualizing 'Make in India' for the medical devices industry and released 'Code of Ethics' in collaboration with Indian Medical Association (IMA).

"The healthcare sector is expected to reach \$145 billion by 2018 and over \$280 billion by 2025. Though India's healthcare sector has evolved significantly in the last decade, challenges exist in providing access to quality healthcare in the country," said Mr Anjan Bose, secretary general, NATHEALTH.

"Lower financing and expenditure on healthcare, inadequate healthcare infrastructure and dual diseases burden are key challenges faced by the sector," added Mr Bose.

Medical technology cost in setting up a tertiary care hospital amounts to 30-40 percent. Cost of medical technology/equipment/devices is 20-25 percent of total healthcare cost for a patient.

"Given the increasing demand for healthcare and the critical role of medical devices in providing affordable and accessible health, the time is right to align the eco system to view medical devices as a strategic driver. The 'Make in India' initiative is the perfect opportunity to create a step change in Indian healthcare and especially in the medical devices industry," said Ms Charu Sehgal, partner and Life Sciences and Healthcare Leader, Deloitte India.

The medical devices market is estimated to grow organically at 15 percent to \$8.6 billion by 2020. Though the current domestic medical devices market represents only 1 percent of the global market, India is among the top 20 in the world and among the top 4 in Asia (after China, Japan, South Korea). The medical devices market has grown at 10 percent in the past

decade and is expected to have an organic growth of 15 percent in the medium-term against global industry growth of 4 - 5 percent," informed Mr Sushobhan Dasgupta, president, NATHEALTH.

Industry estimates that India's medical devices market has the potential to become \$50 billion industry by 2025 when the contribution of India to the incremental medical devices industry growth would become substantial at 31 percent.

While export of medical devices has been increasing, 'local innovation' by MNCs and domestic manufacturers is expected to drive growth. Medical devices exports have been growing at a CAGR of 12 percent which indicates a promising domestic manufacturing industry, added Mr Dasgupta.

As the demand for medical devices increases, India is expected to contribute significantly to the growth of global medical devices industry. MNCs like General Electric, Philips, Medtronic, Siemens etc. have been increasing their manufacturing footprint and research centers in India both for Indian market as well as for exports.

Newer markets are opening up due to India-based innovation. USA, Africa, Middle East, China and South East Asia are a few key export destinations from India. India presents a good opportunity for companies to de-risk their business from dependency on one manufacturing location and tap potentially huge domestic market at the same time.

Given the criticality of medical devices for growth of the healthcare sector and challenges faced in medical devices manufacturing, it is imperative for the stakeholders in the medical devices and the larger healthcare ecosystem to constructively engage with the Government to facilitate 'Make in India' for the medical devices industry, emphasized Mr Bose.

The Government can shape the growth of indigenous manufacturing in its role as a policymaker, development agency and buyer of medical devices. NATHEALTH-Deloitte recommends incentivize medical devices manufacturing - Provide CENVAT/Duty credit on raw materials of medical devices, enable concession duty, VAT parity with imported equipment; facilitate FDA or FDA equivalent certifications for ensuring quality.

NATHEALTH asks for separate regulations for medical devices and stresses on state specific incentivization for manufacturing. Trust deficit and unethical practices being a major issue of healthcare industry, NATHEALTH has also developed 'Code of Ethics' in collaboration with Indian Medical Association (IMA) which was released at the event.

Ms Preetha Reddy, vice chairperson, Apollo Hospitals and the Champion of the Code of Ethics Initiative at NATHEALTH said, "Over the last few decades, our country has witnessed a revolution in medicine. There is a much greater understanding of diagnosis and treatment of diseases, medical care has become lot more accessible and affordable, technology is changing the care paradigm, innumerable lives have been saved, and the noteworthy aspect is that at the core of all this positive progress is the resolute commitment to provide superlative patient care. The private sector has worked with the government to bring in quality standards in the country and now the time is right to bring in a change in the way the private healthcare sector is being perceived. This initiative, a voluntary Code of Ethics initiated by NATHEALTH, a model of self-regulation resonates with this valued goal and it speaks of intent for continuous improvement."

Dr KK Aggarwal, Honorary secretary general, IMA explained, "The Code is intended to provide guidance to the members with regards to their conduct and interactions with patients/end users, and other stakeholders so as to ensure that their daily activities, efforts and interactions are undertaken in an ethical, honest manner within the parameters of law for the advancement of healthcare and improved patient care in India."