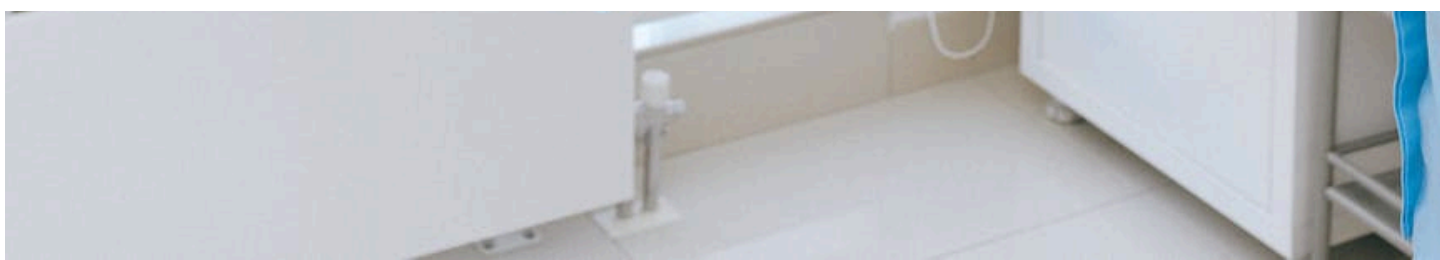




The Indian  
**MEDTECH**  
**INDUSTRY**





# OVERVIEW

## Industry Snapshot



Valued at **USD 10 billion**  
in 2019

Source: Biospectrum



Growing at a CAGR of **15%**

Source: Biospectrum



**80%**  
Medial devices used in India  
are imported

Source: NCBI, Healthcare costs and medical devices



**15%**  
of India's medical device  
imports comes from the USA.

Source: NCBI, Healthcare costs and medical devices



**4th** Largest MedTech market in  
Asia

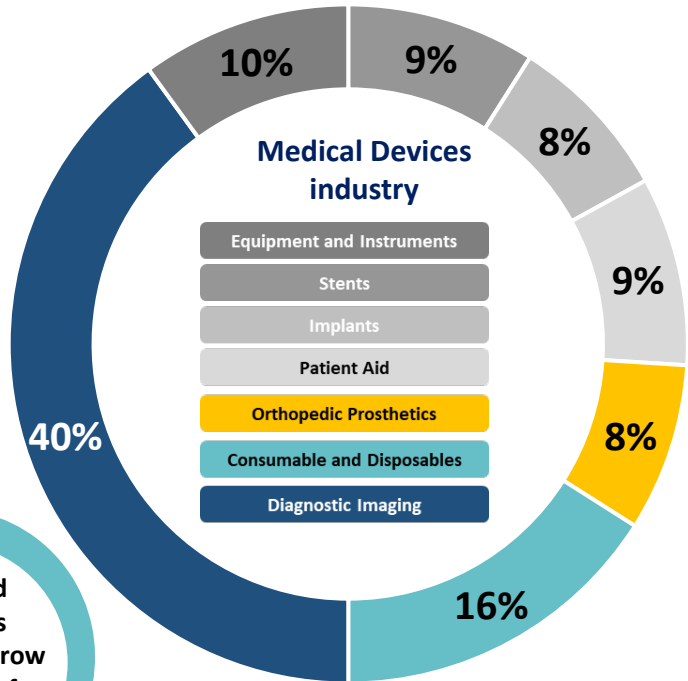
Source: FICCI

### Key characteristics of the Indian medical device market

- The medical device industry was accorded the status of an independent industry in 2014 when it was included as one of the focus sectors of the Make in India program.
- The per capita spend on medical devices in India is the lowest among BRIC countries at USD 3—when China is at USD 7, Brazil is at USD 21 and Russia at USD 42. This current under-penetration of medical devices in India represents a sizeable growth opportunity.
- The consumable segment account for 65% of medical devices manufactured by 800 domestic medical device manufacturers in India

## Market Segments and Share

The medical device industry accounts for 6% of the Indian healthcare industry.



Source: National Healthcare Federation of India

Diagnostic imaging is expected to grow at a CAGR of **13%**.

Patient aid segment is expected to grow at a CAGR of **19%**.

Consumables and disposables is expected to grow at a CAGR of **14%**.



Source: Media releases, Economic Times, National Healthcare Federation of India

## Current Market Space

Medical device manufacturing parks in the states of Andhra Pradesh, Telangana, Gujarat and Maharashtra.

Start-up ecosystem built by Innacel's SinuCare, Forus Health and Archira Lab, develop affordable products and cater to the needs of India's low-income population.



MRI and CT scan machines are highly demanded due to the expanding nature of the diagnostic service market in India.

Increasing R&D in the medical device sector. For example, Smith & Nephew's ReSTOR Prosthesis was conceptualised and manufactured in India. It is now sold all over the world.

Increasing demand of refurbished medical devices in the Tier II and Tier III cities.

Make in India allowing India to be a part of the Global Supply Chain. ECG machines introduced by GE Healthcare is an example.



Source: Media releases, Economic Times, BioSpectrum, National Healthcare Federation of India



## GROWTH DRIVERS



**Growth in non-communicable and chronic diseases**

Non-communicable diseases—46 million diabetes patients, 62 million heart disease patients and 23 million patients of Chronic Obstructive Pulmonary Disease—are expected to comprise more than 75% of India's disease burden by 2025.



**Ageing population**

India's old population is expected to reach 200 million by 2025 and 300 million by 2050.



**Increasing health insurance coverage**

Health insurance coverage is expected to reach 655 million by 2020. As a result, household expenditure on healthcare is expected to increase by 13% by 2025.



**Focus of Make in India**

Medical device is one of the 25 focused sectors identified by the Indian government as a part of the Make in India initiative.



**Increasing medical tourism in India**

A campaign like 'Heal in India' provides synergies to Make in India. It has allowed significant expansion and upgradation of healthcare infrastructure in the country.



**Increasing Income and awareness**

The rise of the middle-income group with a higher discretionary income along with increasing level of awareness for better and healthier lifestyle has been a driving force.





## Opportunities in India

Existing clusters for consumables in Haryana, stent in Gujarat and Karnataka, and diagnostic in Tamil Nadu clubbed with Indian's Make in India and rising rank in the Ease of Doing Business list allows companies to consider India as a manufacturing hub.



Nearly 50% of utilisation of devices in diagnostic is noted for MRI/CT scan machines across India.

GE Healthcare, Phillips, Siemens are the companies which are most preferred in India. Indian healthcare market looks for quality and after sales support. Companies producing MRI and CT scans can hence find an opportunity to enter the Indian market.

The growth of Medical Parks across states like Andhra Pradesh, Telangana, Maharashtra, and Gujarat allows companies to invest in R&D in India along with manufacturing. Success stories of GE Healthcare, Phillips in the domain holds testament for the available prospects in India.



India's impetus on Make in India and Heal in India induces a demand for automation industry, AI systems and precision industry in the Indian manufacturing ecosystem, creating a scope for foreign companies to enter the market.

The growth of point-of-care testing induces an opportunity for companies producing portable instruments—blood glucose meters, nerve conduction study device—and test kits—CRP, HbA1c, homocysteine, HIV salivary assay—and plastic cartridge manufactures companies to enter the Indian market.

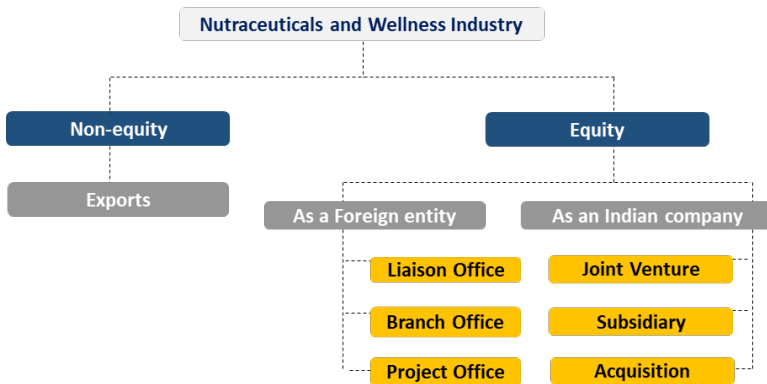


Healthcare delivery companies to see an option to enter the Indian healthcare market. With companies moving towards manufacturing high end products in the future, the demand for healthcare delivery companies will increase in the sphere of formulating new innovations, support manufacturing ecosystem, and improves accessibility and reach leveraging business models.



## MARKET ENTRY

### Market Entry Route

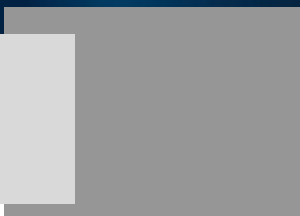
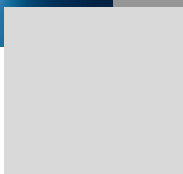
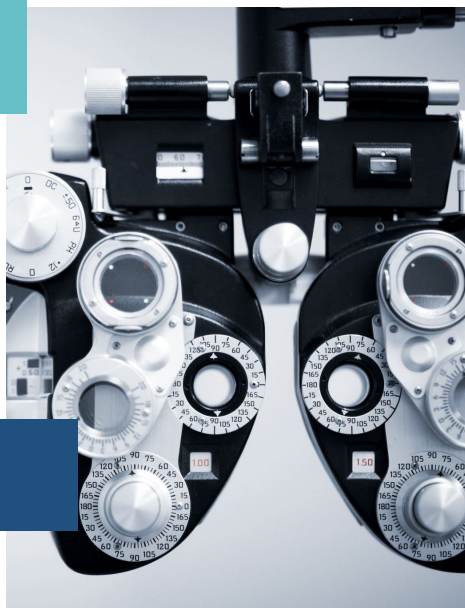


Foreign companies are suggested to access the Indian market through an indirect route. Companies can enter the India market by exporting their products by establishing contacts with national or regional distributors. This allows companies to analyse the market—the demand of customers, the response of the customers—and gauged what the future opportunities will look like.

Medical device companies that have already been approved in USA, Europe, Canada, Japan or Australia can legally sell in India. Prior to exporting, firms must file a technical dossier with the CDSCO clearly stating the type of devices and their associated risks. Devices with high level risks require a longer dossier.

In order to export to India, foreign companies can either set up a branch office to oversee operations or seek help of a distributor to catch a hold of the market channels and customer base. Once the company has established a strong customer base, it can further establish stronger hold by partnering with an Indian company (joint venture).

The foreign companies are required to navigate through the Drugs and Cosmetics Act, 1940, the Drugs and Cosmetics Rules, 1945, and the Medical Device Rules, 2017, before exporting to India. Certain medical devices—Disposable hypodermic syringes, cardiac stents, heart valves, orthopedic implants, ablation devices and more—are considered Notified Medical Devices by the Drugs and Cosmetics Act, 1940 and are subjected to additional scrutiny.



## T&A's POINT OF VIEW

The focus on design-to-cost and a robust manufacturing ecosystem makes India a suitable destination for design-led-manufacturing of medical devices.

So far, Indian players have developed expertise in manufacturing products in consumables and implants. India is slowly shifting focus from manufacturing of low and mid-tech products towards developing capabilities for design and manufacturing of high-tech products. As India continues to innovate and develop new technologies, global demand and potential provide India with an opportunity to become a major participant in the global supply chain of medical devices.

Healthcare delivery companies will play an important role in the future growth of the medical sector. Going forward, the Indian medical device industry will depend on healthcare delivery companies for innovations, designing, support in manufacturing ecosystem and business models for better reach.