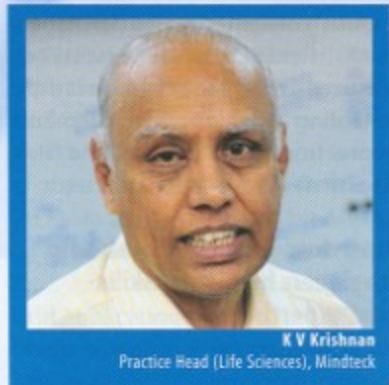




Medically Yours

Imran Mirza explores the current status and future of medical device manufacturing in India



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Medical device manufacturing has great potential in India. However, there are certain challenges that have to be conquered by the industry, before it makes any headway. KV Krishnan – Practice Head (Life Sciences), Mindteck shares his views with Imran Mirza.

What is the current state of medical device manufacturing in India?

Indian medical device and supplies market is estimated at about \$2,750 mn. The market for low-value medical supplies and disposables is dominated by domestic manufacturers, and the costly and high-end medical equipment market is dominated by MNCs. Though the demand of these equipment is in double digits, the local production is minimal as compared to the requirement, thus, leading to increased imports. The majority of the Indian medical device market is dominated by medical, dental and surgical

instruments and appliances, which are used in specialties such as ophthalmic, dental and other physiological classes.

How are Indian manufacturers faring compared to their foreign counterparts?

Though the market for medical supplies and disposables is dominated by the domestic manufacturers, most of them are in the unorganised market. The high-end medical equipment market totally depends on imports. Medical demand for supplies such as bandages and disposables such as syringes, needles and catheters together, which constitute 20 percent of the total market, is largely met by local production. The fast-growing segment is the largest medical equipment segment, which is still largely dependent on imports. Focus on academic know-how, which is very essential to develop any medical device, has not been prioritised in India. In fact, no local academic know-how is available for this sector in India,

primarily because our educational and R&D planning have not been directed towards this.

R&D is crucial for medical device manufacturing; what should be the approach of manufacturers in India?

There is no R&D institute catering to the needs of the medical device industry in India. Support system for R&D is very essential, and currently the state of R&D in India for medical devices is not in any way comparable with the Western manufacturers. Private equity towards R&D is also not realistic. The quality consideration and stringent compliances that regulate the medical devices market in the advanced countries are totally missing in India. The Western countries mostly depend on academic researchers for new technologies, techniques and designs. But the R&D scenario in India is more focused on basic science.

How is the Government of India helping for this?

The organisation of this sector is in nascent stage and hence it will take a longer time for the government to support and regulate the Indian devices manufacturing industry since the market is totally import dependent as of now. Many industry reports have recommended that Government of India should set up a National Centre for Medical Devices which would cater to the needs of this sector. This Centre can engage faculty, expertise and involve in human resource development and can provide consultancy to the sector.

Testing is another important aspect. Do we have the right infrastructure and technology for this?

Medical device testing facilities are amply available in India. Moreover, many of the internationally accredited testing labs are also available. So infrastructure-wise, this segment is well established. The need of the hour could be identified as measures to promote such facilities for not only testing and R&D but also for training of professionals to serve in this segment.

What is your take on the standards for medical device manufacturing in the country?

Currently, there are no major medical devices that are manufactured completely in India. The primary challenges facing the local manufacturers include poor infrastructure for R&D and testing facility for efficacy and safety testing. Further, there is a clear evidence of lack of trained personnel for serving in this industry with sufficient technical as well as pharmacy-based knowledge, which is integral for

such a multi-disciplinary sector. In India, medical device sector is only 15 percent of the pharma market size, compared to 28 percent worldwide, which indicates the under-utilisation of medical devices in Indian healthcare, pointing to an untapped market.

Local manufacturers face stiff competition from overseas suppliers. On the other hand, there are not as many Indian exporters of such products. What can be done to change this?

Historically, most Indians had limited access to any type of modern medical service. Today, however, the situation is improving due to several factors. Currently, there is a fast growing awareness about health issues within India and an increasing demand for quality care at affordable prices. By value, our import is approximately three times our export. Imported medical devices constitute over 50 percent of the market and most imported products have high gross margins. However, the market is becoming increasingly competitive due to low entry barriers (for MNCs), an increasing number of players and an expanding consumer base. Some of the issues and constraints that are found to plague the industry are India's dependency on imports for supply of medical devices, strict industry regulatory environment, low level of healthcare insurance and lack of healthcare facilities and awareness, especially in rural areas. Drastic measures to improve these areas can effectively change the scene.

Do tie-ups with foreign players help? If so, how?

It can help in the future since there is immense potential to grow this sector. Overseas companies are currently investing in India to set up research units and develop new

products. Also, there is an increase in joint ventures and agreements in this sector, apart from a number of projects with overseas aid to improve healthcare infrastructure. Presently, European and American medical device manufacturers are actively considering outsourcing or relocating their manufacturing to Asia, especially India and China, to take advantage of its significantly lower costs for skilled labour.

What are the growth prospects for the medical device manufacturers in India?

The Government of India plans to improve health infrastructure by upgrading and increasing the total number of hospitals, clinics and clinical laboratories in urban and rural areas. This is expected to drive growth in this sector. The medical devices and equipment segment is expected to witness considerable imports of medical imaging equipment, cardiac care equipment, and medical laboratory equipment during the forecast period. Tele-medicine services in India are also expected to grow, which, in turn, should create demand for diagnostic medical equipment.

What does Mindteck have to offer to the industry?

Mindteck has its primary focus on Life Sciences, which includes medical devices as an industry vertical practice. The company has the required skills for providing software, hardware designs for medical devices and has been actively involved in new product development in the fields of Medical Imaging, Remote Patient Monitoring and Ophthalmic Devices. Further, Mindteck is ISO 13485 certified, which is an essential accreditation for medical device service providers. 