

# India's Medical Device Market is Technology Driven



## HIGHLIGHTS

- **India** is one of the top 20 global markets for medical devices and is the **4<sup>th</sup> largest in Asia** after Japan, China and South Korea.
- Global healthcare spending is expected to surpass **\$10T by 2022**. Between 2020-2024, it is expected to rise with a **3.9% CAGR**, considerably faster than the 2.8% recorded from 2015-2019. The fastest growth will be in Asia at 5.3%.
- **Global healthcare spending** as a share of GDP has risen to **10.4% in 2020**, up from 10.2% during 2017-2019.
- India is facing health management problems due to the increasing population thus health care **demand is forecast to grow by 35% CAGR from US\$ 11B in 2020 to US\$ 50B in 2025**.
- India has a 75-80% import dependence on medical devices.

## GROWTH TRENDS

- According to The Economist Intelligence Unit (EIU), India's population earning over **US\$ 5,000 a year** will rise from 145M , or 12% of the population, to **450M in 2025**, or **28%** of the total population.
- Non-communicable diseases are projected to account for **75% of India's disease risk by 2025**, as opposed to 45% in 2010.
- **India's elderly population** is projected to **rise to 7%** of the total population in the 2020s decade compared to 5% in 2010. This will lead to a significant **increase in demand for healthcare and thus for medical equipment**, both at community centres and in homes. This is partially due to the growth of **urbanisation** in India, which is projected to grow from **32% to 40% in 2030**.
- Moreover, **health insurance** penetration is also projected to expand from **300M to 655M people by 2022**. As a result, the share of spend on healthcare as a percentage of total household spend is expected to increase to 13% in 2025 from single digits % currently.
- Industry analysts predict **India** will need an additional **1.75M hospital beds** by 2025 and more than 75% of this will be sourced from the **private sector**. Private healthcare providers such as Columbia Asia Group, Pacific Healthcare, Wockhardt, Apollo and Fortis Healthcare are constantly upgrading their infrastructure to compete effectively in the market to cater to this huge demand. Small to mid-size private players are expected to follow the same path.

## OPPORTUNITIES FOR COLORADO COMPANIES



- In the last 5 years, **India** has seen **US\$ 600M of inbound FDI** in the medical device sector.
- Of the key domestic players in medical device manufacturing, over 65% operate in the consumables segment. High technology devices are manufactured by MNCs or imported from abroad. The **top imported segments** include: **Electronics & Equipment, Surgical Instruments, IVD Reagent and Implants**.
- **Telemedicine**, wearable devices and robotic surgeries are the latest technologies expected to **drive the market until 2025**.
- The **Indian wearables market** experienced a remarkable **144% YOY** growth in 2020, with 36 M units shipped according to the International Data Corporation. **India** continues to be the **3<sup>rd</sup> largest wearables market globally** and is majorly driven by the increasing acceptance of ear wear devices and has upgraded to smart watches.
- **Sahajanand**, a manufacturer of coronary stents, invested US\$ 34 M in India's southern state of Telangana to produce one million stents annually will be **Asia's largest manufacturer**.
- In December 2020, the registration of wearable devices was authorised for GOQii, a **California-based fitness tech firm** providing readings of heat and oxygen levels in blood and measuring other cardiac electrical activity.
- **Refurbished medical equipment** is gaining popularity in India due to the availability of new technology at an affordable cost. Presently, the refurbished market is approximately 20% of the overall equipment sold in the country. **The refurbished market for high-end medical devices is growing at a CAGR of 15%**.

## GOVERNMENT INITIATIVES

- The Indian Government has focused on **R&D and a 100% FDI for medical devices** to strengthen the sector.
- In March 2020, the government approved the **Production-Linked Incentives** scheme for **medical device manufacturers** wherein **incentives** will be offered to companies that **increase their production** from the base year. The **target segments** includes devices used for **cancer, radiotherapy, radiology, general anaesthesia and cardio-respiratory** treatment. **Production-Linked Incentives** of up to US\$ 500M will be awarded in the scheme tenure to all companies that meet these criteria.
- The Government of Andhra Pradesh is creating a **MedTech Zone** to accommodate all capital-intensive research facilities and labs. The Zone will be leased to manufacturers, thereby reducing the expenses to produce high-quality goods.
- In 2019, the **India Government** authorised the establishment of four **medical device parks** in Andhra Pradesh, Telangana, Tamil Nadu and Kerala, allocating US\$ 13.5M per park. These parks are expected to scale back manufacturing costs, as they will be equipped with the required infrastructure for companies to plug and play.

Tractus Asia Limited

BANGKOK | BOSTON | CHENNAI | HO CHI MINH | HONG KONG | JAKARTA | LOS ANGELES | NEW DELHI | OSAKA | SHANGHAI | SINGAPORE | YANGON  
 | [info@tractus-asia.com](mailto:info@tractus-asia.com) | [www.tractus-asia.com](http://www.tractus-asia.com) | Tractus-Asia |