

Govt may rejig duties on med devices to help 'make in India'

Catheters, Stents Set to Be Cheaper

Sushmi.Dey@timesgroup.com

New Delhi: The government is considering duty revision to make expensive medical devices such as stents, catheters and knee joints available locally at lower prices. The department of pharmaceuticals has proposed to change the customs duty structure applicable on imported medical devices and their raw materials. The idea is to promote manufacturing of medical devices in India.

At present, companies have to pay a total of around 15% duty on import of finished medical devices, whereas raw mate-

COST CONCERN

- Currently, the total duty on import of finished medical devices is around **15%**
- On import of raw material for medical devices, companies pay about **27%** duty
- India imports around **80%** of the medical devices used in the country



➤ Medical device market in India was pegged at **\$6.3 billion** in 2013, growing annually at **10-12%**

rial used to manufacture such devices attracts 27% taxes. This has become a major deterrent in manufacturing finished products in India, despite the government opening up 100% foreign direct investment (FDI) for medical device manufacturing.

According to an official source, DoP has floated an inter-ministerial note propos-

ing to bring down the duty on raw material used in making medical devices.

In December, the government eased norms for the sector and created a special carve-out in the existing FDI policy for the pharmaceutical sector to encourage investments in domestic manufacturing. Though initially major players such as Philips,

Siemens and GE showed interest in manufacturing domestically, soon many projects were delayed.

"There is a clear policy anomaly. If importing products is more viable then why would any company invest in setting up a factory and manufacture it here," asked Himanshu Baid, managing director, Poly Medicure.

Almost 80% of the medical devices used in India are currently imported. While some departments in the government including the health ministry have strongly supported extending the drug price regulation to medical devices, several others have opposed the move saying reduced margins may impact availability of products.

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