

Medical Devices Sector Opens Up to 100% FDI

India sorely needs investment in segment

Our Bureau

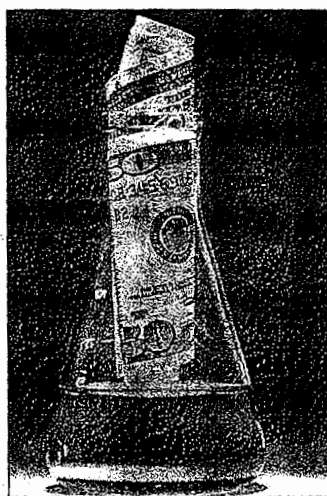
New Delhi: The department of industrial policy and promotion (DIPP) on Tuesday issued a press note notifying the Cabinet's decision to open the cash-starved medical devices sector to 100% foreign direct investment through the automatic route.

The Cabinet had last month cleared the proposal, which was floated by DIPP, the nodal agency for FDI policy.

Earlier, there was no separate policy for medical devices, which were covered under pharmaceuticals. The pharma policy imposed stiff foreign investment conditions, including mandatory government approvals in case of brownfield investment or stake acquisition in existing Indian companies.

"FDI up to 100% under the automatic route is permitted for manufacturing of medical devices. The... conditions (for pharma) will, therefore, not be applicable to greenfield or brownfield projects of this industry," the DIPP press note said.

"India needs investment in medical devices and equip-



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ment sector. The proposal approved by Cabinet will allow domestic manufacturing. Like pharma, there is no threat of takeovers by multinational companies as this is small industry," said a government official. About 70% of the country's medical devices' demand, which include sutures, implants and surgical instruments, is met through imports, adding to the country's import bill. With this move, the government is trying to encourage manufacturers to tap the global market that is likely to touch \$400 billion in 2015.

FDI