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High-end medical devices likely to get 30% cheaper

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New Delhi: The cost of latest versions of medical devices like ultrasound systems, cardiac diagnostics could fall by 25 to 30% compared to their imported counterparts in the domestic market, once the recently launched Trivitron Medical Technology Park in Chennai starts manufacturing and rolling out products.

In what is being hailed as the first medical technology park of the country and the subcontinent, GSK Velu, founder of the Rs 300-crore Trivitron Healthcare, has roped in five specialised global medical technology players and is in talks to finalise tie-ups with another five. Japan-based inventor of medical ultrasound technology, Aloka (a Rs 3,000-crore medical technology company), Spanish lab reagent manufacturer Biosystems, Brandon Medical, the UK headquartered operation theatre lights manufacturer, Italy-based manufacturer of cardiac diagnostic instruments, ET Cardioline and Swedish modular OT manufacturers, Johnson Medical, have already decided to set up shop in the country through their presence in the Chennai-based medical technology park.

New venture

- Aloka, Biosystems, Brandon Medical, ET Cardioline & Johnson Medical will set up shops
- The park, to be built at a cost of Rs 250 crore, is scheduled to be completed by 2012
- GSK Velu plans to tap emerging markets, exporting at competitive prices to Africa & West Asia
- Over 80% of medical devices demand in India is being met through imported products

A total investment of Rs 250 crore would be incurred in the setting up the 24-acre medical technology park which would be completed by 2012. Initially the products would be launched in the domestic market but eventually Velu plans to tap the emerging markets business by exporting at competitive prices to countries in Africa and West Asia.

Velu told FE Trivitron is planning another such park on a smaller scale in Pune involving indigenous manufacturers. "We are acquiring small scale manufacturers of medical devices in and around Pune to set up a medical devices manufacturing park in a 5-acre area," said Velu. After Trivitron has acquired the requisite number of generic medical devices makers in the area (the average size of each acquisition is expected to be around Rs 5 crore), it would facilitate their migration to the proposed park.

Velu said over 80% of medical devices demand in the country is currently being met through imported products, as the Indian duty structure is skewed in favour of imported products in this case. "It is ironical that we import malaria and TB kits from the US and European countries, where these diseases are not part of their public health hazards," he said. He added one of the basic problems with high-end imported products is that they have number of features which remain unutilised by those who use the product in the domestic hospitals, labs and diagnostic centres.

Nonetheless, the buyers have to pay extra costs for those frills in the equipments. Part of the problem, Velu feels, is the Indian industry's fixation with manufacturing low-end products and inability to move up the ladder to manufacture high-end products and invest in R&D of medical technologies, which would finally result in devices that would cater to specific demands of the Indian market.