

## **FICCI- Deloitte Consulting- Thought paper on Indian Medical Electronics Industry: Outlook 2020**

- **By 2020, Indian Medical Electronics market is expected to reach around USD ~6.4 billion growing at a compounded annual growth rate (CAGR) of 17-19%**
- **The requirement for unleashing the full market potential is based on recommendations for removing market constraints**

**New Delhi, 22 December, 2011:** The Federation of Indian Chambers of Commerce and Industry (FICCI) hosted the 3rd International Conference on Medical Electronics with a focus on “Partnering for Access and Affordability” where the way forward in medical technology was discussed. Deloitte, as the knowledge partner for thought paper titled “Medical Electronics Industry: Outlook 2020” to provide a future perspective on the industry in terms of how roles of value chain players will need to evolve in order to overcome challenges and spur the appropriate market drivers to impact growth in the industry.

The Indian healthcare industry has witnessed its share of high growth rates and the current market size is pegged at USD 50 billion. Indian Medical Electronics industry is currently valued at around USD 1 billion and has been growing at an average rate of 17% for past couple of years. It is strongly believed that growth will outperform the pace, resulting in the Indian Medical Electronics market reaching close to USD ~6.4 billion by the year 2020. It's foreseen that India in near future will be on the cutting edge of technology in this domain which won't be possible without multilateral collaborations between governments, sharing of Research & Development effort, joint product development and launch simultaneous to global markets to achieve economies of scale.

Some important triggers driving this industry include changing patient profile, improving healthcare delivery and financing mechanisms. Indian government is planning to increase its healthcare outlay and take the total allocation on healthcare to 2-3% of GDP by 2012. These

measures bundled with growing health insurance penetration provides financial support to the system. Future trends also include business model innovation across the value chain and resource prudent innovation which will generate significant benefits in making medical electronics more affordable.

There are some potential opportunities which can be realized by identifying and breaking constraints-

- Schemes like NRHM (National Rural Health Mission) and RSBY (Rashtriya Swasthya Bima Yojana) will break the constraint for rural India offering economies of scale to the industry
- Current dormant markets of Tier II and Tier III cities to become growth drivers for future
- Wellness and lifestyle diseases market to witness explosive growth
- Focus on preventive care will spur growth for the diagnostics market
- Resource prudent innovation and affordable technologies offer opportunities for the industry

Various stakeholders have also shared their thoughts on the subject through this paper.

- A Vaidheesh, Chairman, FICCI- Medical Electronics Forum, emphasized that to move towards the desired medical ecosystem, convergence of technologies- Medical, IT and Telecom needs to be adopted.
- Gautam Khanna, Chairman, FICCI- Medical Devices Forum, discussed on a new operational model for healthcare in India which will include hub and spoke model, leasing of capital intensive machines and customized insurance.

The paper also captures key trends expected to emerge and shape the industry which include convergence across health care products and industry segments, emergence of

home-based care, disease specific research work and customization, and reduced time lapse to reach the critical mass effect. These trends indicate that the growth in Indian Medical Industry is sustainable beyond 2020. Market saturation is not expected; rather penetration in a growing population base will maintain the growth.

***Note: A copy of the thought paper is attached.***

MEDIA DIVISION

Taresh Arora  
Media Relations Officer  
FICCI

*Industry's Voice for Policy Change*

Federation House, Tansen Marg, New Delhi 110 001

T: +91-11- 23357392, 23753117

F: +91-11-23753119

M: +91-9899115719

W: [www.ficci.com](http://www.ficci.com)