

PROMOTION AND EXPANSION OF PHARMA AND MEDICAL DEVICES INDUSTRY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

India is the third largest globally in Pharmaceuticals in terms of volume and is the largest supplier of low cost generics and vaccines to the world. The sector has immense growth potential in the sphere of generics, bulk drugs, vaccines and biosimilars. The potential for the Medical Device industry growth is the highest among all the sectors in the healthcare market. Various categories of devices starting from consumables to implantable medical devices are being manufactured in India. The Medical Device industry is highly capital intensive with a long gestation period and requires development/induction of new technologies.

The FDI Policy of India is very liberal for the pharmaceutical and medical device sector. For Pharmaceuticals investment in greenfield sector upto 100% is permitted under automatic route while Investment in brownfield sector upto 74% is permitted under automatic route. For medical device sector, investment is permitted upto 100% under automatic route.

The government is also taking steps in the form of various schemes to attract investments in both the sectors. The following are the details of the schemes:

(I) Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) In India: The objective of the Scheme is to attain self-reliance and reduce import dependence in critical Starting Materials (KSMs)/ Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIS). The tenure of the sub-scheme is from financial year 2020-21 to 2029-30, with the total financial outlay of Rs.6,940crore. The Financial incentive under the sub-scheme is provided on sales of 41 identified products categorized into four Target Segments. Under the Scheme, 50 applicants have been approved with committed investment of Rs 4,498.38 crore and employment generation of about 10,743.

(II) Production Linked Incentive Scheme for Pharmaceuticals: The scheme provides for financial incentives to manufacturers for drug formulations, bulk drugs and IVDs in three categories. The incentives are to be given on incremental sales to selected participants for a period of 6 years. The total financial outlay of the scheme is Rs. 15,000 crore and the tenure of the schemes from FY 2020-2021 to 2028-29. Fifty-five (55) applicants have been selected under the scheme.

(III) PLI Scheme for promoting Domestic Manufacturing of Medical Devices: The Scheme intends to boost domestic manufacturing and attract large investments in the Medical Devices Sector. The financial incentive is to be given to selected companies on incremental sales of medical devices manufactured in India and covered under the Target segments of the scheme, for a period of five (5) years. The tenure of the scheme is from FY 2020-21 to FY 2027-28 with total financial outlay of Rs.3,420 crore. Under the Scheme, 42 applicants have been approved with a total Committed Investment of Rs. 1059.33 Crore and employment generation of about 6,411.

(IV) Scheme for Promotion of Bulk Drug Parks: The scheme provides for grant-in-aid to three (03) Bulk Drug Parks for creation of Common Infrastructure Facilities (CIF) with a maximum limit of Rs.1000 crore per park or 70% of the project cost of CIF, whichever is less. In case of North

Eastern states and Hilly States (HimachanlPradesh,Uttarakhand, Union Territory of Jammu &Kashrnir and Union Territory of Ladakh), the maximum limit of financial assistance would be Rs 1000 crore or 90% of the project cost whichever is less than total financial outlay of the Scheme is Rs. 3000 crore and the tenure of the Scheme is from FY 2020-21 to 2024. Proposals from 13 States have been received under the scheme which are under evaluation.

(V) "Promotion of Medical Devices Parks": Under this Scheme a onetime grant-in-aid will be provided for creation of common infrastructure facilities in selected Medical Device Park proposed by a State Government. The total financial outlay of the scheme is Rs. 400 crore (Rs. 100 crore for each MD Park). The tenure of the scheme is from FY 2020-2021 to FY 2024-2025. Under the scheme, proposals seeking financial assistance from 16 States/Union Territories have been received. After evaluation of the proposals, the Government vide letter dated 24.09.2021 has in-principally approved financial assistance for common infrastructure facilities for 4 medical device parks i.e. Himachal Pradesh, Tamil Nadu, Madhya Pradesh and Uttar Pradesh.

The information was given by the Union Minister of Chemicals and Fertilizers, Dr. Mansukh Mandaviya in a written reply in the Lok Sabha today.

MV/AK

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