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In India, for India: medical device makers plug in

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(Reuters) - In a sleek glass and chrome building in Bangalore's software hub, the more than 1,000 young researchers and engineers at GE Healthcare could hold the keys to innovations that save lives in India's vast hinterland.

The 50,000-sq. ft. R&D facility, GE Healthcare's largest, recently launched the MACi, a portable electrocardiogram (ECG) machine that weighs less than 1 kilo and runs on a battery even in hot, dusty conditions, enabling ECGs at just \$0.20 each compared with around \$50 currently.

The MACi, and its slightly heavier predecessor MAC 400, were designed, developed and manufactured with local components in India, where greater healthcare spending is boosting medical systems makers like GE, which are now focusing on making products for India.

The market for medical devices is worth up to \$3 billion and growing at more than 10 percent a year, according to PriceWaterhouseCoopers (PWC), drawing foreign firms such as GE Healthcare, a venture with Wipro, Siemens and Philips, which are also pursuing a local-for-local strategy in India.

"In theory, the opportunity is huge," says Sujay Shetty, leader of the pharma practice at PWC in India. "In India we want first-world technology at third-world prices. So India can also be a springboard for Africa and Latin America, which have similar needs," he said.

India's healthcare industry, estimated at more than \$30 billion, will double in value in five years, according to PWC.

For a graphic on India's expenditure on health, click [here](#)

GE Healthcare first assembled high-end ultrasound, CT and X-ray machines and adopted an "in country, for country" policy earlier this year at its sprawling John F. Welch Technology Centre in Bangalore, with a staff of 2,200 focused on India.

"So far, innovations were geared toward the United States and Europe and artificially pushed into the Indian market," said Ashish Shah, general manager, GE Healthcare's global technology.

"Today, we innovate for India in India, thinking in rupees and paise rather than dollars and cents," said Shah, who took on this job after more than 15 years with GE Healthcare in the United States.

CARE ON WHEELS

India spends just over 5 percent of its \$1-trillion-GDP annually, largely in primary healthcare focusing on basic needs such as immunisations and common illnesses.

The per capita expenditure is less than a third of what China spends, while the private sector accounts for about 80 percent of total spending in India's healthcare.

India is an emerging medical tourism destination, with modern hospitals in cities offering premium care at prices that are a fraction of those in the west, but it has just 0.7 hospital beds and 0.6 doctors per 1,000 people, well below the world average.

The government has launched a National Rural Health Mission and an insurance scheme for the very poor, and is encouraging public-private partnerships (PPP), particularly in small towns, where people have to travel long distances for blood tests and X-rays.

Traditionally, NGOs and large corporations have partnered hospitals or aid agencies in rural areas, helping bridge the gap.

One example is Lifeline Express, comprising five carriages on a train, kitted out with facilities including an operation theatre. Backed by UK charity Impact Foundation, it has performed more than 600,000 surgeries in nearly 20 years.

Now, medical systems makers like GE Healthcare and Siemens, who have for years sold high-end equipment to local hospital chains such as Apollo, Fortis Healthcare and Max, are keen to tap this opportunity, as well.

Siemens, which has manufactured imaging and ultrasound systems in India for more than 50 years, has built mobile diagnostics units with X-ray, ultrasound and pathology systems.

The PPP model would work to take quality healthcare to the masses, but there is no framework yet, plus there is no national policy or fiscal incentives for local manufacture, said D. Ragavan, executive vice president at Siemens Healthcare.

GE has a pilot CathLab on Wheels, which a leading cardiac surgeon and the Indian Army helped build. In two-and-a-half years it has served about 2,500 patients, performing routine exams and complex angiographies, all in a space no bigger than a bus.

"We can't survive in an emerging market like India selling what we make in developed markets because there's a huge dichotomy between the need for healthcare and ability to pay," said V. Raja, chief executive of GE Healthcare in south Asia.

NO BELLS AND WHISTLES

This is the gap GE's MAC 400 and MACi seek to bridge: Heart disease is a leading cause of death in India, and with these ultra portable devices, ECG testing -- the first step in early detection -- is made affordable and accessible to millions.

The MAC 400 costs about \$1,000, or one-third the price of an imported equivalent, and has sold more than 8,000 units since its launch in 2008. The MACi, smaller and lighter, costs about \$500.

There are some 700 medical devices makers in India, but most make low-value products such as needles

and catheters, leaving specialist products to foreign firms like GE, who are considering taking their in country-for country policy to other markets.

GE has also built baby warmers for India where infant mortality is high, more than halving costs with local components and fewer features.

"For something to work in India you don't need all the bells and whistles," said Raja, picking up a MACi, which is no bigger than a credit card scanner and has fewer buttons.

The strategy has opened up a bigger market, he said, backing the "fortune at the bottom of the pyramid" theory that there is money to be made even among poorer consumers, which companies from Nokia to Nestle have embraced.

Healthcare infrastructure expenditure in India in 2013 will hit \$14.2 billion, a recent KPMG report estimated, a near 50 percent increase of the 2006 total, helped by new technologies, the growth of hospital chains and increased government spending.

GE Healthcare, Siemens, Philips and others are ready.

"We are at an inflection point and have the opportunity to do what telecom did: grow exponentially by addressing a mass need with the right quality products at the right price," Raja said.