Home-grown medical device makers ask for trade margin rationalisation

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A group representing Indian medical device manufacturers wants trade margin rationalisation in order to boost domestic industry and reduce dependence on imports, recommending the step ahead of the Union Budget early next year.

The Association of Indian Manufacturers of Medical Devices (AiMeD) said that the purpose of low duty was to help consumers get affordable access to devices. The objective fails if they are charged a maximum retail price (MRP) that is 10- to 20-times import or landed price.

"Customs recording of MRP on Bill of Entry will assist to bring in data generation for Policy Making by evidence of a Trade Margin Rationalization policy for the Manufacturer / Importer so that there is a capping of maximum 4 times on the ex-factory price and on import landed price of Indian Distributor (at first point of sale when GST/ Import Duty is first levied on entering into the market)," said Rajiv Nath, forum coordinator, AiMeD.

This group also wants an increase in basic custom duty on import of medical devices to at least 10-15 per cent from the current nil to 7.5 percent duty structure.

Medical devices imports in India have grown by 41 percent in FY22. India imported medical devices worth ₹63,200 crore in 2021-22, up 41 per cent from ₹44,708 crore in 2020-21, according to data from the Union Ministry of Commerce and Industry. India is around 80-85 percent import dependent for medical devices.

China remained the top import source for India as medical device imports, growing 48 per cent from ₹9,112 crore in 2020-21 to ₹13,538 crore in 2021-22. Imports from the US also increased steeply: by 48 per cent to ₹10,245 crore in 2021-22 from ₹6,919 crore in 2020-21.

The value of medical devices from China was nearly the same as the combined value of imports from Germany, Singapore and the Netherlands in 2021-22.