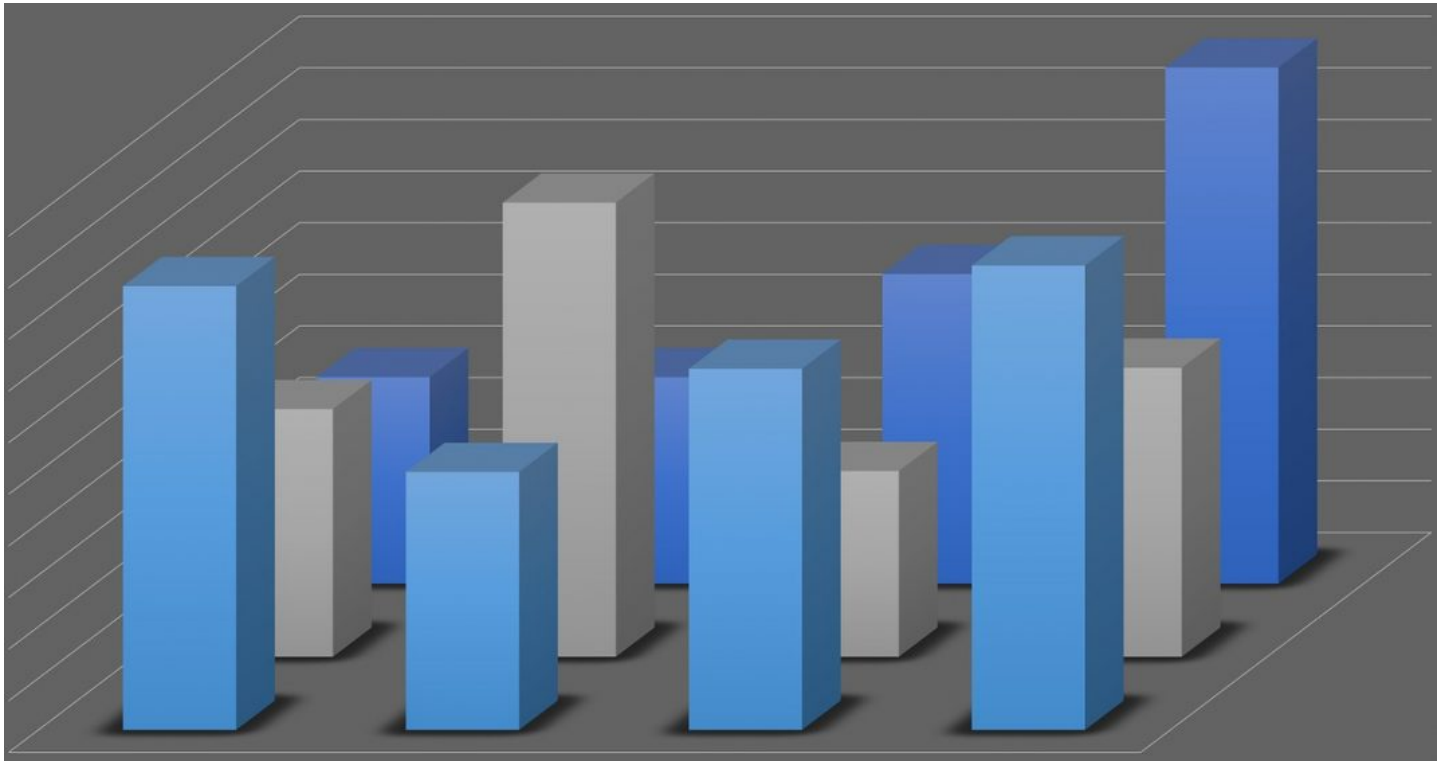


Price control could be reason for negative impact on FDI, says MTal

<https://www.biovoicenews.com/price-control-could-be-reason-for-negative-impact-on-fdi-says-mtai/>

By : BioVoice Correspondent - October 7, 2017



New Delhi: The Medical Technology Association of India in its recently issued statement has argued that an unseen casualty of the price control could be the Foreign Direct Investment (FDI).

“This government took a pioneering step by bringing the FDI in medical devices on automatic route from February 2015. FDI rose from an average USD 63 million per annum to USD 161 million in 2015 and USD 439 million in 2016. The steady surge in FDI, since the decision to bring it on the automatic route is demonstrative of what improving ease of doing business for the relevant communities can accomplish, MTal ‘s statement adding that “However, this year Jan-September 2017 figure of USD 209 million (extrapolated) shows a sharp fall against the figure of USD 417 million for the same period last year.”

The statement goes on to ask, “Could it be because of Market Shrinking measures like price control effected in February 2017?”

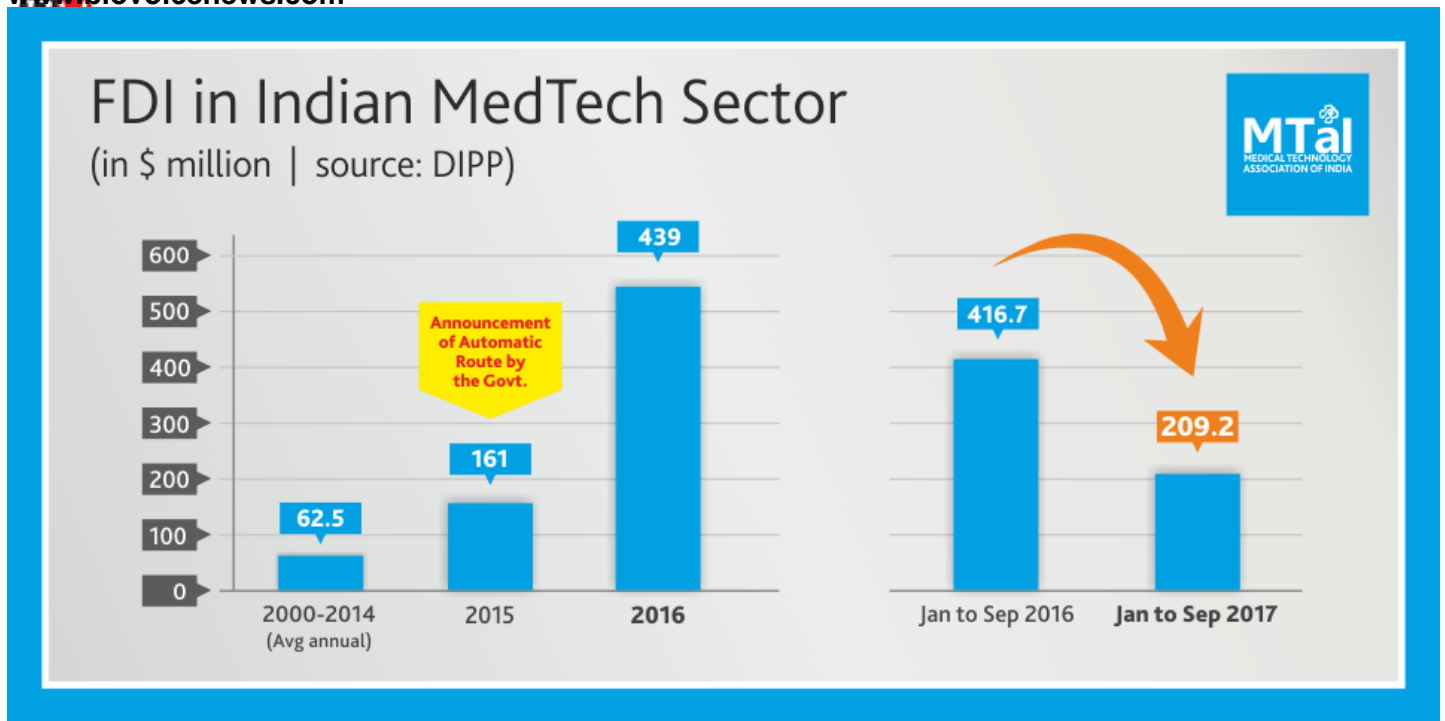


Chart issued by the MTal comparing the FDI investments from January to September 2017.

MTal has maintained that it is not product specific margins but overall corporate margins which reflect the reality of corporate profitability in this highly cross-subsidized industry. Its statement further stated: “To ensure that industry viability and continued supply of critical care medical devices is balanced with patient access we have endorsed the Trade Margin Rationalization Committee report of the Department of Pharmaceuticals (DOP). We hope the government will consider the same and align those few outlying sub sectors which merit nuancing. Lest unnuanced price control smother this small but vital industry.”

Notwithstanding the criticism, the MTal has meanwhile thanked the government for notifying the Medical Device Rules 2017 providing predictability and pragmatism on registration rules and costs.