

COVID'19 – A Silver Lining for Healthcare Equipment Manufacturing Industry in India Amidst all Gloom, “Preparedness” is what “Prescribed” to the Private Players



Market Research Flash Report

Why eninrac's market research on healthcare infra and medical device & equipment industry?

COVID'19, to Pump More than Usual Investments in India's Healthcare Industry– “Preparedness” is what “Prescribed” to the Private Players

“Challenging Times often Brings out the Best Out of Us” and the Current Pandemic is likely to Offer Similar When it Comes to the Indian Healthcare Industry

At outset of this new decade 2020, the world witnessed one of the biggest and toughest health crisis in the form of COVID'19. About 4.7 lakh people across the globe succumbed their lives to this pandemic over a span of just six months as on June 2020, with a count of infected one's hovering around 90 lakhs. The scenario has been so critical that even the countries with best health infrastructure has been short on providing adequate medical facilities, with more and more cases getting registered every day. India being no different is also coping up with this tough time. It is pertinent to note that as on June 2020, the total COVID'19 positive cases in India stands to be 4.25 lakhs, i.e. approximately 5% of the total infected cases globally. Further, the country accounts nearly 3% of the total global deaths due to the current pandemic. But challenging times often brings out the best out of us, a great opportunity is underlying beneath the tough times and is likely to better shape the growth of healthcare industry in India. The experiences gained during this time has demonstrated the potential fundamental shifts across the healthcare and well being continuum. These shifts include the design and construction of facilities, the training of healthcare workers, sourcing and inventory management of critical care equipment and personal protective equipment (PPE) materials, and the optimal settings for care delivery and how it is reimbursed. Some of these shifts were underway in the country before the pandemic was declared and likely will now be accelerated. Infact, well advance of the current scenario , government of India recognized the need to reform the existing healthcare industry in the country. The testimony of this fact lies in the budgetary allocation of INR 690 Billion done for the sector in Union Budget 2020-21 on February 1, 2020. Not only this, the government also announced the expansion of its Ayushman Bharat scheme with setting up of more hospitals in Tier-II and Tier III cities of India through public private partnership (PPP) mode. Not only in setting hospital infra, but government is enhancing private participation across the healthcare industry. One of the biggest example of this is mushrooming of start-ups scaling virtual health offerings such as telemedicine. It is significant to note that many major hospitals in India have adopted telemedicine services and have entered number of PPPs tie ups which is likely to increase the said market at a CAGR of 22-27% by 2025. Some of the other identified important changes that Indian health and well being industry can witness and offer a potential market for the private players are – ***flexible design & construction of new facilities to ensure increased number of beds with a ability to quickly convert them into intensive / critical care beds , establishing an centralized ICU hub, virtual ICUs, use of artificial intelligence for operational excellence, robotic surgeries, separating ancillary functions such as imaging & test labs from core hospitals, accelerated transition to ambulatory care, technological advancements etc.***



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Healthcare Device & Equipment Industry in India Anticipated to Observe a Market Size of INR 4000 Billion by 2025

Medical devices industry is categorised into four main segments – **i. Consumables & Implants** (including stents, syringes, needles, catheters, suturing materials, bandages and dressing), **ii. Diagnostic Imaging** (including electro-diagnostic apparatus, radiation apparatus, imaging parts and accessories), **iii. Instruments and Appliances** (including surgical and non-surgical equipment, and other instruments and supplies), **iv. Patient Aids and others** (including hearing aids, prosthetics and orthotics, pacemakers, dental products and others). Around 60% of the manufacturers in India are mostly domestic players operating in the consumables segment and catering to local consumption. Large Multinational Corporations lead the high technology end of the medical devices market with extensive service networks, accounting a market share of 75-80%. India is the 4th largest medical device manufacturing market in Asia and holds significant potential to be a leader in this space by 2030. Presently, the medical device industry in India holds a market size of INR 840 Billion. With, 100% FDI allowed under the automatic route for both brownfield and greenfield projects, ease in the regulations for manufacturing medical devices & equipments and the likely global shift in setting manufacturing base from China to India, market size of medical device industry in India is anticipated to see a five-fold growth and hover around INR 4000 Billion by 2025 (**eninrac market research report on healthcare industry market outlook till 2025**). Instruments and appliances holds largest market share of medical devices industry in India with 34%, thus anticipates a market size of INR 1360 Billion by 2025. Diagnostic devices also hold a significant percentage share of 31% in the total market size, hovering around INR 260 Billion as on 2020. Of the total market size of diagnostic devices, imaging parts & accessories such as **contrast media, medical X-Ray films (flat and rolled), X-Ray tubes and other imaging parts / accessories** holds the major chunk. Segment wise detailed market size projections for medical device industry in India by 2025 can be seen in Exhibit 1.

Further, it is worth noticeable that India is emerging as a strong market for wearables & mobile devices with approximately 3 Million Units sold in 2019 and expected to reach a magnanimous sale of 129 Million Units by 2030. The current scenario has been a blessing in disguise for the healthcare industry opening many new avenues for growth. Infact, there is a good chance of many non-healthcare giants to expand their expertise into the said industry. Healthcare industry in India has already been one of the largest contributor to the economy –both in terms of revenue and employment. Further, the current situation will certainly increase the demand for healthcare service intrinsically in the country both in case of B2B and B2C. High usage of technology in terms of advanced analytics, artificial intelligence, machine learning and going digital is likely to become one of the biggest market of healthcare segment in coming times, attracting many foreign players to invest in home grown tech start-ups.

⊕ Impact Assessment of COVID'19 – Healthcare Systems & Equipment

🌊 The Flow – Pre-COVID19 Overview

The Flow – Overview of Sector	
Healthcare Market Size in India	▪ US\$ 372 Billion by 2022 (BAU)
Hospital Industry Growth Rate in India	▪ CAGR of 16-17% and to reach ₹ 8.6 Trillion by FY 2022
Major Policy Support	▪ World's largest Government funded healthcare scheme Ayushman Bharat launched in 2018
Medical Tourism Market	• Anticipated size was US\$ 9 Billion by 2020

🌊 The Turbulence – Current Impact of COVID19

The Turbulence – Current Impact of COVID 19					
	Low	Medium	High	Unknown	Remarks
Price variation of key raw materials					Raw material supplies could be a challenge due to disrupted supply chains. Moreover supplies from China are reduced and therefore indigenous capacity is developed
Production of PPE & Ventilators					With COVID19 hitting the country requirement of the personal protection equipment & ventilator shall see a surge and the supply chain issues shall impact the same
Supply chain disruption					Supply chain seems to be the big challenge and needs realignment given recent announcements on essentials
Labour force					Labour needs to be aligned to service essentials based services
Cash flow constraints					Being at the top of essential goods the chances of cash flow constraints are low however moratorium might exist

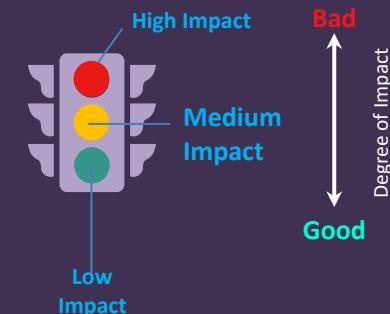
🌐 The Ripples – COVID19 Aftermath

- Health care expenditure shall get a major push post COVID 19 impact. There shall be impetus upon improving the infrastructure in the country and ease of availability for the masses
- The spike in demand of PPE shall see many domestic OEMs from various industry supporting the demand like distilleries supporting sanitizer demand and textile industry supporting mask demand etc.
- Supply chain issues shall be impacting the smooth transit of the necessary equipment's to end mile consumers
- Ventilator manufacturers in the country shall be on rise with support rising for invasive and non-invasive categories both

🌞 The Calm – When normalcy returns?

- The sector being the priority sector is likely to be less impacted by COVID19. However the expenditure and investments in the sector shall see a major boost and therefore the normalcy might return as early as **Q2 2020**

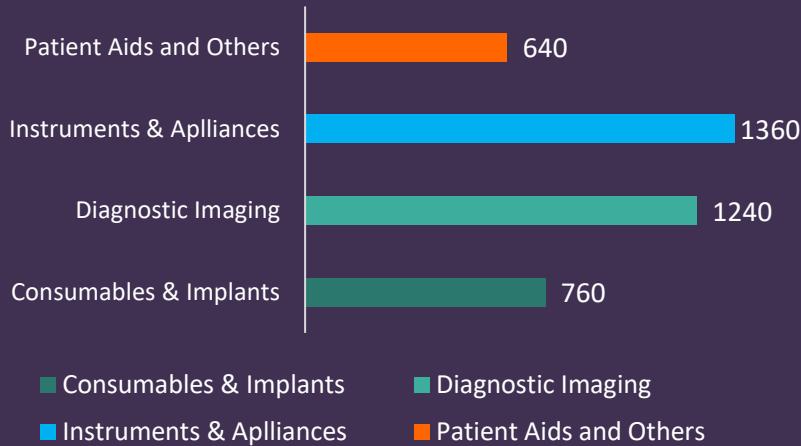
Level of impact on the sector



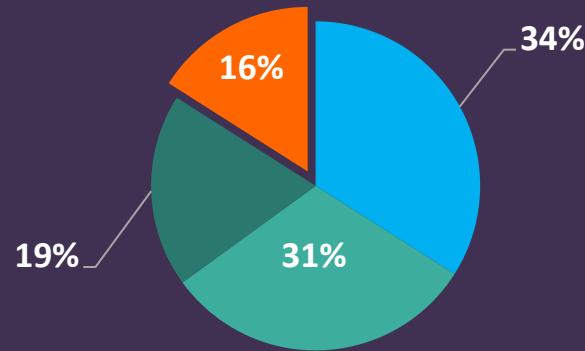
Source: Eninrac Flash (COVID'19 Impact Assessment Analysis)

Exhibit 1: Segment Wise Market Size Projections - Medical Device Industry in India by 2025

Overall Anticipated Market Size by 2025 (INR Billion)



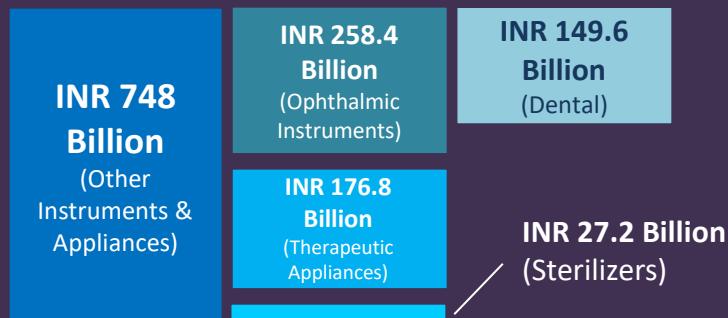
Percentage Share of Segments in Overall Medical Device Market Share



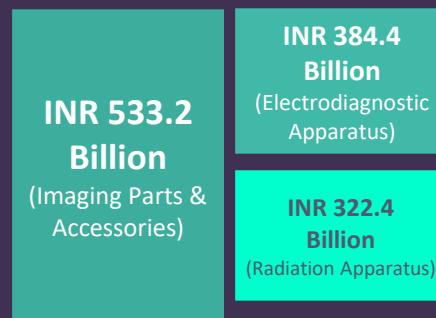
Anticipated Market Size of Patient Aid Segment by 2025



Anticipated Market Size of Instruments & Appliances Segment by 2025



Anticipated Market Size of Diagnostic Segment by 2025



Anticipated Market Size of Consumables & Implants Segment by 2025





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Why eninrac's market research on assessing the demand for hospital infra, medical devices & equipments ?

COVID'19 Impact From What's "Next"? to "Now" What? – Tapping Demand Surge to Scaling Ventilator Manufacturing

The current global health crisis doesn't need any introduction and is one of the biggest ever witnessed by the mankind. With more and more infected cases getting registered amid COVID'19, providing adequate medical facilities have become a challenge even for the nations with best healthcare infrastructure. In such a scenario one of the critically required resource in many hospitals across the globe is "Ventilator" which is already constrained, with India being no different. Amidst this outbreak the demand for ventilators in the country is bound to shot up not only to support the current situation but as a preparedness for future too. This is where the domestic manufacturing comes in picture. The government of India has already initiated steps in this direction and has asked the auto giants in the country to utilize their manufacturing facilities to produce ventilators. Majors such as Mahindra & Mahindra, Tata Motors, Maruti Suzuki and Hyundai are most likely to be the flag bearers of this initiative. During March 2020, state-owned HLL Lifecare Ltd (formerly Hindustan Latex Ltd), which acts as procurement agency for ventilators and other COVID-related medical supplies, came out with the first tender for made-in-India ventilators. Two firms bagged the contract — Mysuru-based Skanray Technologies, for 30,000 units, and Noida-based start-up AgVa Healthcare, for 10,000 units. In such a war footing scenario eninrac's research study on "**Ventilator Market in India and Outlook till 2025**" can be a path finder and assist in country's biggest need of current time. By the medium of this report eninrac team attempts to assess the impact of global health crisis on Indian ventilator market and its role in flattening the curve. The report covers demand outlook of all type of ventilators in India by government and privately owned hospitals. Further, it also focuses on demand response by the active ventilator manufacturers in the country and the potential new ones. For estimating the ventilator market size in India with factored outlook till 2025 we did a deep dive study covering contours and bases in relation to the same Market Assessment Model. The market data for ICU ventilators in India is very discreet and to reach a robust information set a deep dive analysis was required and therefore a multiple level channel check and assessment was done. We considered civil, district, community health clinics, group hospitals (both privately & government held) and AIIMS units. Entire country was split into four distinct regions namely Northern, Eastern, Western and Southern with analysis being done for each state in respective regions.

For more details about our research reports contact eninrac team - connect@eninrac.com , Contact No. 7290016953

Exhibit 2: Demand Quadrant Analysis – Ventilators Requirement in India





Truth is ever to be found in the simplicity,
and not in the multiplicity and confusion of
things

- Sir Isaac Newton



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