

# IN FINE FETTLER

COVID-19 HAS OPENED UP NEW OPPORTUNITIES FOR PHARMACEUTICAL COMPANIES, PRIVATE HOSPITALS AND MEDICAL DEVICE MANUFACTURERS IN INDIA, AMONG OTHERS. INDIA'S HEALTHCARE INDUSTRY LOOKS SET FOR HIGH GROWTH MOMENTUM IN THE NEAR FUTURE

BY NEETU CHANDRA SHARMA



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**AS INDIA REELED** under the impact of the Covid-19 pandemic, its healthcare sector rose to the challenge. India was hailed as the world's pharmacy and the government also reoriented its policies towards making the country self-reliant in terms of vaccines, drugs, medical devices and equipment. Meeting the challenges posed by the pandemic has helped build a foundation for the healthcare sector to gather pace in the future.

India is not only manufacturing all the vaccines under the national Covid-19 immunisation programme but is also exporting them. Hyderabad-based Bharat Biotech has developed and is manufacturing its vaccine Covaxin; Oxford-AstraZeneca developed Covishield is being manufactured by Serum Institute of India (SII); and Dr Reddy's Laboratories, the main distributor of Russia's Sputnik V vaccine, is soon planning to locally manufacture it. Bharat Biotech exporting Covaxin is a reflection of the boosting of home-grown vaccine capabilities. "We will continue to grow our partnerships beyond India and hope to foray into the US market when Covaxin gets the EU's nod. Our plans include setting up manufacturing facilities in other nations as well," a Bharat Biotech spokesperson says.

At least a dozen Indian firms are either developing Covid-19 vaccines or antiviral therapeutics. The Union health ministry has approved two more vaccines—Covovax and

Corbevax—and antiviral drug Molnupiravir. Covovax, developed by US biotech firm Novavax Inc., will be manufactured and marketed in India by SII. Corbevax, developed by the Baylor College of Medicine in Houston, Texas, and the California-based Dynavax Technologies, has been licensed to Indian biopharma firm Biological E. for development and production. Molnupiravir will be manufactured by 12 firms in India.

The Indian government has also financially supported the vaccine makers through various schemes. "The Indian pharmaceutical industry will grow. Going forward, one of the underlying economic fundamentals is that countries will increasingly invest more in healthcare," says K.V. Subramaniam, President of Reliance Life Sciences, adding that Covid-19 vaccines have opened up new opportunities for the Indian pharma sector. Reliance Life Sciences is also working on a protein sub-unit Covid-19 vaccine, currently in Phase I clinical trials.

"Various policies and packages such as production-linked incentive scheme for APIs/KSMs and medical devices, the recent scheme for pharmaceuticals, and promotion of bulk drug parks were introduced by the government. [This]... encouraged domestic and international players to invest in the sector," says Charu Sehgal, Partner, Life Sciences & Health Care Leader, Deloitte India.

India is an outsourcing destination for clinical trials of vaccines and for the manufacture of anti-viral therapeutics by other countries. This trend is expected to rise as several nations are developing vaccines and drugs against highly infectious diseases.

### ANALYTICS, AI & ML

"The Indian healthcare sector has witnessed many changes during the Covid-19 outbreak, one such being in the area of online consultations. Convenience and safety... have emerged as the major reasons behind the rise of teleconsultations," says Vikram Thaploo, CEO, Apollo Telehealth, a unit of Apollo Hospitals Group. He adds that telemedicine is also getting the necessary push through the government's telemedicine practice guidelines published in 2020, which made telehealth a legitimate delivery channel. As per Invest India, the national investment promotion and facilitation agency, the telemedicine market is expected to touch \$5.4 billion by 2025, growing at a CAGR of 31 per cent. Thaploo says

teleconsultations have risen almost by 10 times since November 2021. "The online doctor consultation market is expected to be over \$800 million by FY24 growing at a CAGR of 72 per cent. The growing adoption of tech-based solutions due to the pandemic has helped in providing a significant impetus," he says.

According to Invest India, the country's digital healthcare market was valued at ₹11,661 crore in 2018 and is estimated to reach ₹48,543 crore by 2024, expanding at a CAGR of 27.41 per cent in 2019-2024. Over the next 10 years, Invest India data says, the National Digital Health Blueprint can unlock the incremental economic value of over \$200 billion for the healthcare industry.

"The next wave of growth for online consultations is more likely to be driven by new-age technology-enabled solutions like AI and ML," says Thaploo. He adds that telemedicine and remote patient monitoring are being increasingly adopted by service providers to virtually manage patients, predict and prevent illnesses, and improve clinical outcomes.

### SUPPLY CHAIN, STANDARDS

Pharma companies have also started adopting advanced systems for transparency that are expected to go a long way in ensuring genuine medicines, vaccines, and equipment reach the patients. Over 750 companies have adopted GS1 standards since the start of the pandemic to ensure their products such as sanitisers, masks, drugs, medical devices, test kits, etc. meet global standards. GS1 standards help in addressing the need for a traceable vaccine and medical products to address supply chain safety and help tackle the issue of counterfeit products. "It is intended to become a foundational framework to identify specific requirements of the businesses and help them manage healthcare costs more accurately," says Sachidanantham Swaminathan, CEO, GS1 India. "They enable medical devices to be traced and located more efficiently throughout the supply chain through the point of use. Tracing backwards identifies the his-



### FAST FACTS

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The healthcare market is expected to reach \$372 billion (~₹27.6 lakh crore) by 2022

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Telemedicine market has the maximum potential among e-health segments in India. It is expected to touch \$5.4 billion (~₹40,000 crore) by 2025, growing at a CAGR of 31 per cent

3

The digital healthcare market in India is estimated to reach ₹48,543 crore by 2024, expanding at a CAGR of 27.41 per cent during the 2019-2024 period

4

The medical devices industry in India is fourth largest in Asia after Japan, China and South Korea. The market is expected to grow to \$50 billion by 2025

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According to the International Trade Administration, India's nutraceutical industry is expected to hold at least 3.5 per cent of global market share by 2023

Source: Invest India

tory of the transfers and locations of a product, from the point of manufacture onwards," he adds.

### HEALTHCARE, DEVICES

Medical devices are yet another burgeoning industry. According to government estimates, the current market size of India's medical devices industry—which happens to be the fourth largest in Asia—is about \$15 billion and has been growing at a CAGR of 15 per cent over the last three years. The market is expected to reach a size of \$50 billion by 2025.

"AI-based diagnostics and remote healthcare management are gaining importance and that will drive India's future. The healthcare sector has become more focussed on innovation and technology over the past two years... 80 per cent of healthcare systems are aiming to increase their investment in digital healthcare tools in the coming five years," says Rajiv Nath, Forum Coordinator at Association of Indian Medical Device Industry. Experts believe the Indian healthcare sector is diversifying and opportunities are emerging in every segment. With growing competition, organisations are aware of new challenges and are looking to explore the latest business dynamics and trends impacting their segment.

"India is full of opportunities for players in the medical devices industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of the population," says Nikkhil K. Masurkar, Executive Director, Entod Pharmaceuticals. "The country's competitive advantage lies in the increased success rate of Indian companies in getting ANDA approvals. India also offers vast opportunities in R&D as well as medical tourism. After the pandemic, governments and organisations are more focussed on building digital infrastructure and preventive healthcare which will surely pave the



### Opening Horizons

#### RAMPING UP HOME-GROWN VACCINE CAPABILITIES

OPPORTUNITIES FOR PHARMA COMPANIES FOR NEW DRUGS AND THERAPEUTICS LIKE MOLNUPIRAVIR

TELEMEDICINE

MEDICAL DEVICES

NUTRACEUTICALS





**“The healthcare sector has become more focussed on innovation and tech over the past two years; 80 per cent of healthcare systems aim to increase their investment in digital healthcare tools in the coming five years”**

**RAJIV NATH**  
FORUM COORDINATOR AT ASSOCIATION OF INDIAN MEDICAL DEVICE INDUSTRY



**“PPE kits and N95 masks are now being exported from India, and this has become a new billion-dollar industry, which helped in protecting the healthcare and frontline workers, apart from the general population”**

**DR HARSH MAHAJAN**  
PRESIDENT, NATHEALTH, HEALTHCARE FEDERATION OF INDIA

access to treatment for millions affected by Covid-19. The medtech industry came into its own with new test kits, ventilators and vaccines being indigenously manufactured, many for the first time. “PPE kits, N95 masks are now being exported from India, and this has become a new billion-dollar industry, which helped in protecting the healthcare and frontline workers, apart from the general population,” says Dr Harsh Mahajan, President, NATHEALTH, Healthcare Federation of India.

## NUTRACEUTICALS

According to the International Trade Administration, India’s nutraceutical industry is expected to hold at least 3.5 per cent of the global market share by 2023. The nutraceuticals market in India is expected to grow to \$18 billion by the end of 2025. The dietary supplements segment constitutes over 65 per cent of the nutraceutical market and is growing at a rate of 17 per cent. It is likely to grow at 22 per cent per year, especially since preventive health has become the focus in the current pandemic.

Currently, India imports \$2.7 billion worth of nutraceuticals. This sector also has opened significantly to attract foreign investments. Reflective of the fast-growing adoption of AYUSH products and services by the public in the wake of the pandemic, Indian Medicines Pharmaceutical Corporation Ltd, the public sector manufacturing unit of the Ministry of AYUSH, recorded a turnover of ₹164.33 crore in 2020-21, the highest in its history.

While FMCG direct selling firms like Amway India have entered into Ayurveda products, Sun Pharma Consumer Healthcare, a division of Sun Pharmaceutical Industries, recently announced its foray into the nutrition bar segment in India with the launch of Revital NXT. The market for nutrition bars in India has been growing rapidly, with an increasing focus on fitness and healthy lifestyle, especially among millennials and GenZs, the company says. “The nutraceutical sector offers significant opportunities for India across the value chain from farms to formulations. The industry helps in strengthening the overall healthcare sector by preventing diseases and acting as a gatekeeper,” says Sanjaya Mariwala, Executive Chairman and Managing Director of OmniActive Health Technologies and Founder President of the Association of Herbal and Nutraceuticals Manufacturers of India. He calls for equal importance to the nutraceutical sector and asks for more progressive taxation in line with pharma products. Currently, pharma products are taxed at 5-12 per cent while nutra products are taxed at 18 per cent.

While the pandemic was disastrous for most, it has helped put the Indian healthcare sector on the fast track, laying the groundwork for future growth. ■

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way to a brighter future for the healthcare industry.”

Even as Covid-19 has led to the rise of diagnostics and equipment along with an impressive rise in virtual and homecare-driven device segments, there has been an increased emphasis on making low-cost lifesaving devices such as ventilators and oxygen concentrators. “There is no doubt that in the years to come, India will see more action in terms of state-of-the-art technologies such as big data, AI and ML with disease prediction finding more traction through these technologies,” says Ashok Patel, CEO and Founder, Max Ventilator. He believes ventilators will become mainstream with AI-based ones becoming more and more common. “With Chinese products getting bad press for quality, Indian products would increasingly take that space,” he says.

According to India Brand Equity Foundation, by FY22, Indian healthcare infrastructure is expected to reach \$349.1 billion and the size of the e-health market is estimated to reach \$10.6 billion by 2025. According to Invest India, the healthcare market is expected to reach \$372 billion by 2022 from \$190 billion in 2020, at a CAGR of 39 per cent. Public health experts hold that the pandemic was a huge challenge but also provided India with an opportunity to become self-reliant in healthcare.

Healthcare providers, including hospitals and diagnostic labs, rose to the occasion and increased capacity manifold to tackle the huge numbers infected. New and innovative healthcare delivery models were quickly scaled up, like telemedicine and home health, providing