

Bulk Drug and Medical Device Parks

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In news : Recently, government of India finalized a guideline for three bulk drug and four medical device parks

A brief note on Scheme for promotion Bulk Drug Parks

- The total size of the Scheme for promotion of Bulk Drug Parks is Rs. 3000 Crore and tenure of the Scheme is five years (2020-21 to 2024-25).
- The scheme will provide grant-in-aid to 3 Bulk Drug Parks with a maximum limit of Rs.1000 Crore per park or 70% of the project cost of Common Infrastructure Facilities, whichever is less.
- In case of hilly states and North East Region, the grant-in-aid would be Rs.1000 Crore per park or 90% of the project cost of Common Infrastructure Facilities, whichever is less.
- It is intended to encourage domestic production of critical APIs (active pharmaceutical ingredients)/ KSM (key starting material) and medical devices.
- As part of bulk drugs park, the designated areas will have common facilities such as solvent recovery plant, distillation plant, power & steam units, common effluent treatment plant, among others.

Condition to states under this scheme

- States will be selected through a challenge method.
- The States interested in setting up the parks will have to ensure assured 24X7 supply of electricity and water to the bulk drug units located in the park and offer competitive land lease rates to bulk drug units in the park.
- The location of the proposed park from environmental

angle and logistics angle would be taken into account while selecting the States.

- The ease of doing business ranking of the state, incentive policies of the State applicable to the bulk drug industry, availability of technical manpower in the state, availability of pharmaceutical /chemical clusters in the state will also be factored in while selecting the States.

PLI scheme for manufacturing of medical devices

- The scheme intends to boost domestic manufacturing of medical devices in four target segments by giving financial incentives on sales to a maximum number of 28 selected applicants for a period of five years.
- A financial incentive will be given at a rate of five per cent of the sales of domestically manufactured medical devices.
- The incentives would be subject to annual ceilings communicated in the approval letter the incentives would be available from FY 2021-22.

Four target segments under the scheme are:

- Cancer care/radiotherapy medical devices
- Radiology and imaging medical devices (both ionising and non-ionising radiation products) and nuclear Imaging devices
- Anaesthetics and cardio-respiratory medical devices including catheters of cardiorespiratory category and renal care medical devices
- AII implants including implantable electronic devices

Who is eligible?

Any company registered in India and possessing a minimum net worth (including group companies) of Rs 18 crore (30 percent of threshold investment of the first year) is eligible to apply for incentives under the scheme

Significance

- The scheme for promotion of bulk drug park is expected to result in incremental production of bulk drugs worth about Rs 46,400 crore, while scheme for promotion of medical device park will lead to incremental production of medical devices worth about Rs 68,437 crore
- It is expected that these schemes will make India not only self-reliant but also capable of catering to the global demand for the selected bulk drugs and medical devices.
- These schemes along with the liberal FDI policy in these sectors and an effective corporate tax rate of about 17% (including surcharge and cess) will give a competitive edge to India in the selected products vis-à-vis other economies

Do you know?

The Indian pharmaceutical industry is the 3rd largest in the world by volume. India contributes 3.5% of total drugs and medicines exported globally with a ranking of 14 in terms of value. However, despite these achievements, India is significantly dependent on import of basic raw materials, viz. Bulk Drugs that are used to produce the Finished Dosage Formulations. Bulk drugs accounted for 63% of the total pharmaceutical imports in the country during 2018-19. India imports bulk drugs largely for economic considerations. It is observed that in some specific APIs the import dependence is 80 to 100%.