India's MedTech Transformation: Strategic Investment Opportunities

Background:

The India-EFTA TEPA, which formalised a commitment of USD 100 billion in FDI from EFTA member states, provides a strong policy foundation for deepening sectoral collaboration. EFTA countries possess world-class expertise in precision engineering, high-end medical technology, and specialized R&D, coupled with significant institutional capital. These strengths map directly onto existing strategic opportunities within India's medical device ecosystem, particularly as the country shifts toward domestic manufacturing of high-end Medical Devices.

Objective:

This webinar provides a focused platform for engagement between EFTA companies and Indian stakeholders. It aims to bring out the policy incentives and market dynamics of Indian Medical Devices Sector and identify avenues for EFTA countries to participate in, amongst others, R&D, and manufacturing investments.

The Indian Medical Devices Landscape:

Medical devices are playing an increasingly important role in India's healthcare system, emerging as a critical pillar supporting diagnostics, treatment, and preventive care. The Indian MedTech sector is at a pivotal inflection point, poised for sustained high growth. With a strategic roadmap to reach USD 30 billion by 2030, the industry is actively working to reduce import dependence to below 50% while expanding its share in global markets. India is currently the 4th largest medical devices market in Asia and among the top 20 globally. The sector has been identified as a "Sunrise Sector", with 100% FDI permitted under the automatic route, creating a highly conducive investment environment.

While historically import-dependent (over 80% in high-end devices), the sector is now witnessing rapid localization. This creates a strong opportunity for EFTA companies to establish local manufacturing, transfer technology, and integrate into India's growing MedTech value chain.

India is also moving up the value chain, with domestic manufacturing expanding into MRI systems, CT scanners, linear accelerators, and advanced implants, reflecting a shift toward high-value production.

Investment Activity and Ecosystem Development: The medical devices sector is witnessing strong investor interest and ecosystem expansion. FDI inflows have increased sharply, from ~USD 69 million in FY21 to ~USD 632 million in FY24-25 reflecting strong momentum. Over the last decade, the broader medical devices and pharma sector has attracted ~USD 16.4 billion in PE/VC investments, with 62% of investments occurring in the last five years. For EFTA investors, this reflects a de-risked and maturing market with strong growth visibility and policy continuity.

Policy Framework and Key Interventions: India's MedTech sector is supported by a layered and calibrated policy framework, designed to enable both manufacturing scale-up and innovation.

1. Infrastructure support: Development of Medical Devices Parks (Andhra Pradesh, Tamil Nadu, Uttar Pradesh, Madhya Pradesh, Telangana) with plug-and-play infrastructure. Availability of common testing facilities and NABL-accredited labs, reducing capital costs and ensuring global quality compliance

2. Financial Incentives: Production Linked Incentive (PLI) Scheme with a total outlay of ~USD 410 million. ~5% incentive on incremental sales of high-end devices to encourage large-scale domestic manufacturing.

3. Human Capital: Strengthening of specialized institutions such as NIPERs for MedTech. Targeted skilling initiatives for biomedical engineers, technicians, and researchers

4. Strengthening Innovation and R&D: Increasing integration of AI, IoT, and digital technologies, with over 70% of innovation driven by digital integration. PRIP scheme supporting research and innovation in high-end medical technologies. Strong startup ecosystem focused on diagnostics, remote monitoring, and portable devices.

Demand Drivers: India offers a strong and structurally growing demand base for medical devices:

- Expansion of hospital infrastructure and diagnostics chains is driving device adoption across Tier 2 and Tier 3 cities
- Government initiatives like Ayushman Bharat are expanding insurance access, driving higher procedure volumes and increasing demand for diagnostics and therapeutic devices
- Rising burden of chronic diseases (diabetes, cardiovascular, oncology) is driving sustained demand for long-term care and intervention-based devices
- Growth in medical tourism is boosting demand for advanced surgical and diagnostic equipment
- Rapid adoption of digital health and telemedicine is creating demand for connected devices and remote monitoring solutions
- Rising income levels and health awareness are shifting demand toward early diagnosis and preventive care

Strategic Advantages for EFTA Collaboration: India presents a compelling value proposition:

- **Cost competitiveness:** Lower manufacturing costs across land, labor, and utilities
- **Large and growing domestic market:** Strong demand visibility across segments
- **Policy stability:** Transparent and supportive regulatory environment
- **Innovation ecosystem:** Strong base for frugal innovation and scalable solutions
- **Export potential:** Opportunity to use India as a global manufacturing and export hub
- **Regulatory Efficiency:** Streamlined compliance pathways and reduced administrative costs further enhance the ease of doing business.

The calibrated nature of interventions moving from basic consumables to high-end manufacturing of MRI systems and advanced implants has created a conducive environment for a profound manufacturing unlock alongside localized innovation. The combination of a massive, structurally growing domestic market, inherent cost-competitiveness, a maturing industrial base, and strong policy continuity positions India as one of the most attractive global destinations for medical technology investment and export-oriented manufacturing.