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Ill-Equipped for a Healthy Nation

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By Ashish Bharadwaj

Assar Lindbeck, former chair of the Nobel Prize Committee for Economics, once famously said, "In many cases, rent control appears to be the most efficient technique presently known to destroy a city – except for bombing." He was referring to the price cap that led to complete disarray in New York real estate market a few decades ago. When the National Pharmaceutical Pricing Authority (NPPA) recently capped prices of medical equipment in India, we were reminded of the unassailable law of economics that (rash) price floors, in what should be a freely functioning market, would, sooner or later, create havoc.

Unlike diesel, cement and aluminium markets, however, here we are also talking about pain and people suffering. There are various other components of price build-up. For instance, an income-tax raid conducted recently in Bengaluru exposed a major 'commission for referral' nexus that was running in amounts that should ideally feed into the healthcare R&D pipeline. There were reports that the amount transacted in the case of a single lab exceeded .`2 billion. And that's just one city. WHO's World Health Statistics 2017 revealed that several countries with GDPs substantially lower than India's spend significantly more on healthcare as proportion of total government expenditure.

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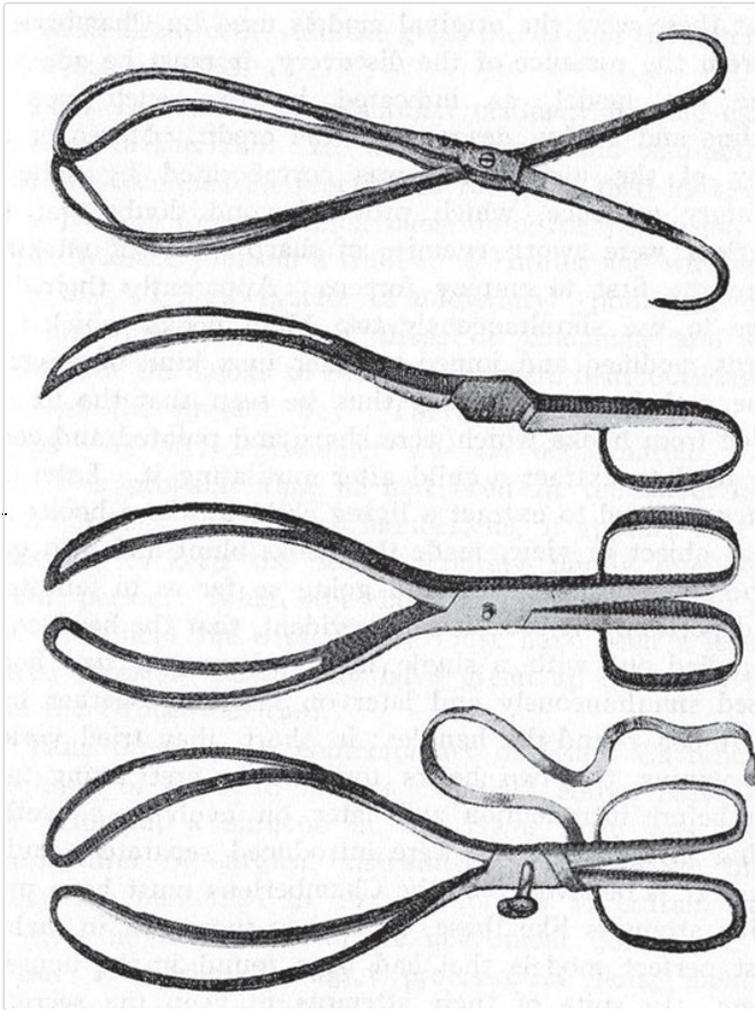
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It's still painful

Other than the dismal quality of average health services, there are possibly no government-owned organisations that are contributing technologically sound and economically viable medical products or equipment anywhere in the Indian market. Bulk procurement of medicines, an otherwise effective mechanism for State-led programmes, is riddled with crippling corruption and bureaucratic inefficiency. Along with a fragile infrastructure, the reading on the thermometer suggests that our overall healthcare system is grievously ill, and may hit Code Blue soon. We should rethink our short- and long-term priorities to improve quality of lives of our citizens, instead of mindless price intervention, erroneously hoping to improve access to good quality healthcare. We need to stop relying on phased-out legacy products, devices and treatments that end up in India.

We must focus on sustained availability and diffusion of healthcare products and services of international standards, even if other countries have a higher quality threshold than ours. Tighter technical regulatory standards, sampling procedure, testing, inspection, assurance of conformity or approval, are factors that at least end-consumers/patients wouldn't mind their suppliers adhering to. But long-term solutions based on technological innovation do not emanate from shortcuts in policymaking.

This is much bigger than the issue of the pricing of coronary stents or knee implants. The US Food and Drug Administration approved the world's first artificial pancreas last year. An internet giant patented the world's first digital

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contact lens to measure blood sugar from tears. The same company is co-developing a revolutionary surgical robot system far better than the human hand.

Precision medication and the engineering of living human organs on microchips are changing how we detect and treat cancer. With one of the highest incidences of diabetes and cancer in the world, this is the kind of challenge India's indigenous industry should take up, with reliable incentives for innovation offered by the government. Import dependency is lowest for 'consumables and disposables' in the Indian medical equipment industry with more than 60% market captured by indigenous companies.

This segment includes bandages (a 1920s invention), dressing wool and medical gloves (1890s), syringes (1850s) and catheters (invented by Benjamin Franklin in the mid-18th century, but significantly improved by others subsequently). These are key products of a segment dominated by domestic Indian companies. It is, perhaps, the only segment with a trade surplus within the larger medical equipment industry.

On the other hand, in the technology-intensive segments of 'equipment', 'implants' and 'patient aids', 75-90% of the market is dependent on imports. There is clearly an imbalance in the level of technological competency, larger vision and priorities in investing in R&D. A2017 paper ('Indian Medical Device Sector: Insights From Patent Filing Trends', Suchita Markan, Yogmaya Verma, goo.gl/nQ5ShK) published in the medical journal, BMJ, states that despite the growing domestic medical device-manufacturing sector, India has shown very low patenting in the last 10 years. Moreover, nearly all of the top 40 global medical device companies today have a presence in India with substantial patent portfolios.

So, instead of basking in the glory of stuff that was imagined and developed centuries ago, let's make an attempt to conceive and create in India, alongside 'Make in India'.

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