

Indian Pharmaceutical Industry

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector.

The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow three (3) times in the next decade. India's domestic pharmaceutical market is estimated at US\$ 41 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030. India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics.

The Indian biotechnology industry was valued at US\$ 64 billion in 2019 and is expected to reach US\$ 150 billion by 2025. India's drugs and pharmaceuticals exports stood at US\$ 22.15 billion in FY21 (until February 2021).

Investments and Recent Developments

The Union Cabinet has given its nod for the amendment of existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100% under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflow worth US\$ 17.75 billion between April 2000 and December 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- In February 2021, Aurobindo Pharma announced plans to procure solar power from two open access projects of NVNR Power and Infra in Hyderabad. The company will acquire 26% share capital in both companies with an US\$ 1.5 million investment. The acquisition is expected to be completed by the end of March 2021.

- In February 2021, the Telangana government partnered with Cytiva to open a 'Fast Trak' lab to strengthen the biopharma industry of the state.
- In February 2021, Glenmark Pharmaceuticals Limited launched SUTIB, a generic version of Sunitinib oral capsules, for the treatment of kidney cancer in India.
- In February 2021, Natco Pharma launched Brivaracetam for the treatment of epilepsy in India.
- In February 2021, the Russian Ministry of Health allowed Glenmark Pharmaceuticals to market its novel fixed-dose combination nasal spray in Russia.

Government Initiatives

Some of the initiatives taken by the Government to promote the pharmaceutical sector in India are as follows:

- To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.
- In February 2021, the Punjab government announced to establish three pharma parks in the state. Of these, a pharma park has been proposed at Bathinda, spread across ~1,300 acres area and project worth ~Rs. 1,800 crore (US\$ 245.58 million). Another medical park worth Rs. 180 crore (US\$ 24.56 million) has been proposed at Rajpura and the third project, a greenfield project, has been proposed at Wazirabad, Fatehgarh Sahib.
- Under Union Budget 2021-22, the Ministry of Health and Family Welfare has been allocated Rs. 73,932 crore (US\$ 10.35 billion) and the Department of Health Research has been allocated Rs. 2,663 crore (US\$ 365.68 billion). The government allocated Rs. 37,130 crore (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated Rs. 64,180 crore (US\$ 8.80 billion) over six years. The Ministry of AYUSH was allocated Rs. 2,970 crore (US\$ 407.84 million), up from Rs. 2,122 crore (US\$ 291.39 million).

Road Ahead

Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise.

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.