

AIR Spotlight: Indian Pharma Winning Global Trust

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation.

This article is about the discussion on “Indian Pharma Winning Global Trust.”

Participants:

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Context: India's export of pharma products has registered tremendous growth in the year 2022.

Introduction:

- India's pharma exports have increased by 138% to 90,324.23 crore rupees in the April-October period of this fiscal year compared to the same period during 2013 which reached INR 37,987.68 crore, according to data from the Union Minister for Chemicals and Fertilisers.
- Pharma exports in FY22 sustained positive growth despite global trade disruptions and a drop in demand for Covid-related medicines.
- Indian drugs and pharmaceuticals have witnessed a healthy increase during the pandemic, achieving export growth of 18% on a YoY basis at US\$ 24.4 billion.
- According to the Indian [Economic Survey 2021](#), the domestic market is expected to grow 3x in the next decade.
- India's domestic pharmaceutical market stood at US\$ 42 billion in 2021 and is likely to reach US\$ 65 billion by 2024 and further expand to reach US\$ 120-130 billion by 2030.

Pharma Exports:

- The share of pharmaceuticals and drugs in our global exports is 5.92%.
- Formulations and biologicals continue to account for a major share of 73.31% of our total exports, followed by bulk drugs and drug intermediates with exports of USD 4437.64 million.
- India's top 5 pharma export destinations are the USA, UK, South Africa, Russia and Nigeria.
- Around 55 % of our pharma exports cater to highly regulated markets. Indian pharma companies have a substantial share of the prescription market in the US and EU.

- India’s medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion.

Global achievements:

- Indian pharma companies, enabled by their price competitiveness and good quality, have made a global mark, with 60 percent of the world’s vaccines and 20% of generic medicines coming from India.
- India ranks 3rd worldwide for production by volume and 14th by value. The current market size of the Indian pharmaceutical industry is around USD 50 billion.
- India has the largest number of FDA-approved plants outside the US and has a substantial share in the prescription market in both the US and the EU.
- By using indigenous technology in collaboration with India’s research institutions like the [Indian Council of Medical Research \(ICMR\)](#) and the National Institute of Virology (NIV), the country has provided 115 million doses of Covid vaccines to more than 97 countries.

Success factors:

- The export growth from India despite frequent lock downs, global supply chain disruptions and the depressed manufacturing sector demonstrates to the world that India can be a reliable and dependent partner when it comes to dealing with a global health crisis.
- India’s world class manufacturing excellence, robust infrastructure, cost-competitiveness, trained human capital and innovation are chief factors for this growth.

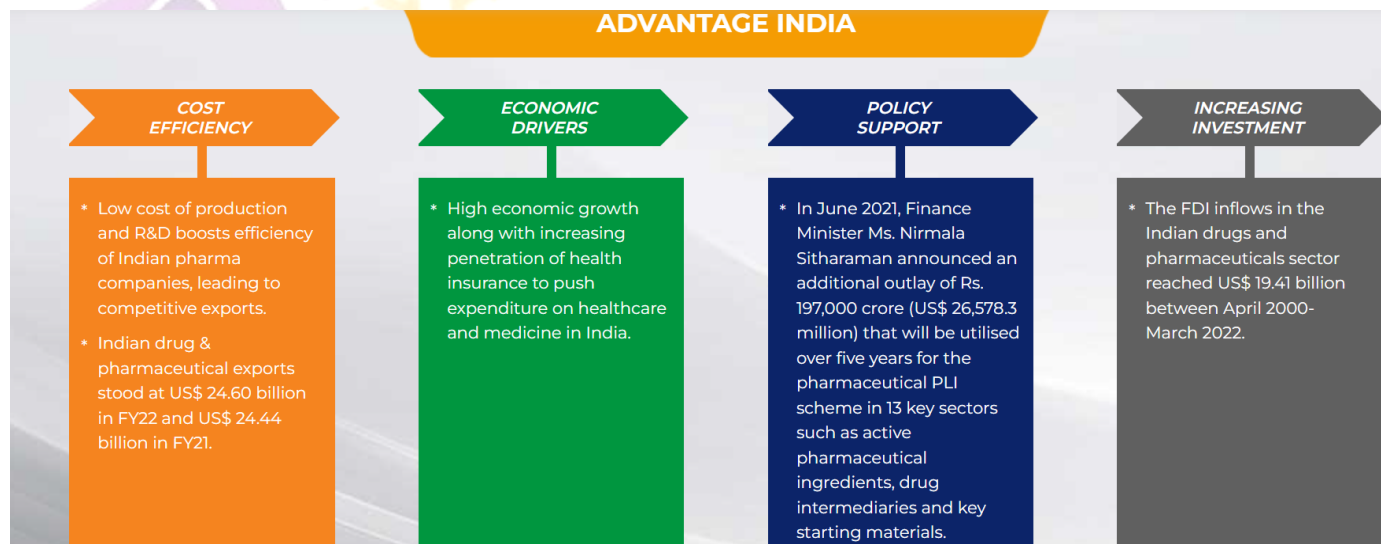


Image Source: ibef.org

Private Sector participation in India's Pharma industry:

- Although the Indian pharmaceutical industry is large by Indian standards, on the world market its share is merely 6%.
- The estimated investment in R&D by major Indian pharma companies is around 8.68% of their sales turnover.
- Compared to the R & D investment in the developed markets of around 8%, the Indian investment is quite low.
- For strengthening the Indian pharmaceutical sector, the government-appointed task force recommended a better industry-government linkage with respect to coordination and consultation, which would enable the private sector to lead the growth of the pharmaceuticals sector.
 - In addition, a strong focus would be required in order to maximise the use of resources, generate adequate funding for the development of facilities, and infrastructure and promote R & D facilities.
 - These will not only facilitate the growth of the pharmaceutical industry but also help build synergies among various stakeholders working across the system and strengthen our pharmaceutical sector.

Quality control measures:

- Indian pharma companies have been scrutinised by the US Trade Representative (USTR), which found that approximately 20 percent of all drugs on sale in India are counterfeit. This can adversely affect India's growing pharma sector and reputation.
- India's Good Manufacturing Practice (GMP) standards for medical devices and drugs are covered in Schedule M and Schedule M III of the Drugs and Cosmetics Act (DCA).
- Depending on the type of medical device, the [Drug Controller General of India \(DCGI\)](#) and the State FDA will approve or determine the medical device licensing process.
- Under the Drugs and Cosmetics Act of 1940, all drug manufacturing requires a licence. This licence can only be given to an entity based in India. The State Government Drug Controllers can oversee the manufacturing of most drug products.
- The Drugs Technical Advisory Board (DTAB) has recommended that barcodes or QR codes be introduced in the top 300 brands of drug products available in the Indian market to help track and trace these brands.
- [Niti Aayog](#), concerned about the spread of counterfeit drugs, proposed a plan to put the entire drug inventory produced and consumed in the country on a blockchain, preventing fake drugs from entering the supply chain.
- To counter the problem of fake medicines, more such tech-aided solutions are required in the country.

Government Initiatives to promote the pharmaceutical sector in India:

- As per the Union Budget 2022-23:
 - Rs. 3,201 crore has been set aside for research and Rs. 83,000 crore (US\$ 10.86 billion) has been allocated for the Ministry of Health and Family Welfare.
 - Rs. 37,000 crore has been allocated to the 'National Health Mission'.
 - Rs. 10,000 crore has been allocated to [Pradhan Mantri Swasthya Suraksha Yojana](#).
 - The Ministry of AYUSH has been allocated Rs. 3,050 crore , up from Rs. 2,970 crore.
- In March 2022, under the Strengthening of Pharmaceutical Industry (SPI) Scheme, a total financial outlay of Rs. 500 crore for the period FY 2021-22 to FY 2025-26 was announced.
- In June 2021, the Union Finance Ministry announced an additional outlay of Rs. 197,000 crore that will be utilised over five years for the pharmaceutical [PLI scheme](#) in 13 key sectors such as active pharmaceutical ingredients, drug intermediaries and key starting materials.
- 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 from FY21 to FY30.
- In May 2021, under [Atmanirbhar Bharat](#) 3.0, Mission COVID Suraksha was announced by the Government of India to accelerate the development and production of indigenous COVID vaccines.