



Opportunity India

Drugs & Pharmaceuticals

Status

The pharmaceutical industry is one of the fast growing sectors of the Indian economy and has made rapid strides over the years. From being an import dependent industry in the 1950s, the industry has achieved self-sufficiency and gained global recognition as a producer of low cost high quality bulk drugs and formulations. Leading Indian companies have developed infrastructure in over 60 countries including developed markets like USA and Europe. In the last few years, several pharmaceutical companies, including MNCs, have demonstrated that they possess the ability to engage in commercially viable research and development activities and become significant players in the international market.

Growth Indicators

(Rs. crores)

	1980-81	1997-98	1998-99	1999-00	2000-01
Capital Investment	500	1840	2150	2500.00	2900
Production: Formulations	1200	12068	13878	15960.00	18354
Bulk Drugs	240	2623	3148	3777.00	4,533
Import	112.54	2868.00	3128.00	3441.00	2,980
Export	46.38	5353.00	5959.00	6631.00	8730
R & D Expenditure	14.75	220.00	260.00	320.00	370

Over 60 per cent of India's bulk drugs production is exported and the balance is sold locally to other formulators. With more than 85 per cent of formulation production in the country sold in the domestic market, India is largely self-sufficient in the case of formulations.

Key Strength Areas

- Cost competitiveness
- Well developed industry with strong manufacturing base
- Well established network of laboratories and R&D infrastructure
- Access to a large pool of highly trained scientists, both in India and abroad.
- Strong marketing and distribution network
- Rich biodiversity
- Competencies in chemistry and process development
- Several world class and US FDA approved plants: potential for contract manufacturing
- Vast opportunities for contract research/clinical trials
- India will now have a TRIPS compliant patent regime: this is a development that has opened up the frontiers of foreign investments in the sector
- Move towards a liberal price control regime: greater scope for profit & growth

Key Opportunities

- Significant export potential
- Licensing deals with MNCs for NCEs and NDDS
- Marketing alliances to sell MNC products in domestic market
- Contract manufacturing arrangements with MNCs
- Potential for developing India as a centre for international clinical trials
- Niche player in global pharmaceutical R&D

Export – Import of Pharmaceuticals

(Value – Rs. Million)

Year	Export	Import
1998-99	62560.70	16251.90
1999-2000	72301.60	16162.10
2000-2001	87575	17014.60
2001-2002 (Prov)	97512	–

Research & Development: Key focus Area for the future

The Indian pharmaceutical industry is realising the importance of R&D. Indian pharmaceutical companies like Ranbaxy and Dr. Reddy's Laboratories have successfully paved the way for others; Indian companies like Cipla, Lupin, Wockhardt, Nicholas Piramal and Torrent are today engaged in R&D activities.

- R&D is increasing in India from \$ 52 million in 1999-2000 to \$ 74 million. It is expected to reach \$ 320 million in 2005, and will then count for 5 per cent of turnover, from the present 2 per cent.
- R&D in India is also more competitive than in the developed world. New Drug Discovery alone can cost \$ 100- 150 million overseas, whereas it costs around \$ 10 million in India. Similarly, clinical trials cost approximately \$ 300 – 350 million abroad, and about \$ 20 million in India.
- There are many research labs and trained scientists, in government, in academia, and in industry. These are increasingly collaborating with each other for mutual gain. Many of these labs are also licensing data and getting into strategic alliances with foreign partners.

For all its past successes, the most exciting years of the Indian pharmaceutical sector lie ahead. Any Indian newspaper on any day of the week, carries news reports of some pharmaceutical company obtaining regulatory approval for its products in the lucrative US market. The industry today is poised to become a powerhouse in pharmaceutical research and development, and a significant player in the international generics market.

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