



Content from Make In India



Published on January 31

WP Brand Studio



Content from Make In India



Published on January 31

WP Brand Studio

MORE CONTENT FROM MAKE IN
INDIA



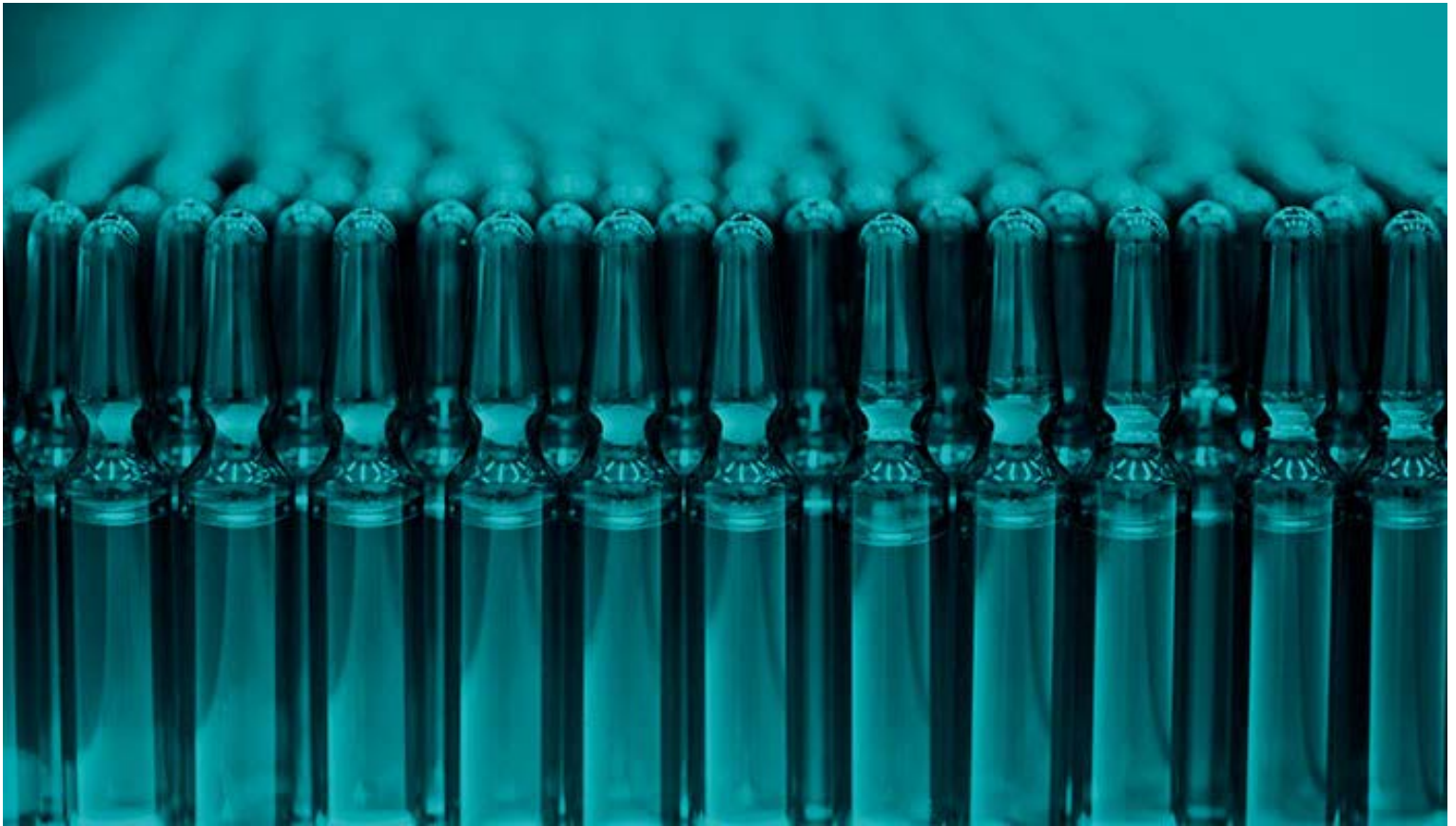
India's low pharma costs are good for
drug companies, good for consumers



MORE CONTENT FROM MAKE IN INDIA



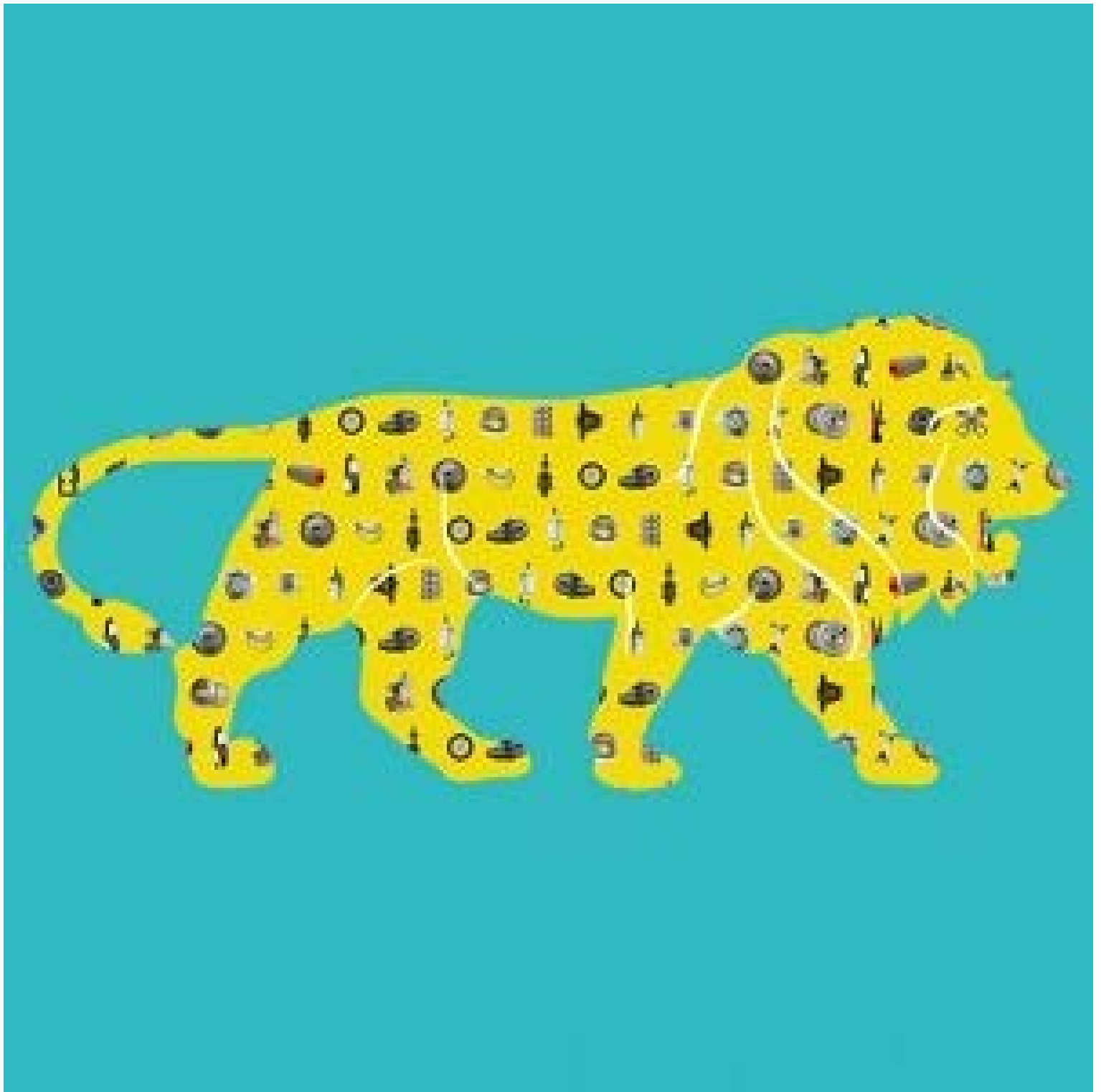
India's low pharma costs are good for drug companies, good for consumers



2016 is India's growth year for pharma



Foreign manufacturers can benefit from India's military needs



How India is attracting defense investors



India's defense sector beckons foreign investors

As the largest supplier of generic drugs in the world, India is a pharmaceutical powerhouse. Its strong industry infrastructure and regulatory framework, in addition to its lower production costs and skilled pool of scientists and engineers, make the country an appealing destination for foreign investment.

As part of India's "Pharma Vision 2020" to make the nation a global leader in end-to-end manufacture, the government is wooing more foreign investors by reducing facility approval time and increasing space for foreign shares of the pie. India has also introduced price controls to make pharmaceuticals more affordable and available to its growing population, especially in rural areas.

These efforts to ease foreign entry to pharma manufacture in India "are likely to improve under the present regime, which is quite business-friendly," said Sumit Ganguly, professor of political science at Indiana University. "Prime Minister Narendra Modi recognizes the significance of the pharma sector and is prone to respond to its needs and expectations."

India's health industry received U.S. \$ 2.8 million in foreign direct investment between April 2000 and January 2015, according to India's Department of Industrial Policy and Promotion. And the India Brand

Equity Foundation estimates India's overall pharmaceutical market size at U.S. \$20 billion.

Foreign companies are also attracted to India's production costs, which are significantly lower than in the U.S. and almost half that of Europe. "That said, in due course, costs will rise, especially if the large Indian firms install better quality control measures and do not seek to cut corners," Ganguly said.

Indeed, as foreign companies manufacture drugs in India and bring them to market in Europe, the United States and elsewhere, they seek to ensure that their products meet quality standards for distribution overseas. With this in mind, India's Pharmacopoeia Commission of the Ministry of Health and Family Welfare continually works to raise the standards for quality of medicines, which in turn promotes public health and accelerates the growth and development of the pharmaceutical sector.

With India's growing population, its scope of demand for affordable medicines urges an increase in supply that foreign companies can help accommodate. Branded generics dominate India's own pharmaceutical market at between 70 and 80 percent, according to a 2015 report from the India Brand Equity Foundation. This slice of the industry will see a greater surge in 2016 as more drugs go off patent.

These evolving dynamics of India's drug sector present a greater opportunity for more foreign companies to expand their markets and open up shop in India.

India's industry and government have been active in pharmaceuticals since the mid-19th-century, and the sector has grown significantly since the early 1970s. Under its process-patent regime, India's pharmaceutical industry grew from 1972 to 2004 to become the world's fourth largest, said George Haley, professor of marketing and director of the Center for International Industry Competitiveness at the University of New Haven in Connecticut. "Indian companies were becoming globally competitive in generics and clinical testing, and moving into product research and development."

Haley said that one of India's strongest opportunities for investment lies in research and development. Clinical testing, as well as the local domestic market for medications, are "where you will get your best returns," Haley said. "India's tremendous economic growth is driven by domestic growth. So long as India's domestic growth is doing well, it will have a good pharma industry supplying that market."