Promoting Manufacturing of APIs in India

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Growing Dependence on Imports
Decline of Domestic API Industry
Improving Domestic Landscape of API
## Growing Dependence on Imports

India’s Imports and Exports of APIs (Mn$) : 2004-13

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports (CAGR, %)</th>
<th>Exports (CAGR, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>2008</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>2013</td>
<td>18</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: BCG Analysis EXIM Database; IBIS

IPA: 08/17
Growing Dependence on Imports

Value Share of China in Total Imports of API & Advanced Intermediates

Source: BCG Analysis EXIM Database; IBIS, CII, press search

China is the Largest Contributor to Imports of APIs and Advanced Intermediates
Growing Dependence on Imports

Drugs Studied for Dependence and Their Import of APIs & Advanced Intermediates

1. Paracetamol ($116 Mn)
2. Metformin ($63 Mn)
3. Ranitidine ($12 Mn)
4. Amoxicillin ($104 Mn)
5. Ciprofloxacin ($59 Mn)
6. Cefixime ($16 Mn)
7. Acetyl salicylic acid ($15 mn)
8. Ascorbic acid ($13 Mn)
9. Ofloxacin ($23 Mn)
10. Ibuprofen ($16 Mn)
11. Metronidazole ($14 Mn)
12. Ampicillin ($92 Mn)
13. Levofloxacin ($23 Mn)

In addition, certain other intermediates were considered because of their importance across important drug classes:
- Pen–G ($74 Mn)—Semisynthetic cephalosporins
- 7–ACA ($63 Mn)—Semisynthetic penicillins
- Ery thioc ($82 Mn)—Macrolides
- OTBN ($6 Mn)—Sartans

Source: BCG Analysis, EXIM Database
Note: The above numbers in bracket ($Mn) are imports for 2013
Decline of Domestic API Industry

Policies Contributing to Decline

- SSI Reservation
- Fragmentation of Capacity
- Penalizing Efficiency
- Short-Term View of Consumer Benefit

Took Over a Decade to Realize the Damage, But No Action As Yet
Decline of Domestic API Industry

Other Factors Contributing to Decline

- Poor Infrastructure
- High Cost-Structure of Land/Power/Utilities
- Lack of Incentive for Process R&D
- Stand Alone Facilities

Private Sector Alone Cannot Reverse the Damage
Need Concerted Policy Initiatives
Improving Domestic Landscape of API

What Could be Done?

- Pilot Five Critical APIs/Advanced Intermediates for Study
- Identify Their Major Users
- Analyze Their Current Sources of Supply
- Identify Their Local Manufacturers
- Analyze Existing Capacity and Reason/s for Imports
Improving Domestic Landscape of API

What Could be Done?

- Examine with Existing Manufacturers Scale-up
- Examine Greenfield Large Vertically Integrated Units
- Ensure Proximity to Petro-chemical Complex
  *(For Integrate Solvent Supply, Storage, and Recovery)*
- Captive Power Plant Exempt from Tariffs and Duties
  *(For Use of Bye-Products Such as Steam, Water, etc.)*
- Build Community Facilities for Common Services
  *(For Effluent and Water Treatment, Fire Prevention, etc.)*
Improving Domestic Landscape of API

What Could be Done?

- Incentivise Process R&D
- Facilitate Working with CSIR Labs for Yield Improvements
- Examine Price Trends of Imported APIs/Advanced Intermediates
- Assure Protection Against Dumping
- Offer Price Incentive to Create Market for Indigenous APIs
THANK YOU
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