The right policy push will help the country get back its competitive edge

The Indian pharmaceutical industry has, over the decades, established itself as a sector of strategic importance for the country.

Not only has it ably served Indian patients but it has also developed a strong competitive advantage in exports to emerge as the pharmacy to the world.
With Covid-19 searing a course across the country, the industry has been confronted with a crisis of significant proportions. Over the last few months, while much of India hunkered down for an extended lockdown, the drug industry continued to operate with vigour. Leaders and managers went into overdrive to keep factories open. They rallied the workforce while ensuring its safety. They worked towards securing sources of raw material and streamlining logistics and distribution of essential medicines.

In addition, the industry has been working in an integrated manner with the Indian government to ensure domestic demand and fulfil export obligations. Indian companies are also entering partnerships and discussions to manufacture potential drugs and vaccines for Covid-19 that are currently in development.

Amidst a global crisis, the industry has proved itself as a consistent and reliable supplier of life-saving medicines to India and the world. While the pandemic has thrown up unforeseen challenges, it has also created a tremendous opportunity for the industry. It is now time to seize this opportunity by addressing some of the critical challenges exposed by the pandemic — such as India’s over-reliance on imports for bulk drugs that make it vulnerable to unforeseen supply and price shocks. The time is ripe for the industry to shift towards self-reliance and cement its position as the pharmacy of the post-Covid world.

The good news is that the government has taken cognizance of this need to reignite bulk drug manufacturing. While the policy direction has been clear, it has to be bold and sustained. The blueprint to set up bulk drug parks with shared infrastructure, such as solvent recovery and effluent treatment plants, has been drawn up. And the pandemic has hastened it.

In March, the Union Cabinet approved a ₹3,000-crore scheme to set up three bulk drug parks over five years. More recently, the Government announced the guidelines addressing production-linked incentives
(PLI) to boost the production of bulk drugs. The release of the guidelines at such a crucial juncture is certainly encouraging. While welcoming the move, we strongly urge the government to treat APIs (Active Pharmaceutical Ingredients) as infrastructure sector and complete the planned investments in infrastructure within two years instead of the proposed five. To kick-start investment, we recommend advancing soft loans with an extended moratorium on repayment to manufacturers. This will enable the industry to raise capital with greater ease for investments in capacity and infrastructure enhancements.

Three priority areas

The Covid crisis has also underscored the need for a research-based industry that is capable of quickly devising solutions, whether drugs or vaccines, in pandemic situations. The Indian pharma industry has showcased this spirit of innovation by foraying into new drug and vaccine development. That said, innovation should be given much-needed boost with a combination of tax incentives, access to risk capital, and streamlined pathways for testing and approval of therapies. Further, it is imperative for us to create a vibrant innovation ecosystem across the country that catalyses venture capital investments in early stage R&D.

Nevertheless, there are three key areas that are of immediate priority and will help strengthen the Indian pharma industry — relaxation in price control of medicines; 200 per cent weighted deduction on research and development expenses to increase the thrust of companies on novel research and drug discovery programmes; and export incentives to keep Indian pharma exports competitive in the world market. Leveraging the overall position of the pharma industry to move ahead not only in the domestic market, but also in the world market will reinforce India’s reputation as the ‘Pharmacy of the World’.
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