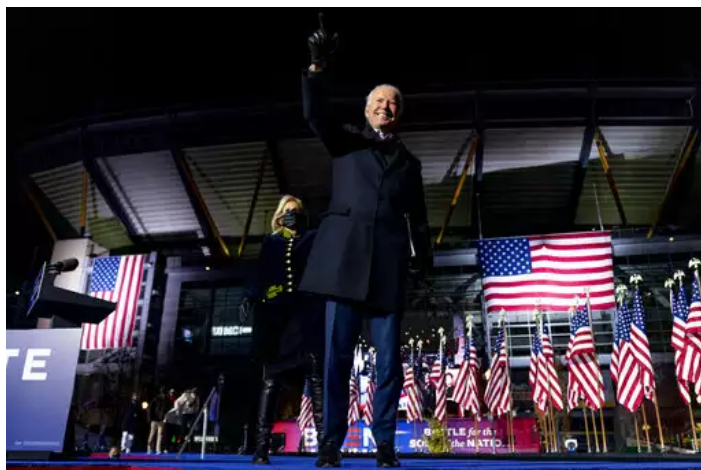


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Bidencare boost for Indian Pharma sector

The Indian pharma sector is expected to benefit from the Biden presidency on the back of an increased push for generic prescriptions and access to affordable health insurance.

Rupali Mukherjee TNN November 09, 2020, 06:52 IST



Mumbai: The Indian [pharma](#) sector is expected to benefit from the Biden presidency on the back of an increased push for generic prescriptions and access to affordable health insurance. US President-elect Joe Biden plans to protect and strengthen the [Affordable Care Act](#), which ensures a reduction in healthcare costs and access to health insurance for Americans.

This implies more reliance on generic drugs and biosimilars, that would be good news for Indian drug companies. US imports almost \$7 billion worth of formulations from India annually, with every third tablet coming from here. An increased scope of access to affordable health insurance would also drive demand for generic drugs. Over the last few years, the Affordable Care Act — signed in 2010 under the then president Barack Obama and VP Biden — has been under relentless attack. But this may change with Biden back at the helm now, with his plans to insure over 97% of Americans.

Companies say they will wait for details to study the impact of the Biden presidency on the Indian [pharma](#) sector. Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance, an organisation that represents domestic generic companies, told TOI, "It is too early to say. The pharma sector will continue to play an important role in the US healthcare system."

Generic companies including Dr Reddy's, Lupin, Cipla and Aurobindo could benefit from Biden's victory, analysts say. "Joe Biden has a plan to strengthen the Affordable Care Act (ACA) and offers more power to states to discover drug pricing. Now with the big election victory, a Democratic Senate could clear the way for prescription drug price and healthcare coverage reforms that could impact specialty drugs (high-priced as compared to generic drugs) companies like Pfizer, Sanofi, Eli Lilly, etc. Biden emphasises the use of generic drugs in the country where Indian pharma manufacturers have created capabilities as lowest-priced manufacturers of generic drugs in the world. India almost exports \$7 billion of pharma exports to the US, which is expected to grow by high single digits," Axis Securities CIO Naveen Kulkarni said.

Certain critical life-saving antibiotics, steroids like gabapentin, anti-diabetes drug metformin and painkillers like ibuprofen are imported by the US from India. Recently, once the Covid-19 pandemic struck, US sought huge quantities of paracetamol, anti-malarial hydroxychloroquine, and key antibiotics from India. In the short term, Covid-mitigation strategies are expected to take centre-stage.

A section of experts feel that the impact is a mixed bag. "Increasing the transparency and reducing the role middlemen play in the trade would ensure suitable pricing for patients. Faster generic approvals have increased competition and impacted the profitability of Indian generic manufacturers supplying to the US market. The intention of capping the prices and/or creation of international pricing index for drugs under Medicare Part-B may keep margins under check," Tushar Manudhane from Motilal Oswal Institutional Equities said.

Some feel the new president will not have a significant impact on the sector, which anyway operates in a severely price-constrained environment. "Innovator pharma companies may have more relevance from a US elections perspective, a space from which domestic pharma companies are largely absent. Though we note even here there is no material apprehension in the run-up to US elections," Yes Securities lead analyst (institutional equities) Bhavesh Gandhi said.