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Can Indian Pharma Inc find its lost mojo?

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ASHISH PRASAD
Partner, Economic Laws Practice,
Indian Pharma Inc

Ashish Prasad, Partner, Economic Laws Practice, Indian Pharma Inc will need to take stock of the current situation and chalk out a new path for growth

The Indian pharma industry has, over the course of the last few years, met with substantial headwind impeding its growth both in the domestic as well as the international markets. This can be attributed to a vast array of policy and regulatory changes both in India and internationally. While in India, pricing pressures, demonetisation and GST have been the main causes for a reversal of its growth rate, pricing pressures from key markets such as the US as well as global regulatory interventions have posed additional challenges. While the industry faces challenges, vast opportunities await the industry after it has readied itself for the challenges.

Pricing pressures in the domestic market are not likely to let up and can only be expected to increase. With healthcare standards being set high the world over and increasing cost of medicines, state intervention is bound to increase in order to provide widest access to healthcare. The provision of quality and affordable drugs to its people is the mantra of every administration. President Trump's administration has criticised the Pharma sector for its exponential pricing and has sought to impose a Border Adjustment Tax (BAT). If made applicable to Indian companies, the prices of Indian drugs are likely to increase, making it more difficult for India to compete in a growing market.

Will these challenges keep India from realising its 2020 vision? India is irrepressible and our pharma industry has proved many times that when the going gets tough the tough get going. All it needs to

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When existing practices have proved stumbling blocks, innovation has held the key to breaking the barriers to growth. Indian Pharma Inc, which has traditionally been a producer of generic drugs, must realise its research and development potential in order to stay ahead of the competition. The need for Indian firms to replenish their research and development budgets and participate in drug discovery and production of complex generics cannot be overemphasised.

Innovation in the pharma sector implies not only discovery of new molecules but also innovation in practices. The industry must adopt new strategies which will facilitate such discovery with optimum utilisation of scarce resources. The world is increasingly favouring open innovation, co-development and collaboration in research involving new alignments with the government, universities and leaders in particular fields of research to gain from sharing of knowledge and discovery. Such collaboration would help expeditious piecing together of the biochemical jigsaw thereby cutting down the time consumed in research and development. Acceleration of the pace of discovery will reduce cost of drug manufacture substantially thereby reducing the cost of drugs.

Innovation and partnership are thus the key to accelerated growth. Indian Pharma Inc. must forge partnerships in drug development as well as in drug marketing by entering into license agreements wherever possible to facilitate wider access to innovation.

For an industry which earns majority of its revenue from exports, competition must be welcomed and respected as it would prepare the industry to meet quality concerns raised by the more demanding regulatory regimes such as that of the US. Repeated negative observations by the United States Food and Drug Administration (USFDA) on quality issues would only pose setbacks which Indian Pharma Inc can well do without. Indian Pharma Inc must take it as an opportunity to re-align its manufacturing practices with the most demanding regulatory regimes of the world to ensure standardisation. Global best practices must be adopted and internalised to ensure that they are followed more as a matter of principle than of necessity for both – the international market as well as the domestic market. The industry can prepare to bounce back by reviewing its preparedness to combat the more long term regulatory and existential challenges. A review of the product portfolios and diversification would create better opportunities. As it poises itself for growth, the Indian Pharma Inc will gradually be moving from treatment to prevention and provision of total healthcare packages to a population which has increased access to healthcare.

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