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Chinese scare looms over India's bulk drug industry

By SHINE JACOB
shine.j@liveinmint.com
NEW DELHI

The government declared 2015 as the year of bulk drugs, or active pharmaceutical ingredients (APIs), in a bid to promote its Make in India initiative. With less than two months left before the year ends, self-sufficiency in bulk drugs remains a distant dream as India is still heavily dependent on imports, chiefly from China.

A bulk-drug manufacturing policy, expected to be announced by the end of March, may change that.

"We are over-dependent on China for imports of bulk drugs as more than 75% of bulk-drug imports come from China," pharmaceuticals secretary V.K. Subburaj said in an interview last month. "We should develop a conducive environment for the bulk drug industry to develop in India."

The manufacturing policy for bulk drugs, the raw material used to make medicines, will be based on the recommendations made by a panel headed by V.M. Katoch, former secretary (health research); the panel has suggested ways to reduce India's dependency on imports.

The panel has called for the revival of public sector units to start manufacturing select essential critical drugs such as penicillin and paracetamol. It also suggested tax-free status and development of pharma clusters for the revival of the industry.

There are five state-run drug makers—Karnataka Antibiotics and Pharmaceuticals Ltd (KAPL), Rajasthan Drugs and Pharmaceuticals Ltd (RDPL), Hindustan Antibiotics Ltd (HAL), Bengal Chemicals and Pharmaceuticals Ltd (BCPL) and Indian Drugs and Pharmaceuticals Ltd (IDPL). Out of the five, HAL, BCPL and IDPL have been declared sick by the Board for Industrial and Financial Reconstruction (BIFR).

Total imports of APIs and advanced intermediates have risen at an annual pace of 18% from \$800 million in 2004 to \$3.4 billion in 2013, according to a 2013 study by Boston Consulting Group and the Confederation of Indian Industry, a lobby group.

"For antibiotics such as ofloxacin and levofloxacin (used to treat infections), India is heavily reliant on imports for both APIs as well as key intermediates. Moreover, most of the imports, over 90%, in most cases, are concentrated in China," the study said.

Union chemicals and fertilizers minister Ananth Kumar told Parliament last year that India was largely dependent on China for imports of ingredients for 12 essential drugs that are in the National List of Essential Medicines.

"If China decides to stop supply of starting materials and raw materials, we are in trouble," said R.K. Agrawal, general secretary of industry lobby group Bulk Drug Manufacturers Association.

"The government should come up with more pharma parks to boost investment in this sector."

One of the ways to improve domestic production and reduce dependency on China is to strengthen public sector enterprises, Subburaj said.

The government now has plans to leverage the assets of the sick state-run pharmaceutical units to make them financially viable.

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