

Financial Express, Delhi
Thursday 26th June 2014, Page: 3
Width: 20.36 cms, Height: 15.75 cms, 44r, Ref: pmin.2014-06-26.37.21

Govt may prescribe subsidy pill for pharma firms to upgrade plants

Gireesh Chandra Prasad

New Delhi, June 25: The Modi government is likely to offer a financing scheme to the domestic pharmaceutical industry, which is facing a high-pitched offensive from the US Food and Drug Administration (FDA) on quality, to upgrade their manufacturing facilities and meet stringent standards of the world's leading export markets.

One of the possibilities being thought about is an interest subsidy scheme for the upgradation of manufacturing facilities, sources told FE. An announcement of the scheme could either come in the Budget for FY15 or shortly thereafter.

The department of pharmaceuticals is working on the scope of the scheme, its modalities and possible financial institutions to partner with.

The Small Industries Development Bank of India (SIDBI) is expected to be one



The move to provide fiscal help for plant upgrades comes at a time when the industry, with the largest number of US FDA approved facilities outside America, has been served with 21 import alerts in 2013

of the partner institutions to cater to the small and medium sized pharmaceutical firms keen to get their plants approved by the US FDA and enter the highly regulated market, said sources. "More than the top producers that are already cash

rich, a financing scheme is likely to benefit small and medium sized businesses, that have to bear interest cost ranging from 12-18% depending on the source of funds," said Ranjit Kapadia, senior vice president, Centrum Broking.

In 2013, including on some drugs of Wockhardt and Ranbaxy (now part of Sun Pharma). An import alert signifies an alleged instance of non-compliance to applicable good manufacturing practices that require corrective action. The US market is very crucial for the health of Indian drug companies, which exported close to \$15 billion worth of generic drugs to the \$93 billion US generics market last fiscal.

Indian producers also accounted for nearly 39% of all new generic drug approvals in that market in 2013, say analysts. India's over \$40 billion pharmaceutical industry, which earns nearly 40% of its sales from exports, is growing at the rate of about 13.5% a year.

The government is also working on measures to give a strong boost to the active ingredients segment of the domestic industry, which has suffered from cheap Chinese imports.

TD, NIC
1-7-2014

Govt.