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THE INDIAN vaccine market, growing at close to 20%, is said to have the potential to reach \$1 billion by 2012. Private Indian vaccine manufacturers, however, have been finding themselves losing out on the domestic market due to the low national spend on vaccines, sub-standard performance by the government in spreading immunisation coverage through the National Immunisation Programme (NIP), and delay in including more vaccines as part of the programme. Factors like tight price point competition, lack of funds and infrastructure for R&D and low awareness on available vaccines are combining to serve a lethal dose to these manufacturers.

While India's population of over a billion presents manufacturers with literally a world of opportunities here, domestic markets constitutes a miniscule 10% of revenues for the industry, thanks to these home-made hurdles. This is in spite of the fact that almost half of the country still does not have basic immunisation coverage. Exports to over 130 developing and under developed nations across Asia, Africa and South America at a fraction of the price of products from multinational manufacturers constitute the rest.

India's healthcare woes are no secret. However, many would find it shocking to know that while the government here has managed to provide immunisation coverage to just about 53% of its population, African nations, counted amongst some of the most gruelingly poor regions, have achieved the UN millennium development goal with a coverage of 80%. Neighbouring Bangladesh has close to 95% immunisation coverage. Immunisation programmes aim to increase national immunisation rates and reduce mortality and morbidity due to vaccine preventable diseases (VPDs), particularly in children.

The Centre, immune to such toxic facts, is presently spending Rs 500 crore out of the Rs 25,000 crore healthcare budget on vaccine purchase compared to Pakistan, which spends 75% more at Rs 800 crore, and China, which spends a whopping Rs 9000 crore on the same. "Low coverage is the main reason India is lagging behind," says Adar C Poonawalla, executive-director (operations) of Pune-based Serum Institute of India, one of the largest manufacturers of vaccines globally.

"There is an urgent need to improve coverage from 50% to at least 90% and introducing all the crucial vaccines that 120 countries around the world are already using in the government programmes. I am not talking of Europe and US. I am talking about the middle to low income countries that are doing it that and are far poorer than India," Poonawalla adds.

Currently India covers 6 vaccine preventable diseases including tuberculosis, diphtheria, pertussis (whooping cough), polio, measles, and tetanus in its government programme while countries like Brazil have 15. In addition to the bureaucratic failure, a major challenge faced by vaccine manufacturers to sell in India is tight price point competition. With almost 50% of the domestic market comprising institutional buyers, purchase decisions are primarily cost driven and thus relate directly to market position and production capacity. The 6 listed vaccines are sold at between Re 1 and Rs 1.50. For vaccine companies, big and small alike, making money at such price points, after high import duties on raw materials, most of which have to be imported, and an expensive production and distribution process, is getting to be a near impossible proposition.

"Pricing is the greatest challenge faced by vaccine manufacturers. The industry is volume driven. The low cost-high volume model creates margin pressures. Alongside that, monitoring and managing the very specific, temperature regulated supply chain is a major challenge for vaccine manufacturers," says Dipta Chaudhury, programme manager—South Asia and Middle East,

Wounded vaccines market needs a SHOT IN THE ARM

India's vaccine market had the potential to create the next big blockbusters in the industry. But today, it is crippled with challenges and as a result losing out in the domestic market. Will it get a shot in the right direction? Time is running out

Arduous task

- Low immunisation coverage and awareness on vaccines are pulling down the industry
- India's immunisation coverage is at 53% compared to 90% in African Countries
- India is presently spending Rs 500 crore on vaccines against Rs 9,000 crore in China
- Insufficient funds and infrastructure is hurting the vaccine sector's R&D
- Industry asks for authority to be handed to DCGI to bypass bureaucracy

