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Schemes Approved to Promote Drug Manufacturing

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Why in News

Recently, the Union Cabinet has approved two **schemes, namely the scheme on Promotion of Bulk Drug Parks** and **Production Linked Incentive (PLI) Scheme** to promote domestic manufacturing of critical Key Starting Materials/Drug Intermediates and Active Pharmaceutical Ingredients in the country.

Key Points

Promotion of Bulk Drug Parks Scheme

- **Number of Parks:** The government aims to **develop 3 mega Bulk Drug parks** in India in partnership with States.
- **Funding:** Government of India will give **Grants-in-Aid to States** with a maximum limit of Rs. 1000 Crore per Bulk Drug Park.
A sum of Rs. 3,000 crore has been approved for this scheme for next 5 years.
- **Facilities:** Parks will have common facilities such as solvent recovery plant, distillation plant, power & steam units, common effluent treatment plant etc.
- **Need of the Scheme:** Despite being 3rd largest in the world by volume the Indian pharmaceutical industry is significantly dependent on import of basic raw materials, viz., Bulk Drugs that are used to produce medicines. In some specific bulk drugs the import dependence is 80 to 100%.
- **Objectives:** The scheme is expected to **reduce manufacturing cost of bulk drugs** in the country and dependency on other countries for bulk drugs.
The scheme will also help in providing continuous supply of drugs and **ensure delivery of affordable healthcare to the citizens.**
- **Implementation:** The scheme will be implemented by **State Implementing Agencies (SIA)** to be set up by the respective State Governments.

Production Linked Incentive (PLI) Scheme

- **Aim:** The PLI scheme aims to **promote domestic manufacturing of critical Key Starting Materials (KSMs)/Drug Intermediates and Active Pharmaceutical Ingredients (APIs)** in the country.
- **Funding:** Under the scheme **financial incentive will be given to eligible manufacturers of identified 53 critical bulk drugs** on their incremental sales over the base year (2019-20) for a period of 6 years.
- **Impact:** PLI scheme will reduce India's import dependence on other countries for critical KSMs/Drug Intermediates and APIs.
This will lead to expected **incremental sales** of Rs.46,400 crore and significant additional **employment generation** over 8 years.
- **Implementation:** The scheme will be implemented through a **Project Management Agency (PMA)** to be nominated by the Department of Pharmaceuticals.

Active Pharmaceutical Ingredients (APIs)

- APIs, also called bulk drugs, are significant ingredients in the manufacture of drugs. The Hubei province of China is the hub of the API manufacturing industry.
- India is heavily import-dependent for APIs from China. India's API imports stand at around \$3.5 billion per year, and around 70%, or \$2.5 billion, come from China.

Source: PIB