



## The Illness Plaguing India's Pharmaceutical Sector

(The editorial is based on the article "The illness plaguing India's pharmaceutical sector" which appeared in Livemint for 24th January 2019. In this editorial, we'll see the problems affecting the pharmaceutical sector in India.)

**India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of global exports in terms of volume.** In developing countries, India is rendering yeoman service by providing access to lifesaving medicines at affordable prices.

**Presently over 80 percent of the antiretroviral drugs used globally to combat AIDS are supplied by Indian pharmaceutical firms.**

**Generic drugs export** has been growing at a very impressive rate of around **24% per year** for the last four years.

- As per the **CPHI Annual Industry Report 2018**, India, followed by the U.S. and China, has the fastest growth potential and key drivers are the high growth domestic market and expansion of pharma exports.
- As per the report, **India ranked sixth in innovation.** The top three are the U.S., Japan, and Germany.

### Background

- Changes in various policies related to trade and entry of multinational companies in the Indian pharmaceutical industry were initiated in the early 1970s.
- The economic reforms initiated in the early 1990s, broadened in scope gradually over the years that followed, have drastically changed the scenario.
- However, the pace of growth of this industry has shown a remarkable upswing only after 1991, and particularly after 2005.
- The introduction of pharmaceutical product patents brought new business opportunities. But the increase in competitive pressure has possibly induced the exit of small and inefficient firms and plants from the market.

### Problems Plaguing Pharma Industry in India

- Because of fewer costs associated with generic medicines, multiple applications for generic drugs are often approved to market a single product; this creates competition in the marketplace globally, typically resulting in lower prices. **Pharma sector in India is also facing steep headwinds on account of this.**
- There is a **lack of proper assessment of the performance of the pharmaceutical industry** and its efficiency and productivity and due to this many plants have not survived.
- **Unregulated online pharmacies emerging in India have been a major concern for authorized setups.**
- There has been a significant drop in the flow of prescriptions as the Indian pharmaceutical industry

has been witnessing a decline in the overall quality of its medical representatives (MRs). This is mainly on account of lack of training and support by the industry.

- In countries such as Russia, one requires to be a medical graduate to be a pharma sales representative. In the European Union, one needs to pass stringent examinations to become an MR. Once they qualify, they need to renew their certification every three years. **But in India, even non-graduates are performing as MRs without proper guidance.**

## Suggestions

- However, India's strong innovation capabilities aided partnerships would help in overcoming these problems.
- **The introduction of pharmaceutical product patents and the mandatory implementation of good manufacturing practices** is the need of the hour.
- **It is necessary for the Indian pharmaceutical industry to become globally competitive through world-class manufacturing capabilities**, with improved quality and a higher efficiency of production, and there is a need to stress on the up-gradation of R&D capabilities.
- **Training and development of human resources** for the pharmaceutical industry and drug research and development should be done accordingly;
- There is also a need to promote public-private partnership for the development of the pharmaceuticals industry; promote environmentally sustainable development of the pharmaceutical industry; and enable the availability, accessibility, and affordability of drugs.
- **Improvement in industrial practices to provide better training and support services for employees to perform their job functions.**

The Government of India has taken up a number of initiatives to create an ecosystem that fosters manufacturing in pharma industries.

## Government Policies and Initiatives

- The Union Budget 2017-18 shows an increase of 23% in the health expenditure that is likely to give further impetus to the pharma sector.
- It has also introduced a range of fiscal incentives to promote domestic manufacturing, including the reduction of inverted duty structure and basic customs duty which will promote manufacturers.
- The Supreme Court of India also upheld the 2006 decision of the Indian patent office that refused a patent for a mere incremental innovation to a Swiss Pharma major. The verdict disallowing patent protection caused an international uproar.
- The government and the Pharma sector in close coordination have managed to effectively harness the power of Information technology to improve efficiency.
- Cabinet has given approval for 100 % FDI under automatic route for manufacturing of medical devices.

## Importance of e-pharma

- E-pharma provides ease of purchase at discounted prices. E-pharma can help consumers and regulators in a lot of ways.
- **Increased transparency** – E-pharmas can bring the pharma industry data on systems. It can help bring more transparency in the entire supply chain.
- **Better tracking by regulators** – E-pharma brings tremendous promise for the regulatory body to tackle the issues of fake medicines, since the entire supply chain is well-documented and trackable. The e-pharmacies have made it mandatory to submit a scanned copy of the prescription, which has been cross-checked with a local doctor in the case found suspicious. Also, for chronic diseases, patients are requested to produce a new prescription in case of the expiry of an old one.
- **Access** – The country will get better and easy access to medicines that are not available now.
- **Better pharmacovigilance** – E-pharma can assist in monitoring the effects of medical drugs after they have been licensed for use, especially in order to identify and evaluate previously unreported adverse reactions.
- **Affordability** – The elimination of middlemen from the supply chain will make medication cheaper

for the common man.

- **Convenience** - Needless to say, doorstep delivery of medicines will make life easy for patients who will not have to rely on others to get their medicines.

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