



Enterslice

Scope of Expansion of

India's Pharmaceutical Sector



When the entire world population is struggling with the menace of COVID-19, the medical experts throughout the globe have glued their eyes on the Indian pharmaceutical industry.

Irrefutably, when the whole world had been busy investing in military operations, Indian Government had focused on strengthening of pharmaceutical sector.

This is reason why many nations today are queuing up for the rare immunity boosting drugs effective in Corona-treatment that are being manufactured in India.

There is no doubt that the Indian pharmaceutical industry is all set to dominate the global market.

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"Indian Pharmaceutical Industry becoming Larger Than Ever..."

In the words of the honorable PM of India Sh. Narendra Modi-

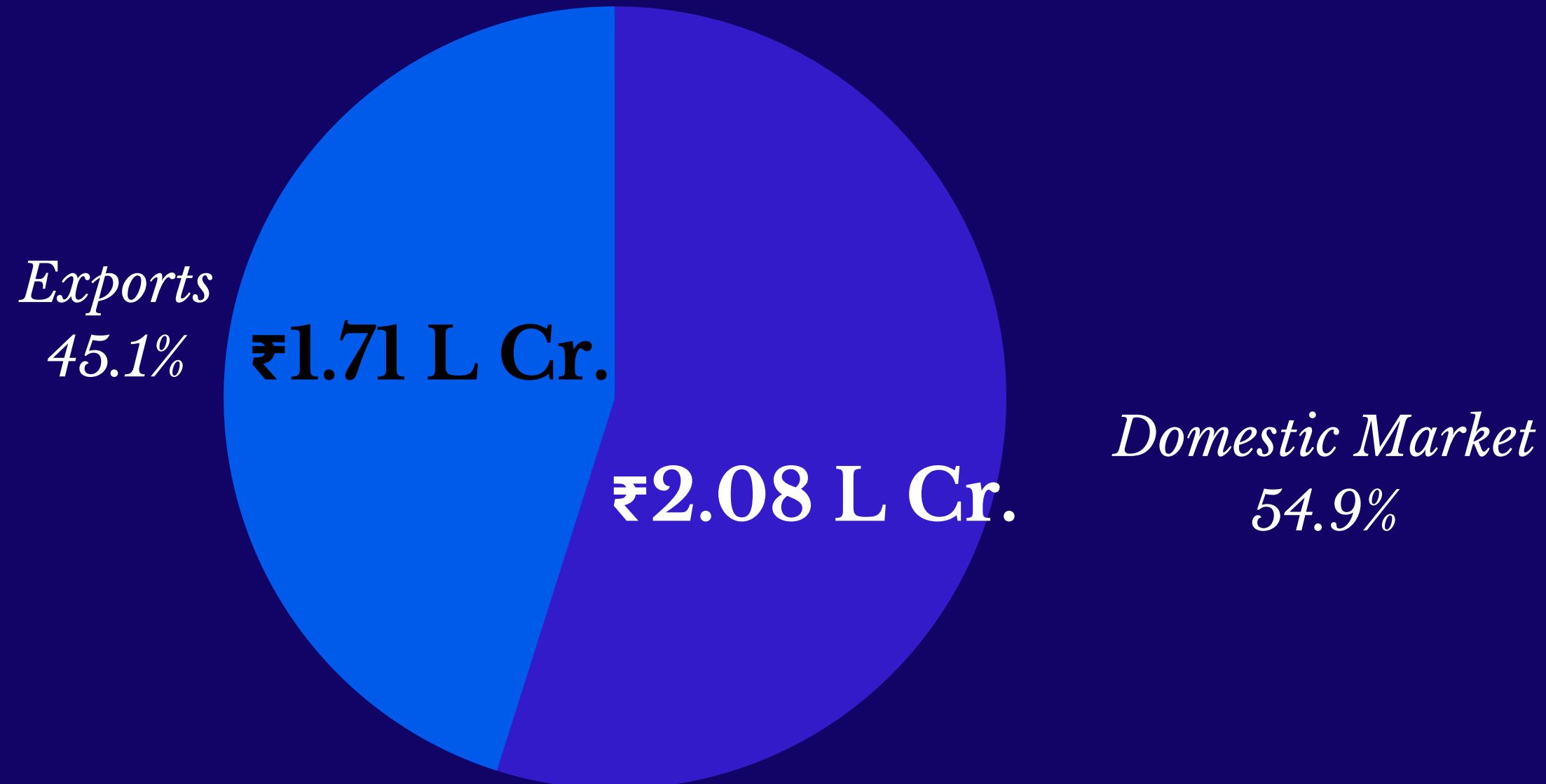
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India's Pharmaceutical Industry is a truly an asset for India and the rest of the world. It has played a pivotal role in bringing down the cost of medicines, especially for developing nations.



Indeed, the pharmaceutical industry of India has grown to the size of ₹3.79 lakh crores (US\$ 51.3 billion).

- Total exports in pharmaceutical products from India: ₹1.71 lakh crores (US\$ 23.11 billion).
- Total imports in pharmaceutical products into India: ₹81.55 thousand crores (US\$ 11.02 billion).
- Domestic market for pharmaceutical products: ₹ 2.08 lakh crores (US\$ 28.21 billion).



Size of Indian Pharmaceutical Industry



(Source: Department of Pharmaceuticals)

Manufacturing units booming in Pharmaceutical Industry

As per the Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers:

- There has been a record growth of manufacturing of medicines: 10-12%.
- Growth of manufacturing of medical equipment: 12-15%.



FDI inflows in Pharmaceutical Industry of India

As per the DPIIT, there has been record 98% increase of FDI inflows into the Indian Pharma Industry.

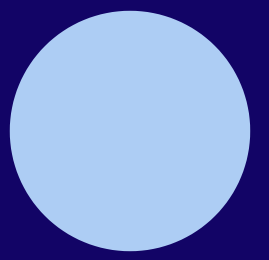
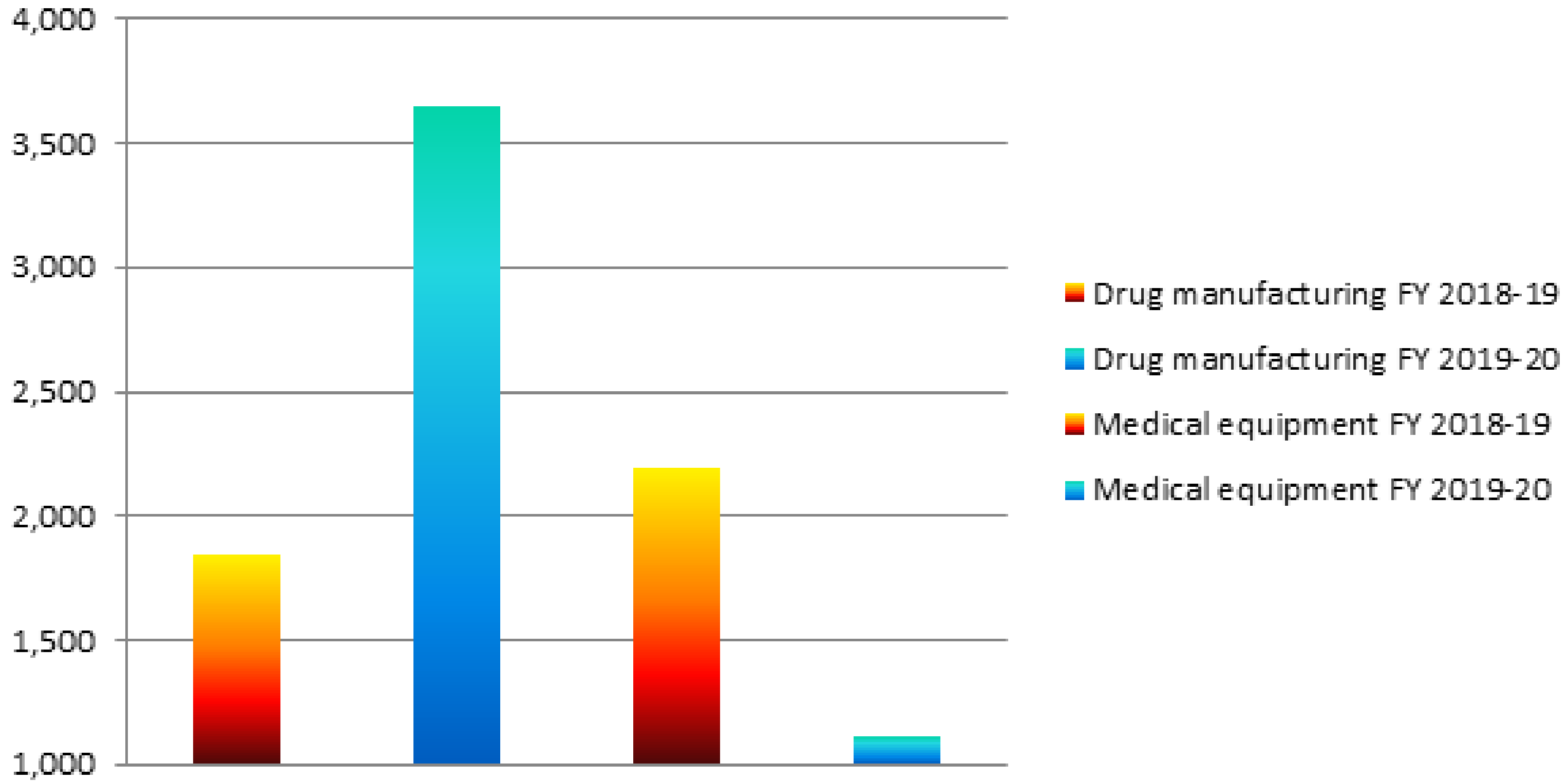
- FDI inflows into drug manufacturing industry in the FY 2018-19: ₹ 1,842 crore
- FDI inflows into drug manufacturing industry in the FY 2019-20: ₹ 3,650 crore

Similarly,

- FDI inflows into medical equipment manufacturing industry in FY 2018-19: ₹ 2,196 crore
- FDI inflows into medical equipment manufacturing industry in FY 2019-20: ₹ 1,108 crore.



Trends in FDI inflows in Indian Pharmaceutical Industry



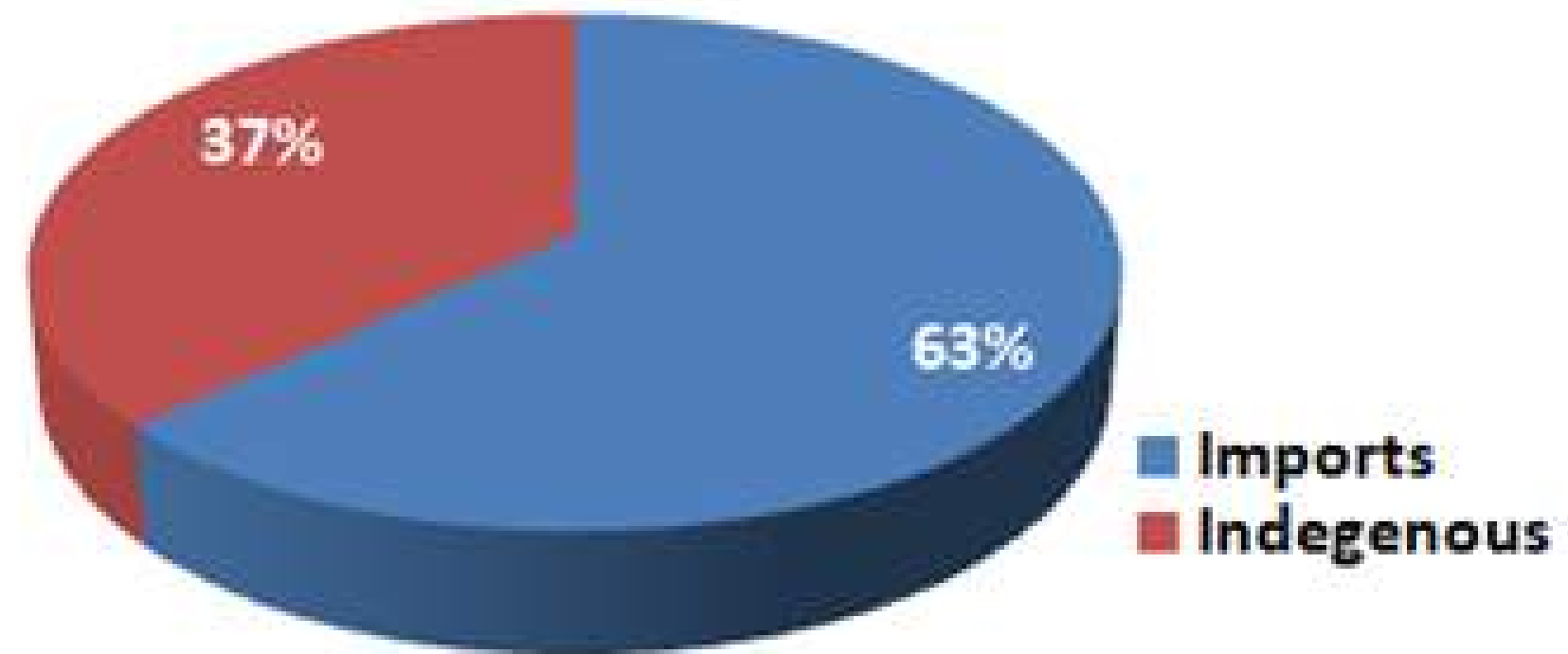
Challenges to the growth of Indian Pharma Industry

According to the Ministry of Chemicals & Fertilizers, there are still some challenges to the booming of pharmaceuticals, with regard to:-

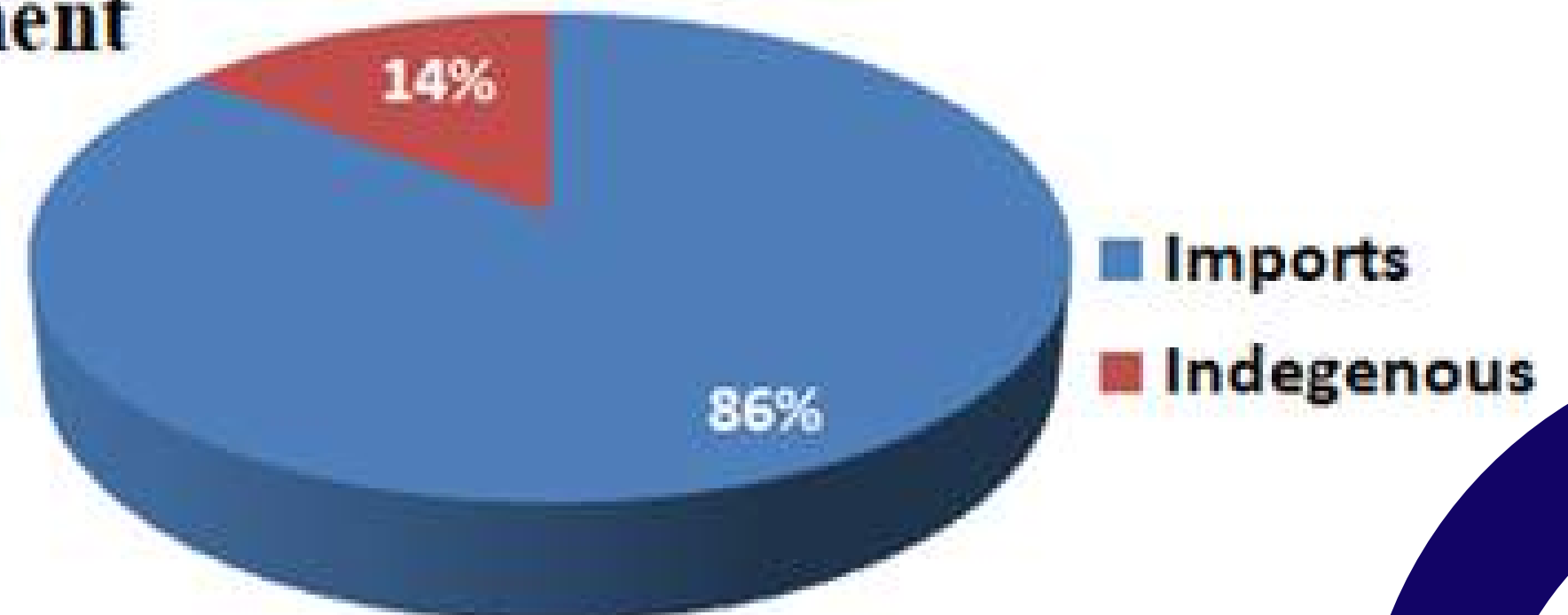
- Supply of bulk drugs or Active Pharmaceutical Ingredient (API), where there is still much dependence on Imports. (63% of total imports)
- Supply of Medical equipment, where there is again much dependence on Imports (86%).
- Besides, there is a need to focus on R&D and Skilling for medicine inventions.
- Hence, our government is now focussing upon the Atmanirbhar Bharat drive, for making India self-reliant in the field of pharmaceuticals. Let's see how.

Challenges to India's Pharmaceutical Industry...

Supply of Bulk drugs



Supply of Medical equipment



Imports of Medical Devices



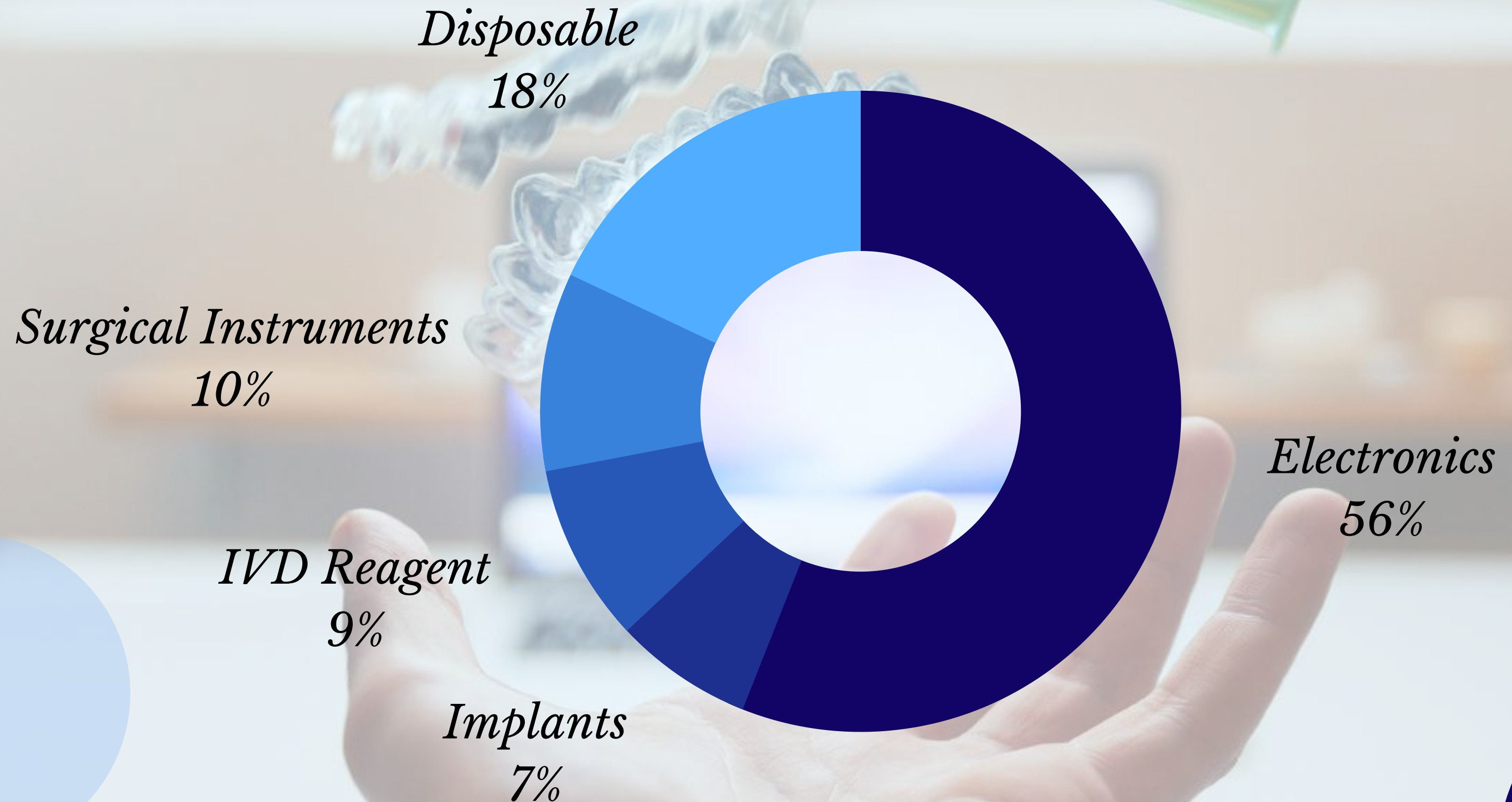


Indian Pharmaceutical Industry: Making of Atmanirbhar Bharat

As per the Reports represented by various trade associations, the DoP has prepared a blueprint for:

- Boosting production to counterbalance the cost of manufacturing.
- Building infrastructure for testing and lab services.
- In Budget 2020, the government had announced incentive scheme for medical device sector on the lines of the scheme of MeitY.

Segment-wise Imports of Medical Devices



PLI Scheme for Medical Equipment Manufacturing

Very recently, the government has already launched the Production Linked Incentive Scheme for promotion of Domestic Manufacturing of Medical Devices, on 21st July 2020. Refer to the Gazette Notification regarding the PLI scheme.

- **Aim:** To boost domestic production and attract huge investments in Medical Devices Sector.
- **Financial outlay:** ₹3,420 crore.
- **Procedure:** Monetary incentive shall be given to select companies @ 5% of increased sales (over the Base Year) of goods manufactured in India, for a period of 5 years i.e. from FY 2021-22 to FY 2025-26.
- **Tenor:** From FY 2020-21 to FY 2026-27.



PLI Scheme for Medical Equipment Manufacturing: Highlights



- Aim: To attract huge investments in Medical Devices Sector.

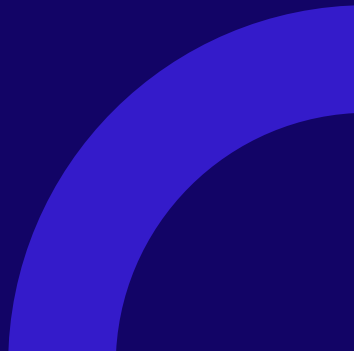
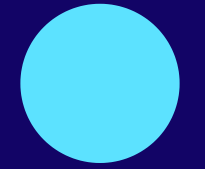
- Outlay: ₹3,420 crore.



- Tenor: From FY 2020-21 to FY 2026-27.

Eligible medical devices manufacturers:

- Cancer care/Radiotherapy medical devices.
- Radiology & Imaging medical devices (both ionizing & non-ionizing radiation products) and Nuclear Imaging Devices.
- Anaesthetics & Cardio-Respiratory medical devices including Catheters of Cardio Respiratory Category & Renal Care Medical Devices
- All Implants including implantable electronic devices like Cochlear Implants and Pacemakers.



Threshold Criteria:-

Incentive Rate on Incremental Sales of Goods	Minimum Investment	Minimum Incremental Sales of Manufactured Goods
5% in all 5 years	INR 180 Crore over 3 Years Cumulative Year 1: 60 crores Year 2: 120 crores Year 3: 180 crores	Year 1: INR 120 Crore Year 2: INR 240 Crore Year 3: INR 360 Crore Year 4: INR 460 Crore Year 5: INR 560 Crore



Scheme for Promotion of Medical Device Parks

“Promotion of Medical Device Parks” Scheme has been launched by the Government on 21st July 2020. These parks will include common testing and research at one place. This will reduce the manufacturing cost and will help to create a robust ecosystem.

- **Aim:** Easy access to testing and lab facilities with world class common infrastructure.
- **Scope:** Financial assistance shall be provided for creation of common infrastructure facilities in 4 Medical Device Parks proposed by the State Governments.
- **Financial outlay:** INR 400 crore.
- **Tenor:** From FY 2020-2021 to FY 2024-2025

Refer to the Gazette Notification regarding the scheme.

Scheme for Promotion of Medical Parks: Highlights



- Aim: Access to testing & lab facilities.

- Outlay: ₹400 crore.



- Tenor: From FY 2020-21 to FY 2024-25

Thank You!

