Challenges in Pharma trade

What is the issue?

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The Indian pharmaceutical industry is facing challenges in both domestic as well as in international markets.

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What is the model of Indian Pharma industries?

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- India is the third largest supplier of the world’s requirement of medicine.
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- It capitalised on a strong domestic base in India through rapid product introductions, a kind regulatory and intellectual property system.
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- Indian pharma companies chose pockets in Africa, Asia and the Middle East as natural expansion outposts.
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What are the challenges in Indian pharma trade?

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- **Domestic-**Indian patients are paying high prices for drugs, due to fragmentation of distribution channels.
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- The drug regulatory laws are not implemented in identical fashion across every state and city of the country.
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- There are many ill-trained chemist all over the nation.
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- **International-** US Supply channel consolidationhas led to 90 per cent of the buying power concentration in three big companies, hindering trade of Indian companies.
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- The Food and Drug Administration along with increased scrutiny has been approving the backlog of drugs aggressively, leading to hyper-competition.
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- Buyers have tightened the screws and are increasingly vigilant about even legitimate price increases.
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- The combined effect has wiped out nearly 40 per cent of the core industry's market cap, destruction of over Rs 5 lakh crore.
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How the challenges can be addressed?

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- The national regulator can engage to re-skill and train employees and hold them accountable to one common national standard.
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- Beyond the core generics drugs companies should invest in diversified portfolio such as vaccines, animal health.
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- The Indian pharma industry should focus on capital allocation choices and capability building.
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- Three simple things innovation, calibrated diversification and consolidation must be carried out.
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- The industry needs to diversify the geography risk beyond the US and India, invest in innovation beyond traditional generics and acquire more global scale.
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- India does not need more than 500 companies to have a reasonably competitive market, remaining should merge and acquire global scale.
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Source: Business Standard

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