

Funding the Pharma Industry

Why in news?

The Indian pharmaceutical sector is experiencing a diversification of funding sources, with a focus on fostering innovation and growth.

Picture of India's Pharma Industry

- From being import-dependent in the 1960s to now meeting 20% of global generics demand, the Indian pharmaceutical industry has rightfully earned India the title of 'Pharmacy of the World'.
- The Indian Pharmaceutical industry is currently ranked
 - 3rd in pharmaceutical production by volume
 - largest producer of generic drugs globally
- According to a recent report by Asian Lite, India accounts for 13 % of the global pharma market.
- The Pharma sector currently contributes to around 1.72% of the country's GDP.
- Market size of India pharma industry is expected to reach US\$ 65 billion by 2024, and US\$ 130 billion by 2030.
- India is the 12th largest exporter of medical goods in the world.

How significant is funding with respect to pharma sector?

- **Sustainable funding**- As drug candidates enter the clinical development stage, funding is largely provided by corporate (pharma) and venture capital.
- Continuous and sustainable funding over a period of time will be critical for the success of clinical trials.
- **Continuous investment**- In R&D, it is critical as the industry is a knowledge-driven sector.

On an average, the global clinical trials process alone takes over 11 years with high risk of failure.

- **Attract investors**- Funds focused specifically on life sciences and biotechnology can attract investors who are interested in supporting drug development.
- **Incentivise PPP**- It is crucial to incentivise public-private partnerships for funding to foster innovation in pharma industry.
- These partnerships help in complementing the resources, technology and the potential for long-term collaborations.
- **Diverse funding**- The collaboration between industry, government, and investors will be instrumental in driving groundbreaking discoveries that will improve the health outcomes.

- **Holistic improvement**- The newer avenues of funding not only provide capital but also offer expertise, technology and support, helping pharmaceutical start-ups thrive in a competitive landscape.

Steps taken to Promote Indian Pharma Sector

- **Early stage grants**- It was set up by the Department of Science and Technology and the Biotechnology Industry Research Assistance Council (BIRAC) to fund the start-ups and companies.
- **Promotion of Research & Innovation Programme**- 5,000 crore rupees funding was announced to incentivise funding for innovation and encourage collaboration among pharmaceutical companies, government research institutions, and start-ups.
- **National Medical Devices Policy, 2023**- It is expected to facilitate an orderly growth of the medical device sector to meet the objectives of access, affordability, quality and innovation.
- **Foreign Direct Investment**-
 - **Greenfield pharmaceuticals projects**- 100% FDI is allowed through automatic route.
 - **Brownfield pharmaceuticals projects**- 74% FDI is allowed through automatic route.
- **Production Linked Incentive (PLI) scheme for bulk drugs** - It has been notified to boost domestic manufacturing of bulk drugs and reduce import dependence.
- **Scheme for Promotion of Bulk Drug Parks** - It has been notified to develop common infrastructure facilities (CIF) for bulk drug production units to reduce manufacturing costs.
- **Strengthening of Pharmaceutical Industry (SPI)** - Department of Pharmaceuticals along with Ministry of Chemicals and Fertilizers has launched the SPI scheme to address demands of support required to existing Pharma clusters and MSMEs, to improve their productivity, quality and sustainability.
- **Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS)** - PTUAS has earmarked 300 crore rupees to facilitate MSMEs) of proven track record to meet national and international regulatory standards.
- **Pharmaceutical & Medical Devices Promotion and Development Scheme (PMPDS)** - It aims to facilitate the development of pharma & medical devices sectors through reports, awareness programs, database, and promotion of industry.
- **National Policy on Research & Development & Innovation in Pharma-MedTech Sector in India and Scheme for promotion of Research and Innovation in Pharma MedTech Sector (PRIP)** - It was launched in 2023 to transform India into a high-volume, high-value player in the global market of pharmaceuticals.

References

1. [Business Line- Funding crucial to fuel innovation in pharma](#)
2. [IBEF- Pharmaceutical sector of India](#)
3. [InvestIndia | Pharma sector](#)