



# Indian Pharmaceutical Industry in Covid -19 pandemic - Its opportunities and challenges

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## Abstract

The advent of globalization has made Indian pharmaceutical industry flourish its operation in both home and global markets. The unexpected outbreak of contagious disease all over the world create havoc in Indian pharmaceutical industry too. The lowest production cost and largest exporter of quality generic drugs when to compare to US and Europe made the Indian pharmaceutical industry a hub of global pharmacy. But still Indian pharmaceutical industry faces severe encounters like lack of clinical trials, poor R&D, checks and balance in government rules and regulations etc. The objective of this research paper to understand the opportunities and challenges faced by Indian pharmaceutical industry in covid -19 situation prevailing all over world.

**Keywords:** Globalization, Pharmaceuticals, Generic, Covid-19 Opportunities, Challenges.

## Introduction

### Glimpse to Indian Pharmaceutical Industry during Covid-19

Indian pharmaceutical industry is considered as “Pharmacy of the world”. Around 60% of drugs and drugs related products are produced and supplies to rest of world. In terms of production Indian ranked third and also in second position in providing employment in pharmaceutical as well as biotech related areas in the world wide. India ranked 14<sup>th</sup> position in terms of value too. The quality and affordable cost of generic drugs to the world makes India a global leader in pharma world. Around 200 countries, Indian pharmaceutical industry export all kinds of drugs and medical related products. There is huge spurt in turnover in 2021(4200 crores) domestic pharmaceutical market. In the year 2018, turnover was 1.29 lakhs crores but in 2019 it made a big jump to 1.4 lakhs crores. That shows the increasing demand in domestic market due to covid-19. The export of drugs and medical related products has touched US\$ 24.44 billion in 2021. There is a cumulative spurt in FDI (Foreign Direct Investment) inflows on pharmaceutical sector from April 2000 to March 2021 is estimated around US\$ 17.99 billion.

The healthcare system in India is divided into public and private system. There are around 3000 registered firms in pharmaceutical sector itself and estimated 10,500 industrial units too. The Indian healthcare system plays a crucial role in the battling of global pandemic (covid-19). When whole world suffers from first wave, India faced it very strongly but the second wave shook our nation very badly. The major hindrances faced by Indian pharmaceutical industry in the pandemic situation was the inability to supply essential products on timely demand. The rising demand for testing kits, PPE kits, mask, sanitisers, oxygen supplies, severe scarcity of drugs such as remdesivir, tocilizumab etc. and other essentials create havoc to industry production. The dominance of private health sector created a headache to government in covid due to dual pricing policies in treating covid patients. But in course of time, the pharmaceutical industry overcome all odds and started precautionary steps to overcome the third wave.

The four key points of development in the Indian pharmaceutical industry:

- The growth of the Indian economy paved way for more investment and grow confidence to investors of both domestic and foreign countries.
- The invention and innovation of new and existing drug products in the market.
- Increasing base in U.S market due to affordable prices and high-quality generic products.
- Increasing Indian base in Asian countries like Japan and China.

## Objectives

- To understand the opportunities in the Indian pharmaceutical industry in covid-19.
- To find out the various challenges faced by Indian pharmaceutical industry in covid-19.

The existing study is basically a secondary in character, the facts for study been collected from various reports and publications of Government of India, RBI various issues, journals, articles, newspaper etc.

## Prospects in Indian Pharmaceutical Industry

India is one of the privileged countries which timely flattened first wave of corona virus spread due to cautious and appropriate preventive steps. This happened due to stronghold of vast pharmaceutical sector. Not only did it met the local demand our pharmaceutical industry exported large chunks of medicines to all over the world. In the covid-19 period, Indian pharmaceutical sector exported 165.5 lakhs of COVAX (covid vaccine) to 71 nations including both developed and developing countries.

### 1. Largest pool of professionals

Being a largest English-speaking population, highly skilled and unskilled professional is the main advantage of country. So, compare to west, Indian pharmaceutical industry is blessed with manpower as well as resources. The brain drain in the medical arena to other countries is enormous. There is a high demand for Indian doctors, nurses, pharmacist etc. in Gulf and European countries.

### 2. High Know-how

The upgradation of all latest technology in pharma sector increases the quality and quantity of drugs. It reduces the lags in production of drugs and drug related products. The update of latest technologies and timely implementation by pharma companies increased their markets in both regional and global level.

### 3. Cumulative exports

The rising demand for our medicines and medicinal products in foreign countries is due to high quality and quantity at reasonably price. It is possible due to cheap labour market, vast domestic base, low cost of production, upgrading technologies, inventions and innovation etc. According to IBEF, the export of pharma and pharma related products has cumulatively increased from US\$10 billion to 19 billion from the year 2012 to 2019. The export promotion programmes of the government boosted export of pharmaceutical products to whole over the world.

### 4. Growing medical tourism

The rising demand of medical tourism in domestic and international level is due to highly qualified expertise in traditional and modern medicine. The cost of treatment is affordable when compare to western countries. The quality and facilities in medical arena are highly recommendable. According to Tourism department, the number of tourists from various parts of world visiting for medical tourism increasing on a daily basis. The medical tourism in India amounted around US\$ 3 billion in 2015 and it increased to US\$ 9 billion in 2020.

The changes in the patent regimes from process to product, timely government regulation and boosting market helped the Indian pharmaceutical industry to outshine in the global market.

## Encounters in Indian Pharmaceutical Industry

The Indian pharmaceutical industry has faces severe challenges during last few years. All pharmaceutical industry faces difficult time due to emerging new disease and catching up with all prevention and curative methods.

### 1. Inadequate clinical trials

In India, limited clinical trials is the one of the challenges of this industry. The success of any newly developed drugs depends on numerous trials in labs. The end product of continuous trials is approval of drugs developed by the company. For each clinical trials the company spending huge money on R&D and manpower. One of the MIT studies pointed out that only 13.8% of drugs got approval from Food and Drug Administration (FDA).

### 2. Unstable pricing and policy ambience

The major drawback is the change in pricing policies unexpectedly which create conducive environment for further investment and R&D in the business. It creates a bad picture for foreign as well as domestic investors.

### 3. Heavy imports

India may be hub for world pharmacy in the case of generic drugs. But in the real picture, it is heavily importers of active pharmaceutical ingredients (API) and other intermediates. About 65-70% of imports of API are from China. It creates severe problem to our country strategically, territorially and economically.

### 4. Quality Problems

Indian pharmaceutical industry has faced serious problems due frequent FDA (Food and Drug Administration) checks and disapproval. When compare with its counterparts of both developing and developed countries development, investment, quality and technology is not upgraded to a desired level.

### 5. Breakage of healthcare system

The outbreak of pandemic broke the entire healthcare system in India. Alarming rate of patient's day by day led to scarcity in beds, availability of oxygen in hospitals, medical equipment's, medical staffs etc.

## 6. Low outlay in healthcare sector.

In India, budget outlay allocated for healthcare sector is just a meagre amount when compare with its vast population that is round 1.26 percent of GDP. This shows low coverage in rural as well as urban healthcare sector. Our investment is minute when compare to some of developing countries.

## 7. Increasing lifestyle disease

Due to change in lifestyles and changing consumption patterns leads to rising lifestyle diseases such as heart attack, diabetics, hyper tension etc. In the covid-19 period services such as e-medicine and e-consultation facilities increased immensely due to lifestyle diseases.

The government has planned to increase expenditure in health care sector. The government of India planned to reduce imports of API from China so new project were launched such as Aatmanirbar Bharat to make Indian pharma sector self-reliant and self-sufficient. The aim of the project to reduce all types of regulation including tax, stable financing structure, self-reliant of API, trustworthy supply chain management, setting up of SEZ's for pharma sector etc.

## Conclusion

Indian pharmaceutical industry has more scope in the coming future. Only few sectors profited in this pandemic situation. Despite all the challenges Indian pharmaceutical industry has potential to beat all odds. In order to revival Indian pharmaceutical industry government should provide more incentives to boost and self-reliance in certain sector such as API drugs, medical devices where heavily imported from other countries. India stood unshaken in first wave but the second wave scattered pharmaceutical industry wholly but now India pharmaceutical industry learnt from past bitter experiences and is expecting and preparing to beat third wave.

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