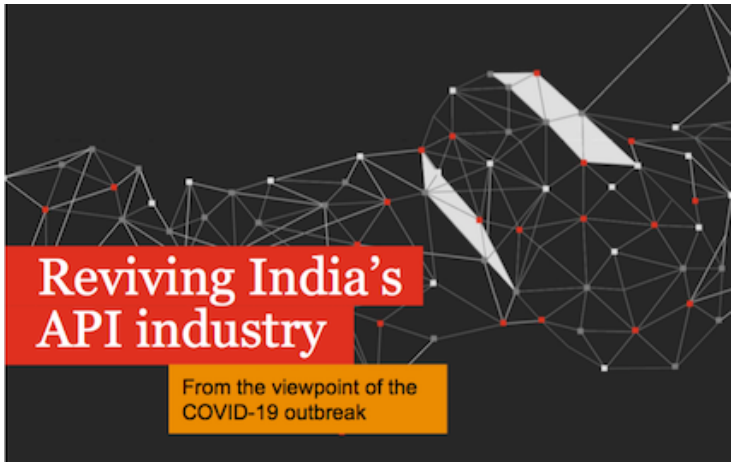
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PwC launches study on reviving India's API industry

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India needs to focus on providing production incentives for critical API/KSMs to encourage investments



PwC has launched a study "**Reviving India's API industry"** to understand the challenges faced by the Indian active pharmaceutical ingredient (API) industry and interventions required to revive the industry.

The study by PwC India talks about solving for drug shortages in the wake of supply chain disruptions caused by Covid- 19 where we have analyzed the stocking situation, cost differentials, and reliance on China.

The Chinese API industry has a clear inherent advantage because of economies of scale and the support they receive in the form of large-scale manufacturing incentives and state-driven subsidies to promote exports.

On the other hand, Indian manufacturers are stressed due to multiple reasons like the stricter implementation of pollution control norms, issues in the interpretation of the Drug Price Control Order (DPCO), no financial incentive, and lack of large-scale mega parks to manufacture bulk drugs.

The study goes into specific measures, both short and long term, to revive the industry and reduce the impact of this and future pandemics on our patients and to be able to capitalize on the full potential of its API manufacturing capabilities.

As immediate measures, India needs to focus on providing production incentives for critical API/KSMs to encourage investments, providing subsidies in form of cheaper utilities like power and water, faster environment clearances and facilitate alternative sources of imports

Sujay Shetty, Partner and Leader Health Industries, PwC India, said, "High dependence on a single source can have a significant adverse impact in emergency situations like Covid-19. With recent changes in API's prices rising up to 100%, it is time we revive our domestic API industry. While some policy changes may take time, we need to collectively evaluate and strategize for ways to encourage alternative sources."

From a long term perspective, India needs to develop 2–3 large clusters and provide plug-and-play infrastructural support in dedicated zones for manufacturing APIs and encourage industry-academia initiatives.