

India advantage

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A few days after announcing the new biotechnology policy, India's Science & Technology Minister, Kapil Sibal, dwelt at length on India's advantages in R&D and innovation, at an event organized by the Federation of Indian Chamber of Commerce and Industry (FICCI) in New Delhi. Excerpts from interventions during the event:

What are India's advantages in the global economic landscape?

One of India's advantages is that it is a living and working democracy. It is perhaps because of this foundation that India's economy is growing at eight-nine percent in recent years that has given the opportunities for entrepreneurs and ordinary people to move ahead.

How is it translating into promoting innovation?

When I think of innovation and India advantage, there are two factors that come to my mind. The first advantage is that India today has a middle class population that is 300-million strong and the economic opportunities created by this segment are huge. The middle class lives in a relatively highly networked space and interconnects with the rest of the world very easily. So what you see in India now is the connectivity that is happening on the ground with companies, multinationals coming to India and connecting with the 300 million people and become the driver of products and process in India. That's advantage India.

That explains why 200 of the Fortune 500 companies are in India. These companies have some of their largest R&D bases in India. If global companies have to move forward, they must have an India strategy. That India strategy involves sourcing not just talent from India but sourcing the market in India to exploit the world market.

What are India's advantages in the life sciences sector?

If we look at the pharma sector, most of the big pharma MNCs have come to India. They have made investments and this is not only for doing contract research but some of them are involved in innovation with Indian companies. Indian pharma companies are now sharing the intellectual property rights with big multinationals. It's no longer feasible for MNCs to invest \$3-4 billion to develop a new drug outside of India when the cost of manufacturing the drug is much lower in India. The innovation costs, HR costs and economic costs are much lower than elsewhere. Our pharma companies are now acquiring companies in Europe and the US. It's very difficult for a mid-sized pharma company to survive in the US because the costs are high and there is stiff competition. Indian companies are buying these companies along with their IP rights and then manufacturing the same drug in India at much lower cost making them competitive in the world market.

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