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Thrust on Innovation & R&D fundamental for Indian Pharma's Growth

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Indian pharma companies should adopt partnership strategies for collaborative research, including increased investment in research



India is now known as “Pharmacy of the World”, accounting for 20% of the world's generic drug production. The industry aims to grow to a size of \$120 - \$130 billion by 2030, become number one in terms of volume from the current rank of 3, and be among the top 10 in value from the current rank of 14 by 2030. The industry is a knowledge-driven sector and hence thrust on research and development (R&D) and innovation is fundamental for growth.

Today, the Indian pharmaceutical industry has the advantage of scale and reach in the global market. With the immense potential for growth, the industry is now poised to elevate its position on the value chain by delivering affordable and quality-assured medicines and addressing the unmet needs of patients across the globe. To achieve this, continuous regulatory reforms, robust innovation funding, industry-academia collaboration, and innovation infrastructure with a strong emphasis on patient-centricity will serve as the key drivers for the Indian pharma sector.

In the recent Union Budget, R&D has been highlighted as a priority for the pharmaceutical industry, with proposed pharma research innovation programs through centers of excellence. Additionally, facilities in select Indian Council of Medical Research (ICMR) labs will be made available for research by public and private medical college faculty and private sector R&D teams, encouraging collaborative research and innovation. The Budget also proposed AI Centers of Excellence to expedite the development of new molecules. These announcements are positive steps in the right direction.

Furthermore, there is a need for regulatory reforms to enable faster approvals for product development in India. The government has implemented measures to protect intellectual property rights and create a more transparent regulatory environment, which should encourage more investment in R&D. Academic collaboration, particularly with ICMR-like labs, could play a pivotal role in fostering better industry- academic partnerships. Establishing an enabling infrastructure of innovation clusters could also facilitate breakthroughs in R&D.

One of the challenges in boosting R&D in the Indian pharmaceutical industry is the relatively low spending on research and innovation. India's spending on R&D is around 0.7% of GDP, whereas many other countries spend 2.5-3%. In terms of investment in R&D by pharma companies, it is approximately 7% of net sales, compared to the 15-20% spent by global companies.

In 2018-19, it is estimated that overall spend on pharma R&D in India was approx \$3 Billion compared to \$15-20 Billion in China and \$50-60 Billion in the USA. This is due to factors such as high costs, long gestation periods for research, and uncertainty of outcomes, as developing a product can take a decade with uncertain results, making it a high-risk investment.

Innovation accounts for two-thirds of the global value pool, and Indian pharma companies need to venture into biosimilars, new chemical entities, and new research areas like oncology. Indian pharma companies should adopt partnership strategies for collaborative research, including increased investment in research and taking a leadership position in innovation. There is a need for skilled talent - researchers, scientists, engineers, and other professionals, as well as measures to attract and retain talent, promote interdisciplinary research, and provide opportunities for career growth and development.

The pharma industry is not only an asset to India but also to the world. The PM has been highlighting the importance of innovation, encapsulated in his inspiring words, "Jai Jawan, Jai Kissan, Jai Vigyan, Jai Anusandhan". This vision underscores the need for innovation-driven growth and advancement in the pharmaceutical sector, emphasizing the critical role of research and development in shaping the industry and future landscape.

Sudarshan Jain, Secretary General, Indian Pharmaceutical Alliance