

Huge opportunities exist in overseas markets for SMEs in pharma sector: Pharmexcil

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Saturday, June 11, 2011, 08:00 Hrs [IST]

Huge potential exists for the pharmaceutical manufacturing units in the SME sector to venture into overseas markets and they can avail of various export incentive schemes offered the Union government.

The government is extending financial assistances to the aspiring exporters through export promotion councils for the pharma industry under MDA and MAI schemes, said Abhay Kumar Sinha, assistant regional director, Pharmexcil, New Delhi.

He was delivering a lecture in a seminar organised for the manufacturers of West Bengal by Pharmaceutical Export Promotion Council in Kolkata last week.

The objectives of the Market Development Assistance (MDA) Scheme is basically to assist the SMEs to promote exports of their products and to explore new markets. The companies which intend to market their products abroad have to follow certain norms and procedures. Those who apply for MDA shall not be under investigation or charged for any offence or prosecuted for any violation or debarred due to malpractice or black listed under the Foreign Trade Policy of India or under any other law relating to export and import business. The maximum MDA assistance is inclusive of assistances received from all Government bodies, EPCs, FIEO, ITPO etc, he said.

Exporting companies with an FOB value of exports of up to Rs.15 crore in the preceding year are eligible for MDA scheme. The member exporters of EPCs would also be eligible for MDA assistance for participation in events organized by ITPO abroad. Their applications or claims can be routed or reimbursed through the concerned EPC. A maximum of 3 participations in a particular trade fair or exhibition would be entertained for the assistance, he told the manufacturers present there.

There is other assistance available for participation through Council sponsored activities. This is permissible to one regular employee or director or partner or proprietor of the company. Exporter of foreign nationality or holding foreign passport is not eligible. Applications for this assistance are received in any of the offices of Pharmexcil with a minimum of 14 days advance notice excluding the date of receipt of application and the date of departure from the Country.

Whereas, the Market Access Initiatives (MAI) Scheme, Abhay Kumar said, is an export promotion scheme envisaged to act as a catalyst to promote India's export on a sustained basis. This scheme is formulated on 'focus product – focus country' approach to evolve specific market and specific product through market studies and surveys. Through this

scheme assistance is provided to EPCs or TPOs for enhancement of export through accessing new markets or through increasing the share in the existing markets.

He explained that Indian domestic pharmaceutical market size was estimated at US\$ 12.2 billion (Rs.55,454 crore) in the year 2008. The country's healthcare expenditure during the period was estimated at US\$ 68.6 billion. He said that medicine purchases forms 17.78 per cent share of health care expenditure and 0.8 per cent in GDP.

He said that India is the 15th largest exporter of bulk drugs & formulations in value terms with a share of 1.44 per cent during 2008. The country ranked 14th in value terms and 3rd in volume terms. It is the 9th largest exporter of APIs/Bulk Drugs and the 8th in terms of export volumes. Exports estimated for the year 2009-10 were US\$ 8.88 billion. Pharmaceutical exports occupied a share of around 5 per cent in India's total exports over the last 5 years, he said.

With regard to rising export opportunities, India has very good scope. He said in the case of Generic Opportunity, 450 molecules worth US\$ 350 billion are going off patent in the coming years. The contract manufacturing opportunity of prescription drugs is estimated to increase from a value of \$26.2 billion to \$43.9 billion. in the next 5 years. Besides, there are many important categories such as monoclonal antibodies, peptides, biotech, etc, which are not filed by India, but cater global opportunity of approximately US\$ 90 billion.

Several technologies such as sustained release/controlled /modified release lyophilized pharmaceuticals, bio-pharmaceuticals, specialty generics, drug Intermediates, NIP based APIs/Formulations, regulatory compliant infrastructure, are not attempted in India. There are more than 285 drugs in this category with an opportunity of US\$ 50 billion.

Further, in the drug research value chain, there exists an opportunity to capture the market share in global clinical R&D market such as clinical trials, data management, testing, etc. By 2012, nearly half of all newly approved prescription drugs will be biologics. By the end of 2010, patents will expire on brand biologics with \$15 billion in annual sales.

The Indian manufacturers, especially those from the SME sector, can utilize all these opportunities with the help of Pharmexcil, Aabhay Kumar told the manufacturers of West Bengal.

He said with the aim to promote pharma exports, Pharmexcil provides several services to the Indian pharmaceutical companies such as dissemination of trade enquiries, organizing trade delegations from India to overseas markets and also reverse delegations, organizing buyers-sellers meets, organizing participation in international trade fairs, providing policy inputs to the government of India on India's bilateral trade in pharmaceuticals, dissemination of India's pharmaceutical trade statistics, preparing technical publications, exporters' directory, resolving grievances of pharmaceutical importers and exporters, organizing national & international seminars on areas related to pharmaceutical industry and certificate of origin.