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Negative factors, economic slowdown seriously retard growth of Indian pharma: Dr MD Nair

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Economic downturn, reduced investments, high costs of R&D and low productivity, patent cliffs, pressure on drug prices, poor image of the industry and stricter regulatory controls have seriously affected the pharma sector, pointed out Dr MD Nair, pharma consultant.

Dr Nair was speaking on the Indian pharma industry's roadmap for global leadership at the scientific session of 63rd IPC.

For India to achieve leadership status some of the strategies for growth are mergers with major rivals and acquisitions of smaller innovative products and business. The industry will also need to look to expand to new markets and look out for outsourcing activities from countries which are looking for cost-effectiveness. The industry will also need to reorient R&D strategies, develop effective collaborations and scout for public private partnerships, he said.

With the opportunities for significant growth, there are also factors which inhibit development of the industry. These come from poor image, patent cliff and declining R&D pipeline, high risk investments and stricter regulatory process.

Further, there are also pricing and reimbursement issues. "The bigger has not turned out to be better as judged by outcomes. In the old Darwinian economics, the big ate the small and in the future, the fast will eat the slow. Even in the Tom & Jerry Cartoon it was mostly Jerry who won. So too David against Goliath," he said adding that Indian companies cannot be big by western standards and hence need to be faster, smarter and leaner.

Deliberating on the patent cliffs, Dr Nair said, "Close on the heels of Lipitor, in the next 12 months Plavix (BMS & Sanofi), Lexapro (Forest), Actos (Takeda), Seroquel (AZ), Zyprexa (Eli Lilly), Singulair (Merck), Diovan (Novartis), Provigil (Teva) and Tricor (Abbotts) will also go off patents. Patent Expiries during 2009 – 2014 will lead to a loss of revenue to the extend of $89.5 billion at current prices. The paradox is that loss to the innovating company is a gain for the patients. To ensure gains for both provider and the user, there has to be a balance between patented and generic drugs."

Challenges for Indian pharma in a patent era are data protection coming out of delay in launch of generics, protectionist measures like non-tariff barriers, phyto - sanitary measures, relatively small size of the Indian companies, administered prices and statutory price control, bureaucratic hurdles, policy conflicts between states and centre, lowering tariffs for cheaper imports, delayed administration of anti-dumping and anti-competition measures.

Moving on the scene from the developed to Pharmemerging Markets, Dr Nair said that accessibility and affordability to healthcare are a daunting tasks for India. The country has 16 per cent of world population, accounted for 20 per cent of world's mortality and 22 per cent of world morbidity. "But only two per cent of the world's GDP and one per cent of the world's healthcare investment. The current systems of healthcare will not reverse this trend and hence newer approaches to improve healthcare need to be evolved and practised," he added.