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EXECUTIVE SUMMARY

Leading pharma producer

- Indian pharmaceutical industry supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in UK.
- India ranks 3rd worldwide for pharmaceutical production by volume and 14th by value. The country has an established domestic pharmaceutical industry, with a strong network of 3,000 drug companies and ~10,500 manufacturing units.

One of the highest exports

- India accounts for 20% of global exports in generics. India’s pharmaceutical export stood at US$ 16.28 billion in FY20.

Among fastest growing industries

- Indian pharmaceutical sector is expected to grow at a CAGR of 22.4% in the near future and medical device market expected to grow US$ 25 billion by 2025. India is the second largest contributor of global biotech and pharmaceutical workforce. The pharmaceutical sector was valued at US$ 33 billion in 2017.

Rapidly growing healthcare sector

- Indian healthcare sector, one of the fastest growing sectors, is expected to cross US$ 372 billion by 2022.

Robust growth in Biotech industry

- By FY25, India’s biotech industry is estimated to increase to US$ 100 billion.

Source: ¹ FICCI - Trends & Opportunities for Indian Pharma 2018, Pharmexcil, Assocham and RNCOS
ADVANTAGE INDIA

- Low cost of production and R&D boosts efficiency of Indian pharma companies, leading to competitive exports. Indian pharma export reached US$ 16.28 billion in FY20.
- India’s cost of production is approximately 33% lower than that of the US.
- India’s ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

- Economic prosperity to improve drug affordability.
- Increasing penetration of health insurance to drive expenditure on medicine.
- With increasing penetration of pharmacies, especially in rural India, OTC drugs will be readily available.

- Increasing private sector investments in R&D and acquisitions are driving the sector’s growth.
- Between 2008-19, the S&P BSE Healthcare Index has grown at 16.72%.

- Pharma Vision 2020’ aimed at making India a global leader in end-to-end drug manufacturing.
- Under Budget 2020-21, allocation to the Ministry of Health and Family Welfare is Rs. 65,012 crore (US$ 9.30 billion)
- 100% FDI is allowed under automatic route for green field pharma. 100% FDI is allowed for brownfield pharma, wherein, 74% is allowed under the automatic route and thereafter through government approval route.

Note: 2020 revenue forecasts are estimates of McKinsey, API - Active Pharmaceutical Ingredients, F - Forecast, OTC - Over-The-Counter
Source: PwC, McKinsey, Pharmaceuticals Exports Promotion Council of India
STRUCTURE OF PHARMA SECTOR IN INDIA

Source: Dun and Bradstreet

Pharmaceuticals

Active Pharmaceutical Ingredients/Bulk drugs
- Branded
- Generics

Formulations
- Branded
  - Cardiovascular
  - Anti-Diabetes
  - Gastro-Intestinal
  - Neurological
- Generics
  - Anti-infectives
  - Respiratory
  - Pain
  - Gynecology
EVOLUTION OF INDIAN PHARMACEUTICAL SECTOR

- Indian Patent Act passed in 1970
- Several domestic companies start operations
- Development of production infrastructure
- Export initiatives taken

1970-90

- 2013: New Drug Pricing Control Order issued by Directorate of Food and Drugs this will reduce the prices of drugs by 80%
- 2014: 100% FDI allowed in medical device industry. The investment will be routed through automatic route
- Leading Indian pharma companies are raising funds aggressively to fund acquisition in domestic as well as international market to increase their product portfolios
- 2015: India has 10,500 manufacturing units and over 3,000 pharma companies
- National Health Policy Draft 2015 to increase expenditure in health care sector

1990-2010

- Increased patent filings by pharma players
- Likely adoption of newer sales models such as channel management, KAM and CSO
- The National Pharmaceutical Pricing Policy, 2012 (NPPP-2012)

2010

2010-2015

- In Union Budget, 2016, FDI increased to 74% in existing pharmaceutical companies and 100% for new projects
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

2016 onwards

Notes: KAM - Key Account Management, CSO - Contract Sales Organisation
Source: TechSci Research
Important Segments in Indian Pharmaceutical Sector

**Active Pharmaceutical Ingredients (APIs)**
- Domestic API consumption is expected to reach US$ 18.8 billion by FY22\(^1\).
- In April 2019, a high-level task force was constituted to create a roadmap for increasing domestic production of APIs. Currently India imports over 60% of its APIs from other countries.

**Contract Research and Manufacturing Services (CRAMS)**
- Fragmented market with more than 1,000 players
- CRAMS industry has posted 48% CAGR between FY15-18 and expected to witness a strong growth over 25% over 2018-21.

**Formulations**
- Largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value.
- Double-digit growth is expected over the next five years

**Biosimilar**
- The Government plans to allocate US$ 70 million for local players to develop Biosimilar.
- The domestic market is expected to reach US$ 40 billion by 2030.
- As on August 2019, the moving annual turnover (MAT) for biosimilar molecules sold in the domestic market stood at Rs. 1,498 crore (US$ 214.31 million).

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**Notes:** OTC - Over The Counter,\(^*\) including biologicals

**Source:** 1 RNCOS, BMI, Datamonitor, Kemwell Biopharma, Chemical Pharmaceutical Generic Association, ICRA Report estimates, pharmanewswire.com, DGCI&S
India’s domestic pharmaceutical market turnover reached Rs. 1.4 lakh crore (US$ 20.03 billion) in 2019, growing 9.8% year-on-year from Rs. 129,015 crore (US$ 18.12 billion) in 2018.

Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.

India’s cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others.

The Ayurveda sector in India reached US$ 4.4 billion by 2018 end and grow at 16% CAGR till 2025.

India’s pharmaceutical market rose in October 2020 due to increased sales and marketing activities by pharmaceutical companies, with unlocking. The Indian pharmaceutical market (IPM) grew 9.6% y-o-y in October 2020, led by volume and price growth and an increase in product launches.

Source: Department of Pharmaceuticals, PwC, McKinsey, AIOCD AWACS, , IQVIA, CII
1With 70% of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector. Over the Counter (OTC) medicines and patented drugs constitute 21% and 9%, respectively.

The share of generic drugs is expected to continue increasing; domestic generic drug market is expected to reach US$ 27.9 billion in 2020.

Due to their competence in generic drugs, growth in this market offers a great opportunity for Indian firms.

Based on moving annual turnover, Anti-Infectives (13.6%), Cardiac (12.4%), Gastro Intestinals (11.5%) had the biggest market share in the Indian pharma market in 2018.

The highest growth in sales in 2018 were seen in hormones (14.2%), anti diabetic (12.9%), and respiratory (12%).

During December 2019, on moving annual total (MAT) basis, industry growth was at 9.8%, with price growth at 5.3%, new product growth at 2.7% while volume growth at two% y-o-y.

Source: FCCI Indian Pharma Summit, 1KPMG US-India Dynamic June 2018, 2AIQCD
PHARMA EXPORT TO CONTINUE WITNESSING POSITIVE GROWTH

- India is the world’s largest provider of generic medicines; the country’s generic drugs account for 20% of global generic drug exports (in terms of volumes). Indian drugs are exported to more than 200 countries in the world, with the US as the key market.

- Indian pharma companies are capitalising on export opportunities in regulated and semi-regulated markets.


- The biggest export destination for Indian pharma product is the US. In FY20, 32.1% of India’s pharma exports were to the North America, followed by 17.96% to Africa and 15.70% to the European Union.

**Note:** EU - European Union, ASEAN - Association of Southeast Asian Nations, LAC - Latin America and the Caribbean, * - Till October 2020

**Source:** Department of Commerce India, Department of Pharmaceuticals, India Business News, Global Trade Atlas, KPMG US-India Dynamic June 2018, Pharmexcil
In FY20, highest expenditure on Research and Development was done by Lupin, followed by Cipla.

Sun Pharma’s R&D plan includes developing more products through expanded R&D team for global markets, focussing on more complex products across multiple dosage forms and investments in speciality pipeline.

As per Union Budget 2019-20, Rs. 1,900 crore (US$ 269 million) have been set aside for research of the total amount, Rs. 62,659 crore (US$ 8.86 billion) have been allocated for Ministry of Health and Family Welfare.

India plans to set up a nearly Rs. 1 lakh crore (US$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically.

**Note:** *Top 10 companies as per research by HDFC Securities,
Source: Company website, CRISIL Research, HDFC Securities*
Pharmaceuticals

RECENT TRENDS AND STRATEGIES
Indian pharma companies spend 8-13% of their total turnover on R&D.

On July 16, 2020, Drug Controller General of India (DCGI) approved the first fully indigenously developed Pneumococcal Polysaccharide Conjugate Vaccine by Serum Institute of India. This vaccine is used for active immunisation against invasive disease and pneumonia caused by ‘Streptococcus pneumonia’ in infants.

India’s pharmaceutical export market is thriving due to strong presence in the generics space.


In May 2020, Jubilant Generics Ltd entered into a non-exclusive licencing agreement with US-based Gilead Sciences Inc. to manufacture and sell the potential COVID-19 drug Remdesivir in 127 countries, including India.

In June 2020, Syngene International Ltd developed its own ELISA antibody testing kits at its research facility in Bengaluru and tied up with HiMedia Laboratories for manufacturing and distribution of the testing kits.

Sun Pharma entered into a global licensing agreement with Hyderabad based CSIR Indian Institute of Chemical Technology.

In October 2020, six generic drug makers--Dr. Reddy’s Laboratories, Zydus Cadila, Glenmark Pharmaceuticals, Torrent Pharmaceuticals, Hetero Drugs and Ackerman Pharma signed a deal with Hidalgo, a state in Mexico, to establish a large pharmaceutical cluster for production and logistics in Mexico.

**Notes:** R&D - Research and Development,
**Source:** Pharmexcil, News Article
COVID-19 FIGHTBACK FROM THE INDIAN PHARMACEUTICALS SECTOR (1/2)

Research and development related to COVID-19

- On July 14, 2020, Bharat Biotech started the first phase of human clinical trials for India’s first COVID-19 vaccine candidate Covaxin. The drug is being developed by Bharat Biotech in collaboration with Indian Council of Medical Research’s Pune-based National Institute of Virology.

- On July 17, 2020, ZyCoV-D, the plasmid DNA vaccine designed and developed by Zydus Cadila and partially funded by the Department of Biotechnology, Government of India has initiated Phase I/II clinical trials in healthy subjects, making it the first indigenously developed vaccine for COVID-19 to be administered in humans in India.

- In November 2020, The Indian Institute of Technology (IIT) Bombay has stepped up research and development (R&D) amid COVID-19 and researchers are developing products such as a portable sterilisation device and germicidal cabinet; wheeled sterilisation unit, especially for hospitals; portable and rechargeable car sanitiser; eco-friendly sprays, and alcohol-free and bleach-free sanitisers.

Product Launched

- Jubilant Generics Ltd launched Remdesivir, the COVID-19 drug under the ‘JUBI-R’ brand at Rs. 4,700 (US$ 66.67) per vial in the Indian market.

- On July 16, 2020, Minister of Human Resource Development, Mr. Ramesh Pokhriyal ‘Nishank’ e-launched the World’s most affordable RT-PCR based COVID-19 diagnostic kit developed by Indian Institute of Technology Delhi and approved by the Indian Council of Medical Research (ICMR) and Drugs Controller General of India (DCGI).


Indian players abroad

- On July 02, 2020, Dr Reddy’s Laboratories partnered with Japanese pharma giant Fujifilm Toyama Chemical and Global Response Aid (GRA) for development, manufacture and sale of antiviral drug Avigan (favipiravir) tablets for potential treatment of COVID-19.

- CP Pharmaceuticals, a subsidiary of Wockhardt, will be manufacturing the AstraZeneca-Oxford University COVID-19 vaccines for the UK government.

Notes: R&D - Research and Development, Source: News Articles
The Electronic Vaccine Intelligence Network (eVIN), which provides technological solutions for strengthening immunisation supply chain systems, reached 32 states and Union territories (UT). It aims to provide real-time information on vaccine stocks and flows, and storage temperatures across all cold chain points in the country.

In June 2020, Government launched COVID BEEP (Continuous Oxygenation and Vital Information Detection Biomed ECIL ESIC Pod), India’s first indigenous and cost effective wireless physiological parameters monitoring system for COVID-19 patients, developed by ESIC Medical College Hyderabad in collaboration with IIT Hyderabad and Department of Atomic Energy.

In June 2020, VST Mobility Solutions, a start-up headquartered at Cochin, launched an automated mask disposal machine as part of its effort to develop products to combat COVID-19.

On October 15, 2020, India and the Netherlands unveiled plans to collaborate with an aim to provide digital health facilities and security to all citizens. Part of India’s National Digital Health Mission (NDHM), through this cooperative initiative, the two countries will work closely to create capacities and put in place the requisite technology to enable this initiative.

Source: News Articles
STATES HOSTING KEY PHARMACEUTICAL VENTURES

- Panacea Biotec’s vaccines formulation facility and pharmaceutical formulations facility at Baddi (Himachal Pradesh), and drug substance & biosimilar facilities at Lalru (Punjab)
- Wockhardt's facility covers an area of 40,468 sq meters in Baddi, Himachal Pradesh
- Baddi is also home to Cipla’s formulations manufacturing facility
- Dholka in Gujarat houses a major manufacturing facility of Cadila, which spans over 100 acres
- Mandideep in Madhya Pradesh is the manufacturing hub for Lupin’s cephalosporin and ACE-Inhibitors
- Cipla has a formulations manufacturing plant at Indore
- Lupin has an USFDA-approved plant at Tarapur, Maharashtra. The facility forms the core of Lupin’s fermentation capabilities
- Piramal’s USFDA-approved manufacturing plant in Hyderabad
- GlaxoSmithKline has a major facility at Rajahmundry, Andhra Pradesh

Source: Company Website
## STRATEGIES ADOPTED

| Cost leadership | Sun Pharma is trying to achieve cost leadership by  
|                 | • Vertical Integration: Complex API, which require special skills and technology, are developed and scaled up for both API and dosage forms. |
| Differentiation | Players in the sector are trying to strengthen their position in the market and expand themselves by investing heavily in R&D activities, such as:  
|                 | • Dr Reddy’s acquired OctoPlus N.V, a Netherlands-based company, to get access to the Poly Lactic-Co-Glycolic Acid (PLGA) technology for the formulation of complex injectables. |
| Focus on new markets | Lupin is making roads into new markets such as Latin America, Russia and other East European countries.  
|                 | Sun Pharma decided to focus on specialty and chronic therapies such as neurology, oncology, dermatology segments.  
|                 | India plans to set up a nearly Rs. 1 lakh crore (US$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically. |
|                 | In April 2020, Bharat Biotech entered into a partnership with the University of Wisconsin Madison and US-based company FluGen to develop a vaccine, Coro-Flu, against COVID-19.  
|                 | In July 2020, PE firm Advent International signed a definitive agreement to acquire controlling stake in Hyderabad-based RA Chem Pharma Ltd, a vertically integrated pharmaceutical company promoted by Micro Labs Ltd.  
|                 | In October 2020, Aurobindo Pharma acquired MViyeS Pharma Ventures for Rs. 274.22 crore (US$ 37.30 million). |

**Notes:** R&D - Research and Development  
**Source:** Company website, Ministry of External Affairs, RBI
GROWTH DRIVERS
GROWTH DRIVERS OF INDIAN PHARMA SECTOR

Supply-side Drivers
- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- India accounts for 22% of overall USFDA approved plants
- Increasing penetration of chemists

Demand-side Drivers
- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle
- Better diagnostic facilities

Policy Support
- National Health Policy 2015, which focuses on increasing public expenditure on healthcare segment
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education and research institutes
- Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

Notes: BPL - Below Poverty Line, USFDA - United States Food and Drug Administration, NPPP-2012--The National Pharmaceutical Pricing Policy, 2012
Source: Pharmaceutical Export Promotion Council
## SUPPLY-SIDE DRIVERS OF INDIAN PHARMA SECTOR

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Launch of patented drugs**    | - Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India.  
- Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment.  
- High Court allowing to export patent drugs, to foreign players in the Indian market.                                                                                                     |
| **Medical infrastructure**      | - Pharma companies have increased spending to tap rural markets and develop better medical infrastructure.  
- Hospitals’ market size is expected to increase by US$ 200 billion by 2024.  
- Medical devices industry in India has been growing 15.2% annually and was valued at US$ 5.2 billion in 2018 and is expected to reach US$ 50 billion by 2025.                                             |
| **Scope in generics market**    | - India’s generic drugs account for 20% of global exports in terms of volume, making it the largest provider of generic medicines globally. The generics drug market accounts for around 70% of the India pharmaceutical industry and it is expected to reach US$ 27.9 billion by 2020. |
| **Over-The-Counter (OTC) drugs**| - India’s OTC drugs market is estimated to have grown at a CAGR of 16.3% to US$ 6.6 billion over 2008-16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions. The India OTC market was accounted at US$ 4.61 billion in 2018 and is expected to reach US$ 10.22 billion by 2024. |
| **Patent Expiry**               | - About 120 drugs are expected to go off-patent over the next 10 years; with expected worldwide revenue between US$ 80 to 250 billion.                                                                                                                                                 |

**Notes:** CAGR - Compound Annual Growth Rate  
**Source:** BMI, India Biz, Nicholas Hall & Company, IQVIA
DEMAND DRIVERS OF INDIAN PHARMA SECTOR

**Accessibility**
- Over US$ 200 billion to be spent on medical infrastructure in the next decade.
- New business models expected to penetrate tier-2 and 3 cities.
- Over 160,000 hospital beds expected to be added each year in the next decade.
- India’s generic drugs account for 20% of global exports in terms of volume, making the country the largest provider of generic medicines globally.

**Acceptability**
- Rising levels of education to increase acceptability of pharmaceuticals.
- Patients to show greater propensity to self-medicate, boosting the OTC market.
- Acceptance of biologics and preventive medicines to rise.
- Surge in medical tourism due to increased patient inflow from other countries.

**Epidemiological factors**
- Patient pool expected to increase over 20% in the next 10 years, mainly due to rise in population.
- New diseases and lifestyle changes to boost demand.
- Increasing prevalence of lifestyle diseases.

**Pradhan Mantri Bhartiya Janaushadhi Kendras**
- Rising income could drive 73 million households to the middle class over the next 10 years.
- Over 650 million people expected to be covered by health insurance by 2020.
- The Government plans to provide free generic medicines to half the population at an estimated cost of US$ 5.4 billion.
- Affordable medicines under Pradhan Mantri Bhartiya Janaushadhi Kendra's (PMBJKs) achieved an impressive sale of Rs. 100.40 crore (US$ 14.24 million) in first two months of FY21.

**Note:** RSBY - Rashtriya Swasthya Bima Yojna  
**Source:** ICRA Report on Indian Pharmaceutical Sector, Pharmaceutical Industry: Developments in India- Deloitte, Mckinsey Pharma Report 2020
Increasing penetration of non-life insurance including health insurance will drive the expansion of healthcare services and pharmaceutical market in India.

Adoption of health insurance in the country has been increasing at a fast pace.

Gross direct premium from health insurance reached Rs. 516.37 billion (US$ 7.33 billion) in FY20 and contributed 27% to the gross direct premiums of non-life insurance companies in India.

Another boost to the sector will be the National Health Protection Scheme under Ayushman Bharat, announced in Union Budget 2018-19. The scheme was launched in September 2018.

From April 2020 to September 2020, health insurance became the most valuable segment for non-life insurers in terms of premiums collected, leapfrogging in motor insurance.

Note: CAGR is up to FY19

Source: IRDA, General Insurance Council, News Article
<table>
<thead>
<tr>
<th>FAVOURABLE POLICY MEASURES SUPPORT GROWTH (1/2)</th>
</tr>
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<tbody>
<tr>
<td>Pharma Vision 2020</td>
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<tr>
<td>• Pharma Vision 2020 by the Government’s Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery.</td>
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<tr>
<td>Reduction in approval time for new facilities</td>
</tr>
<tr>
<td>• Steps taken to reduce approval time for new facilities.</td>
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<td>• NOC for export licence issued in two weeks compared to 12 weeks earlier.</td>
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<tr>
<td>Single-window clearance</td>
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<tr>
<td>• As per NBDS, a proposal has been made to set up the National Biotechnology Regulatory Authority (NBRA) to provide a single-window clearance mechanism for all bio-safety products to create efficiencies &amp; streamline the drug approval process.</td>
</tr>
<tr>
<td>Support for technology upgrades and FDIs</td>
</tr>
<tr>
<td>• Government is planning to relax FDI norms in the pharmaceutical sector.</td>
</tr>
<tr>
<td>• In March 2017, the Government decided to create a digital platform to regulate and track the sale of quality drugs, and it can be used by people living in the country as well as abroad.</td>
</tr>
<tr>
<td>Pharmaceutical Parks</td>
</tr>
<tr>
<td>• Government of India is planning to set up mega bulk drug parks in order to reduce industry’s dependency on raw material imports.</td>
</tr>
<tr>
<td>• As of October 2018, the Uttar Pradesh Government will set up six pharma parks in the state and has received investment commitments of more than Rs. 5,000-6,000 crore (US$ 712-855 million) for the same.</td>
</tr>
<tr>
<td>• In October 2019, Telangana Government proposed Hyderabad Pharma City with financial assistance from Central Government of Rs. 3,418 crore (US$ 489 million).</td>
</tr>
<tr>
<td>Production Linked Incentive</td>
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<tr>
<td>• In September 2020, the government announced production linked incentive (PLI) scheme for the pharmaceutical industry worth Rs. 15,000 crore (US$ 2.04 billion).</td>
</tr>
<tr>
<td>• The scheme aims to promote indigenous manufacturing of complex generics, biosimilars and high value-added medicines to boost domestic drug production and cut dependence on costly imports.</td>
</tr>
</tbody>
</table>

Source: News Sources
### FAVOURABLE POLICY MEASURES SUPPORT GROWTH (2/2)

<table>
<thead>
<tr>
<th><strong>Union Budget 2020-21</strong></th>
<th><strong>Biotechnology Industry Research Assistance Council</strong></th>
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<tbody>
<tr>
<td>- The allocation to the Ministry of Health and Family Welfare has increased to Rs. 65,012 crore (US$ 9.30 billion).</td>
<td>- BIRAC has been established to promote research &amp; innovation capabilities in India's biotech industry. The council will provide funding to biotech companies for technology &amp; product development.</td>
</tr>
<tr>
<td>- The National Health Mission Scheme is the largest Government funded healthcare programme, which is expected to benefit 7.31 million poor families in the country by providing a cover of up to Rs. 5 lakh (US$ 7,314.22) per family per year on floater basis in the impaneled hospitals across India.</td>
<td>- BIRAC under Small Business Innovation Research Initiative (SBIRI) scheme supports innovations in biotechnology.</td>
</tr>
<tr>
<td>- The Government has allocated Rs. 34,115 crore (US$ 4.88 billion) towards the National Health Mission under which rural and urban people will get benefited.</td>
<td></td>
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<tr>
<td>- Rs. 6,400 crore (US$ 915.72 million) has been allocated to health insurance scheme Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY).</td>
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<tr>
<th><strong>Biotechnology Based Programme for Women</strong></th>
<th><strong>National Biopharma Mission</strong></th>
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<tbody>
<tr>
<td>- Programme on application of biotechnology for women was done to provide employment, skill development, awareness generation, health improvement &amp; socio-economic upliftment of the women population.</td>
<td>- The Industry - Academia mission was launched in June 2017 to boost development of biopharmaceuticals in India.</td>
</tr>
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<tr>
<th><strong>National Commission for Homoeopathy (NCH) Bill, 2018</strong></th>
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<td>- In December 2018, the Government of India approved the National Commission for Homoeopathy, Bill, 2018 in order to have more transparency in the sector.</td>
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*Source: Livemint, Union Budget*
In 2017, the Department of Pharmaceuticals released a draft National Pharmaceutical Policy with the following objectives:

- Make all essential drugs accessible to masses through affordable prices.
- Provide the Indian pharmaceutical sector with a long term stable policy environment.
- Make India self sufficient in end to end domestic drug manufacturing.
- Maintain world class quality for domestic consumption and exports.
- Create a positive environment for research and development in the pharma sector.

As per the new policy, the Department of Pharmaceuticals will have control over the National List of Essential Medicines (NLEM), which decides the drugs for which the Government of India can control the prices.

In November 2019, Cabinet approved the extension/renewal of the extant Pharmaceuticals Purchase Policy (PPP) with the same terms and conditions while adding one additional product, namely, Alcoholic Hand Disinfectant (AHD) to the existing list of 103 medicines till the final closure/strategic disinvestment of the Pharma CPSUs.
Government expenditure on health increased to Rs. 3.24 lakh crore (US$ 45.96 billion) in FY20, implying a CAGR of 18% from FY16.

Medical technology park in Vishakhapatnam, Andhra Pradesh has already been set up with an investment of US$ 183.31 million. States like Himachal Pradesh, Gujarat, Telangana and Maharashtra are showing interest for making investments in these parks.

German technical services provider TUV Rheinland’s Indian subsidiary has partnered with Andhra Pradesh MedTech Zone (AMTZ) to create an infrastructure for Electro-Magnetic Interference (EMI/EMC) at an investment of US$ 12.64 million over a course of four to five years.

Government of India has offered Rs. 6,940 crores (US$ 942.8 million) production linked incentives between 5%-20% for incremental sales and plans to set up three mega drug parks to drive sustainable cost competitiveness.

As per Economic Survey 2019-20, Government expenditure (as a percentage of GDP) increased to 1.6% in FY20 from 1.2% in FY15 for health.

Note: CAGR - Compound Annual Growth Rate,
INVESTMENTS, JVs INFUSING SUPERIOR CAPABILITIES IN INDIAN FIRMS

- Indian Pharmaceuticals sector has received cumulative FDI worth US$ 16.54 billion between April 2000 and June 2020.
- Over the last three years, pharmaceuticals segment has accounted for more than 70% of M&A deals.
- Indian pharmaceutical major Cipla Ltd has agreed to buy a 26% stake in AMP Solar Power Systems Pvt Ltd for approximately Rs. 12.90 crore (US$ 1.85 million).

Source: BMI, Business Standard, EY, IQVIA - Winning the Indian Pharmaceutical Market Nov 2018, DPIIT
## OPPORTUNITIES ABOUND IN CLINICAL TRIALS AND HIGH-END DRUGS

### Clinical trials market
- India is among the leaders in the clinical trial market.
- Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market.
- As of February 2019, India was engaged in 3,618 trials in last one year.

### High-end drugs
- Due to increasing population and income levels, demand for high-end drugs is expected to rise.
- Growing demand could open up the market for production of high-end drugs in India.

### Penetration in rural market
- With 70% of India’s population residing in rural areas, pharma companies have immense opportunities to tap this market.
- Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

### CRAMS
- The Contract Research and Manufacturing Services industry (CRAMS) - estimated at US$ 17.27 billion in 2017-18, is expected to reach US$ 20 billion by 2020.
- The market has more than 1,000 players.

**Source:** BMI, Drug Controller General of India
USEFUL INFORMATION
<table>
<thead>
<tr>
<th>Organisation of Pharmaceutical Producers of India</th>
<th>The Indian Pharmaceutical Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: Peninsula Chambers, Ground Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013</td>
<td>Address: Kalina, Santacruz (E), Mumbai - 400 098</td>
</tr>
<tr>
<td>Phone: 9122 24918123, 24912486, 66627007</td>
<td>Phone: 91-22-2667 1072</td>
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<tr>
<td>Fax: 9122 24915168</td>
<td>Fax: 91 22 2667 0744</td>
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<td>E-mail: <a href="mailto:admin@indiaoppi.com">admin@indiaoppi.com</a></td>
<td>E-mail: <a href="mailto:ipacentre@ipapharma.org">ipacentre@ipapharma.org</a></td>
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<td>Website: <a href="http://www.ipapharma.org">www.ipapharma.org</a></td>
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<tr>
<th>Organisation of Pharmaceutical Producers of India</th>
<th>Indian Drug Manufacturers’ Association</th>
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<tr>
<td>Address: Peninsula Chambers, Ground Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013</td>
<td>Address: 102-B, Poonam Chambers, Dr A.B. Road Worli, Mumbai - 400 018</td>
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<tr>
<td>Phone: 9122 24918123, 24912486, 66627007</td>
<td>Phone: 91-22-2494 4624/2497 4308</td>
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<tr>
<td>Fax: 9122 24915168</td>
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<td>E-mail: <a href="mailto:admin@indiaoppi.com">admin@indiaoppi.com</a></td>
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GLOSSARY

- CRAMS: Contract Research and Manufacturing Services
- API: Active Pharmaceutical Ingredients
- FDI: Foreign Direct Investment
- GOI: Government of India
- Rs.: Indian Rupee
- US$: US Dollar
- BPL: Below Poverty Line
- RSBY: Rashtriya Swastha Bima Yojna
- ESIC: Employees State Insurance Corporation
- Wherever applicable, numbers have been rounded off to the nearest whole number
## EXCHANGE RATES

### Exchange Rates (Fiscal Year)

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<tr>
<th>Year</th>
<th>Rs. Equivalent of one US$</th>
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<tbody>
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<td>2019-20</td>
<td>70.49</td>
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### Exchange Rates (Calendar Year)

<table>
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<tr>
<td>2005</td>
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<td>68.36</td>
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<td>2019</td>
<td>69.89</td>
</tr>
</tbody>
</table>

*Source: Reserve Bank of India, Average for the year*
India Brand Equity Foundation (IBEF) engaged Sutherland Global Services private Limited to prepare/update this presentation.

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