

Invest India - 2017

Promoting Manufacturing of APIs in India

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**New Delhi
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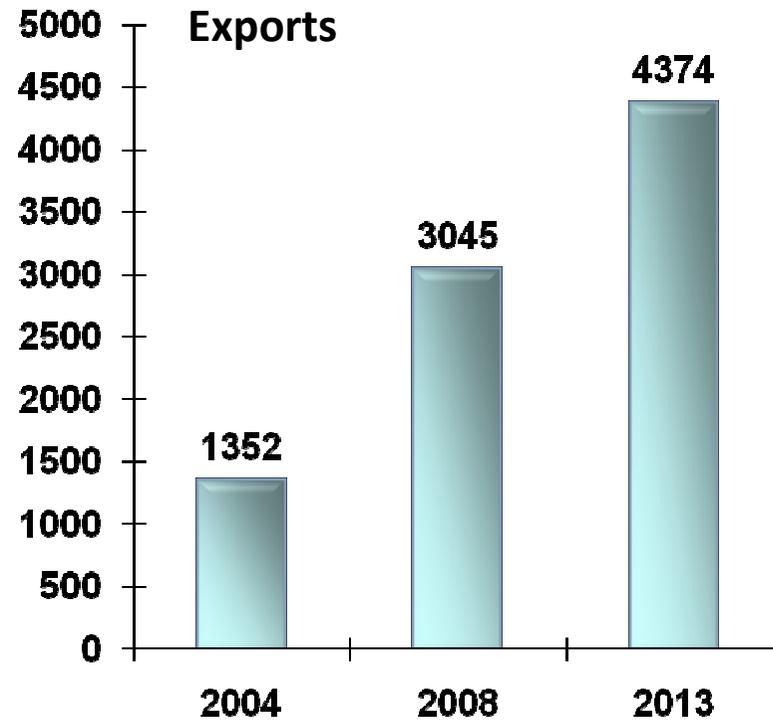
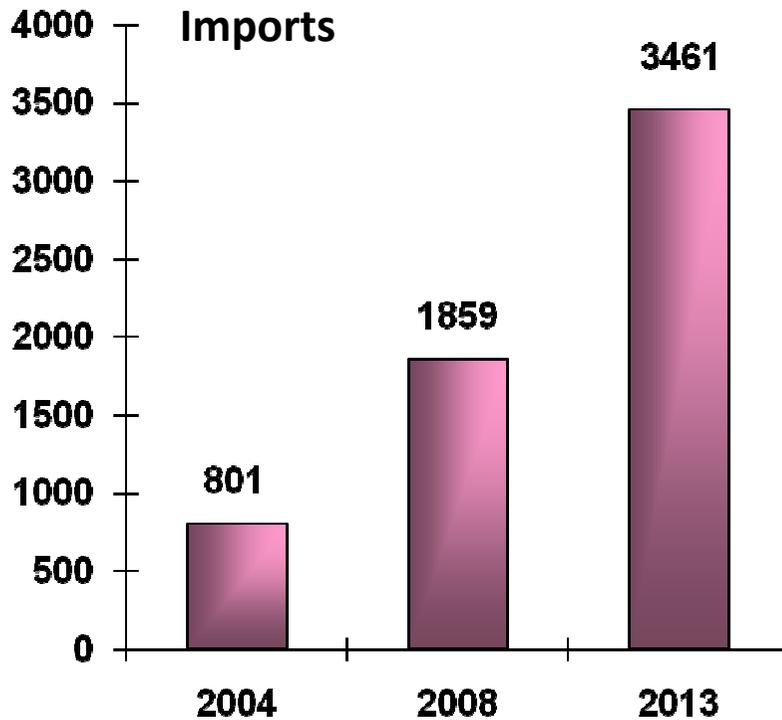
Promoting Manufacturing of APIs in India

Presentation Outline

- ❑ Growing Dependence on Imports
- ❑ Decline of Domestic API Industry
- ❑ Improving Domestic Landscape of API

Growing Dependence on Imports

India's Imports and Exports of APIs (Mn\$) : 2004-13



Imports
(CAGR, %)

23

13

18

Exports
(CAGR, %)

23

8

14

Source: BCG Analysis EXIM Database; IBIS

Growing Dependence on Imports

Value Share of China in Total Imports of API & Advanced Intermediates

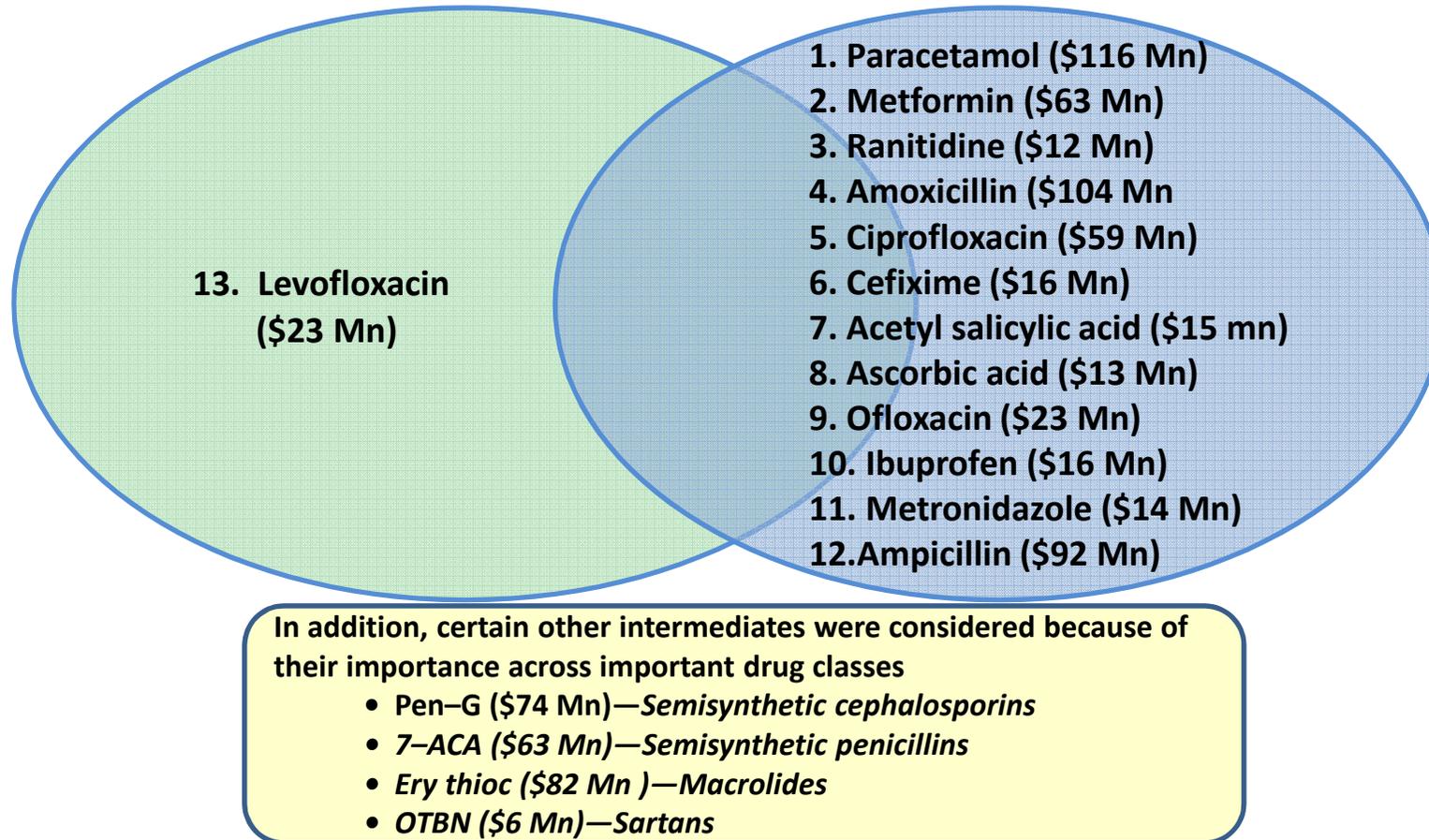


Source: BCG Analysis EXIM Database; IBIS, CII, press search

China is the Largest Contributor to Imports of APIs and Advanced Intermediates

Growing Dependence on Imports

Drugs Studied for Dependence and Their Import of APIs & Advanced Intermediates



Source: BCG Analysis, EXIM Database

Note: The above numbers in bracket (\$Mn) are imports for 2013

Decline of Domestic API Industry

Policies Contributing to Decline

- SSI Reservation
- Fragmentation of Capacity
- Penalizing Efficiency
- Short-Term View of Consumer Benefit

Took Over a Decade to Realize the Damage, But No Action As Yet

Decline of Domestic API Industry

Other Factors Contributing to Decline

- Poor Infrastructure
- High Cost-Structure of Land/Power/Utilities
- Lack of Incentive for Process R&D
- Stand Alone Facilities

***Private Sector Alone Cannot Reverse the Damage
Need Concerted Policy Initiatives***

Improving Domestic Landscape of API

What Could be Done?

- Pilot Five Critical APIs/Advanced Intermediates for Study
- Identify Their Major Users
- Analyze Their Current Sources of Supply
- Identify Their Local Manufacturers
- Analyze Existing Capacity and Reason/s for Imports

Improving Domestic Landscape of API

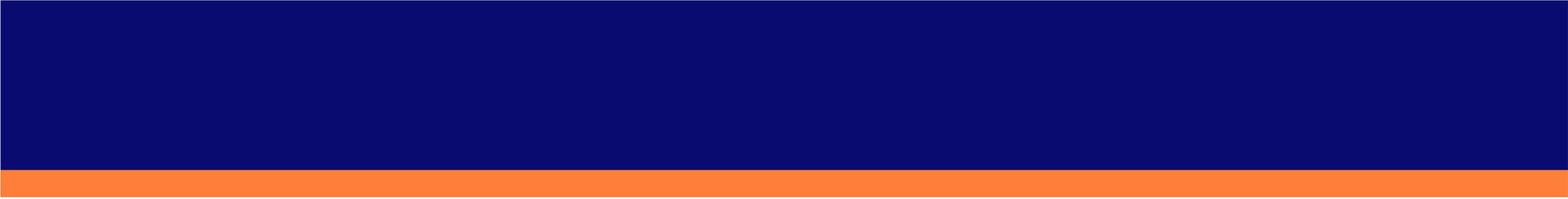
What Could be Done?

- ❑ Examine with Existing Manufacturers Scale-up
- ❑ Examine Greenfield Large Vertically Integrated Units
- ❑ Ensure Proximity to Petro-chemical Complex
(For Integrate Solvent Supply, Storage, and Recovery)
- ❑ Captive Power Plant Exempt from Tariffs and Duties
(For Use of Bye-Products Such as Steam, Water, etc.)
- ❑ Build Community Facilities for Common Services
(For Effluent and Water Treatment, Fire Prevention, etc.)

Improving Domestic Landscape of API

What Could be Done?

- Incentivise Process R&D
- Facilitate Working with CSIR Labs for Yield Improvements
- Examine Price Trends of Imported APIs/Advanced Intermediates
- Assure Protection Against Dumping
- Offer Price Incentive to Create Market for Indigenous APIs



THANK YOU

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