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Is India losing to China in the investment race?

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Is India losing to China in the life sciences investment race?

While both India and China - both have a billion plus population - present similar pictures in terms of opportunities and growth, a closer look reveals that China has leaped far ahead of India. (Read MNCs bet on China to tide over patent cliff)

Due to the aggressive stance taken by the government in funding research in universities and start-ups, China is today far ahead of India in terms of total growth in education and infrastructure in biotechnology. The country also offers a more precise regulatory structure.

Even though India does enjoy the benefit of being the largest democracy in the world, the delay and the uncertainty in getting approvals has been cited as the single-most unattractive feature of the Indian regulatory system.

At BioAsia 2012 in February, held in Hyderabad, India, the matter came up for discussions. The event provided an opportunity for a comparison between the biotech industries in the countries and the efforts being made by the government to help them growth.

Mr Kewal Handa, MD, Pfizer India, on the sidelines of the event, said, "The three most obvious reasons for investing in China are that the domestic attractiveness is definitely more in China; competitive price is better; and even though the regulatory mechanism might take time, the procedure is very clear in China. The regulatory guidelines in India are laced with a lot of uncertainty."

Talking about the vaccine sector, which is big in both countries, Dr Krishna Ella, CMD, Bharat Biotech, which supplies vaccines to WHO, elaborates, "The vaccine industry from economies such as China and India are now being recognized across the world. The regulatory aspects surrounding vaccines have changed a lot over the last two years, especially in China. Emerging economies are on a learning curve in terms of regulatory aspect, so it will take some time. The Chinese government encourages this industry by purchasing all the vaccines produced by Chinese biotech companies. This provides an assurance that all domestically produced vaccines will be purchased by the government and none are imported."

He adds that India too has the capacity to produce all the vaccines it needs. "Indian companies currently supply more than 40 percent of the total vaccines in the world. The Indian government should be equally receptive and encourage the domestic industries and understand that the vaccine industry is an equal partner in public health with the government," he says.

There are, however, several redeeming features in the Indian economy as illustrated by Dr Rajesh Jain, joint managing director, Panacea Biotec. "The Indian political system is becoming more stable and there is significant economic development in the country as well. For the vaccine industry, rising public-private partnerships and interest shown by funding agencies, such as the Bill and Melinda Gates Foundation and PATH, are positive signs," he says. (Read India strengthens clinical trial regulations)

Also, patent protection and rapid rise of counterfeit drug market persists in China. But the fact remains that big pharma is here to stay and grow in China in the coming years. This phenomena augmented by the aggressive government spending on healthcare has put China in a favorable spot on the biotech map. For India, it is important to change the game and have a more proactive stance from the government and the local industry to address the regulatory issues.