India's potential lures pharma MNCs

31 January 2013 | News | By BioSpectrum Bureau

Singapore: There has been a stark increase in the number of consolidations and in-licensing agreements between multinational corporations (MNC) and Indian firms in the recent past. This highlights the growing significance of the country's pharmaceutical market, according to business intelligence firm, GBI Research.

The company's latest report says that MNCs have extended a greater reach into the Indian pharmaceutical space due to several reasons, including the introduction of product patents in 2005, 100 percent Foreign Direct Investment (FDI) in pharmaceuticals in 2006, and the strong growth prospects for generics and biosimilars in the country.

Mergers and acquisition (M&A) activity has been substantial in recent years with numerous deals taking place between 2007 and 2012, adding up to a value of around $1 billion. Company partnerships have also been a common theme within the Indian pharmaceuticals market. Approximately 400 partnerships were formed during 2007-12, the majority of which were valued at more than $100 million.

GBI Research also expects India's pharmaceutical industry to grow as a result of rising income levels. As 80 percent of healthcare expenditure in India is out-of-pocket, higher average wages are expected to make health insurance more affordable, leading to more Indian citizens seeking treatment for previously neglected conditions and boost prescription compliance.

However, despite these drivers of pharmaceutical market growth, India still faces some significant obstacles in providing a high level of healthcare across the country. Factors that are hindering the sytem, include shortage of skilled healthcare workforce, economic constraints, and drug counterfeiting among others.