

THE IMPORT AND EXPORT OF INDIAN APIS : A GLOBAL PERSPECTIVE

Dr. Sanjay Agrawal

The pharmaceutical industry is a vital component of global healthcare, with Active Pharmaceutical Ingredients (APIs) being the crucial building blocks for producing various medicines. India, known as the "pharmacy of the world," has emerged as a significant player in the API market, both as an importer and exporter. In this blog, we will explore the significance of the import and export of Indian APIs, highlighting India's role in the global pharmaceutical landscape.

Indian API Industry Overview

India plays a significant and vital role in the global pharmaceutical and vaccine industry. It holds the distinction of being the largest provider of generic medicines worldwide. With a share of 20% in global supply volume, India contributes approximately 60% of the global vaccines. Regarding volume, India ranks third globally and holds the fourteenth position in terms of value. The Indian pharmaceutical industry encompasses various segments, including OTC medicines, generics, APIs, vaccines, biosimilars, and custom research manufacturing (CRM).

Notably, India is the global leader in supplying vaccines such as DPT, BCG, and Measles. Moreover, it boasts the highest number of US FDA-approved plants outside the United States. The Indian Pharmaceutical Industry's unique selling point (USP) lies in its ability to offer medications at affordable prices without compromising on quality. This has earned India the well-deserved reputation of being the "Pharmacy of the World."

One of the remarkable achievements of the Indian Pharma Industry is its role in providing access to affordable HIV drugs. Additionally, India is one of the largest suppliers of low-cost vaccines globally, contributing significantly to global healthcare initiatives.

Regarding exports, India primarily focuses on drug formulations and biologicals, constituting about 75% of the country's total pharmaceutical exports. This highlights the nation's strong presence in the international market as a reli-

able exporter of pharmaceutical products.

Overall, India has a robust and rapidly growing API industry, supported by factors such as a large skilled workforce, cost advantages, established manufacturing infrastructure, and adherence to international quality standards. The country is known for producing diverse APIs, catering to domestic and international markets.

The Indian API industry has grown substantially over the years, fuelled by factors like patent expirations, increasing generic drug production, and rising demand for affordable healthcare solutions worldwide. India's pharmaceutical industry holds a critical global position, driven by its extensive production of generic medicines, a wide range of vaccine offerings, adherence to quality standards, and affordability. Its contributions to global healthcare accessibility and affordability make it a pivotal player in the pharmaceutical and vaccine landscape.

Import of APIs in India

While India is a significant exporter of APIs, it also relies on imports to meet domestic pharmaceutical requirements. Several factors contribute to the import of APIs, including the need for specialized molecules, technological limitations, and cost considerations. India imports APIs from various countries, including China, the United States, Germany, Italy, etc. The import of APIs is crucial in ensuring a steady supply of essential drugs within the country.

Importance of API Imports:

1. Meeting Domestic Demand: India is the largest provider of generic medicines globally, and a significant portion of its pharmaceutical production depends on imported APIs. Importing APIs helps meet the increasing demand for affordable and quality drugs in the country.

2. Ensuring Drug Quality and Safety: APIs imported from reputed international suppliers contribute to maintaining the quality and efficacy of pharmaceutical formulations. It allows Indian pharmaceutical companies to produce drugs that meet stringent quality standards and comply with regulatory requirements.

3. Wide Range of Therapeutic Options: API imports enable Indian pharmaceutical manufacturers to access a diverse range of APIs, expanding the therapeutic options available to healthcare providers and patients. This facilitates the production of a wide range of medications to address various medical conditions.

Opportunities for API Imports:

1. Collaborations and Technology Transfers: Collaborating with international suppliers and entering into technology transfer agreements can enhance India's capabilities in API manufacturing. This collaboration can help build local capacities, improve process efficiencies, and reduce import dependency.

2. Research and Development: Increased investment in research and development (R&D) activities can lead to the development of innovative and complex APIs within India. Focusing on indigenous R&D capabilities can help the country reduce its reliance on imported APIs and foster self-sufficiency.

3. Export Potential: India's expertise in pharmaceutical manufacturing and its cost competitiveness can create opportunities to export APIs to other countries. By leveraging its manufacturing capabilities and adhering to global quality standards, India can become a significant player in the API export market.

Export of Indian APIs

India's prowess in the API sector extends to its role as a significant exporter. India holds a 5.92% share of the global market for pharmaceuticals and drugs. The central portion of India's exports comprises formulations and biologics, accounting for 73.31% of the total share, followed by drug intermediates and bulk drugs. In the fiscal year 2021-22, the value of India's pharmaceutical product exports reached US\$ 24.62 billion, maintaining a steady performance compared to the previous year.

India's pharmaceutical products find their way to various regions around the world, including North America, Africa, the European Union (EU), the Association of Southeast Asian Nations (ASEAN), Latin America and the Caribbean (LAC), the Middle East, Asia,

the Commonwealth of Independent States (CIS), and other European regions. The majority of India's exports, nearly two-thirds, are directed towards NAFTA (North American Free Trade Agreement), Europe, and Africa. In the fiscal year 2021-22, the top five export destinations for the Indian Pharma Industry were the United States, the United Kingdom, South Africa, Russia, and Nigeria.

To summarize, India's presence in the global pharmaceutical market is substantial, with a 5.92% market share. The country's exports predominantly consist of formulations and biologics, and in the fiscal year 2021-22, the pharmaceutical product exports were valued at US\$ 24.62 billion. India's export destinations encompass various regions, with NAFTA, Europe, and Africa being the key recipients of Indian pharmaceutical products.

Regulatory Landscape and Quality Assurance

Ensuring the quality, safety, and efficacy of APIs is paramount in the pharmaceutical industry. Regulatory bodies such as the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA) have stringent guidelines for importing and exporting APIs. Indian API manufacturers adhere to these regulatory standards to maintain compliance and enhance their credibility in the global market. Quality assurance practices, including Good Manufacturing Practices (GMP), are implemented to meet international quality requirements, thus ensuring the reliability of Indian APIs.

Governing Authority

1: Pharmaceutical Export Promotion Council of India (Pharmexcil)

Pharmexcil, established by the Government of India, is a promotional body for the Indian pharmaceutical industry. The council's responsibilities include:

- Guiding the government.
- Organizing seminars and meetings to address export-related matters.
- Arranging domestic and international business meetings.
- Coordinating trade delegations.

Pharmexcil also supports its members in securing Market Access Incentive (MAI) claims from the Indian government.

2: Department of Pharmaceuticals
Formed in 2008, the Department of

Pharmaceuticals focuses on developing the pharmaceutical sector within India. The department's primary functions involve ensuring the availability of drugs at affordable prices, overseeing the operations of Central Pharma Undertakings, supporting projects and revitalizing schemes, ensuring effective management, developing human resources and infrastructure, formulating schemes and projects, and preparing an annual plan, budget, and monitoring expenditure.

What are the Challenges and Opportunities for the Import and Export of Indian AP?

- **Increasing Competition:** The global API market is highly competitive, with several countries vying for market share. India faces competition from countries like China, which has a strong presence in the API industry. Indian companies must continuously innovate and improve their manufacturing processes to stay competitive.

- **Dependence on Imports:** India is a significant exporter of APIs but still relies on imports for certain specialized APIs. This dependency poses a challenge as it makes the country vulnerable to supply chain disruptions and price fluctuations in the global market.

- **Regulatory Compliance:** Meeting stringent regulatory requirements set by various international bodies, such as the US FDA and the EMA, can be a challenge. Compliance with Good Manufacturing Practices (GMP) and other quality standards is essential for Indian API manufacturers to gain acceptance in the global market.

- **Research and Development:** Investing in research and development is crucial for the long-term growth of the API industry. Indian companies must focus on developing new molecules and processes to stay ahead of the competition and meet evolving market demands.

Opportunities:

- **Exploring New Markets:** Indian API manufacturers have the opportunity to expand their reach and explore new markets. Emerging economies in Asia, Latin America, and Africa offer potential growth opportunities for Indian APIs. By understanding the unique requirements of these markets, Indian companies can establish a strong presence and capture market share.

- **Research and Innovation:**

Continued investment in research and innovation is vital for the growth of the Indian API industry. By developing novel APIs and improving manufacturing processes, Indian companies can differentiate themselves and offer value-added products to the global market.

- **Collaborations and Partnerships:** Collaborations with international pharmaceutical companies and research institutions can help Indian API manufacturers enhance their capabilities and access new technologies. Partnerships can facilitate knowledge exchange, joint research projects, and market expansion opportunities.

- **Digital Technologies:** Embracing digital technologies such as data analytics, artificial intelligence, and blockchain can streamline supply chain processes, improve efficiency, and enhance traceability. Adopting digital solutions can help Indian API manufacturers meet global standards and enhance their competitiveness.

Conclusion

The import and export of Indian APIs present challenges and opportunities. To overcome challenges, Indian companies must focus on innovation, research and development, regulatory compliance, and building solid partnerships. By leveraging opportunities such as exploring new markets and embracing digital technologies, India can strengthen its position as a critical player in the global API industry. Continued investment and strategic planning will be crucial for the sustainable growth and success of the Indian API sector in the years to come.

The import and export of Indian APIs have played a pivotal role in shaping the country's pharmaceutical industry and contribution to global healthcare. India's position as a significant exporter reflects its ability to provide cost-effective and high-quality APIs to meet the global demand for affordable medicines.

Simultaneously, India's reliance on API imports highlights the need for strategic planning and investments to enhance domestic manufacturing capabilities. As the Indian API industry continues to evolve, it is imperative to prioritize research, innovation, regulatory compliance, and collaborations to strengthen India's position as a global API powerhouse. ●

**The author is
pharmaceutical consultant**