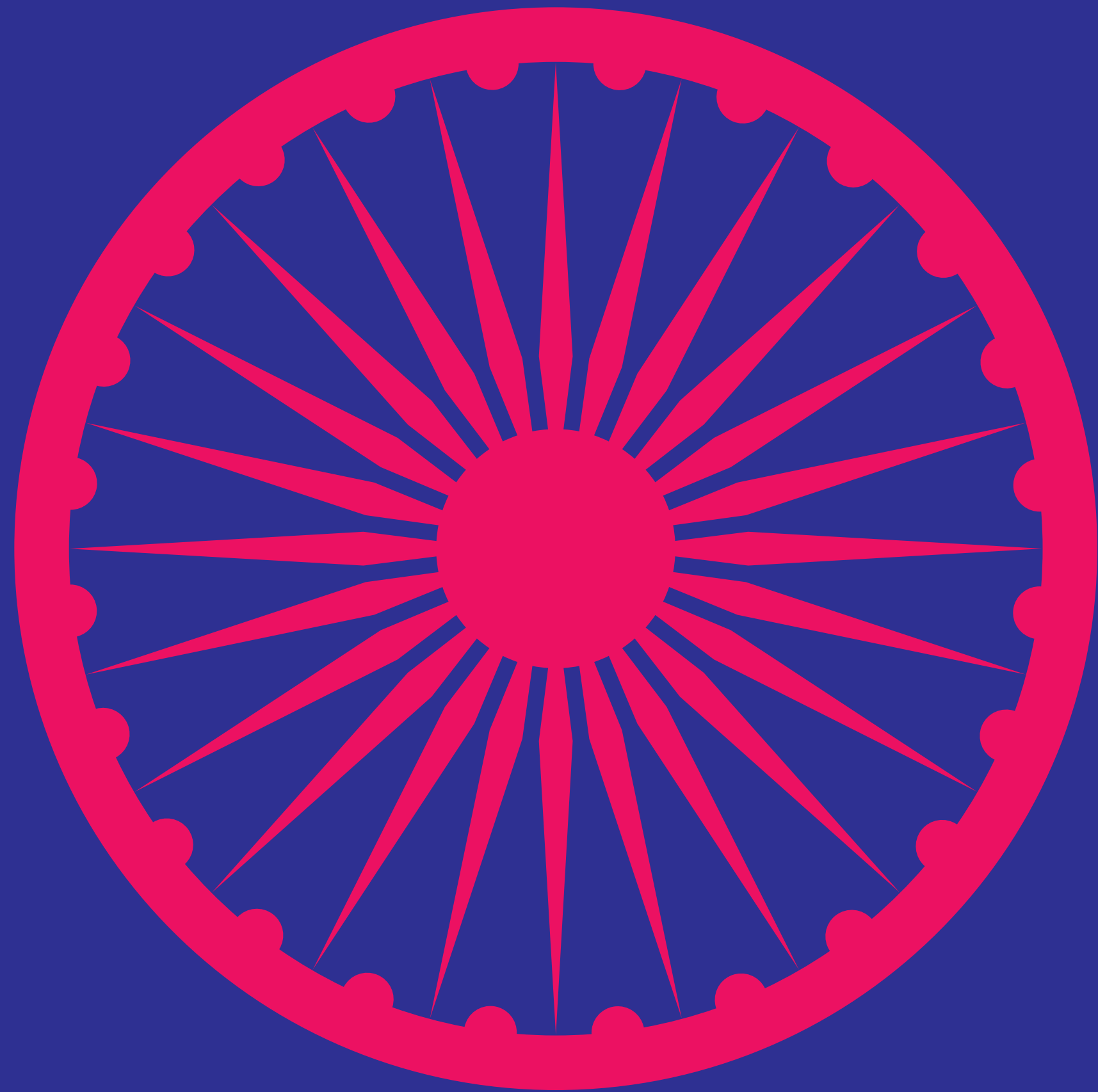


A vibrant, multi-colored tunnel of various pharmaceutical pills and capsules, creating a sense of depth and perspective. The pills are packed tightly together, filling the entire frame. The colors range from bright reds and oranges to blues, greens, and pinks. The perspective is from the center of the tunnel, looking towards a vanishing point in the distance.

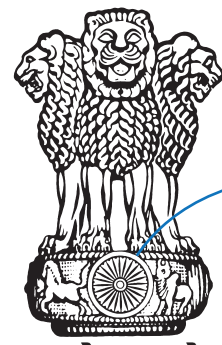
# MARKET INDIA

**PHARMACEUTICALS**





**FROM AGRICULTURE TO AUTOMOBILES  
FROM HARDWARE TO SOFTWARE  
FROM SATELLITES TO SUBMARINES  
FROM TELEVISIONS TO MOVIES  
FROM BRIDGES TO BIOTECHNOLOGY  
FROM PAPER CLIPS TO POWER PLANTS  
FROM ROADS TO CITIES  
FROM FRIENDSHIP TO PARTNERSHIP  
FROM PROFIT TO PROGRESS  
WHATEVER YOU WANT TO MAKE:  
**MAKE IN INDIA****



*The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.*

सत्यमेव जयते

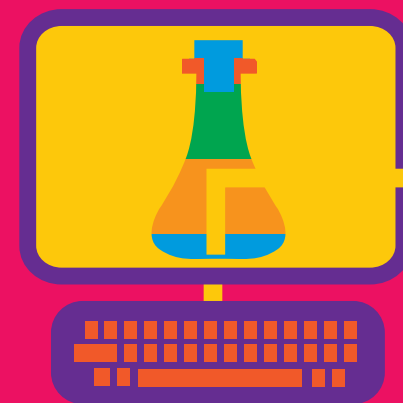
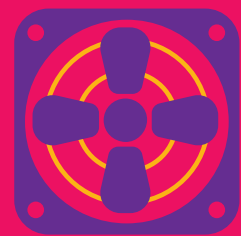
Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.





# FEEL GOOD FACTORY.

SUPPLIER TO THE WORLD, INDIA'S PHARMACEUTICAL INDUSTRY  
GIVES YOU THE EDGE IN RESEARCH AND MANUFACTURING.



- 3RD LARGEST PHARMA MARKET BY 2020
- 20% OF GLOBAL EXPORTS IN GENERICS
- USD 45 BILLION IN REVENUE BY 2020
- USD 26.1 BILLION IN GENERICS BY 2016
- USD 200 BILLION TO BE SPENT ON INFRASTRUCTURE BY 2024
- 49% OF ALL DRUG MASTER FILINGS REGISTERED IN THE USA



# NEW INITIATIVES

THE MAKE IN INDIA PROGRAM INCLUDES MAJOR NEW INITIATIVES DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.

1

## NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2

## NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3

## NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE, CONSTRUCTION AND RAILWAYS FOR FDI

4

## NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME INVESTORS FROM TIME OF ARRIVAL
- FOCUSED TARGETTING OF COMPANIES ACROSS SECTORS



# FACTS + FIGURES

## REASONS TO INVEST

- India is expected to rank amongst the top three pharmaceutical markets in terms of incremental growth by 2020.
- India is the sixth largest market globally in terms of size.
- India's generic drugs account for 20% of global exports in terms of volume, making the country the largest provider of generic medicines globally.
- India's cost of production is significantly lower than that of the USA and almost half of that of Europe.
- A skilled workforce as well as high managerial and technical competence.
- Economic prosperity is likely to improve affordability for generic drugs in the market.
- Approval time for new facilities has been drastically reduced.

## GROWTH DRIVERS

- Between 2011 and 2016, patent drugs worth USD 255 Billion are estimated to go off-patent leading to a huge surge in generic product and tremendous opportunities for companies.
- In 2011, India's OTC drug market stood at USD 3 Billion and a rise to USD 6.6 Billion is forecast by 2016.
- With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available.
- Pharma companies have increased spending to tap rural markets and develop better infrastructure. The market share of hospitals is expected to increase from 13.1% in 2009 to 26% in 2020.
- Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India.
- The purported rise of lifestyle diseases in India is expected to boost industry sales figures.
- Over USD 200 Billion is to be spent on medical infrastructure in the next decade.
- Rising levels of education are set to increase the acceptability of pharmaceuticals.
- India's patient pool is expected to increase to over 20% in the next 10 years, mainly due to the rise in population.

## STATISTICS

- The country's pharmaceuticals industry accounts for about 2.4% of the global pharma industry by value and 10% by volume.
- Industry revenues are expected to expand at a CAGR of 12.1% during 2012-20 and reach USD 45 Billion.
- The healthcare sector in India is expected to grow to USD 250 Billion by 2020 from USD 65 Billion currently.
- The generics market is expected to grow to USD 26.1 Billion by 2016 from USD 11.3 Billion in 2011.

## INVESTMENT OPPORTUNITIES

- India is expected to be the third largest global market for active pharmaceutical ingredients by 2016, with a 7.2% increase in market share.
- Indian pharma companies registered 49% of overall Drug Master Filings (DMF) filed in the US in 2012.
- The Contract Research and Manufacturing Services industry (CRAMS) - estimated at USD 8 Billion in 2015, up from USD 3.8 Billion in 2012. The market has more than 1000 players.
- The formulations industry - India is the largest exporter of formulations with 14% market share and ranks 12th in the world in terms of export value. Double-digit growth is expected over the next five years.

## FDI POLICY

- 100% FDI is allowed under the automatic route for greenfield projects.
- For brownfield project investments, up to 100% FDI is permitted under the government route.
- The government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approvals.
- 'Non-compete' clauses are not allowed except in special circumstances, with the approval of the Foreign Investment Promotion Board.
- The FDI is subject to applicable regulations and laws.





## FINANCIAL SUPPORT

### KEY PROVISIONS IN THE 2014-15 UNION BUDGET:

- Creation of new drug testing laboratories and further strengthening of the 31 existing state laboratories.
- Full exemption from excise duty is being provided for HIV/AIDS drugs and diagnostic kits supplied under National AIDS Control Programme funded by the global fund to fight AIDS, TB and Malaria (GFATM). The customs duties on the said drugs are also being exempted.
- Allocation of INR 5000 Million to set up four more institutions of the stature of AIIMS in Andhra Pradesh, West Bengal, Maharashtra and U.P.
- Any of the following two deductions can be claimed:

1. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion.
2. In order to provide further fillip to companies engaged in manufacturing, the said benefit of additional deduction of 15% of cost of new plant and machinery, exceeding INR 250 Million which is acquired and installed during any previous year ending up to 31.3.2017.

### EXPORT INCENTIVES HAVE BEEN ENVISAGED IN THE FOLLOWING SCHEMES:

- Focus product scheme.
- Special focus product scheme.
- Focus market scheme.
- Export promotion capital goods scheme.

### AREA-BASED INCENTIVES:

- Incentives for units in SEZ/NIMZ as specified in respective acts.
- Setting up of projects in special areas such as the North-east, Jammu & Kashmir, Himachal Pradesh and Uttarakhand.

### UNITS IN CLUSTERS:

- A scheme for the development of common facilities like effluent treatment, testing centres etc.

### STATE INCENTIVES:

- Besides the above, each state in India offers additional incentives for industrial projects.
- Incentives are in areas like subsidised land cost, relaxation in stamp duty on sale/lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies/tax incentives, backward areas subsidies, special incentive packages for mega projects etc.

### R&D BENEFITS:

Industry/private sponsored research programs:

- A weighted tax deduction is given under section 35 (2AA) of the Income Tax Act.
  - A weighted deduction of 200% is granted to assesses for any sum paid to a national laboratory, university or institute of technology, or specified persons with a specific direction provided that the said sum is used for scientific research within a program approved by the prescribed authority.
- Companies engaged in manufacture having an in-house R&D centre:
- Weighted tax deduction of 200% under section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development. Expenditure on land and buildings are not eligible for deduction.
  - A national centre to help develop bulk drugs and facilitate their research is being set up in Hyderabad.



## SECTOR POLICY

The National Pharmaceutical Pricing Policy, 2012 (NPPP-2012) has been notified on December 7, 2012.

The salient features of the NPPP-2012 are as under:

- The regulation of prices of drugs on the basis of the essentiality of drugs as specified under the National List of Essential Medicines (NLEM)- 2011.
- The regulation of prices of drugs on the basis of regulating the

prices of formulations only.

- The regulation of prices of drugs on the basis of fixing the ceiling price of formulations through Market Based Pricing (MBP).
- The provision of exemptions to drugs manufactured through indigenous R&D from price control for 5 years.
- A Drug Price Control Order 2013 has been notified in May 2013 to implement the provisions of NPPP-2012.





## AGENCIES

- Department of Pharmaceuticals, Ministry of Chemicals & Pharmaceuticals (<http://pharmaceuticals.gov.in>)
- Indian Drug Manufacturers Association (<http://idma-assn.org>)
- Bulk Drug Manufacturers Association (<http://bdmai.org>)
- Pharmexcil (<http://pharmexcil.org>)
- Federation of Pharma Entrepreneurs (<http://fopeindia.org>)
- Confederation of Indian Pharmaceutical Industry (<http://cipi.in>)
- Indian Pharmaceutical Alliance (<http://vision-india.com>)

## FOREIGN INVESTORS

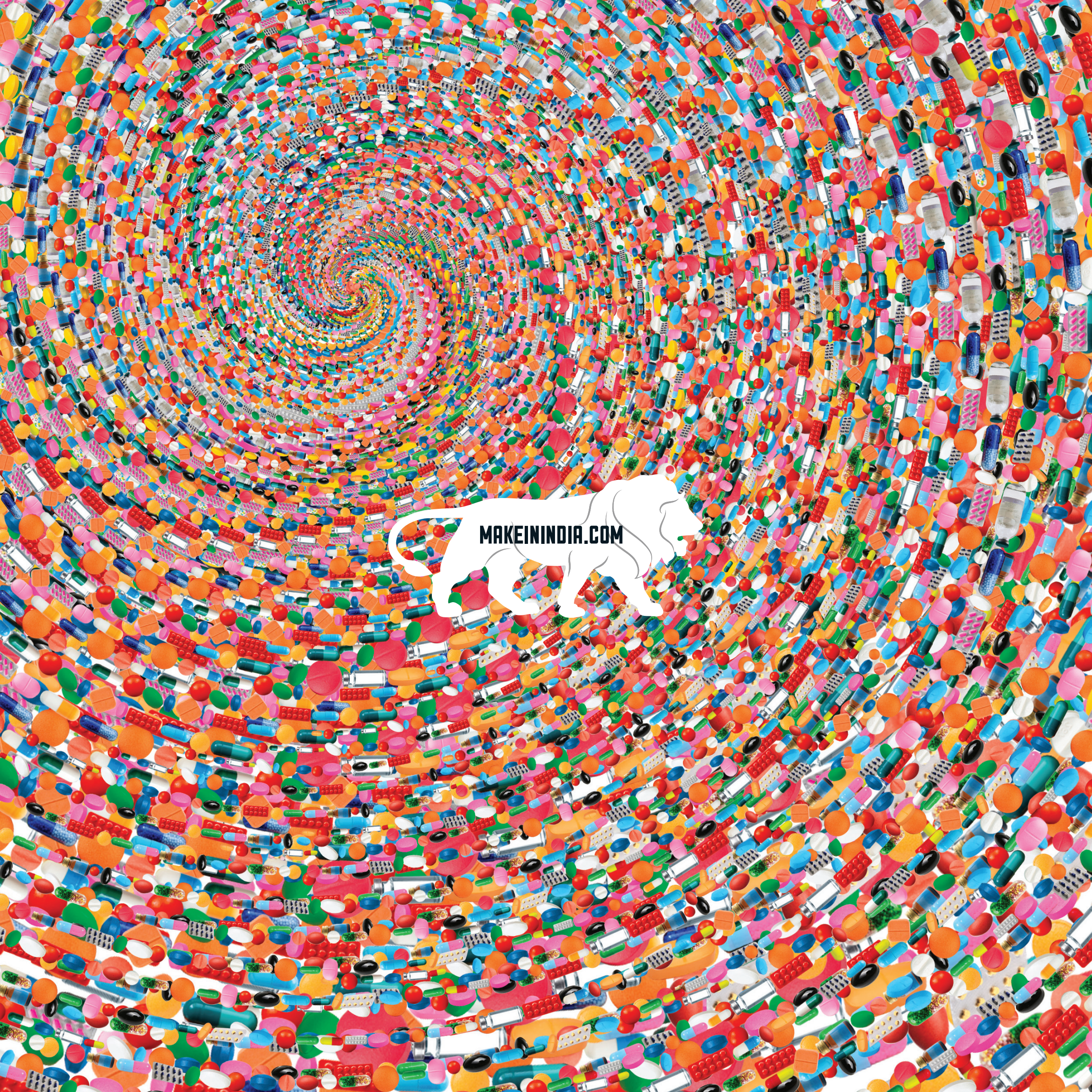
- Teva Pharmaceuticals (Israel)
- Nipro Corporation (Japan)
- Procter & Gamble (USA)
- Pfizer (USA)
- Glaxo Smith Kline (UK)
- Johnson & Johnson (USA)
- Otsuka Pharmaceutical (Japan)
- AstraZeneca (Sweden-UK)



GOVERNMENT OF INDIA

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Ministry of Commerce & Industry  
Investor Facilitation Cell  
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