

Indian pharma threatened by COVID-19 shutdowns in China

As factories in China are closed, India is working to maintain supplies of active pharmaceutical ingredients. Patralekha Chatterjee reports from New Delhi.



India supplies low-cost generic drugs to millions of people, both within and outside the country. But Indian pharmaceutical companies procure almost 70% of the active pharmaceutical ingredients (APIs) for their medicines from China, the world's leading producer and exporter of APIs by volume. As factories in China are closed to try to stem the coronavirus disease 2019 outbreak, pharmaceutical companies and the Indian Government are becoming concerned over the vulnerability of the Indian pharmaceutical supply chain.

"We see the pharmaceutical supply chain exported out of China under significant pressure. In addition to a manpower shortage due to more and more provincial governments adopting a mandatory 14-day quarantine policy for returning workers, the transportation and logistics apparatus is also getting clogged up due to various travel restrictions and difficult access to ports", said Jim DeYonker of Centrient Pharmaceuticals, which has manufacturing facilities in India. He said that there were concerns specifically over the manufacture of statins and some antibiotics.

The Indian media has also carried reports about a recent surge in prices of paracetamol, vitamins, and penicillin. "Some of the scare is also due to [the] artificial shortage of APIs created by traders who started hoarding APIs as soon as they heard about the onset of the epidemic", B R Sikri, chairman of the Federation of Pharmaceutical Entrepreneurs, an industry body, told *The Lancet*.

"There is no cause for panic, as yet", said Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance. "The big pharma companies have enough API stocks for

2–3 months. We are currently doing an assessment of the stocks of API and finished formulations that [Indian Pharmaceutical Alliance] members have and closely monitoring the situation in China."

India's pharmaceutical industry has not always been so dependent on

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Chinese imports. In 1991, Chinese ingredients made up only 0.3% of India's bulk drug (API) imports. But as India's drug makers moved onto formulations, they started procuring APIs from China, where the cost of production is lower.

India's dependence on China for APIs is increasingly seen as a matter of health security. In 2018, the central government in India set up a taskforce to reviving the API sector.

Over the past fortnight, several high-level meetings between the Indian Government and key representatives of India's pharmaceutical industry have taken place to step up API manufacturing capacity within India. One such meeting, organised by NITI Aayog, a government think tank,

raised suggestions such as speeding up approvals for building factories, including necessary clearances from the environment ministry, and for giving concessions on electricity, and the promotion of pharmaceutical manufacturing hubs.

"The government is very serious about encouraging India's API manufacturers to expand capacity. This is linked to our national security", says Sikri.

In the long term, assuming that the government removes barriers to API production in India, it is unlikely to spur the industry into immediate action for ramping up production while APIs imported from China remain cheaper. For the industry involved in the formulation business, profit and turnover are key, says Sakthivel Selvaraj of the Public Health Foundation of India, a think tank.

Selvaraj says Indian companies still have an advantage in terms of wages, but fiscal and non-financial incentives and building infrastructure would be crucial to get domestic drug manufacturers to produce API.

"The only other option is to revive and revitalise the public sector drug makers", Selvaraj told *The Lancet*.

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