

Productivity & Efficiency Gaps in Indian Pharmaceuticals Sector

As identified in the above sections, the major gaps that exist in Indian pharmaceutical sector that are impacting its competitiveness with respect to competing countries are:

- **Regulatory Barriers**
 - Stringent pricing regulations affecting the profitability of pharmaceutical companies.
 - Lack of transparency in licensing procedures.

- **Issues with critical inputs, technology & labor**
 - Lack of availability of petrochemicals used for manufacturing of bulk drugs in India.
 - Rising prices of sugar leading to overall increase in production costs.
 - Lack of cold storage space & facilities suited to specific pharmaceutical products, with automated humidity & temperature control mechanisms
 - Lack of transparency in licensing procedures.
 - Lack of skilled resources

- **Inadequate testing facilities**
 - Lack of advanced lab and related infrastructure for drugs testing, especially in segments like antibiotics.
 - Lack of availability of reference standard products as per Indian Pharmacopeia (IP) resulting in dependence on imports for these batch specific and time limited reference products. This increases the overall cost of testing.
 - Lack of resources with the Central Drugs Standards and Control Organization (CDSCO) leading to delays in clearances for new drug trials, pharmacovigilance and assistance to the willing industry members.

- **Issues with R &D**
 - Low investments in innovative R&D continue to be a major weakness of Indian Pharmaceuticals industry.
 - Lack of ability to compete with MNCs for discovery of new drugs, research & commercialization of molecules on a worldwide basis.

- **Lack of awareness of government schemes & subsidies by SME's & MSME's.**
 - The government schemes & subsidies are not being availed by most of the SME's because of lack of awareness as well as paper work hassles.

- **Other issues**
 - Diffused nature of the Indian pharmaceutical industry means that only few companies are large enough to bear the transactions costs associated with sustained exports to and compliance with entry regulations of the developed markets.
 - Domestic market size is comparatively small as compared to global standards due to low medical and healthcare expenditure in the country.
 - Lack of time driven regulatory infrastructure.