

**UP GLOBAL
INVESTORS SUMMIT**
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New India's Growth Engine

UTTAR PRADESH
PHARMACEUTICAL
SECTOR

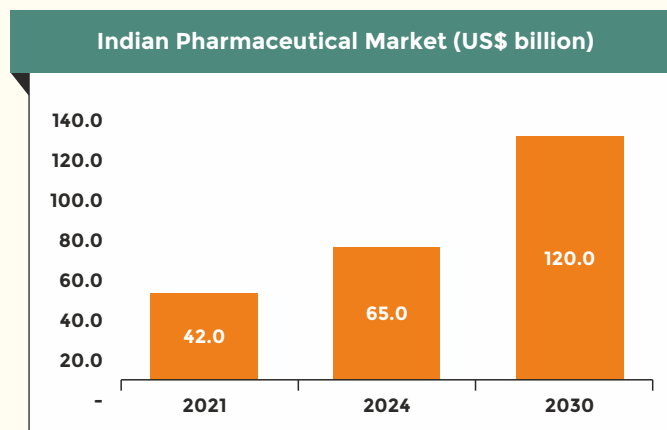


FOOD
SAFETY
&
DRUG
ADMINISTRATION

INDIA SCENARIO

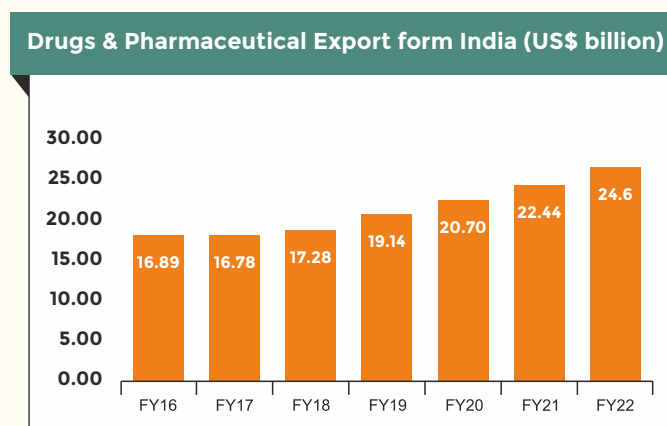
The Indian pharmaceutical industry is robust and thriving and is currently valued at USD 41.7 bn. India's domestic pharmaceutical market stood at USD 42 billion in 2021 and is likely to reach USD 65 billion by 2024 and further expand to USD 120 billion by 2030.¹

- The Indian pharmaceutical market ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The industry includes a network of 3,000 drug companies and 10,500 manufacturing units.
- India has the second highest number of USFDA approved facilities.
- In terms of overall revenue, the market increased by 13.9% in January 2022.
- India exports 20% of global generics, making it the largest provider of generic medicines globally
- The country is the 12th largest exporter of medical goods in the world. Indian drug & pharmaceutical exports stood at USD 24.60 billion in FY22 and USD 24.44 billion in FY21.
- India is one of the top 20 global medical device markets and the 4th largest medical device market in Asia.



Source: IBEF

- Major segments of the Indian pharmaceutical industry are generic drugs, OTC medicines, API/bulk drugs, vaccines, contract research & manufacturing, biosimilars & biologics. Pharmaceutical exports from India reach more than 200 nations around the world, including highly regulated markets of the USA, West Europe, Japan and Australia.²
- The Department of Pharmaceuticals has approved 10 FDI proposals worth INR 7,860 crore inflows under the brownfield pharmaceutical projects during 2021-22 (till December 2021).³



Source: IBEF

1. InvestIndia and IBEF

2. Make in India

3. Department Of Pharmaceuticals Annual Report

- As per the Union Budget 2022-23, INR 3,201 crore (USD 419.2 million) has been set aside for research and INR 83,000 crore (USD 10.86 billion) has been allocated to the Ministry of Health and Family Welfare. The government has approved a proposal for strengthening the drug regulatory system in the country, both at the level of the Central and the State Governments with a total expenditure of INR 1,750 crores.
- India offers up to 100% FDI through an automatic route for Greenfield pharmaceuticals projects. For Brownfield pharmaceuticals projects, FDI allowed is up to 74% through automatic route and beyond that through government approval.
- Cumulative FDI equity inflow in the Drugs and Pharmaceuticals industry is USD 19,405.35 Mn during the period April 2000 to March 2022.
- The sector is also supported by Production Linked Incentive (PLI) Scheme to boost domestic manufacturing capacity. The financial outlay of the scheme is INR 21,940 crore, the products covered under the scheme are:
 - I. Category 1: Biopharmaceuticals, Complex generic drugs, Patented drugs or drugs nearing patent expiry, Cell-based or gene therapy products, Orphan drugs, Special empty capsules, Complex excipients, Phyto-pharmaceuticals
 - II. Category 2: Active Pharma Ingredients (APIs), Key Starting Materials (KSMs), Drug Intermediaries (DIs)
 - III. Category 3: Repurposed Drugs, Auto-immune drugs, Anti-cancer drugs, Anti-diabetic drugs, Anti Infective drugs, Cardiovascular drugs, Psychotropic drugs, Anti-Retroviral drugs, Fermentation based 4 KSMs/Dis⁴



UTTAR PRADESH SCENARIO

- Uttar Pradesh is the country's 4th largest state and the 3rd largest economy. Home to 16.5% of India's population, the state is among the top 5 manufacturing states and has 2nd highest number of MSME units. With the highest population among all Indian states, Uttar Pradesh offers to be the biggest market for pharmaceuticals.
- Uttar Pradesh has strong distribution networks for healthcare products and medicines with 71000 wholesale drug sale licence and 108000 retail drug sale licence.
- There are 608 manufacturing units which included allopathic, homoeopathic, medical devices and cosmetics units. There is huge scope for setting up new units in the state.
- There are 467 blood banks in the state to serve need of whole human blood and blood components.

Exports of Drugs and Pharmaceutical Products from Uttar Pradesh (in million USD)

Commodities	2018 - 19	2019 - 20	2020 - 21
Bulk drugs, drug intermediates	62.35	50.59	77.97
Drug formulations, biologicals	58.59	58.72	86.45

Source: State-wise Export of Drugs and Pharmaceutical Commodities from India (2018-2019 to 2020-2021) (indiastat.com)

Exports of medicinal plants and herbs from Uttar Pradesh (in millions of USD)

	2017-18	2018-19	2019-20
Uttar Pradesh	6.02	3.56	4.01
India	321.20	309.12	290.26

Source: Export of Medicinal Plants and Herbs from Uttar Pradesh (2017-2018 to 2019-2020) (indiastat.com)

- The State has a 3-tier public healthcare infrastructure, comprising community health centers (CHCs), primary health centres (PHCs) & sub-centres (SCs).

Number of CHCs, PHCs, and SCs functioning in Uttar Pradesh (as on March 31, 2021)

Sub center		PHCs		CHCs	
Rural	Urban	Rural	Urban	Rural	Urban
20778	0	2923	593	753	12

Source: State-wise Number of Sub-Centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHCs) Functioning in Rural and Urban Areas in India (As of 31st March, 2021) (indiastat.com)

- As per State Budget 2021-22, Rs. 32,009 crore (USD 4.41 billion) was allocated to the health and family welfare sector. Of this, Rs. 5,395 crore (USD 743.30 million) has been allocated for the 'National Rural Health Mission and Rs. 1,300 crores (USD 179.11 million) for the 'Ayushman Bharat Yojana'.
- The government has set a target to make 49 nursing schools, and 49 paramedical schools functional in the state in the next five years. The government will also increase seats substantially in different courses, including 7,000 seats in MBBS, 3,000 in PG, 14,500 in nursing and 3,600 in paramedical. This will boost the healthcare consumption ultimately beneficial to the Pharma Industry.
- The state has about 131 colleges providing B Pharm degrees and about 75 colleges providing M.Pharm degrees.⁵

Infrastructure Advantage⁶

As the Indian pharmaceutical industry is export-orientated, Uttar Pradesh has suitable export facilitating infrastructure:

- ❖ Located on Golden Quadrilateral.
- ❖ Excellent road network
- ❖ Access to National Capital Region on the west
- ❖ Strategic access to market & resource depth of eastern India
- ❖ Largest railway network in the country spanning over 8,949 km
- ❖ Major national & international airports connecting the rest of India, Middle East & South East Asian countries.
- ❖ Three existing international airports at Lucknow, Kushinagar and Varanasi, and one upcoming international airport Jewar
- ❖ Proposed National Waterway-1 (NW-1) connecting Allahabad to Haldia port
- ❖ 8.5% of Delhi Mumbai Industrial Corridor (DMIC) catchment area and 57% of Amritsar-Kolkata Industrial Corridor (AKIC) in UP
- ❖ Intersection of Western Dedicated Freight Corridor (WDFC) and Eastern Dedicated Freight Corridor (EDFC) at Greater Noida
- ❖ Multi-modal logistic hubs, industrial parks etc. to benefit from reduced travel time to ports
- ❖ Existing and recently developed expressways like Poorvanchal Expressway (340-km), Bundelkhand Expressway, Lucknow- Agra Expressway etc.; 4-lane and 6-lane state highways; national and international airports; NW 1 waterways connecting Allahabad, Varanasi and Haldia sea port etc., is expected to create a web of air, water, road and rail network

Raw Material base and growing Industry⁷

- I. The State has the 4th highest number of MSMEs in the country and has a considerable chemical and medicinal raw material base.
- II. There are several pharmaceutical units in the State, of which the majority are in the formulation, mostly located in the Western region of the state in Ghaziabad, Gautam Buddha Nagar, and in Lucknow, Kanpur.
- III. By 2022, the Gautam Buddh Nagar, Noida, is expected to have Northern India's first Medical Device Park The park is developed in Sector 28 of the Yamuna Expressway Industrial Development Authority (YEIDA) Space.

6. The Arteries of Growth: Expressways of Uttar Pradesh

7. IBEF | Medical Devices

Availability of Labour and Strong R&D base

The State has a perennial supply of skilled and unskilled manpower and prestigious research institutes and the Department of Pharmaceutics.

Uttar Pradesh is home to prestigious research institutes including –

- ❖ CSIR-Central Drug Research Institute, Lucknow.
- ❖ National Institute of Pharmaceutical Education and Research, Raibareli.
- ❖ Indian Institute of Toxicology Research (IITR), Lucknow.
- ❖ Central Institute of Medicinal and Aromatic Plants, Lucknow.
- ❖ National Botanical Research Institute, Lucknow.
- ❖ Biological Sciences and Bioengineering Department, IIT- Kanpur.
- ❖ Biotechnology Department, MNNIT-Allahabad.
- ❖ Indian Institute of Technology – Banaras Hindu University (IIT BHU).
- ❖ King George's Medical University, Lucknow.
- ❖ Sanjay Gandhi Post Graduation Institute of Medical Sciences, Lucknow.
- ❖ Indian Pharmacopoeia Commission, Ghaziabad.
- ❖ National Institute of Biologicals, Noida.



Highlights of Uttar Pradesh Pharmaceutical Industry Policy

1. Incentives to Develop Pharmaceutical Parks:

- Up to 50% interest subsidy on the loan taken to buy land.
- Up to 60% interest subsidy on the loan taken for building infrastructure.
- Up to 60% interest subsidy on the loan taken for building common facilities – warehouse & cold chain facilities, Hostel/Dormitory Housing for workers
- Stamp duty exemption - 100% to the developer and 50% to the buyers of first instance
- 15% capital subsidy, up to 25 crores, to develop common infrastructure and utilities.

2. Incentives to the individual Units:

- Up to 50% capital interest subsidy on loan taken for procurement of plant & machinery.
- Infrastructure Interest Subsidy at the rate of 5% for developing infrastructural amenities for self-use.
- Up to 50% Industry Research Subsidy on loan taken for industrial research, quality improvement and development of products.
- 100% Electricity duty exemption for 10 years to all new units producing electricity from captive power plants for self-use.
- 100% Stamp duty exemption to all new units.
- 15% capital subsidy on the investment of plant and machinery, maximum 200 crores.
- Environment Protection Subsidy.
- Zero Waste Incentive.
- Capital interest subsidy up to 60% to set R&D.
- Up to 75%, maximum 2 crores, re-imbursement for clinical trial.
- Assistance for contract/sponsored research.
- Assistance to Patent Filing and Quality Certification including international certification.
- Assistance to innovation and start-ups.
- Market support – assistance to participate in domestic and international exhibitions.

3. Ease of Doing Business:

- Single Window and time bound clearance.
- FSDA shall appoint departmental nodal officer to assist investors to set up industry in the state.
- Pre-Consultation of project plan by FSDA Team.

4. Units of Medical Devices, Key Starting Materials and Drug Intermediates are equally eligible for incentives under the policy.



KEY INVESTMENT OPPORTUNITIES

- Manufacturing Bulk Drugs and Generic Medicine: Uttar Pradesh offers the largest consumer base for domestic consumption and well connected to major ports of India making it for export-oriented production.
- Distribution – Uttar Pradesh is the 4th largest state with a population density of 829 people per sq. km. There is immense scope for the development of a drug mechanism for the distribution of all kinds of drugs.
- Wellness drugs- As the industry is progressing and expanding coping with technological advances, there is scope for the production and distribution of wellness drugs.
- Education & Skill Development - The State offers the largest workforce with 56% of the population in the working age group. Home to premier research institutes and education centers in the sector, State is expanding its education and skill development ecosystem to meet the needs of the industry.
- Research and Development
 - I. Drug Testing Technology
 - II. Contract Research and Manufacturing Services (CRAMS)
 - III. Biologics and Biosimilars
 - IV. AYUSH and Phytomedicine
- Manufacturing Medical Devices - With new hospitals and nursing houses coming up and renovation of existing facilities, manufacturing medical devices in Uttar Pradesh is a promising opportunity.



KEY PLAYERS IN UTTAR PRADESH

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