

## To end reliance on China, Indian pharma firms go local for raw materials



Indian drug [companies](#) are looking to local makers of so-called active pharmaceutical ingredients (API) or trying to make them in-house in a bid to end their reliance on China as ties between the two countries soured after a deadly border clash last June.

Though India is known as the pharmacy of the world for its massive production capacities of both generic drugs and vaccines, China accounted for half of its API needs in 2019 from nearly nothing three decades ago, industry data shows.

Executives at India's Cadila Healthcare, Cipla, Sun Pharmaceutical and Biocon said on Tuesday they were aggressively working on reducing the dependence on the richer rival for raw materials.

Disruption to supplies from China due to the Covid-19 pandemic was also a major factor, they said, as early last year many of them had to scramble for ingredients to make important drugs sold worldwide.

"Because of the anti-China sentiment ... most of the companies are working towards de-risking themselves in terms of making it clear that their supply chain linkages with China are limited," Gaurav Suchak, supply head of Cadila, told the BioAsia conference organised by the southern state of Telangana.

"For the critical API molecules, the idea is to go for a backward integration where you are in control of that pie which is going to make the most impact on your business, and also to make sure that the entire value chain is secure." Companies are also eyeing reliable local vendors who can promise consistency and competitive prices, he said.

Cipla's supply chief Swapn Malpani said it had launched an "API re-imagination" programme to possibly expand its own manufacturing capacities using recent government incentives such as production subsidies, apart from working with local suppliers.

Biocon's supply head Prasad Deshpande said the company had a target on "how much percent of revenue is independent of China".

"We are happy to say that by the last quarter, we were almost 50% completely independent of China," Deshpande said.

"That does not mean we will not source from China, but we are not dependent on China anymore."

But he also said India would have to improve its infrastructure and accelerate approval processes to take on the scale and speed of China.

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