

SPEECH OF SHRI D.B.MODY, CHAIRMAN, PHARMEXCIL  
AT THE INDIA - L.A.C. INTERNATIONAL PHARMA MEET  
AT HYDERABAD ON 27<sup>TH</sup> JUNE 2007.

Shri Pawan Kumar Bansal, Honourable Minister of State, Min. of Finance, Govt. of India, Mr. Nelson Proenca, State Secretary Dept. of Development and International Affairs, Govt. of Brazil, Shri Rajeev Kher, Jt. Secretary, Min. of Commerce, Shri GS Sandhu, Jt. Secy. Dept of Chemicals and Petrochemicals, Shri PK Dash, Jt. Secy, Min. of Commerce, Shri Shiv Basant, Jt. Secy Dept of AYUSH and Dr. M. Venkateshwarlu, Drugs Controller General of India and Shri Busi Sam Bob Principal Secretary, Govt. of Andhra Pradesh, Excellencies from the Embassies and distinguished guests from the friendly countries of Latin America and my colleagues from the Indian Pharma Industry, friends from the Press and Ladies and Gentlemen.

Warm Welcome! Bienvenida Caliente ! Boas-vindas Quente !

It is my proud privilege and honour to extend a warm welcome to all of you, especially to all the distinguished guests from Latin American countries. We are very grateful to you all for accepting our humble invitation and coming all the way to Hyderabad India after a very long journey.

This vast gathering of our pharma friends including senior officials of FDA from Latin America and our Indian friends definitely proves that there is a strong desire on both sides to strengthen relations and improve business ties between our nations.

We will try our level best to not only make your stay comfortable and enjoyable but fruitful as well. Please do contact Pharmexcil secretariate for assistance, if any required.

India and Latin America are both developing regions which face similar problems. Both the regions have a rich history going back many years, which equips them with much needed human values like compassion, and tolerance. These ties of a rich cultural heritage are strengthened by a strong desire to grow socially and economically for the uplift of our fellow citizens.

We, Indians, strongly believe in the ancient sanskrit saying "Atithi Devo Bhav". To us the guest is a god. I believe that some of you would have come to India before and many are here for the first time. Please enjoy your stay with us and let us both benefit from this inter action.

Indian Pharmaceutical Industry, has earned a well deserved reputation in recent times for its qualitative growth. Pharmaceutical Industry is a knowledge based industry. From being an import dependant Industry in 1950's industry has achieved self-sufficiency and gained global recognition as a producer of low cost, high quality bulk drugs and formulations . We are proud of our achievements in the field of NDDS (Novel Drug Delivery System) and are actively pursuing New Chemical Entities. India today boasts of the largest number of US FDA approved plants outside USA.

It is worth mentioning a few facts about the Indian Pharma Industry:

- it is the 4<sup>th</sup> largest in terms of volume and 13<sup>th</sup> in value globally.
- it meets 40% of total global API (pharmaceutical raw material) requirements and is duly recognized world over as a very strong and diversified source for world class quality APIs. (Bulk Drugs)
- India's Exports of Drugs and Pharmaceuticals during Year 2005-06 was around US \$ 4.81 billion, which is estimated to reach \$ 6 Billion in 2006-07.
- Indian Pharma Industry's exports are likely to touch US \$14 billion in 2009-2010

- A large number of Indian pharma manufacturing facilities have also been approved by the leading world drug regulatory agencies like UK MHRA (40) ; TGA Australia (20) and MCC – South Africa (40).
- Indian Pharma companies are now seeking accelerated growth by mergers and acquisitions in the global markets.
- R&D investment is already large and expected to grow substantially in the near future.
- India has abundant scientific and technical manpower, which is our intellectual wealth.
- India also has excellent infrastructure to provide contract manufacturing, contract research and conduct international clinical trials. Multinational companies are already outsourcing their research work to Indian CROs and CRAMs organisations.
- India has a lot of wealth of Natural Herbal Medicines. Our member companies are already exporting and collaborating with partners in developed countries for development of a significant market for this safe and effective branch of alternative medicine which is fast becoming popular the world over.
- You will be glad to know that recently Germany has initiated discussions with Indian authorities for agreement on Mutual Recognition Procedure for GMP standards. This signifies the the strength of the regulatory authorities in India to ensure production, and marketing of world class, quality pharma products.

We believe that such Mutual Recognition Procedure (MRP) between India and Latin America will help in fast track registration of Pharma Products in each others' countries and will be vital for accelerated growth of trade between us.

Tremendous progress made by Indian Pharma Industry is reflected in the quality of medicines offered and healthcare service provided to our citizens with significant cost benefits which are very important and critical for developing countries considering the limited financial resources. More than a commercial success we perceive it as a very satisfying opportunity to serve the entire human race around the globe.

I would like to take this opportunity to say a few words about Pharmexcil and its activities. Pharmexcil was set up in May 2004 by the Department of Commerce under Ministry of Commerce and Industries, Government of India, as a nodal agency to exclusively promote the exports of Drugs, Pharmaceuticals, allied products, including Bio-Tech, Herbal, Traditional Medicines, Veterinary Drugs, Diagnostics, Surgical products and related services like clinical research, pharma R&D etc.from India.

Pharmexcil provides a link between International markets and the Indian Pharma Industry.

Pharmexcil also acts as an interface between the Industry and the Government to provide inputs for formulation of government policies in the area of export of Pharma products and services.

Pharmexcil has signed a number of Memorandum of Understanding (MOUs) with Ministries of Health from various countries, wherein it has agreed to act as a single point contact between Indian Pharma Industry and Regulatory Authorities of our partner countries.

We are happy to note the growing co-operation between Indian and Latin American Pharmaceutical Industry. We shall strive to work for fast progress to fulfil our high ambitions considering the tremendous possibilities of high growth. When we look at the volume of current business co-operation, it is around USD 291 million during financial year 2005-06 and is estimated to grow at the rate of 25% for the financial year 2006-07. We believe this is just a beginning and there is a lot of potential to grow further in view of mutual goodwill prevailing on both sides.

LAC region is the seventh largest destination in pharma exports. Pharma trade with Caribbean countries is around US\$ 43 million with a growth rate of 37%.

We are sure that closer interaction between government bodies on both sides coupled with strong ties between institutions and individual companies will help to bridge the gap due to vast distances, time difference and language constraints which exist between our two regions. We are sure that forum like this will help a long way in these efforts as we believe that you are the best possible suitable ambassadors for us in showcasing the strengths of Indian Pharma Industry in your respective countries.

I would like to take this opportunity to thank the Govt. of India and all authorities in India for their constant support and encouragement in our endeavors which is manifested by their presence in our midst today.

We, at Pharmexcil, take this opportunity to offer our services to act as one window facility for all your requirements in India at any point of time and would be glad to provide for any assistance. Please always feel free to approach us.

We are looking for co-operation with each and every country of Latin America, not only for the limited purpose of growing exports of our products alone but would like to see increasing joint ventures with our partner countries through investment in manufacturing and marketing in each others' countries.

I am sure this forum will provide a very good opportunity to all of us to get to know each other and understand, appreciate and exploit the potential benefits offered by close interaction and co-operation.

Brazil has been one of the biggest partners of India in Latin American region with turnover amounting to US\$ 136 million during year 2005-06 and same number has been achieved till January'07 during year 2006-07. There are a number of Indian companies, which now have their subsidiaries in Brazil.

In fact, India probably has the most number of ANVISA approved manufacturing plants outside Brazil and also number of bio-equivalence centers approved by ANVISA. With closer ties and more understanding, we believe that this co-operation can be mutually beneficial to grow the total Brazilian pharma market of more than USD 8 Billions.

We see a lot of growth in co-operation with Mexican pharmaceutical industry and hope that enhanced co-operation can be much bigger in comparison to existing volumes, which would ensure that our co-operation get bigger part of Mexican pharmaceuticals industry amounting to more than US dollar 15 billion. We welcome the officials from Mexican Ministry of Health and indeed from all Latin American countries to come and visit our pharmaceutical manufacturing facilities, clinical research organizations to see for themselves the tremendous progress achieved by the Indian Industry. Pharmexcil shall be pleased organize these visits.

With Argentina, we see lot of opportunities for joint venture in terms of investment and technology transfer for further development of Argentinian Pharmaceutical Industry which enjoys a market of more than US Dollar 6 Billion.

We are sure that we have played our bit in bringing a lot of cost efficiency in social security budgets and healthcare expenses in Peru and Venezuela, which has not only increased our stakes in the healthcare sector of these 2 countries but also helped in over all improvement in human healthcare there.

Similarly, Indian pharmaceutical industry has made its presence felt in Central American and Caribbean countries - Costa Rica, Guatemala, Honduras, Trinidad & Tobago, Haiti, Dominican Republic, Nicaragua and have been able to cement our image of dependable suppliers of quality products at competitive prices.

I once again thank you from bottom of my heart for your presence here and wish you all the very best for making best out of this convergence.

Thank you very much! Muchas Gracia ! Obrigado Muito !

JAI HIND!

I would like to take a little more of your time on a burning issue of great importance for all exporters from India and that is rapid appreciation of Indian Rupee vis-à-vis US Dollars. Pharmexcil recently met Shri Kamal Nathji, the Honourable Minister of Commerce, to take up this issue.

We had given flwg concrete suggestions to mitigate the adverse impact on the competitiveness of the Indian Industry on the world market:

- ✚ **1. Packing Credit (pre & post shipment): at concessional rate of interest.**
- ✚ **2. Differential rate of buying Currency from exporters**
- ✚ **3. Extension of I.T. exemptions to EOUs**
- ✚ **4. Extension of Time period for realization of export proceeds from current 180 days to 365 days with concomitant availability of post shipment packing credit upto 360 days at the interest rate of 5% p.a.**
- ✚ **5. Monetization of future earnings of exporters thru External Commercial Borrowings (ECBs) against their further exports.**
- ✚ **6. VAT integrated DEPB System: The exporters should be permitted to utilize the DEPB script for raising the credit in CENVAT account as an option.**
- ✚ **7. Hike in DEPB rates by min 1.5% to mitigate the impact of very high transactions costs involved in the export activity of around 7% of the FOB value.**
- ✚ **8. Interest at LIBOR rate on EEFC account.**

I am glad to inform you all that three of our suggestions :

1. Packing Credit at concessional rate of interest
2. Hike in DEPB rates
3. Interest on EEFC a/c.

have been accepted by the Ministry of Commerce and these have been taken up by the Ministry with the Finance Ministry and the Prime Minister.

On behalf of the exporting community and in the interest of protecting our share of the export markets, I request the Hon'ble Min. of State for Finance, Shri Bansalji to support the Ministry of Commerce's efforts in this regard.

THANK YOU ONCE AGAIN. JAI HIND !