The pharmaceuticals sector in India is currently open for 100% Foreign Direct Investment (FDI) in both Greenfield (Initiation of new venture and facilities) and Brownfield (Purchasing of an existing facility to begin new production) investments. Mergers and Acquisitions (M&A) can act as a source of capital, productivity and innovation but can potentially jeopardize the capability of Indian pharmaceutical industry in relation to 'Access to Medicines', which is one of the major goals of the health system.

In order to objectively evaluate impact of M&A on access to medicines, UKAID and IPE Global Private Limited (IPE Global) commissioned a 'Study on Impact of M&A in Indian Pharma sector on production, access and pricing of drugs in India and developing countries'.

The dissemination workshop held on 6th November 2015 in New Delhi registered the participation of stakeholders from the government, industry associations, research bodies, donor agencies, pharmaceutical companies. DFID played a catalytic role in commissioning these studies, under the KPP to IMS Health. Such studies not only influence the Indian pharma industry but consequently also impact more than 200 countries where Indian products are exported.

The Indian pharmaceutical players enjoy certain advantages which attract Merger and Acquisition (M&A) in the industry from companies outside India. Lower cost of operations, research and development (R&D) and capital expenditure, proven track record in bulk drug and formulation patents, strong domestic support in production, impending patent cliff are some of the drivers for recent rise in M&A. Major inflow of investments has been in brown field projects.

The findings from the study were presented in a workshop attended by representatives from government, industry, academia and public health organizations. The workshop deliberated on the study findings with a special reference to pricing, availability and R&D spending post M&A. The findings of the study do not support the apprehensions regarding price increase of drugs post M&A. The study suggests that there is increased focus on production of bulk drugs and launch of new drugs post M&A. However, growth rate is higher for exports in post-acquisition scenario. It is concerning that not only that the R&D spending has not been significantly increased; on the contrary some companies have reduced their investments in this area.

Key discussion points:-

- Focus on incentivizing the availability of innovator drugs in two and three tier cities with a detailed implementation plan.
- India is currently facing with infrastructural issues especially in two and three tier cities pertaining to supply chain, healthcare specialists and outreach programme.
- The global pharmaceutical industry is witness to declining R&D productivity, constant decrease in introduction of new molecules and decreased intensity of clinical trials.
- Currently, lack of strong IPR enforcement regime in India is impacting the pharma company's ability to recoup their cost and invest in R&D projects. Focused investments are necessary to support this time-intensive, extremely expensive, and risky effort.
- The Indian companies must focus more on R&D by investing in human resource capacity building and orient them towards local markets.
- With respect to M&A, the companies should take advantage of the international expertise and focus on improving quality and accessibility to medicines, which is one of the major goals of the health system.

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