

**GOVERNMENT OF INDIA
SCIENCE AND TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:1647

ANSWERED ON:11.03.2008

PROBLEMS FACED BY SMALL AND MEDIUM PHARMACEUTICAL COMPANIES

Dube Shri Ramesh

Will the Minister of SCIENCE AND TECHNOLOGY be pleased to state:

- (a) whether the Union Government has commissioned a study by the Institute of Studies in Industrial Development;
- (b) if so, whether the study conducted by the Institute, in its final report submitted to the Government has brought to light certain problems being faced by small and medium pharmaceutical companies;
- (c) if so, the details thereof; and
- (d) the steps taken/proposed to be taken by the Central Government to enable the small and medium pharmaceutical companies to face the stiff challenges posed by big pharmaceutical companies?

Answer

MINISTER OF SCIENCE AND TECHNOLOGY AND MINISTER OF EARTH SCIENCES (KAPIL SIBAL)

(a) The Department of Scientific and Industrial Research (DSIR) in the Ministry of Science and Technology commissioned a study to "Institute for Studies in Industrial Development" on the subject – "Defining the Role of Government in Trans-nationalization Efforts of Indian SMEs: A Case Study of Indian Pharmaceutical Industry".

(b)&(c) The Institute, in the final report submitted to DSIR, has highlighted certain weaknesses of pharmaceutical small and medium enterprises (SMEs) in their endeavour towards trans-nationalization and exports. These include: lack of expertise, training and finance for technological up-gradation and adoption of good manufacturing practices (GMP) by SMEs to meet global quality standards; limited exposure and expertise on IPR issues; limited adoption of information technology (IT) techniques in production and processes; low or negligible R&D expenditure which affects the ability of SMEs to offer innovative solutions; and the inability of SMEs to access finance on easy terms for import of capital goods and undertaking advertising and marketing activities.

(d) The steps taken or proposed to be taken by the Central Government to enable the small and medium pharmaceutical companies to face the stiff challenges posed by big pharmaceutical companies include: availability of financial assistance up to Rs. 1 crore with 15% capital subsidy to small scale drug and pharma units for technology up-gradation under the credit linked capital subsidy scheme of Ministry of Micro, Small and Medium Enterprises (MSME); proposal of Department of Chemicals and Petrochemicals to extend 5% interest subsidy to pharma small scale units for technology up-gradation on the basis of Schedule 'M' of Drugs and Cosmetic Rules, 1945; support to high-risk pre-proof-of-concept research and late stage development in small and medium companies in the areas of agriculture, human and animal health, environment, diagnostics, immuno-biologicals and various industrial products like antibiotics, industrial enzymes, vitamins etc. under the Small Business Innovation Research I