

Vaccine players need to collectively develop the market

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The Indian pharma industry is making significant in-roads into the global biopharmaceutical segment. The human vaccines market represents the fastest growing segment within this sector. India is fast emerging as a major hub for both manufacturing and export of vaccines. The major demand drivers for vaccines are the government's National Immunization Programmes (NIP) and increasing demand from Global Consortiums such as GAVI, WHO and UNICEF. The growth that has been witnessed is primarily due to the presence of low cost and high quality domestic manufacturers of vaccines like Bharat Biotech, Shanta Biotech and Serum Institute of India.



India produces traditional as well as new vaccines such as Hepatitis A and B vaccines. According to the Indian Medical Association (IMA), as many as 22 companies both local and multinationals are selling about 25 vaccines in the Indian market for different diseases. The largest markets for vaccines in India in ascending order are for Tetanus Toxoid, Polio, DPT, Typhoid and Hepatitis B.

The leading vaccine producers of the world too have their presence in India. Of the five major global vaccines producers, Chiron has already set up its base in Gujarat, while GlaxoSmithKline's vaccine filling facility will become operational early next year at Nasik. Aventis Pasteur has its presence not as a manufacturer but as a supplier. It has as many as 13 products in India. Merck too is considering setting shop in India.

Current scenario

"A positive trend is being seen both at the global and the domestic level. The industry is currently growing at the rate of 20-30 percent. The volume of the business is growing with the newer vaccines coming in and companies are increasing their production capacities. In the area of vaccine exports, India and China are poised to be the future global hubs," said Rajesh Jain, joint managing director, Panacea Biotec.

"In the Indian context, the most important issue is to make healthcare system affordable. The vaccine market was mainly due to the entry of new players and new vaccines. But in 2000-2001, the growth was slowed to 18-20 percent, as the newly introduced brands lowered the prices by 35-40 percent. In 2003-04, the market grew at 18.64 percent and accounted for 47 percent of the total biopharma segment, with sales of Rs 1138.50 crore. The total domestic vaccine market is estimated at Rs 600 crore in 2004. Serum Institute of India, the largest player of vaccines in India, alone accounted for 32 percent of the global vaccine sales in 2000.

Another challenge is the effective distribution of the vaccine," - Rajesh Jain, joint managing director, Panacea Biotec Over the years, global organizations such as GAVI and WHO have been increasing the vaccines procurement from emerging suppliers in India. These organizations procure vaccines from vaccine manufacturers at very low prices assuring them a long-term contract. At present Panacea Biotec, Serum Institute of India and Shantha Biotechnics and Chiron Behring from India have got recognition as WHO pre-qualified vaccine manufacturers. Now Biological E is in the process of attaining WHO pre-qualification.

Indian players are able to manufacture large volumes of dosage at a competitive price in a considerably low downtime. Wockhardt and Bharat Biotech have developed vaccines at almost one-fourth of the prevailing prices of vaccines manufactured in the West. Leading companies like Shantha Biotech have been very successful in reducing the cost of some of the vaccines by more than 70-80 percent. Growing demand, shrinking base of vaccine manufacturers in the developed countries, cost pressures, etc. have given India and other developing nations the opportunity to fill the widening gap.

Challenges before the industry

Making vaccines is a serious business and one cannot start it in a short span of time. The gestation period is long and the business requires very evolved technology. Besides, the intellectual property has to be very strong.

"Today India is in the infancy of immunization. The vaccine market has to evolve in the country and a lot of effort is required to bring in a level of maturity. First of all we require huge investments for mass education and awareness in the country, as there are more than 5,000 districts and 7 lakh villages. There has to be a lot of stress on parent education and dissemination of information through mass media like TV and radio. A focused emphasis on rural education is required. Secondly, a great deal of work needs to be done on generating clinical data on vaccines, collecting epidemiological data, total disease incidence, disease prevalence, etc. Then the outreach of vaccines has to broaden. In the Indian context, the most important issue is to make healthcare system affordable. Another challenge is the effective distribution of the vaccine - how far are we able to maintain the cold chain and how deep is our reach," said Rajesh Jain, joint managing director, Panacea Biotec.

Expressing similar views S Kalyanasundaram, managing director, GlaxoSmithKline Pharmaceuticals Ltd said, "In a business like vaccines we have to invest substantially to develop the market. In India everybody has entered the market and killed the Hepatitis B market. The prices were crashed. The volumes remained at same levels. Even the peak volumes are not achieved in this space. So we only hope that all the players in addition to manufacturing and delivering the vaccines to patients, should also take into account the need to continue to invest in the market development, invest in establishing communication between doctors and patients and also creating awareness about the use of vaccines. "

Ch. Srinivas Rao with Narayan Kulkarni and Rolly Dureha