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Funding push to pharma R&D critical for unleashing next phase of growth

The industry is at an inflection point and it awaits mega investments, the right government policies, and the creation of a strong ecosystem to propel innovation

By [IPP Bureau](#) | November 20, 2021



"A scientist needs more than just backing of his institution. He needs encouragement through the entire life cycle of innovation such as tax incentives and regulations. He should focus more on innovation rather than being mired in uncertain regulations. He should be able to take big risks in the pursuit of innovation," says Satish K. Reddy, Chairman, Dr Reddy's Laboratories.

"From a government perspective, there is a great sense of optimism and positivity from the government, investors and industry in India and abroad. India has all the elements like talent, capability, government schemes and more importantly, the intent to move forward with innovation, with great gusto. We are at an inflection point and the future is in innovation and this push is important. The Prime Minister's phrase of 'Ideate in India,

Innovate in India, Manufacture in India and Make for the World' is truly inspiring for the Indian pharmaceutical industry," added Satish K. Reddy.

Reddy made these remarks while discussing 'Funding for Innovation and R&D' at the Global Innovation Summit 2021 organized by Indian Pharmaceutical Alliance (IPA) on November 18, 2021.

"Developing molecules takes billions of dollars whether we finally get the product or not. Ecosystem creation is the need of an hour but we still seem to be far off. Indian companies are evolving but they don't have the deep pockets yet. Unless there is government support, it will be a bit difficult to achieve what is being talked about. Incentives from the government in the US are close to 32 per cent and in China, it is 40 per cent. On similar lines, incentives from the government like tax reduction for innovation will be imperative to encourage R&D and drive innovation in India. The education system in India should be realigned to hone the skills of our manpower and make it suitable for research," says Ramesh Swaminathan, Chief Financial Officer, Lupin India.

"Strangely, there are 10,000 known diseases but only 500 of these have treatments. We have 20,000 proteins but only 20 per cent are targeted by drugs, pointing towards tremendous research opportunities. We must identify specific areas of focus to channelize our efforts. India's skills in data analytics, computing and digital will be our key strength in research and innovation. We must understand that research is no longer limited just to pipetting but computing also. Shifting our investments from classical chemistry to developing technology platforms could help in validating the new therapeutics. Since the basic discovery is a long-term process and goes beyond generations, the government institutes can step up their efforts. The basic research by academia can be backed up at a later stage by industry," says Sanjay Murdeshwar, Managing Director, Novartis India.

"Bioscience has huge potential and now is the time to reap the innovation progress. It is important to know that it is not just about the money but the right orchestration in terms of talent, strategy and money. If we take the example of China, in 2016 its top association discussed the top-down systems approach to accelerate innovation by making the regulatory process easier. Boosting venture capital is another area as funding is not a short term phenomenon. In Europe, there were issues with the availability of longer-term capital and innovators moving to the USA for it. When we talk about relations between investments into talent development, the capital finds talent and not the other way around. There is a sweet spot in India in terms of talent and potential, but it needs to have credibility, both from the academic side and investors. Having said that, we need to bring in optimism for the future," shares Matthias Evers, Senior Partner, McKinsey.

'In the past 70 months, we have witnessed the opening of over 1,000 R&D centres of global multinationals in India. The country is now the number one destination for R&D centres across sectors. Earlier it was typical to have R&D centres attached to headquarters but that is changing as a part of the new expansion models. From the government side, we have seen momentum gaining in India and we need to join dots together among various stakeholders for a complete picture. The challenge is that innovators work in silos and there is a lot of duplication

of efforts. As an answer to it, we need to focus on research with timelines for outcomes. While we require deep pocket funding, we need to rework the existing system. Since 90 per cent of funding is going into 10 per cent of academic institutes, we need to broaden it and include a lot of other new institutes that have come up recently," says Deepak Bagla, Managing Director and CEO, Invest India.

"Once the success stories in innovation start happening, it will lead to an acceleration in funding for innovation and R&D. This needs to happen more in the pharmaceutical and biomedical space. It needs an entire ecosystem, late-stage funding, universities to work, government funding for basic research. We find that great research around the world came from academic institutes funded by the government. We need entrepreneurs and later-stage companies and investors, equity markets, also able to give exit. It has to be thought together not individually. It's like the story of blind men and an elephant where one would never get the true picture. Therefore, we need to focus on the entirety of the ecosystem to propel innovation," says Shashank Singh, Partner and Head of India Office, Apax Partners.

"A concerted focus across stakeholders is needed to build an innovation-centric ecosystem. If this is achieved in India over the next decade, it will be an excellent achievement for the industry. The starting point needs to be putting efforts to build a strong ecosystem and it can be funnelled from programs jointly by academia and industry, IP protection, driving a talent pool that can brainstorm their ideas together. The innovation ecosystem will be catalyzed if there is a faster path-to-market for innovators and if there is a reward for innovation through government partnerships on procurement, drug costs, etc. Among challenges, I see that one has to be passionate to innovate but that is not enough. We need to create market demand for innovative products. We need to create enough success stories to attract investments," says Dr. Prem Pavor, Partner and Head of India, 8 Roads Ventures.

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