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Sri Lanka encourages Indian pharma companies to set up units in the country

July 13, 2016 | News | By BioSpectrum Bureau

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Singapore: In a bid to strengthen the pharma relations between the two countries, Sri Lankan Trade minister has planned a visit India, to encourage Indian pharmaceutical companies to establish pharma units in Special Economic Zone (SEZ) in Sri Lanka. As per reports, the Sri Lankan government could also offer sops to Indian firms which invest to expand the production of formulations and bulk drugs there.

India's Pharmexcil has urged its members to explore the possibilities of establishing manufacturing facilities of API and formulations in Sri Lanka and join the subject delegation making a visit to Sri Lanka. Dr P V Appaji, director general of Pharmaceuticals Export Promotion Council of India (Pharmexcil) says, "The Trade Minister is expected to visit India in 3 - 4 days, and we are planning to organise a meeting with the industry, may be in Delhi or Mumbai. The government of Sri Lanka is keen to establish an SEZ for pharma sector and has proposed to offer special incentives for establishing pharma units at SEZ in Sri Lanka."

Indian officials suggested that the move will help in strengthening ties and trade relations between the two countries. Sri Lanka is an important trade partner and India exported pharmaceuticals worth Rs. 1342 crore (USD 205 mn) during the year 2015-16.

Experts stated that the Sri Lankan government wants to encourage overseas investment by pharma companies because most countries now want domestic production and reduce dependence on imports. "Sri Lanka can be a good base for exports also because they can manufacture a part of the product here and part there. There are similar opportunities for pharma in Bangladesh," said Dr Appaji.

"We had issued a circular for our members who wanted to set up a unit or interested in joint venture but only 10 to 15 members have shown their interest. The Sri Lankan government is interested in establishing SEZ for pharma sector. After the visit of the Trade Minister of Sri Lanka, they want Indian delegates to visit Sri Lanka so that they can show the available industrial areas for SEZ," Mr Appaji concluded.

Many industry experts mentioned that this move might be a dampener for India's Make in India initiative. Thy suggested that India must first concentrate on strengthening its domestic pharma sector and reducing API imports from China then move on to foray foreign markets.