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# Brandspeak

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## Med-ad Update

### 100% FDI in Medical Device Industry - Boon or Bane ?

*100% FDI in medical device Industry has opened up opportunities for many global players across the world to bridge the gap in supply demand in medical equipments. But how would this effect the local industries ?*

The government allowed 100% FDI under automatic rule in medical devices sector to boost domestic manufacturing of medical equipment, also opening gates for foreign players to acquisition. This would increase the investment inflow into this sector. The 100% FDI is permitted under automatic route, meaning a foreign investor would not need permission from the Foreign Investment Promotion Board(FIPB) to set up a brand new manufacturing unit or acquiring an existing company. The 'non-compete' clause has also been waived off for greenfield and brownfield projects. Though, the brownfield projects are placed under the government approval route, FDI in new projects is under automatic route.

Medical devices itself covers a broad portfolio of devices such as instruments, implants, appliances, materials, apparatus. It also includes

Control material, kits, reagent, instruments used in combination used for examination and providing information for diagnostic purposes.

India is a leading player in pharmaceuticals but medical device equipment sector has not gained much attention at a global podium. Allowing foreign players to enter India and allowing them to invest and produce quality medical device equipments would create a healthy competitive market thus creating employment and improve the market sentiment about India's manufacturing capabilities. This would also align with the 'Make in India' programme campaign and generate local manufacturing potential. With a huge pool of Engineers and Scientists at a lesser cost, India can become an attractive market for foreign players in this sector.



### Thyroid awareness month, January 2015

There are as many as 20 million people around the globe having Thyroid problem, but the majority even do not know it yet. It starts with a lump in the front of the neck. Lack of awareness and delay in diagnosis may prove to be fatal for those suffering from thyroid cancer.

# Are huge profit margins justified in pharmaceutical Industry ?



Pharmaceutical industry has always been one of the major cost intensive industries over the globe. But is the costing strategy of drugs justified ? Last year, the average profit margin of pharmaceutical industry came out to be roughly 19%, the highest among all the sectors.

With some drugs costing up to \$100,000 for some specific treatments, ironically, the manufacturing costs is a very tiny fraction of it. Last year, leading oncologists around the world wrote an open letter calling for a reduction in the price of cancer drugs. And its not only cancer, Hepatitis C drugs also clocked mind boggling profits in billion dollar figures. Drug companies often justify their high cost of drugs by showing huge cost expenditure in Research and development. On an industry average, only 3 out of 10 drugs pass through R & D and clinical trials, and only one of them going to the market is a huge hit.

Drug companies argue that the amount saved due to drug usage is huge, justifying their high cost of drugs. For instance, hepatitis C, a life threatening virus that often kills people needs a liver transplant for its cure. But due to a recent discovery of a drug at about £35,000 for a 12 week course, 90% people are now cured and would not need a surgery. Also, pharmaceutical companies have a limited time to get profit margins. Patents are given for a time period of 20 years but more than a decade is spent in just developing the drug and bringing it to the market at a cost of about \$2 billion.

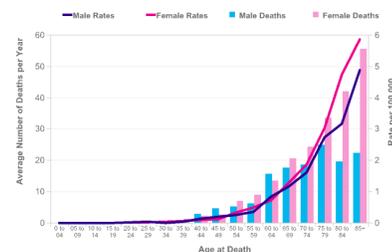
This leaves less than a decade to gain money till the generic drug companies enter the market and take away the market space with their low cost strategy. Brand loyalty goes for a toss when the patent hits the expiration date. That leaves the companies to market the drug as much as they can, so as to pick up sales as soon as they can. Companies go to extremes to extend the length of their patents, a process known as evergreening. Though, new formulations, blending one drug with another and enantiomers can still be used to counter patents legally.

Clinical trials for drugs that are developed and tested in labs, are generally intended to generate huge profits. No one would be willing to spend money on aspirin, which has been a generic drug since a long time and costs less than \$6 an year.

The world health organization has raised the topic of conflict of interest between business goals of the companies and social needs of the wider public in picture. The council of Europe had even launched an investigation of protecting patients against pharmaceutical industry.

As negative it may sound, but companies that are behind significant breakthroughs in history, discovering and developing drugs, have spent significant resources to gain profits. If they stop doing that, their investor's money would take a toll and would look at competitor companies to gain profits. It is a two way road. A pharmaceutical company's business is making drugs, and for that they need to keep making profits.

## THYROID IN INDIA



1. Maximum thyroid deaths occur in the age group 60-90

2. The rate at which female deaths increase is much faster than the male death rate

3. Around 2 cases per 10,000 are registered in India every year.



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