

## India's Biotech Decade

15 January 2010 | News



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by Suresh

The year-end special reports in the print and visual media have called the years from 2000 to 2009 as "India's Decade." There are several reasons why commentators in various segments take pride in highlighting the fact that India's arrival on the world stage finally got noticed in the past decade.

Biotechnology is one among the sectors which has raised the profile of the country in the last decade. At the beginning of the decade, the industry began to take shape with sprouting of dozens of start-ups and diversification of the established pharma players by setting up biotech divisions to focus on this segment. A lot of significant developments have taken place in the sector since Shantha Biotech gave the sector a leg up with the first home-made Hepatitis B vaccine.

What is the outlook for biotech in the next decade? This is a question uppermost in the minds of the significantly large biotechnology stakeholder community. The eco-system today is a strong network of educational institutions, technology equipment and service providers, academic researchers, media, patent attorneys, infrastructure providers like biotech parks, technology incubators, financial investors of many hues, regulators and policy makers at various levels of the government.

There are three emerging trends. BioPharma, which constitutes nearly two-thirds of the Indian biotech sector, is investing in

innovative product development. However, like their counterparts in the software sector, the balance seems to be shifting towards the services sectors. Clearly, a lot of companies see more value in ramping up their services offerings even as they try to master the technological, financial and regulatory challenges before they are able to offer cutting edge drugs in the market place.

The first decade of Indian biotech saw the phenomenal IPO of Biocon. But Biocon seems to be a lone exception. The initial expectations of more biotech companies coming to the market has not happened due to a variety of reasons which include absence of a mature financial market. At the same time, it is the inability of biotech entrepreneurs to show case themselves as strong companies for investments too have contributed to the lackluster investor interest in biotech sector.

The second trend relates to the high profile BioAgri segment. This segment emerged when the first transgenic product (Bt cotton) was approved in early 2002 and it became a big hit with the cotton farmers. However, the BioAgri segment is entering a new stage with the imminent approval of the country's first genetically modified (GM) food crop, a Bt brinjal. The hard hitting opponents of Bt cotton lost out as farmers opted for the Bt cotton variety. But the game has changed for the first GM food crop. Food is a highly emotional issue and the anti-GM food opponents have clearly created an anti-GM climate in the country by their vigorous campaign at the grass roots level. The GM food companies will really have to do something extraordinary in the next few months to win back public support for Bt brinjal and other GM food products in the pipeline. Putting all their eggs in the basket of the regulator alone may not be enough if the anti-GM campaigners continue their momentum.

Biofuels is the third vital component of the Indian biotech story. Here the climate seems to be more favorable for the growth. There are apprehensions about the diversion of land from food crops to grow biofuel-bearing plants, based on the experience in the US and Brazil. So far, the national policy has discouraged diversion of crop lands and with more than 30 million hectares of degraded and waste lands available with public authorities, India's biofuel companies may steer clear of any controversy. The latest biofuel policy is a support for this sector.

To sum up, I clearly visualize better days ahead for the BioServices segment and Biofuel companies. BioAgri companies will have to work hard to win public support for GM foods and all biotech entrepreneurs will have to relook at their business models if they actually aim to offer an exit route to their core investors through the public listing option.

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