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India hub of counterfeit drugs

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NEW DELHI: Concerned over European Commission's (EC) allegations about large scale supply of 'counterfeit' Indian drugs to the region, India has sought clarifications from the EC on its claim and on its definition of counterfeit drugs.

A recent EC report claimed that India was the largest source of the 2.7 million counterfeit drugs seized by its custom department in 2006.

India, however, has decided to wait for the EC's response to its queries before initiating any action. "We have no specific information on the reason for the reported seizure. It could be even intellectual property violations. We have asked for more information. Counterfeiting need not be the only reason for seizure of products," Drug Controller General of India (DCGI) Venkateswarlu told ET.

The government is also keen to know the EU definition of counterfeit as it varies from place to place, said the DCGI. Many countries consider products not registered there as counterfeits. "Some countries may have porous borders and medicines may reach there from neighbouring countries where they are legally sold," he said.

The regulator's intervention is significant as it comes in the wake of the pharma industry's concern that reports like this could harm India's reputation as the supplier of low cost but quality drugs to the world.

Terming the report as a "non-tariff barrier", the Indian pharmaceutical industry said such barriers will harm its global expansion. India is the fourth largest producer of pharmaceuticals by volume. According to latest reports, nearly half of its revenue is coming from exports, mainly from the EU and the US.

According to the EC report on counterfeit products, based on the figures given by the customs departments of all EU members, India is the number one source in counterfeit medicines, followed by the United Arab Emirates and China. "Together, these three sources are responsible for more than 80% of all counterfeit medicines," the report said.

Counterfeits drugs seized in Europe had increased five-fold to 2.7 million in 2006 from 500,000 a year ago.

"The emergence of India in this sector (pharma), reflects the developing industrial capacity of this nation and highlights the reality that counterfeiting is carried out on an industrial scale in all sectors where a potential profit is perceived," the EC report added.

Although, there are varying figures on the prevalence of counterfeit drugs, it is estimated that it accounts for about 10% of the global pharma market. US-based Centre for Medicines in the Public Interest says counterfeit drug sales will reach \$75 billion globally in 2010, from the current estimate of \$50 billion.

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