

India boycotts china: An overview and its effects on indian pharmaceutical industry.

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Abstract

India is the leading country in the production of generic medications but lacks the raw material and the active pharmaceutical ingredients for the manufacturing of the same. About two-third of the API and raw material is imported from China. The Boycott China Moment had a major effect on the imports from China. The objective of this article is to understand how the whole dispute started, why does India rely on China for raw material and API, the problems of setting manufacturing units in India and the effects of the moment on the Indian pharmaceutical industry.

Keywords: Pharmaceutical, Generic medications, Covid-19, Global pandemic.

Accepted July 26, 2021

Origin of the Dispute

The mighty Himalayas provide a natural, but unspecified, border between India and China. While Beijing and Delhi agree that they dispute the territory, they are doing not agree on the areas under dispute. The Galwan valley in Ladakh, where the fighting occurred, is a component of the erstwhile Jammu and Kashmir state over which India and Pakistan have fought several wars. China and India also visited war in 1962 over their disputed border during this region, following which Beijing took over Aksai Chin, a territory within the northwest of Ladakh. Although no border was officially negotiated, the uneasy truce called after the 1962 war established a loosely demarcated line, mentioned because the LAC. The India-China boundary is typically trifurcated into three segments-the western sector, covering areas of the Ladakh region with Tibet; the centre sector, including the Indian states of Uttarakhand and Himachal Pradesh with Tibet; and therefore, the eastern sector, which incorporates areas of Arunachal Pradesh with Tibet. Both India and China agreed to shelve the border question within the mid-1950s, but the contestation remained over Aksai Chin and Arunachal Pradesh. After armed clashes broke call in 1959, then Chinese premier Zhou Enlai suggested a territorial swap to India's then Prime Minister Nehru in 1960. He asked India to recognize China's right to the western sector in exchange for Beijing relinquishing claims to the eastern sector. India's leadership did not share his pragmatism and Nehru declined the offer, paving the way for the 1962 Indo-China war.

Resumption of Enmity

After armed clashes broke call in 1959, then Chinese premier Zhou Enlai suggested a territorial swap to India's then Prime Minister Nehru in 1960. Enlai asked India to recognize China's right to the western sector in exchange for Beijing relinquishing claims to the eastern sector. India's leadership didn't share Zhou's pragmatism and Nehru declined the offer, paving the way for the 1962 Indo-China war. India's union home minister Amit Shah had, however, vowed to "take back" Aksai Chin, further fuelling China's resentment. India's infrastructure-building activities on its side of the LAC and China's China-Pakistan Economic Corridor (CPEC) connectivity to Pakistan were already on a collision course, and it seems the reorganization of Jammu and Kashmir on August 5, 2019, and therefore the rhetoric surrounding it, may have finally triggered a conflict that was build-up for an extended time. A Former Indian Army commander argues that Beijing has been extremely suspicious of India as it believes that India's strategic aim is to restore the status quo before 1950 by recovering Aksai Chin and other areas secured by China. "India's alignment with the us, the presence of Tibetan government-in-exile in India, and therefore the aggressive claims on Pakistan-occupied Kashmir and Gilgit Baltistan through which the distinguished China-Pakistan Economic Corridor passes only strengthen China's suspicion.

India has also been wary of military and economic cooperation between China and Pakistan, and publicly raised its reservation about the CPEC, under which

China plans to create roads in the Pakistan-controlled Kashmir region. India fears that the CPEC will eventually integrate China's interests into Pakistan's, resulting in China either consciously or involuntarily ending its diplomatic neutrality between India and Pakistan, and India in response has been building roads and airfields to enhance connectivity and narrow the gap with China's far superior infrastructure. Some observers argue that Beijing perceived India's recent construction to add the regions as a change within the established order and a challenge to its strategic position.

India's plan to inherit the British empire's colonial legacy in Tibet was a crucial reason for the deterioration of China-India relations even before the founding of the People's Republic of China in 1949. Some stated, when the Dalai Lama fled to India in 1959, Delhi not only allowed him to form a government in exile but also funded an anti-Chinese insurgency and recruited exiled Tibetans for the Indo-Tibetan Border Police, which patrol the Indo-China border, to irk Beijing.

There is also a belief among some commentators that China's "bullying" is an effort to punish India for deepening strategic ties with the US. Some analysts also argue that Beijing is taking advantage of the distraction caused by Covid-19 to aggressively assert its territorial claims in the disputed region with its neighbours and distract from its alleged part in the global pandemic [1].

What were the initial steps taken?

India announced a ban on more than 115 Chinese mobile applications, including the wildly popular video platform Tik-Tok, online game Pubg, etc in the wake of a deadly clash between the two nuclear-armed neighbours. The prohibited mobile applications represent a threat to national security and therefore the privacy of Indian citizens, the govt has received complaints that such applications were "stealing and surreptitiously transmitting users' data" to servers outside the country, an activity that "ultimately impinges on the sovereignty and security of India," the country's Ministry of Electronics and knowledge Technology said during a statement. This move appeared to be a consequence of the worst conflict between the two nations in more than 50 years.

After the conflict, there are calls in India to boycott Chinese products and shun Chinese mobile applications, including Tik-Tok, which counts many users across India. One developer even created an app purely to get rid of Chinese apps from mobile phones. Byte Dance, the corporate that owns Tik-Tok, didn't immediately answer an invitation for comment.

Other apps banned by the Indian government include the social media platform We Chat and a video calling app from Chinese mobile phone company Xiaomi [2].

Imports from china

India imports about 2/3rd of the bulk drugs and drug intermediates which consist of 53 critical pharmaceutical APIs including those used in tuberculosis medicines, steroids, and vitamins from China. In the year 2018-2019 the total pharmaceutical imports in India were around 3560.35 US \$ mn, from which 2405.24 US \$ mn was from China. This accounts for almost 67.56% of imports from China.

After effects of boycott on pharma industry

After fierce face-off within the Galwan valley, India is prepared to require revenge, and, for that, the simplest method that Indians are adopting is boycotting Chinese products. But, the impact of boycotting Chinese products is also affecting the fight against the Coronavirus. Clearance delays of shipments at JNPT, which handles about 60% of India's containerized freight including pharmaceuticals and in Ahmadabad, Chennai, and Delhi airports, have become a cause of concern. The delay happening in the Consignment from China will soon be enough to affect the pharmaceutical sector by creating a shortage of the necessary items and thus, increasing the costs. It will ultimately decrease the capability to fight against the Coronavirus.

Medical equipment like thermometers and pulse oximeters needed within the fight against covid-19, among others, are stuck at the ports and it can cause shortages soon. India, not just import the readymade products but also imports the raw material, intermediates, and active pharmaceutical ingredients for some other necessary equipment.

Current disruption from customs will seriously and adversely affect the pharma industry, which is at the forefront of fighting all diseases including Covid-19. Hold-up of APIs and KSMs at ports will destabilize and derail the availability of life-saving drugs both within India. As stated by the chairman of Pharmacol- "Critical KSMs intermediated and APIs are not being cleared for reasons not known to the industry. During the current distressed and challenging times of the Pandemic, the Pharmaceutical industry has risen to meet the Challenge. However, the manmade disruption has created tremendous difficulties for the industry".

As the situation within the Sino-India border is accentuating continuously, officials got to make some plans to seek out the answer because the patient life can't be put in danger [3].

The current case with the pharmaceutical industry affects the availability chain of China and causing a growing demand surge for India. Although India is stated as the third-largest producer of drugs in the whole world, it relies on China for the supply of the raw materials for the production process. Chinese business risk losing out

on India's, if the ban stays in place booming an almost 280 billion rupees (\$3.7 billion) this year, based on Media business Group M. An estimation of about 70 percent of the API requirements constituted by the Indian pharmaceutical industry is sourced right from the suburban districts of China. China's exports to India totalled \$58.33 billion, registering a rise of 0.2 percent as compared to \$58.25 billion in 2015. India's exports to China have dropped 12 percent from 2015 to \$11.76 billion [4].

Why india relies on china for raw material

The novel corona virus disease (COVID-19) pandemic has revealed India's overdependence on China for Active Pharmaceutical Ingredients (APIs), also known as bulk drugs.

India had exported APIs during the 1990s and was far ahead of China. China strategically supported its core industry at a time when India had opened its economy, with private players getting the liberty to either import or locally procure APIs based on economic viability. The Chinese industry received huge state support, by getting almost no land cost, negligible financial cost, cheap electricity, water, and labour and commenced to dump penicillin G in India. Chinese firms outperformed Indian manufacturers like Hindustan Antibiotic within the public sector and personal sector enterprises like Torrent Pharmaceuticals Ltd, Alembic Pharma, Southern Petrochemical Industries Corporation Ltd, and JK Pharmachem, that were engaged in manufacturing Penicillin G. India needs technology that ensures less pollution and cheap raw materials to compete with Chinese companies. Penicillin G, azithromycin, several antibiotics, statins, and many others are made through fermentation.

The conductors where maize, corn, or other raw materials are added, vary in size from 200-20,000 litres. This needs an investment of Rs 300-500 core and three to four years.

The first environmental facility inspection in China was conducted in 2015 in Hebei, China's most-polluted province.

Approximately 150 API manufacturers in China shut their facilities in 2016-18, as a result, consistent with a white book published by consultancy firm Beroe in July 2019. Indian API firms are under strict scrutiny for pollution, all this while.

The central pollution control panel identified the API sector together among 18 highly-polluting industries within the country.

The Indian industry was forced to follow stringent environmental regulations and fight bureaucratic procedures. The API sector was kept within the same grouping as other chemical industries.

This crisis led to a slowdown of the industry that found it easier to purchase APIs from China rather than investing in local industry [5-10].

Conclusion

We are surrounded by Chinese products in every possible manner. From a minor nail cutter to the calculator, from children's toys to the bedsheets and curtains in our houses, from a basic pen to the laptop we use, from online transaction through Paytm to online shopping sites like Shein and to note Alibaba has the highest share of investment in the business of Zomato and Snapdeal. Every Indian who is having a mobile phone in their pocket is either a Chinese phone or has some or other part of it being manufactured in China. In case of Indians completely boycott the mentioned 3000 products then estimates say we'll not spend 13-14 Billion Dollars within the Chinese market which may be a huge amount for China to urge affected but this is often not even possible or practical to try to so. India imports 70 Billion Dollars' worth of products from China and a sudden shift or replacement is not practically possible. It's non-deniable to say that we are completely dependent on China in respect to the economic market and their military continues to make bigger plans so it's the government of India who must take a charge of settlement on the border and make flexible rules and regulations to strengthen independent Indian market.

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