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Ripple Effect of Cancer Drug Duty Cuts

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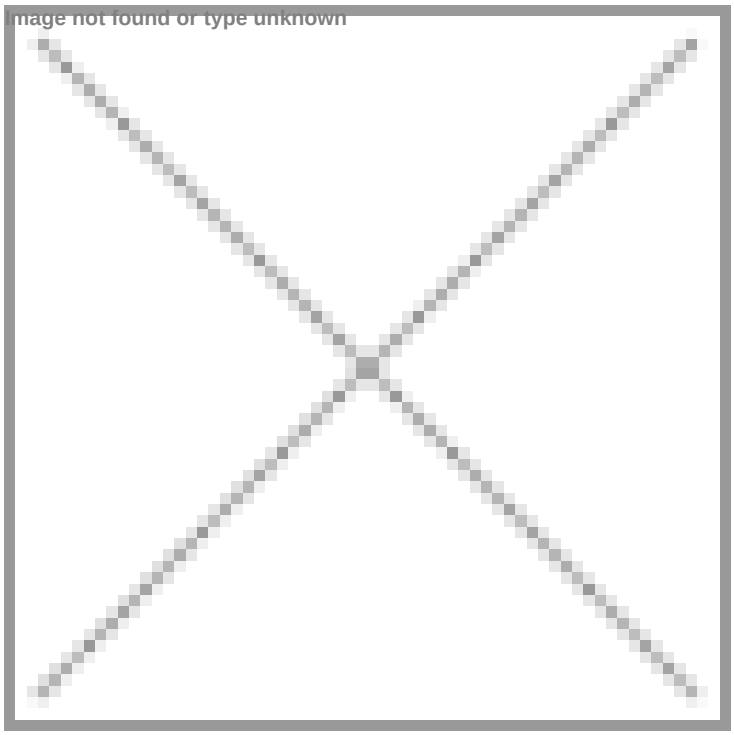
To ease the financial strain on patients, the Union Budget 2025-26 removed Basic Customs Duty (BCD) on 36 life-saving drugs for cancer, rare diseases, and chronic conditions. This move will make essential treatments more affordable by lowering overall costs. However, will this truly reduce the financial burden on patients? With the cut in drug prices, will pharmaceutical companies see unviable revenue losses, particularly in terms of sales and competition? Will local players be able to adapt to these changes? Let's examine.



Cancer is a critical public health challenge in India, with cases projected to rise significantly. Approximately 100 out of every 1 lakh people are diagnosed with cancer. According to the Indian Council of Medical Research (ICMR), the estimated number of cancer cases in 2023 was more than 14 lakh, making India the third-highest in terms of cancer incidence, after China and the USA.

Cancer also poses a high economic burden on patients. Several studies have highlighted this issue. An article published by *Sage Journals* examined drug pricing policies and cost containment measures in India, analysing spending and price variations of cancer drugs. The results showed that medicines accounted for the highest share of out-of-pocket (OOP) cancer medical expenditures in both the private and public sectors. Another significant study by the Tata Memorial Centre revealed that fewer than 3 per cent of cancer patients in India have access to promising new treatments.

Additionally, a 2022 study published in *JCO Global Oncology* revealed that, despite most high-priority cancer medicines identified by Indian oncologists being generic chemotherapy agents that provide substantial survival improvements and are already included in the WHO Essential Medicines List (EML), access to these treatments remains severely limited due to major financial burdens faced by patients.

To address these challenges and make cancer drugs more accessible, the Government of India has been implementing various measures. In 2024, the government reduced the customs duty to nil and the GST rate from 12 to 5 per cent for three anti-cancer drugs, with the National Pharmaceutical Pricing Authority (NPPA) directing companies to pass the benefits on to consumers. These drugs — Trastuzumab Deruxtecan, Osimertinib, and Durvalumab, all manufactured by British drugmaker AstraZeneca — were among the first to receive this benefit.

In the Union Budget 2025, Finance Minister Nirmala Sitharaman announced that as many as 36 life-saving drugs would now be fully exempt from customs duties. Currently, most drugs attract a basic customs duty of 10 per cent, while some categories of life-saving drugs and vaccines are subject to a concessional rate of 5 per cent or are fully exempt.

These steps are expected to alleviate the financial burden on cancer patients and increase access to life-saving treatments across the country.

Tax and Customs Cuts

The 36 medicines exempted from customs duties under the Union Budget 2025 include treatments for rare diseases, cholesterol, and other critical conditions. Among these, 13 are cancer medicines, which include some of the most advanced and costly therapies on the market.

Notable cancer treatments in the list include Onivyde (pegylated liposomal irinotecan) for pancreatic cancer from Ipsen and Asciminib, used for the treatment of Philadelphia chromosome-positive chronic myeloid leukaemia, manufactured by Novartis.

Roche stands to benefit significantly, with five of its drugs exempted from customs duties. These include Alectinib (Alecensa), used to treat non-small cell lung cancer (NSCLC); Obinutuzumab (Gazyva), a humanised anti-CD20 monoclonal antibody for chronic lymphocytic leukaemia (CLL); Polatuzumab vedotin (Polivy), used for diffuse large B-cell lymphoma; Entrectinib (Rozlytrek), a selective tyrosine kinase inhibitor for ROS1-positive NSCLC and NTRK fusion-positive solid tumours; and Atezolizumab (Tecentriq), which treats various cancers, including urothelial carcinoma and non-small cell lung cancer.

Johnson & Johnson's four drugs are also on the list. These include Darzalex (daratumumab), an anti-cancer monoclonal antibody for multiple myeloma; and Teclistamab (Tecvayli), a bispecific monoclonal antibody used for relapsed and refractory multiple myeloma. Another drug, Amivantamab (Rybrevant), is a bispecific monoclonal antibody used to treat NSCLC.

Merck benefits from the inclusion of Tepotinib (Tepmetko), a drug for NSCLC, and Avelumab (Bavencio), a monoclonal antibody used for Merkel cell carcinoma, urothelial carcinoma, and renal cell carcinoma.

It is important to note that the majority of these drugs are monoclonal antibodies and are some of the best-selling treatments globally. These drugs are largely imported into India, and their costs range from Rs 50,000 to Rs 1.5 lakh per vial, making them either inaccessible or a significant financial burden for many patients. As of March 17, 2025, none of the companies have announced the revised pricing, so it's unclear by what percentage it will benefit the patients.

Affordability vs Profitability

While experts have welcomed the move to enhance accessibility to cancer drugs for patients, they hold mixed opinions on whether it will effectively achieve its intended goals.

“The recent tax cuts on cancer drugs in India are a significant step toward making life-saving treatments more affordable for patients, especially given the high cost of cancer care. By reducing the tax burden, the overall price of these drugs will likely come down, improving accessibility for a larger segment of the population, particularly middle- and lower-income groups who often struggle with high out-of-pocket healthcare expenses. The Indian Pharmaceutical Alliance welcomes this forward-thinking approach that supports both patients and the broader healthcare ecosystem, ensuring that critical treatments are more accessible and equitable,” said **Sudarshan Jain, Secretary General of the Indian Pharmaceutical Alliance (IPA)** , an association of 23 leading research-based pharmaceutical companies in India.

Customs cuts will lead to a decrease in the cost of many of the drugs mentioned, which is a welcome step, agrees, **Dr Kumar Prabhash, Professor, Medical Oncology, Tata Memorial Hospital, Mumbai**, India's Premier Cancer Treatment, Education and Research Centre.

Dr Prabhash stated, “While this will increase the affordability of these medicines, pharmaceutical companies may not see a decrease in profitability, as these taxes were ultimately passed on to the patients. There are also limitations to the impact of this effort on affordability. The cost of these medicines runs into lakhs of rupees, so further research is needed to develop local treatments that can substantially reduce the cost.”

Dr Ranjana Sarma, Business Program Manager, Bharath Advanced Therapeutics holds a differing opinion and believes that this move might negatively impact the availability of these drugs, potentially leading to unintended consequences.

Bharath Advanced Therapeutics is at the forefront of developing innovative and affordable cancer therapies, focusing on addressing aggressive cancers like AML and CML.

She said, “In my opinion, the current tax cuts on cancer drugs will not improve the affordability of treatments, as the availability of the drugs might be impacted. The tax cuts will also cut down on the revenue of the manufacturers and this would lead to a shortage of doses. The tax cuts might adversely impact the availability of the drugs, mitigating any advantage the affordability might have offered.”

From a pharmaceutical industry perspective, the impact on profitability will depend on several factors.

“While reduced taxes may lower margins in the short term, the increased affordability could lead to higher demand, potentially compensating for any initial revenue loss,” observed Jain.

It is worth noting that the majority of these drugs are bestsellers for their respective companies, with revenues running into billions. Despite India's large population, these treatments remain out of reach for many patients. Most of these drugs are protected by patents, and several Indian companies are waiting for patent expirations before launching biosimilars. Many Indian firms are already in the process of developing biosimilars for these drugs.

It must be pointed out that most of the drugs exempted from customs duties are targeted therapies. While these therapies offer distinct benefits and cater to personalised care, they do not address the needs of the majority of cancer patients who rely on more commonly used, affordable treatments.

Chemotherapy starts from Rs 12,000 for a day care old generation drugs such as paclitaxel combinations and it can cost a patient up to Rs 40,000 according to Cancer Rounds. Thus it is essential to exempt these as well from the tax.

Impact on local players

There is potential for increased competition in the cancer drug market; however, this will likely be limited in the short term. Most of the drugs on the list are patented and exclusively manufactured by multinational corporations (MNCs), which prevents generic competition. As a result, the impact on the local market may be limited.

Some of these drugs are approaching patent expiry, and several Indian firms are actively developing biosimilars. For instance, Darzalex generated net sales of $11.67 billion in 2024, making it one of the best-selling anti-cancer drugs. The composition of matter patents for daratumumab in the U.S., Europe, and Japan is set to expire in March 2026. As a result, several companies are working on biosimilars for Darzalex. One such biosimilar, HLX 15, is being developed by Shanghai Henlius Biotech and licensed to Dr. Reddy’s Laboratories.

With patent expirations approaching, many original manufacturers are seeking partnerships with biosimilar companies to preserve their market share and adapt to the changing market dynamics.

“Reducing cancer drug prices could influence the competitive landscape between domestic and international pharmaceutical manufacturers. Indian companies, known for their affordable generics, may see increased demand if lower prices make locally produced alternatives more accessible to hospitals and patients. At the same time, global pharmaceutical firms, particularly those specialising in patented drugs, might explore strategic pricing adjustments or collaborations with Indian manufacturers to maintain their presence in the market. Overall, this move will benefit patients the most while shaping the dynamics of the pharmaceutical industry in India,” said Jain.

“I see the price reduction as more of a competition among the investors, wanting to invest in profitable pharma ventures, than the drug manufacturers,” says Dr Ranjana Sarma.

“Since two of the drugs are already manufactured in India, they already have the supply chain sorted, However, if the revenues drop, the generic manufacturers might have an advantage of pricing, In my opinion, this divide can be easily bridged if the manufacturing is supported under the BioE3 scheme with special allowances,” she added.

Inaccessibility to cancer drugs remains a global crisis. While tax cuts are a welcome step, making cancer drugs affordable requires a multifaceted approach that includes increased R&D investment, local manufacturing, and more effective cost-containment strategies.

Studies confirm the ineffectiveness of price control measures under the current market-based pricing policy and highlight the inadequacy of existing risk protection measures in India. This calls for the adoption of comprehensive cost containment strategies, such as expanding health insurance coverage to include all forms, types, and stages of cancer treatments, as well as establishing uniform treatment protocols across both private and public sectors, suggested a paper in Sage Journal.

The financial strain caused by cancer treatment on patients and their families remains high. Nevertheless, strategies such as expanding cancer services under public health insurance programmes, implementing prepayment models for outpatient diagnostic and staging services, and enhancing public hospital capacities have the potential to substantially alleviate this burden, as highlighted in a study published in Frontiers in Public Health. These measures are crucial for reducing the economic challenges faced by cancer patients and achieving universal access to cancer care.

Cancer Research India

India’s First Indigenous CAR-T Cell Therapy

In April 2024, India achieved a historic milestone in cancer care with the launch of NexCAR19, the nation’s first indigenously developed CAR-T cell therapy, created through a groundbreaking collaboration between IIT Bombay, Tata Memorial Centre, and ImmunoACT. This cutting-edge innovation offers a highly effective, next-generation treatment for blood cancers, bringing hope to thousands of patients. Designed to be affordable and accessible, NexCAR19 marks a critical step towards self-reliance in oncology care, reducing dependence on expensive imported therapies and strengthening India’s position in advanced cancer treatment and biotechnology research.

Quad Cancer Moonshot Initiative

In September 2024, India, in partnership with the US, Australia, and Japan, launched the Quad Cancer Moonshot to eliminate cervical cancer across the Indo-Pacific region. This initiative aims to scale up screening and vaccination programs, advance cutting-edge research, and strengthen global collaboration to ensure early detection, effective treatment, and improved survival rates.

Expansion of ACTREC

In January 2025, the Advanced Centre for Treatment, Research, and Education in Cancer (ACTREC), a key arm of Tata Memorial Centre (TMC), embarked on a major expansion to revolutionise cancer research, treatment, and patient care. This initiative aims to accelerate clinical breakthroughs, enhance oncology care, and establish cutting-edge therapeutic facilities, reinforcing India’s leadership in advanced cancer treatment and innovation.

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