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**SUPPORT FOR PHARMACEUTICAL ENTREPRENEURSHIP IN  
RUSSIA DURING THE PANDEMIC OF "COVID-19"**

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**Abstract**

In the presented article, the authors conducted a brief analysis of measures for state support of entrepreneurship in the field of pharmaceuticals. The pharmaceutical industry has always been highly knowledge-intensive and capital-intensive, which made it somewhat "clumsy" to a certain extent. Manufacturers spend colossal financial resources on the development, testing and organization of the product release to organize and launch the production of only one type of drug. At the same time, the industry has a very serious administrative and legal burden associated primarily with the colossal number of regulations that entrepreneurs must comply with. The emergence of a pandemic of a new coronavirus infection, which dealt a blow not only to the domestic economy, but also to global commodity production as a whole, could not bypass the pharmaceutical sector. The Russian pharmaceutical industry has a very weak base for the production of its own pharmaceutical substances and the production of active pharmaceutical ingredients due to a number of historical reasons. The main suppliers of the widest range of pharmaceutical substances are primarily China and India, which were the first to bear the brunt of the wave of morbidity. The partial suspension of production in a number of countries supplying raw materials for pharmaceutical production to domestic producers had a negative impact on the industry.

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## **1. Introduction**

The negative impact of the spread of coronavirus infection COVID-19 on the economy of Russia and the world is undoubtedly great, and it is recognized by the official analytical and management bodies of the Governments of all countries. At the moment, there are many scientific publications by reputable research organizations, experts and specialists in this field (Izmaylov et al., 2021). The most significant research is currently interdisciplinary in nature, given the complexity and importance of the problem caused by the spread of the disease. It is very important that, among other things, not only the "official figures" indicate that the spread of coronavirus infection is destroying the economy, but also the rapid decline in the quality of life of people make each person feel the full weight and power of the influence of the "black swan".

## **2. Problem Statement**

This issue has repeatedly been on the agenda of the state leadership, which resulted in a number of measures to support entrepreneurship in the field of pharmaceutical production (Evstratov et al., 2019). The problem under consideration is of a systemic nature, where the influence of a certain negative factor on one of the components of a complex system will certainly affect the functioning of other associated components (Evstratov et al., 2019). For example, the negative impact of the spread of coronavirus infection on pharmaceutical entrepreneurship negatively affects the country's economy as a whole (Zyukin et al., 2020). Analysis of the impact of government support measures on the development of the industry is of great importance for assessing the productivity of efforts made by the state and the further development of a set of tools for managing the situation.

## **3. Research Questions**

The main questions that were posed when writing this research study are as follows. What is pharmaceutical entrepreneurship? How is it interconnected with the country's economy as a whole? What are the key interaction features? What measures of state support have been taken in relation to pharmaceutical business?

## **4. Purpose of the Study**

The presence of the virus is obvious. Today an unprecedented situation for the economy and healthcare is observed in the labor market. People are confused, everything is changing at an incredible speed, the way of life of an ordinary citizen is also undergoing significant innovations. The state of medicine, public health and the economy is actively discussed in the media and on Internet portals. There is not a single area of public life that is not affected by the pandemic. The newest measures to support certain sectors of the economy appear in a constantly changing exponentially changing environment, which, from the point of view of the state, are the most significant for the country. The purpose of this study is to analyze the support of entrepreneurship from the state during the period of the influence of negative factors of the coronavirus pandemic.

## 5. Research Methods

The research is based on general scientific research methods: methods of system analysis, scientific abstraction and generalization, comparative and categorical analysis, empirical description. In this article, the results of scientific research of scientists and researchers on the topic under consideration were used. The work used data on initiatives to support entrepreneurship (including pharmaceuticals) by the state. The data is posted in the public domain and does not provide proprietary information. The information presented in the tables was formed by the authors independently on the basis of an analytical method applied to scientific publications, news sources, as well as some types of regulatory legal acts. The method of comparative analysis made it possible to form a table with measures of state support provided specifically in relation to pharmaceutical entrepreneurship. The empirical description method made it possible to set out in the study measures to support pharmaceutical entrepreneurship during the period of the pandemic.

## 6. Findings

Today, the state undertakes obligations to support entrepreneurship in general. In order to support small and medium-sized businesses, the state has taken specialized efforts, which can be divided into 9 areas. These directions are presented in Table 1.

**Table 1.** Direction of support for entrepreneurship in the era of the spread of the pandemic

№	Direction of supporting entrepreneurship in the era of the spread of a pandemic	Comments
1.	Tax deferral	Small and medium-sized companies are granted a grace period for all taxes, excluding VAT, for the next six months.
2.	Micro-enterprise support	Micro-enterprises were granted a grace period for taxes and payments of insurance contributions to social funds also for six months.
3.	Deferral of loan payments	The deferral for the payment of loans was provided to micro-enterprises and small and medium-sized businesses for up to six months.
4.	Moratorium on bankruptcy	A six-month moratorium on filing bankruptcy applications and collecting debts and fines for creditors (this applies not only to small businesses).
5.	Reducing insurance premiums	For small and medium-sized enterprises, the amount of insurance premiums decreased from 30% to 15% for salaries above the minimum wage.
6.	Interest-free payroll loans	Interest-free loans for the payment of wages were issued for a period of six months. At first, it only applied to small businesses, now the opportunity has been extended to large and medium ones.
7.	Direct gratuitous financial assistance	Positive, but limited - it applies to the most affected industries (listed above)
8.	Deferral of payment of rent payments	The deferral in the payment of rent payments extended to state, municipal and private property (with the exception of residential premises). The tenants will be

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	able to pay the debt within two years. The property owner is prohibited from entering additional payments. Also, landlords are advised to reduce the amount of rent by agreement with the tenant.
9. Moratorium on business verification	On-site inspections of small and medium-sized businesses were suspended until June 1, 2020. All licenses and permits were automatically renewed for six months.

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Source: authors.

However, there is a need to provide more specific measures to support entrepreneurs due to the specifics of the pharmaceutical industry. One of the main problems faced by the Russian pharmaceutical industry is ensuring the production of finished medicines with pharmaceutical substances. It is no secret that more than 90% of the market demand for pharmaceutical substances was covered by imports, which today have encountered certain difficulties, a change in the manufacturer of raw materials for drug production is not an easy task, for some groups it cannot be done quickly, since a thorough documentary analysis, an in-person site audit, development of pilot production series, and stability studies are required. Based on this, we can talk about supporting pharmaceutical business during the period of the negative impact of the spread of coronavirus infection, it is likely to be carried out through a number of measures such as:

Ensuring the continuation of the rule "extra third", as well as its subsequent development in terms of supporting the production of the full cycle.

1. Amendments to the Order of the Ministry of Finance of the Russian Federation of 04.06.2018 N 126n, Decree of the Government of the Russian Federation N 1289 dated 30.11.2015 in order to eliminate the need for a foreign rejected application for the possibility of applying a price preference to a full cycle manufacturer.

2. Ensuring the possibility of applying the current price preferences to manufacturers of substances, as well as increasing these preferences from 25 to 40%.

3. If a decision is made to create a state reserve of strategic substances, it is necessary to ensure the adoption and application of the "second extra" rule when carrying out the procedure for organizing public procurement.

4. Ensuring serial confirmation of the production of the substance (in the drug labeling system).

5. Adoption of price preferences depending on the degree of localization in the drug insurance system (at the level of pilot projects with subsequent scaling up to the Russian Federation).

6. Shortening the period for adding domestic substances to the registration dossier of drug manufacturers.

7. Introduction of a quota mechanism for domestic drug manufacturers.

8. Support for the development and preferences for domestic innovative medicines and medical technologies, including the promotion of the integration of industry with domestic science at all levels of business and government.

Further, we will consider the measures that have already been provided by the state to entrepreneurs in the pharmaceutical sector (Table 2).

**Table 2.** Direction of support for pharmaceutical entrepreneurship in the era of the spread of the pandemic

№	Direction of supporting entrepreneurship in the era of the spread of a pandemic	Comments
1.	SALE OF MEDICINES ONLINE	<p>Russian President Vladimir Putin signed a decree allowing the purchase of drugs on the Internet with their subsequent delivery. The innovation extends indefinitely to non-prescription drugs and prescription drugs until the end of 2020 (planned for adoption). The decree was issued in order to ensure the availability of medicines for citizens in quarantine. The procedure for issuing a permit for the remote sale of such medicines, the procedure for its implementation and the rules for their delivery to citizens was instructed to develop the Government of the Russian Federation. Also, the Government is obliged to strengthen control over compliance with the requirements of the legislation of the Russian Federation in the field of drug circulation in terms of preventing the circulation of counterfeit, counterfeit, etc., and, if necessary, submit proposals for changes in legal regulation in this area aimed at increasing the responsibility of pharmaceutical organizations in retail medicines, including remotely.</p> <p><i>Status: Decree of the President of the Russian Federation of 17.03.2020 N 187.</i></p>
2.	BANKING SUPPORT FOR PHARMACEUTICAL ACTIVITIES	<p>The Bank of Russia informs about the measures designed to support drug manufacturers by September 30, 2020 amid the spread of coronavirus infection. In particular, it is planned:</p> <ul style="list-style-type: none"> <li>– introduce a reduced risk factor of 70% for ruble-denominated credit claims to organizations producing medicines and medical equipment for the period until September 30, 2020;</li> <li>– reduce to zero the premiums to risk ratios for foreign currency loans provided to organizations producing medicines and medical equipment for the period until September 30, 2020.</li> </ul> <p><i>Status: planned for adoption. Source: Central Bank of the Russian Federation (2020). "Comment of the Bank of Russia on temporary regulatory relaxation for banks in connection with the spread of coronavirus"</i></p>
3.	SIMPLIFIED PROCEDURE FOR REGISTRATION OF SOME MEDICAL PRODUCTS	<p>A simplified procedure for state registration was established for 36 types of medical devices, including masks and respirators, allowing them to be brought to the market faster.</p> <p><i>Status: valid from March 19, 2020.</i></p> <p><i>Source: Decree of the Government of the Russian Federation of 18.03.2020 N 299 "On Amendments to the Rules for State Registration of Medical Devices"</i></p>

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4. FINANCING OF PHARMACEUTICAL ACTIVITIES
- The government will stimulate Russian manufacturers of funds that are needed to prevent and combat coronavirus.
- More than 23 billion rubles have already been allocated to support the medical and pharmaceutical industry. The funds will primarily go to state purchases of the necessary equipment (thermal imagers, non-contact thermometers and air disinfection installations).
- Source: Government of the Russian Federation (2020).*
- Moreover, the Government has allocated 10.2 billion rubles. on incentive payments to health workers providing assistance to people infected with coronavirus and people at risk. Another 1.6 billion rubles. allocated for incentive payments to employees of Rospotrebnadzor organizations.
- Source: Order of the Government of the Russian Federation of 18.03.2020 N 648-r.*
5. OTHER PLANNED MEASURES FOR THE PHARMACEUTICAL SECTOR WITHIN THE FRAMEWORK OF PRIORITY MEASURES (ACTIONS) TO ENSURE THE SUSTAINABLE DEVELOPMENT OF THE ECONOMY UNDER THE CONDITIONS OF THE CONDITIONS OF THE IMPROVEMENT OF THE SITUATION OF THE SITUATION
- a) The establishment of a zero rate of import customs duty for goods determined by the Government of the Russian Federation, including medicines and medical devices, will be carried out.
- b) The “third extra” rule was temporarily suspended for public procurement of medicines and medical devices according to the list of goods determined by the Ministry of Industry and Trade and the Ministry of Health. The government obliged the Ministry of Industry and Trade and the Ministry of Health to put this interim measure into effect by 03/25/2020 (we did not find advising legal acts in open sources as of 04/02/2020);
- c) Implementation of measures to support manufacturers of pharmaceutical products, personal protective equipment and disinfectants, including the issuance of special loans from the funds of the FRP. The government obliged the Ministry of Industry to put this interim measure into effect by 03/25/2020 (we did not find advising legal acts in open sources as of 04/02/2020);
- d) There will be the introduction of unified non-tariff regulation measures within the EAEU in the form of a ban on the export of critical medicines, medical equipment and materials, protective and hygienic means. The government obliged the Ministry of Industry, the Ministry of Economic Development and the Federal Customs Service to put this interim measure into effect by 25.03.2020; The ban on the export of certain medical devices is already in force and will last until June 1, 2020 (Resolution of 02.03.2020 N 223)
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e) Operational monitoring of the availability of medicines, medical devices, disinfectants and personal protection in trade organizations has been carried out everywhere. The FAS is held daily, starting March 15.

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Source: authors.

## 7. Conclusion

The emergence of coronavirus infection has certainly affected all areas of human life. On the one hand, this is manifested in the negative impact of the current situation on the economic system as a whole, despite its extreme complexity and interdependence. On the other hand, this is reflected in the fact that individual industries, such as pharmaceuticals, suffer. Pharmaceutical business, one of whose functions is to provide all the necessary types of medicines to the population of the state, was no exception in this situation and is actively suffering from the impact of the pandemic. If measures are not taken to support pharmaceutical entrepreneurship, then the risk of reducing the availability of quality medicines to the population increases, which may further aggravate the situation. Accordingly, the attention given by the state in this context is extremely important and necessary for maintaining the health of the population and the country's competitiveness.

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