

Current Scenario of Pharmaceutical Industries in India

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Abstract

Pharmaceutical industries viz., Ranbaxy, Cipla, Nicolos, Zydus, Intas etc. are very well establish now-a-days and producing a large variety of medicine useful in the treatment of various diseases. It is now high-end development that is being carried out by leading companies whereas other small companies are finding themselves competing against, or working with, new innovation-based companies to establish themselves in the market in concern to increase their productivity and finally sale. The present study was focuses on the current scenario of various pharmaceutical industries.

Key-words: Pharmaceutical Industries, India, Pharma Market

Introduction

The pharmaceutical industry is the world's largest industry due to worldwide revenues of approximately US\$2.8 trillion. Pharma industry has seen major changes in the recent years that place new demands on payers, providers and manufacturers. Customers now demand the same choice and convenience from pharma industry that they find in other segment. Indian Pharmaceutical Industry is poised for high consistent growth over the next few years, driven by a multitude of factors. Top Indian Companies like Ranbaxy, DRL, CIPLA and Dabur have already established their presence. The pharmaceutical industry is a knowledge driven industry and is heavily dependent on Research and Development for new products and growth. However, basic research (discovering new molecules) is a time consuming and expensive process and is thus, dominated by large global multinationals. Indian companies have only recently entered the area. The Indian pharmaceutical industry came into existence in 1901, when Bengal Chemical & Pharmaceutical Company started its maiden operation in Calcutta. The next few decades saw the pharmaceutical industry moving through several phases, largely in accordance with government policies. Commencing with repackaging and preparation of formulations from imported bulk drugs, the Indian industry has moved on to become a net foreign exchange earner, and has been

able to underline its presence in the global pharmaceutical arena as one of the top 35 drug producers worldwide. Currently, there are more than 2,400 registered pharmaceutical producers in India. There are 24,000 licensed pharmaceutical companies. Of the 465 bulk drugs used in India, approximately 425 are manufactured here. India has more drug-manufacturing facilities that have been approved by the U.S. Food and Drug Administration than any country other than the US. Indian generics companies supply 84% of the AIDS drugs that Doctors without Borders uses to treat 60,000 patients in more than 30 countries.

The Indian pharmaceutical industry has shown impressive growth over the last few years and has become one of the sunrise sectors of the Indian economy. The introduction of the product patent regime in India necessitated pharmaceutical companies both in India and abroad to reconsider their business models and explore newer markets. India's pharmaceutical sector is currently undergoing unprecedented change. on 1st January, 2005, of a system of product patents. Both multinational companies and domestic players are examining the prospects offered by the local market as the government moves forward with initiatives aimed at providing India's more than one billion inhabitants, for the first time, with access to the life-saving drugs they need. A further huge boost to the local market is emerging from the rise of India's new affluent consumers, who lead more Western-style lives and are demanding innovative drugs to treat the chronic illnesses that these changing lifestyles may produce. India's leading drug manufacturers are becoming global players, utilising both organic growth, through the gradual development of their business, and mergers and acquisitions as they seek to boost their presence in existing markets and open up new ones.

Indian Pharma market

The Indian pharmaceutical market is highly competitive and remains dominated by low priced, domestically-produced generics. In value terms, India accounts for less than 2% of the world market and per capita expenditure on pharmaceuticals is relatively low. India has an established domestic pharmaceutical industry, responsible for around 8% of world pharmaceutical production. The industry is export-oriented and the larger domestic companies are competing in the global market for both generics and original products. The highly skilled domestic workforce offers good opportunities for outsourcing both research and production. The Indian pharmaceutical market is highly competitive and remains dominated by low priced, domestically-produced generics. In value terms, India accounts for less than 2% of the world

market and per capita expenditure on pharmaceuticals is relatively low. India has an established domestic pharmaceutical industry, responsible for around 8% of world pharmaceutical production. The industry is export-oriented and the larger domestic companies are competing in the global market for both generics and original products. The highly skilled domestic workforce offers good opportunities for outsourcing both research and production. However, on the basis of organizational perspective the most prominent performance related issues are:

- Increased competition and unethical practices adopted by some of the propaganda base companies.
- Low level of customer knowledge (Doctors, Retailers, Wholesalers).
- Poor customer (both external & internal) acquisition, development and retention strategies
- Varying customer perception.
- The number and the quality of medical representatives
- Very high territory development costs.
- High training and re-training costs of sales personnel.
- Very high attrition rate of the sales personnel.
- Busy doctors giving less time for sales calls.
- Poor territory knowledge in terms of business value at medical representative level .
- Unclear value of prescription from each doctor in the list of each sales person.
- Unknown value of revenue from each retailer in the territory
- Absence of ideal mechanism of sales forecasting from field sales level, leading to huge deviations
- Absence of analysis on the amount of time invested on profitable and not-soprofitable customers and lack of time-share planning towards developing
- Customer base for future and un-tapped markets.

Conclusion

Future of Pharmaceutical Industry

Competitive and technological changes in the pharmaceutical industry—from powerful new drug chemistries to innovative R&D partnerships and marketing plans—are reshaping the business strategies of many pharmaceutical and biotechnology companies.

According to new research from the MIT Program on the Pharmaceutical Industry (POPI), many companies today are searching for ways to increase productivity, decrease costs, and develop new treatment modalities that will enhance profitability

Example of pharmaceutical venture:

Singapore – May 20, 2010 – Invida Group, the leading specialty biopharmaceutical company focused on the commercialization of healthcare products throughout Asia Pacific, today announced that it has completed a joint venture agreement with the Indonesian pharmaceutical manufacturer MUGI. The acquisition of MUGI will allow Invida to leverage its full suite of capabilities throughout Indonesia and open up the Indonesian market for Invida's partners, as well as allowing Invida to offer a range of partnering options unique on this scale in Indonesia. Local regulations require foreign pharmaceutical entities to operate a local manufacturing facility in order to register their products in the country. With this agreement, Invida will be able to expand its capabilities in Indonesia to include the importation of raw materials and auxiliaries, possession of any and all regulatory licenses for pharmaceutical products, arrangement of toll manufacturing support where needed, in addition to continuing to provide its marketing expertise throughout the archipelago.

The Indian pharmaceutical industry has made no secret of its desire to globalize and eventually compete with its counterparts in Europe, Japan and the USA – as it has done in other industrial sectors. This is an ambitious aim because most of the Indian pharmaceutical industry's current success has been achieved in the area of generics rather than innovative new drugs, and its multinational competitors have decades more experience in global drug development and much greater financial power.

Incentives for R&D

The Indian pharmaceutical industry has long campaigned for better incentives from the government to help them rival foreign companies when it comes to carrying out innovative R&D. In 2003, the Indian Pharmaceutical Alliance (IPA), which represented 11 major domestic

companies, submitted a pre-budget memorandum to the Indian government outlining the scope of the tax concessions that it wished to see (1). Their proposals included tax concessions for conducting clinical trials abroad, research alliances with educational institutions and a system that would aid them in setting up the necessary basic R&D infrastructure for new operations.

The foreign focus of these proposals was largely driven by the desire of Indian companies to make further inroads into the US market. For example, between 2001 and 2002, Dr Reddy's Laboratories tripled its profits after tax due to strong growth in the US market (1). In particular, the IPA wished to see more benefits for companies attempting to obtain US regulatory approval for new formulations. The cost of successfully clearing a formulation drug for the US market has been estimated at US\$1 million (1).

The Indian government has realized that if it needs to respond to these demands if it is to boost its domestic industry, but although it has met some of the industry's requests it has taken a cautious approach to revising its R&D policies. Nevertheless, it has set up tax concessions to promote innovative R&D, which include a ten-year period of tax exemption for R&D-based activities and it has recently made all drugs and materials imported or produced for clinical trials exempt from customs and excise duties (2, 3).

Moving towards innovation

Judging by the total levels of R&D investment, there are signs that the R&D intensity of the Indian pharmaceutical industry is growing. The presence of low-cost production facilities and a large science base in India will help drive this trend over time.

Although innovative R&D remains a long-term ambition, in the near term, there is likely to be enhanced generic activity from Indian companies. This is because a number of high profile drugs have come off patent and this has opened up an opportunity for various Indian companies to develop generic versions for sale in the US and European markets. For example, the share of Dr Reddy's total revenue generated by exports rose from 36% during 1998 to 46% by 2001 (4). The trend for Aurobindo was more dramatic with export share increasing from 32% during 1998 to 55% by 2001 (4). The work in the generics field has positive implications for Indian companies as they will gain further experience of operating in foreign markets and in dealing with the regulatory agencies in these countries.

Although generics will represent the majority of work over the next few years, innovative R&D is not simply an ambition. Several major Indian companies do have emerging new drug pipelines

and new delivery technologies, which are likely to be financed through the profits gained from the sales of generic products

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