

## Government initiative for Pharmaceutical industry in India

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The pharmaceutical industry is currently preparing for a transition in many countries that gives rise to many unanswered questions regarding innovation strategy and ultimately may threaten the survival of companies in the industry. The cause of this transition is the GATT/WTO agreement that these countries signed in 1995. This agreement has broad implications for intellectual property rights and particularly for the pharmaceutical industry. Major changes will occur in this industry, now that its intellectual property rights are being brought in line with those of the main economies in the world. The change from near-perfect competition with homogeneous and price controlled drugs to a market with patent protected products, a virtual monopoly in many sub-markets, will give rise to an extensive shift in the form of competition. This study, explore the details of Government initiative and support system available in India to the pharmaceutical industry.

India is entering a new era with accession to TRIPS-compliant patent regime, a move much awaited by many multinational pharmaceutical companies. Many foreign companies will now be looking for opportunities in low volume high value product launches, excellent chemical and process engineering skills, move towards international standard GMP compliance, English speaking workers and the largest number of USFDA approved plants outside US have figured India as suitable partner for multinationals.

### *The Indian pharmaceutical market:*

India is becoming the second fastest growing GDP in world, after China. India demonstrates considerable potentials for collaborative and outsourced R and D in drug development, biotechnology and chemicals. The Indian pharmaceutical market is estimated to be \$ 5.1 billion in year 2004. It has become 1 per cent by value of the global pharmaceutical and ranks 13th globally. India

is ranked 4th by volume amounting to 8 per cent of the global pharmaceutical market. In 2003-2004, domestic pharmaceutical consumption was about 38 per cent while indigenous industry contributed 60 per cent of the consumption. According to industry sources, bulk drug production in India is valued at \$ 1.76 billion with more than 400 drugs and 100 manufacturers in market. The market is highly fragmented with about 15,000 small licenced generic manufacturers and about 250 R and D based pharmaceutical companies. OTC market is estimated to grow with 18-20 per cent projecting huge potentials for the multinationals entering in India.

### *The big biz opportunities:*

India presents major opportunities for multinational pharmaceutical companies in clinical trials, contract research and manufacturing. The licensing opportunities for big pharmaceutical companies as well as the collaborative business model including services give access to low cost smart intelligent base, indigenous technology and most importantly the large domestic market. The most important advantage, which India presents is low cost that includes the low development costs, low fixed asset costs, low clinical trial costs and low cost workers.

Several improvements have been seen in India in contrast to the image it presented to world until recently. Infrastructure in India is improving and there are investments in huge projects such as the golden quadrilateral road project. The significant growth and capability is demonstrated by Indian IT industry. The Indian biotechnology sector is developing with Government initiatives and private sector participation with tremendous opportunities to be explored and paving ways to more fruitful partnerships with biotechnology companies and world class research institutes. Ministry of Health and Family Welfare in India have initiated several measures to ensure the quality of drugs available in India. Steps have been taken against counterfeit drugs which accounts for 15-30 per cent products in the market.

New health insurance initiatives in India have increased the affordability of the middle class population. There are about half a million people who can afford

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