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Analysis on Structure of the Indian Pharmaceutical Company

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Abstract – In this paper we present about Healthcare is the primary concern of any human being and it is of utmost importance for the government to ensure that it reaches across the masses at reasonable and affordable price. The Indian pharmaceutical sector has come a long way being almost nonexistent before the year 1970 to a prominent provider of healthcare products meeting almost 95% of the pharmaceutical needs of the country presently. The country boasts of manufacturing almost every type of medicine right from simple headache pills to sophisticated antibiotics and complex cardiac compounds.

Keywords: Pharmaceutical, Healthcare, Drug

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INTRODUCTION

The Indian pharmaceutical sector has come a long way being almost nonexistent before the year 1970 to a prominent provider of healthcare products meeting almost 95% of the pharmaceutical needs of the country presently. India ranks among the top 15 drug manufacturing countries of the world and is rated very high in the world in terms of technology, quality and range of medicines being manufactured. Generic manufacturing is an area where India has been able to take a firm foothold with a total market share of 31% in the total Abbreviated New Drug Application (ANDA) approvals and estimated 50% in the total Drug Master File (DMF) filings in the year 2009, India is likely to continue holding a dominant position here.

DEVELOPMENT:

Prior to the year 1970, the Indian pharmaceutical industry was mainly the subsidy of Multinational Corporation. Between the years 1970 to 1995 the Indian pharmaceutical corporations were under the patent process and this period is widely acknowledged as an era of reverse engineering to produce most cost effective medicines in the world. Between the year 1995 to 2005 was a transit phase for Indian pharmaceutical corporations having accepted "World Trade Organization" guidelines. Indian pharmaceutical industry generated sales of Rs.22, 500 crores (US$ 5 billion) in the Financial Year of 2005-06.

REVIEW OF LITERATURE:

A few empirical studies showing performance of pharmaceutical industry in post Trade-Related Aspects of Intellectual Property Rights (TRIPS) period are mentioned here. In the past three and a half decades most of the large private Indian pharmaceutical firms focused on reverse engineering R&D, and activity was limited to applying known knowledge, or to making small adjustments in the contents (Wendt, 2000). The study by (Kubo, 2004) found that R&D intensity and the patent to R&D ratio have increased after 1995. The study by (Grace, 2004) reveals that the prospects of changing intellectual property on pharmaceutical industry are extremely positive for the future of the Indian industry. According to (Chadha, 2005) there is a stricter patent regime has stimulated patenting activity in the Indian pharmaceutical industry. The study by categorized firms in the Indian Pharma Industry into 3 main groups based on empirical data collected and identified the main strategies and their triggers in each one of the 3 firm groups. Various studies undertake a detailed mapping out of the sectoral system of innovation of India's pharmaceutical industry. The study shows that the TRIPS compliance of the intellectual property right regime has not reduced the innovation capacity of the domestic pharmaceutical industry which has visualized an increase in both research budget and patenting. According to (Sheena Reddy, 2006) the growth in R&D for larger pharmaceuticals is greater than the growth for the general pharmaceutical sector. Indian firms are adapting to the changing environments (Chaturvedi and Chataway, 2006). R&D is recognized as the 'survival kit' in the post-TRIPs scenario. The paper observed that Indian firms are investing in R&D not only for new drug discovery but for developing capabilities to assimilate and exploit knowledge available externally.

STRUCTURE OF THE PHARMACEUTICAL INDUSTRY IN INDIA:

The pharmaceutical industry in India stands 4th in terms of volume and 13th in value terms across the world. A more authentic account from the Department of pharmaceuticals, Ministry of chemicals and fertilizers states that the Indian pharmaceutical industry ranks 3rd in terms of volume- i.e. 10% of global shares (Department of Pharmaceuticals, 2009).32 The Indian Pharmaceutical Industry is also among top five producers of bulk drugs. Firms can be either in production of bulk drugs or formulations or may manufacture both. Firms in to formulations may be further classified into innovating firms and non-innovating firms. However, R&D is insignificant when compared to global R&D by MNEs (as discussed latter). India accounted for 8 percent of global production and 2 percent of world markets in pharmaceuticals. Major part of the domestic pharmaceutical drug requirements are met by the domestic industry. In the segment of Active Pharmaceutical Ingredients (APIs) India ranks third in the world producing about 500 different APIs (Report of the Taskforce, 2008). After USA which has 169 ANDA approval (needed for marketing generic drugs in the US), India had the highest number of 132 approvals US in the year 2007. Table 2.2 presents a self-explanatory table highlighting the key trends of the pharmaceutical industry in India.

CONCLUSION:

Indian pharmaceutical industry is at a turning point. Drug discovery process has undergone a major change. It requires strategic planning conforming to focus on new drug discovery and its protection. Pharma companies need to balance the risks and rewards when considering whether to enter the biosimilars market. The decision to enter the market should only be made based on a clearly defined long-term biosimilar strategy, including development and manufacturing capabilities, marketing, pricing and regulatory expertise. Indian pharmaceutical corporations have to change their trajectories to meet these challenges. This may need quantum jump in quality system, innovation in manufacturing and market competence.

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