CHAPTER 1

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INTRODUCTION

1.1 The Background of the Study

In today’s world, business environment is characterized by increasing global competition, rapidly changing technology and dramatic growth in international trade and foreign investment. These changes have important implications for marketing decisions in an organization. Perspectives on what constitutes marketing and on the place marketing holds in the firm have undergone substantial change over the years. According to Davidson (1989: 7), “the market place today is decreasingly receptive to traditional marketing strategies. The rapid changes in society and the increasing information din pose supreme challenges especially to small and medium-sized business.”

Hamel and Prahalad (1994:123) point out that regardless of any past success, a firm needs to understand the needs of the market, the forces of competition and the broad environment in which it needs to operate to assure long term success.

The liberalization and globalization of the economy is compelling Indian companies to evolve an altogether new approach to business. Panwar (1997: 5) states, “To face both the new foreign and increased domestic competition, Indian companies need to take a critical relook at their strategies. Mere imitation of the moves of the multinationals and reacting to their marketing strategies would not be of much help to Indian firms. They will need to evolve new strategies not only to cope with but also to preempt the changes in the business environment.” In India, the impact of increased competition has been felt by several companies who have lost their market leadership to newer and more efficient entrants. It has
been increasingly highlighted by experts that the success or failure of business now depends upon how efficiently the marketing functions are performed. Rahul Bajaj admitted in an interview to the Business World, (14-27 July, 1993), “Earlier the Government used to plan shortages for the businessmen’s comfort but today markets are the determining factors. The orientation of the business is no longer towards overcoming government hurdles, but the focus is increasingly on consumers, stockists and dealers.”

Efficient marketing not only contributes to the success of a firm but is also desirable for promoting overall macro economic growth, through its role in mobilizing rural savings, creation of a strong capital market, export promotion, and acceleration of the growth of the service sector in the country. (Kacker 1982)

A growing volume of literature suggests that to create market share, pharmaceutical organizations will have to look at marketing as a basic philosophy and all functions have to be integrated with marketing. On the other hand there are also many studies which point out that consumer goods style of marketing cannot be applied to phanna products and the impact of new drugs on the overall health of society lead to rather specific ethical concerns, related to marketing. (Rane 1996; Srinivasan 1999)

Pharmaceutical Companies in India have to play a multidimensional role in the economy. What Panwar states about the role of marketing is amply true, when applied to Indian pharmaceutical companies. He states, “In an economy like India that is striving to break the age old bondage to misery and deprivation, marketing has to act as a catalyst for transformation of latent resources into actual resources and desires into accomplishments. The marketers of the new era need to be responsible economic leaders and informed
economic citizens. They should think beyond the glitter of consumer goods and promote products and services of social relevance. Their activities should not remain confined to big cities and towns but also reach out to the millions living in rural areas.” (Panwar 1997: 18)

Pharmaceutical marketing using specialized skills of communication and persuasion can be effectively used for attaining some basic socio-economic objectives including population control, rural health care, consumer education and awareness. Thus the right marketing strategies by pharmaceutical companies can contribute not only to their success, but can also bring about socio-economic transformation in society.

In the world of pharmaceuticals new products are essential for success, but because of the extraordinary costs required for R & D very few Indian firms can stay on top of all new developments. However, India’s diversity could provide plenty of opportunities for Indian companies if they identify their strengths and design and execute marketing strategies well. (Lalitha 2001). The domestic companies’ advantage lies in their ability to understand local needs and access local markets as well as in the cost advantage due to lower prices of cost of production, materials and skilled labour.

National and multinational pharmaceutical companies are also strategically poised against each other with the implementation of the product patents for pharmaceuticals in India under the TRIPS agreement since January, 2005. This implies shifting from a patent regime that granted only process patents of seven years duration (Indian Patents Act, 1970) to one that must provide for product patents of 20 years duration. A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of the Indian pharmaceutical industry in the WTO regime conducted by Lalitha (2002), reveals that the industry faces threats in the form of competition from other Asian giants particularly China. The researcher feels that the Indian industries
should collaborate with pharmaceutical MNCs in R&D, in marketing of products and improving the standards of production to widen the export market.

Given the traditional plant base, India can take a leading position in developing, producing and exporting tropical drugs. India’s diversity could provide plenty of opportunities for not only the big, but even the smaller pharmaceutical companies if they design and execute the right marketing strategies. A FICCI survey lists improper market access, language barriers, lack of market understanding, and lack of quality agents that pose hurdles to pharma exports. With increasing competition in branded generics, intensifying cost containment pressures, shorter product-life cycles, growing regulatory environments and increasing demands from professionals and patients, the pharmaceutical industry has entered an era riddled with challenges tougher than ever before. Even the most advanced pharmaceutical product cannot succeed without an equally advanced marketing strategy in place due to the new definitions of customer interaction via the internet and the complex management of research and demand chain partners. In fact, marketing has become a critical engine of innovation for sustenance.

There are challenges no doubt for the Indian pharmaceutical industry (IPI), but they can be converted into opportunities with the right marketing practices. Pharmaceutical manufacturers spend vast sums of money on promotion, including sales representatives, samples, advertisements in broadcast and print media, and sponsorship of educational events and conferences. In the USA alone, almost US$21 billion was spent on promotion in 2002. In developing countries sales representatives are frequently the only source of drug information. Research suggests that doctors often use promotion as a source of information about new drugs. Doctors in private practice, or who graduated long ago report the highest use of
promotion as a source of drug information. Heavy promotion of new drugs leads to widespread prescribing and use before the safety profile of these products is fully understood. Newer and more expensive medicines displace older, less costly ones without any evidence of an improvement in therapeutic outcomes. In this context, it is essential that companies do not neglect their social and ethical responsibility for their healthy and long run growth, as well as for the health and well-being of society.

The core subject matter of this study is to understand the marketing practices adopted by the local pharmaceutical companies that are registered in Goa under the Company’s Act and the problems they face which act as constraints in marketing of their products.

1.2 Statement of the Research Problem

Local, small and medium, companies dominate the Indian pharmaceutical industry with significant contribution to the national drug production and employment. They play an important role in enhancing domestic technological capabilities in drugs production and have been instrumental in keeping drugs prices affordable for the Indian populace in remote rural areas. This rise of small firms in this sector has been facilitated by a set of strategic government polices implemented in the past decades like adoption of a process patent regime, relaxation granted from price control and industrial licensing requirement, reservation of items for exclusive production and preference in government procurement, etc.

Since 1990s, however, the regulatory regime for small firms underwent dramatic changes with withdrawal of most of the favorable policies and implementation of regulations like a long-term product patent regime, withdrawal of exemption from price controls, and
1.3 The Evolution and Growth of the Indian Pharmaceutical Industry

Tracing the history of the evolution of the modern pharmaceutical industry in India, we find that production of modern medicine by indigenous units started with the setting up of Bengal Chemical-and-Pharmaceutical Works in 1892, which was followed by the establishment of Alembic Chemical Works in 1907. At this point in time, the Patents Act of 1911 was in practice which facilitated patenting all the processes of manufacturing and the product itself.

Hence indigenous firms were legally prevented from manufacturing most of the new drugs introduced by MNCs. After independence, the setting up of the public sector units and the technical institutes contributed to the growth of the domestic industry. However the import content of the basic drugs produced was high due to which the prices of the products were the highest in the world. (Lalitha 2002)

The period after 1970 is significant for IPI (Indian Pharmaceutical Industry), as the Patent Act of 1970 was amended in 1970. Under the Act, only one process that was used in the actual manufacturing could be patented. This change brought about a renaissance to the pharmaceutical industry in the country. More units to set up drugs which were primarily imported till then were set up. There was a significant increase in the production of bulk drugs and formulations after 1970. The adoption of the Foreign Exchange Regulation Act (FERA), 1973, Indian Drug Policy (1978 and 1986) and the Drug Price Control Order, 1970, enabled the domestic firms to advance in terms of market share and manufacturing capability.
In the 1990s, several significant changes occurred in the pharmaceutical sector with the introduction of trade liberalization measures. The Government increased the automatic approval for FDI in the sector from 41 per cent to 51 per cent and subsequently to 74 per cent in 1997. The overall result was the reduction of the market share of MNCs from 75 per cent in 1971 to about 35 per cent currently. Share of domestic firms simultaneously grew from 20 per cent to 65 per cent. Table 1.1 shows the changes in the market shares of MNCs and Indian companies over the years.

<table>
<thead>
<tr>
<th>Nature of firm</th>
<th>1970</th>
<th>1982</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western MNCs</td>
<td>80</td>
<td>50</td>
<td>39</td>
</tr>
<tr>
<td>Indian Public Sector</td>
<td>10</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Indian Private Sector</td>
<td>10</td>
<td>48</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: OPPI, 1994

In 2004, the IPI grew at a rate of 7.2 per cent and it contributed 1.3 per cent of India’s GDP. According to Indian Drug Manufacturers Association estimates, the size of the domestic market in terms of value was Rs. 440 billion in 2006. Exports amounted to Rs. 215 billion in the same year. IPI’s share in the global pharma sales volume was 8 per cent, while its market share amounted to 1.3 per cent of the global sales value. IPI is ranked 4th in the world in volume terms and 13th in terms of value.

In 2005, the domestic pharma industry employed half a million people directly, while it provided employment to another two and a half million indirectly, taking total employment generation of the industry to three million people. The compound annual rate of growth of production of bulk drugs from 1991 to 2005 was 8.4 per cent while that of formulations was
4.9 per cent over the same period. Table 1.2 reveals that while both bulk drugs and formulations production were growing at similar rates from 1980-81 to 1994-95, growth rate of production of bulk drugs almost doubled after 1995. Bulk drugs production has been growing almost twice as fast as formulations production during 1995-96 to 2004-05.

Table 1.2 Compound Annual Growth Rates of Production in the IPI (1980-81 to 2004-05)

<table>
<thead>
<tr>
<th></th>
<th>Bulk drugs</th>
<th>Formulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81 to 1989-90</td>
<td>5.0</td>
<td>5.5</td>
</tr>
<tr>
<td>1991-92 to 1994-95</td>
<td>7.6</td>
<td>7.25</td>
</tr>
<tr>
<td>1995-96 to 2004-05</td>
<td>10.2</td>
<td>5.5</td>
</tr>
<tr>
<td>1991-92 to 2004-05</td>
<td>8.4</td>
<td>4.9</td>
</tr>
</tbody>
</table>


Table 1.3 summarizes the growth and progress of the IPI in terms of various indicators just before TRIPS implementation.

Table 1.3 IPI: Growth Indicators (in Rs. Million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>1400</td>
<td>5000</td>
<td>18400</td>
<td>25000</td>
<td>29000</td>
<td>45000</td>
</tr>
<tr>
<td>Production</td>
<td>1680</td>
<td>14400</td>
<td>146910</td>
<td>197370</td>
<td>228870</td>
<td>392547</td>
</tr>
<tr>
<td>Formulations</td>
<td>1500</td>
<td>12000</td>
<td>120680</td>
<td>159600</td>
<td>183540</td>
<td>238659</td>
</tr>
<tr>
<td>Bulk Drugs</td>
<td>180</td>
<td>2400</td>
<td>26230</td>
<td>37770</td>
<td>45330</td>
<td>63908</td>
</tr>
<tr>
<td>Export</td>
<td>30.5</td>
<td>464</td>
<td>53530</td>
<td>72300</td>
<td>87340</td>
<td>128260</td>
</tr>
<tr>
<td>Import</td>
<td>82</td>
<td>1125</td>
<td>28680</td>
<td>16160</td>
<td>29800</td>
<td>28650</td>
</tr>
<tr>
<td>R&amp;D Expenditure</td>
<td>30</td>
<td>147.5</td>
<td>2200</td>
<td>3200</td>
<td>3700</td>
<td>6600</td>
</tr>
</tbody>
</table>

Source: CII, 2006

It is estimated that there are around 25,000 registered pharmaceutical companies in India, however only 250 leading companies dominate over 70 per cent of the market. The rest of
the units are small players that are mainly engaged in the manufacture of formulations with lower investments in plant and machinery and are less technology-intensive.

1.4 The Pharmaceutical Industry of Goa

The small state of Goa, one of the major tourist destinations in India, is also a major pharmaceutical producer in the country with an annual production of over Rs. 2000 crore. Goa caters to nearly 12 per cent of the country's total pharma produce i.e. one-tenth of the total pharmaceuticals manufactured in the country.

The pharmaceutical industry in Goa developed only after liberation. Pascoal Menezes of the diversified trading group, Cosme Mathias Menezes (CMM), initiated Goa's first pharma manufacturing site in 1963. Small pharmaceutical workshops and units on a small scale were set up by local entrepreneurs in the seventies which conducted manufacturing operations. Prominent among the entrepreneurs were Ramnath Kare who started DCI Pharmaceuticals in 1971, Arun Naik who set up Merit Pharmaceuticals in 1977 and Dilip Salgaokar who established Geno. Lack of appropriate infrastructure, inadequate availability of industrial land, power and water supply, shortage of skilled labour, want of technical manpower could be cited as some of the reasons for the slow development of this industry in the early post liberation period. Around 1975, the Government of Goa established the Economic Development Corporation (E.D.C) with the objective of accelerating industrialization in the territory. Government's industrial policy offered various financial incentives to industrialists and EDC identified pharmaceuticals as one of the thrust industries. State-owned Goa Antibiotics was set up in 1983 and Centaur Pharmaceuticals in 1987. The availability of appropriate space in the industrial estates, establishment of convenient and fast communication as well as transit links with the rest of the country, particularly the metros
like Mumbai, Delhi, Bangalore, etc. coupled with the Government incentives for setting up industries resulted in the establishment of some small, medium, and large pharmaceutical units in Goa.

It was in the early 1990s that the pharmaceutical industry really blossomed in Goa with several big names setting up shop in the state. Many Mumbai-based companies started shifting to Goa as it became increasingly difficult to expand their operations in Mumbai due to rising trade union militancy and escalating real estate prices. In addition, the state Government offered a liberal income and sales tax holiday as an ‘industrially backward state’ which lasted for a decade between 1994 and 2004.

As per official figures, Goa has 295 registered pharmaceutical producers together with 403 units in operation, including loan-licensed units. Of this 108 are independent units. While most units undertake manufacturing of various pharma products, some have also set up R&D centres. Goa’s pharma hub employs more than 10,000 persons directly and several thousands indirectly as well.

The Pharmaceutical industry in Goa has led to the development of various ancillary and service units in and around Goa. This makes it easier for the companies to avail of packaging services, consumables, and allied services necessary for the smooth running of the industry. Goa is well connected to other states of the country, by road, sea or air, hence obtaining raw materials required for production is convenient and the finished products can also be sent to various destinations.
1.5 Objectives of the Study:

The main objectives of the present study are as follows:

i) To study the extent of market orientation of the selected pharmaceutical companies registered in Goa.

ii) To analyze the product profiles, differentiation policies and pricing practices of the selected companies and to make relevant comparisons between the companies.

iii) To examine the promotional mix and the promotional budget of each company.

iv) To study the distributional policies of the selected companies.

v) To study the difficulties and problems associated with the marketing framework of these companies.

Accordingly, the sub-objectives are:

i) To analyze and compare the market performance of the companies in terms of sales and profitability.

ii) To compare within the selected group, the marketing effectiveness of the smaller vis-à-vis the relatively bigger ones.

1.6 Research Hypotheses

The present study has the following hypotheses;

i) Companies are becoming more market oriented.

ii) Globalization and competition is leading to significant changes in the strategies of the companies.

iii) Smaller companies require Governmental support and concessions to survive the competition.
iv) Personnel selling strategies are used in combination with other sales promotion strategies by the pharmaceutical companies.

v) Marketing success of the pharmaceutical companies is dependent on size of the companies.

1.7 Data and Methodology

The research is conducted largely through descriptive designs. Since the current study aims at studying the practices prevalent in the pharmaceutical industry, the descriptive method that will permit inferences to be drawn about the causation is adopted.

The study covers the pharmaceutical companies that are registered with the Registrar of Companies, Govt. of Goa, under the Companies Act, and accordingly have their registered headquarters in Goa. A Pharmaceutical Company has been defined as one that manufactures and sells products that belong to one or more of the following categories:

1) Prescription Medicines: Products that have to be prescribed by a qualified medical doctor.

2) OTC Products: Products usually for common ailments that do not require a prescription and can be purchased in retail pharmacies and other retail outlets by the consumer.

3) Animal Health Products: Products designed for use in treating animals and preventing disease in animals.

4) Bulk Chemicals, Capsules etc: Products sold by one manufacturer to another at an intermediate stage in the manufacturing process.
Out of the 19 pharmaceutical companies registered with the Registrar of Companies, Government of Goa, only 9 companies are actively involved in manufacturing and marketing, while the others undertake contract manufacturing. Out of the 9 companies, 7 companies are selected for the study, using the judgemental sampling approach, giving a sample size of 77.7 per cent. The selected companies are: i) Wallace Pharmaceuticals Pvt. Ltd. ii) Cosme Farma Laboratories Ltd. iii) Kare Pharmaceuticals Pvt. Ltd. iv) Geno Pharmaceuticals Ltd. v) Merit Pharmaceuticals Pvt. Ltd. vi) Goa Antibiotics and Pharmaceuticals Limited. vii) Toyo Laboratories Private Limited.

Primary data has been collected by administering a questionnaire to the Directors/ General Managers/ Marketing Heads of selected companies and by using the personal interview method. A structured questionnaire with many close-ended questions and some open-ended free response questions was prepared. In order to cross validate the responses given in the questionnaire and to obtain deeper insights, CEOs/ Senior Managers of the selected companies were also personally interviewed.

The study covers the time period from 2002-2008. Secondary Data pertaining to the companies for the period 2002-08, has been obtained from Annual Reports of the companies, obtained from the Registrar of Companies, Goa for the stated period. However, in case of some companies and some variables, data for the period 2002-07, has been used, as data for 2007-08 was not uniformly available on all variables, in case of some companies. To study the comparative trends in key variables, the time period considered is 5 years i.e. 2002-07. Secondary sources like Industry reports and journals have also been used for the study.
The main variables that are studied pertaining to each company are investments in R&D, and quality control, trends in marketing expenditure, market share, market size, products and brands, promotional expenditure, expenditure on field force staff, distributional channels and costs, sales turnover, PBT(Profit Before Tax) and PAT(Profit After Tax).

The present study uses statistical measures like average percentage share, average annual growth rates, ratios, coefficient of variation and standard deviation. Financial variables examined to measure trends in performance include the profitability figures and sales turnover. Financial ratios computed include the Gross Profit Ratio, Net Profit Ratio and Selling Expenses Ratio. Comparative trends in financial performance on the basis of these three key ratios are studied for a period of three years i.e. 2004-07.

Gross profit measures the extent of profits, the business earns in relation to the sales it makes. It is defined as the “excess of net sales over cost of goods sold”. It is calculated as follows:

\[
\text{Gross profit margin} = \frac{\text{Sales} - \text{cost of goods sold}}{\text{Sales}} \times 100
\]

This is the total margin available to cover operating expenses and still yield a profit. Cost of goods sold is the total of materials, labour, production and other trading expenses incurred on the quantity of goods sold. It is calculated from the balance sheet data as follows:

- Opening stock of finished goods.
- Add : cost of materials consumed,
- labour expenses incurred on conversion of raw materials
- other direct charges.
- Less: closing stock of finished goods.
Net sales are obtained by deducting from gross sales, returns and allowances. A comparison of gross profit ratio over the years reveals trends in basic profitability of a company. Comparison of gross profit ratio with other firms will reveal the comparative position of the firms in terms of market performance.

The Net Profit Ratio for each individual company is calculated for a 3-year period to indicate the relationship between net profit and sales. It is calculated as under:

Net Profit Ratio = \( \frac{\text{Profit After Tax}}{\text{Sales}} \times 100 \)

Selling expense ratio analyzes the selling expenses of each company and is expressed as a percentage in relation to net sales. It is calculated as follows;

\( \frac{\text{Selling expenses}}{\text{Net sales}} \times 100 \)

A comparative analysis on selling expenses is undertaken to reveal whether each company's expenses are higher or lower as compared to others and their link with profitability.

Conclusions of the study are based on the analysis of both primary and secondary qualitative and quantitative data.

1.8 Relevance of the Study
The pharmaceutical industry is important for the economy of Goa with potential to generate growth and employment. It has been recognized as one of the ‘Sunrise Industries of Goa’ as it is ideally suitable to the Goan ecology. The Industrial policy of the Goa Govt. lays particular stress on encouraging this industry stating that it is high value adding, export-oriented, non-polluting and non-hazardous and high technology intensive. In view of the importance of the industry to the state, the study has been chosen to examine the marketing
activities of the pharmaceutical companies, as in the fiercely competitive environment, ‘marketing’ is the core business philosophy.

Many multinational pharmaceutical companies are attracted to Goa and local units operating in the state are facing increasing competition from them. Since success of the local pharmaceutical industry depends to a large extent on its adoption of right marketing practices, the study has been chosen to provide insights into the marketing practices of pharmaceutical companies registered in Goa.

The study will provide gainful information on whether the companies monitor the business environment on an on-going basis, their perception on strengths, opportunities, weaknesses and threats and whether these are reflected in their marketing strategies. An assessment of the marketing problems facing the firms will provide inputs for administrative decision making and policy formulation for the balanced growth of the pharmaceutical sector in Goa. Specifically it will help to understand the marketing problems of the local small units.

Above all, the study will give important insights into the dynamism and preparedness of the industry in the wake of the product patent regime and how the firms use marketing strategy as a tool to combat the challenges.

Since such a study is going to be carried out for the first time in Goa, it will form a primary source of data for subsequent researchers.
1.9 A Brief Profile of the Selected Companies.

1. GENO PHARMACEUTICALS LTD.

Geno Pharmaceuticals Ltd. was established in December 1975 as a Public Limited Company. It commenced commercial operations in March 1977 initiating manufacture of its formulations on contract basis in Mumbai and Goa. Simultaneously, GENO initiated construction of its own formulation manufacturing facility at Karaswada, Mapusa, Goa. GENO has established brands in Anti Migraine, Anti Vertigo and family health pharmaceutical products in India.

2. WALLACE PHARMACEUTICALS PRIVATE LIMITED

Wallace was formed through collaboration between Carter Wallace Inc. and Cosme Matias Menezes Pvt. Ltd. in 1968. An important feature of this collaboration was that the foreign company would extend to the Indian company all the benefits of their research in USA. Wallace is today a wholly Indian company, and has emerged as an important player in the Indian domestic market. In the international arena also, Wallace is making its mark as a healthcare solution provider.

Wallace manufactures formulations and has leading brands in the Antibiotic, Anti-infective, Pain & Inflammation, Topical Antibiotics, Antiacne, Paediatrics, Dermatology and Diabetic segments.

3. KARE LABS PRIVATE LTD.

Kare Labs is part of the Kare group of companies which was founded in 1932. The pharmaceutical business of the Kare group consists of 3 manufacturing companies; viz. DCI Pharmaceuticals Pvt. Ltd., Motiff Laboratories Pvt. Ltd. and Kare Labs Pvt. Ltd. Kare Labs was established in 1997 and commenced production in the same year.
Kare Laboratories is engaged in manufacturing and marketing its own products in India and also exports its products. It also engages in contract manufacturing for various multinational and leading Indian companies. Several products of the Kare group are also being regularly supplied to Government institutions.

4. COSME FARMA LABORATORIES LTD.

The CMM or Cosme Matias Menezes Group began in 1910 with a small retail pharmacy in Goa. Today, the CMM group has grown into a Rs.330 crores (US$ 75 million) business conglomerate with international collaborations & diversified interests in Manufacturing & Marketing of finished pharmaceutical formulations, trading, manufacture of personal care products, distribution of Fast Moving Consumer Goods (FMCG), Distribution of Medical Disposables etc.

Cosme Farma Laboratories was registered as a private limited company in 1981 and was converted into a public limited company in 2001.

5. TOYO LABORATORIES PRIVATE LIMITED

This pharmaceutical unit was established in the year 1985 with the facility of manufacturing tablets. The company was also getting products manufactured on loan license from Merit Pharmaceuticals and DCI Pharmaceuticals.

Toyo currently manufactures drug formulations in tablet, ointment and capsules form and markets in Goa, Kerala, Karnataka and Maharashtra.

6. MERIT PHARMACEUTICALS PRIVATE LIMITED

This company was started in 1977 by a young entrepreneur, Mr. Arun Naik, a chemical engineer by profession. The company's motto has always been 'Working towards alleviating Human Suffering'. The product range of the company includes antibiotics, analgesics, anti-
microbials, antacids, tranquilizers, anti-asthmatics, expectorants and vitamin supplements. Merit markets its products in Maharashtra, Kerala, Karnataka and Goa.

7. GOA ANTIBIOTICS AND PHARMACEUTICALS LIMITED (GAPL)
This public sector enterprise was incorporated in December 1980 as a subsidiary of Hindustan Antibiotics Limited in joint venture with EDC Ltd. At present the company is wholly owned by EDC Ltd. It manufactures pharmaceutical formulations at its plant situated at Tuem in Pernem Taluka in North Goa.

The company’s manufacturing facility is upgraded in the recent past and is operational as per revised schedule ‘M’ and WHO Good Manufacturing Practices (GMP) guidelines.

1.10 Limitations of the Study
The findings of the study are largely based on the responses provided by the respondents and on the audited annual accounts of the companies. Hence, data on all parameters included in the study, could not be uniformly obtained for all companies.

Since, it is a study of selected companies which are heterogeneous in nature, many of the findings and conclusions are general in nature and may not be strictly specific to a particular company.

As this is a qualitative type of research, the prime focus has been description of strategies and not a statistical testing of variables.

The study of individual pharmaceutical companies covers the period of six years; i.e. 2002-03 to 2007-08. But, wherever data is not available for, 2007-08, the study includes an
analysis of the company strategy and performance during the 5-year period between 2002-07. A comparative study on trends in certain key financial variables is conducted only for a 3-year period i.e., 2004-05 to 2006-07.

This is a state-level study and hence no comparisons have been made with pharmaceutical units in other states.