FOREWORD

From time beyond the memory, India has been known for its biochemic and Ayurvedic medicines. Allopathy came into existence in this country in 1901 when the first of its kind was established in Calcutta; and, thus, a new era in Indian Economy started. But the actual endeavour to be recognised as the separate and vital sector started only in the post-independence era (1948-52), when Government of India announced its new policy statement on Foreign capital (6th April, 1949); and, consequently the multinational units with technical know-how and ready stock-capital appeared gradually in this country's industrial canvas.

Today this industry is composed of two sectors, (a) public sector and (b) private sector. The later again can be grouped into (i) large scale sector, better known as the organised sector, and (ii) small sector. Both the large scale and small scale sectors comprise the multinational units as well as totally indigenous units. The public sector is formed mainly with two major units, IDPL and HAL, with a total investment of about Rs. 70 crores. In the private sector "organised large groups", there are 116 units, of which 51 are multinationals. And in the small scale group, out of over 2,500 units, 15 units are by joint ventures, 9 units with more than 50 percent foreign equity and 6 units are less than 50 per cent foreign equity, are working in this industry. The production in this industry, as a whole has reached the significant stage with 66 crores and 408 crores respectively in basic drugs and formulations. This
industry today provides direct employment to over 1,00,000 people of which upto 15 per cent are technically trained, and, indirectly this sector generated the employment in the secondary, ancillary and distributive fields to be nearly about 3,00,000 people.

Now at present in India, Foreign monopoly has covered 40 to 45 per cent of India's total drug production, while their share in investment is only 25 per cent. At the same time 460 purely small scale pharmaceutical industries in the production range of one lakh rupees and above, have the aggregate production about Rupees 56 crores. Besides these, about 2000 other units are working with a total production about Rs. 25,000 per annum. So it is of immense value to study the inter-firm variations, both within the same sector and inter-sector units to investigate the most pragmatic questions about the comparative optimum sizes, best suitable technologies and the ingredients of profitability both separately as well as in a cross-sectional analysis. I have chosen Calcutta as the field of this study, for having the easy access to reach the firms as the local language and imposing strangeness put no difficulty for me.

However, my objective and work are not at all theoretical. But the theories have been used to cover up the technical stringencies in this study. As far as my knowledge is concerned, this study is the first of its kind dealing with the most delicate problems in the "drug and pharmaceutical industry".

The present report does not pretend to be an exhaustive treaties on the subject concerned. I am well aware of my limitations and shortcomings, partly self-imposed and
partly circumstantial and I sincerely wish to go ahead for research in the same subject for a country-wide comprehensive study for a total frame work of input-output analysis.

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