by 8 percent points. India’s export to Hong Kong of Rs.5605 lakh in 1991-92, Rs.57.46 lakh in 1995-96, US$ 97.08 million in 2000-2001 and US$ 41.36 million in 2006-2007. The share of Indian exports to the Germany remained 3.61 per cent over the years 1991-92 but in 2006-2007 the share of exports to the Germany only 0.75 percent.
India’s export to Russia of Rs.39658 lakh in 1991-92, Rs.90.92 lakh in 1995-96, US$ 108.95 million in 2000-2001 and US$ 270.9 million in 2006-2007. The share of Indian exports to the Germany remained 25.6 per cent over the years 1991-92 but in 2006-2007 the share of exports to the Germany only 4.92 percent, whereas that to Russia came down by 20 percent points. In 1998-99, drugs and pharmaceuticals constituted 28 per cent of India’s exports to Vietnam, 21 per cent to Nepal and 20 per cent to Nigeria. As far as the major trade blocs are concerned, in 1998-99 Latin American Integration Association had the largest combined share (14.7 percent), followed by ASEAN (8.1 percent), CIS (7.6 percent) and SAARC (6.1 per cent) countries in that order schedule.

India’s exports to China exploded with an over the year increase of 42 percent; that is 17 percentage points greater than the previous year’s growth rate. India’s export to China of Rs.101 lakh in 1991-92, Rs.10.83 lakh in 1995-96, US$ 58.56 million in 2000-2001 and US$ 144.03 million in 2006-2007. The share of Indian exports to the Germany remained 0.1 percent in 1991-92, in 2006-2007 the share of exports to the China 2.61 percent, Where China outstripped the other top export destinations in growth and the Korean Republic saw the biggest improvement over last year in its rate of growth. India’s export growth rates to the Korean Republic increased almost five-fold from 4.9 percent to 23.5 percent from 2004 to 2005, an 18.6 percentage point increase.

Australia and France also had growth rates over 20 percent. Although the entire top 10 destinations had increases in India exports, several of the top 10 destinations saw their growth rates slow in 2005. Mexico, Netherlands, Japan, France and Canada had slower growth in the number of exports shipped from India.


Canada was still India’s largest export destinations with purchase of Rs.1403 lakh in 1991-92, Rs.10.46 lakh in 1995-96, US$ 36.76 million in 2000-2001 and US$ 91.3 million in 2006-2007. The share of Indian exports to the Nigeria remained 0.90 percent in 1991-92, in 2006-2007 the share of exports to the Canada 1.7 percent.

The total share of the top 10 country destinations gained 0.3 percentage points from 2004 to reach 84.3 percent for 2005; this means the state has become a little more concentrated in its export sales. The increase was largely due to an increase in France’s share of 0.7 percentage points and an increase in China’s share of 0.4 percentage points. Canada made up 44.5 percent of Indiana exports in 2005, compared with 44.7 percent in 2004. Canada’s share of Indiana exports has declined by 5.1 percentage points since 1996. Canada’s share today is 9.8 percentage points lower than the high reached in 1999 and 1.3 percentage points higher than the low reached in 2001.

Spain, which had a 1.4 percent share in 2004, dropped out of the top 10 list in 2005. Now Spain is the 16th largest export destination for the state. Meanwhile Australia continues its dance between the ninth and 10th rank for Indiana’s export destinations, and for 2005 it was the former. The Korean Republic continues to bounce in and out of the top 10, assuming the 10th slot in 2005.

Indian companies have emerged as competitive suppliers in the world of large number of generic drugs. That has resulted steady growth of India’s export of drugs and pharmaceuticals. Thus industry has evolved from being one being highly imports dependent to one that generates increasing export surplus
for the country. The fast growth of pharmaceutical export has resulted in their in India’s export raising 0.55 percent in 1970-71 to over 4 percent by the 2003-04.

4.5.4: EXPORT PERFORMANCE OF MNC’S IN PHARMACEUTICAL INDUSTRY OF INDIA:-

In the period before new economic reforms, the role of multinational companies in providing drugs in the local domestic market was high. After the onset of new economic reforms and there change noticed in the Indian Pharma Industry is that the export potential of multinational companies in India also increased and improved their export performance and helped Indian earn foreign exchange and also consolidate its position in the global pharmaceutical market. The major reason for better export performance of multinational companies is


2 – Better research and development infrastructure and increased research and development expenditure.

3 – Increased flow of foreign direct investment and Foreign Equity Capital, into the pharmaceutical sector in India leading to diversification and cross-border merger and acquisition.

It is generally recognized that foreign direct investment can play an important role in the expansion of manufactured exports from developing countries. Multinational firms can bring with them the bundle of intangible assets like technology, skill, management know how, brand names, and information on global market, which are critical factors for improving international market share. These assets, which are relatively scarcely available in developing countries, tend to strengthen the supply capacities of export oriented industries in host countries. This is true especially when foreign direct investment itself is export oriented in nature and generates knowledge spillovers to domestic firms reducing the costs faced by them in breaking into international markets. They also provide
access to global markets, especially developed country markets where they dominate the most.

**TABLE NO: 4.15**

**EXPORTS SHARE OF FOREIGN AFFILIATES IN INDIAN MANUFACTURING**

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Firms Exports in Rupees Crore</th>
<th>(As a % of Total Exports)</th>
<th>Number of Firms</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Industries</td>
<td>7536</td>
<td>(8.9)</td>
<td>293</td>
</tr>
<tr>
<td></td>
<td>Pharmaceuticals</td>
<td>425</td>
<td>(20.5)</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source:</td>
<td>Centre for Monitoring Indian Economy (CMIE) ,Various Issues</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This table shows that the export contribution of foreign firms in large number of Indian industries is either marginal or moderate. Foreign firms export share has fallen between 1991–93 and 2003–05, since foreign firms export share has declined significantly in large number of industries as compared to their improvement in a few industries, their export share has declined in the overall manufacturing sector.

In totality, these results indicate that in spite of foreign firms significantly pushing up levels of their exports during 1991–93 to 2003–05 in most individual industries, their export shares have declined. This is mainly because of relatively better export performance by the domestic enterprises.
4.5.5: CONCLUSION: -

Trade creation and trade diversion impact of globalization is noticed in case of the Pharmaceutical Industry in India with growth in exports and diversification of trade also taking place. Under the new economic reforms period the Pharmaceutical Industry also has seen the entry of multinational companies as well as Indian firms expanding their presence in other countries. Thus economic reform is also helping the firms in developing economies to enter new markets in developed countries. Emphasis on cost reduction and more expenditure on research and development have taken place mainly to produce better drugs and take advantages of the emerging new situation in the markets in future. However what is significant to be noted is that despite good export performance especially of bulk drugs, imports have not decreased to the extent that theory of export led growth suggest in case of pharmaceutical Industry in India. This perhaps indicates that the pharmaceutical industry still imports a considerable amount of raw bulk drug material needed for internal production. The future growth potential of the Indian pharmaceutical industry is bright with new opportunities in the generic.

4.6: REVIEW OF MARKETING POLICY: -

Marketing of pharmaceutical or fine chemicals and raw materials related to the production of medicines is known as Pharmaceutical marketing. It is the sum of all the business activities that are related to flow of pharmaceutical goods and services from the pharmaceutical manufacturer to the ultimate consumer, patient.

4.6.1: OBJECTIVES AND IMPORTANCE OF PHARMACEUTICAL MARKETING: -

The following are the important objective of pharmaceutical marketing:

- To provide guiding policies for marketing of drugs and pharmaceuticals.
- To study the problems associated with the marketing of drugs and pharmaceuticals and to suggest solutions.
• To enable successful distribution of drugs, pharmaceuticals and medicinal products.
• To analyze the shortcomings in the existing pattern of pharmaceutical marketing.

The importance of pharmaceutical marketing as follows:

Drugs and pharmaceuticals are required by rich and poor alike for removing diseases and disabilities. Hence drugs should be available at a cheaper rate and accessible to everyone. Their distribution and making them available when required is also very important. Hence pharmaceutical marketing is a potential force that commands high significance for the country as a whole.

The importance of pharmaceutical marketing is revealed by the following points:

1. Drugs and pharmaceuticals are related to National Health Care Policy. An increase in the efficiency of pharmaceutical marketing results in lower costs of distribution. Lower prices to patient means a real increase in national income.

2. Due to efficient pharmaceutical marketing activity, a decrease in the prices of drugs and pharmaceuticals will make even a poor man to afford for purchase of medicines.

3. Pharmaceutical marketing makes available life saving drugs and medicines which enhance the life span of people thereby rising the standard of living of people.

4. In our country a total of 75000 crores of drugs and pharmaceuticals are produced. This activity gives job opportunities and livelihood to several thousand people.
4.6.2: DISTRIBUTION CHANNEL OF PHARMACEUTICAL (MEDICINES) MARKETING:-

STRUCTURE OF PHARMACEUTICAL MARKETING

PHARMACEUTICAL MANUFACTURER

WHOLESALE

MEDICAL SHOP  HOSPITAL (DOCTOR)

PATENT /CONSUMER

OR

MANUFACTURER

DRUG STORE  PHYSICIAN

DRUGGIST / CHEMIST  NURSE

PATIENT
4.6.3: MEDICAL REPRESENTATIVES AS SALESMEN OR SALESMAINSHIP IN PHARMACEUTICAL INDUSTRY:-

Selling consumer goods is different from selling pharmaceutical product. Ordinary consumer goods are sold by the retailers and pharmaceutical product sold by the chemist and pharmacists on the written prescription of a physician. Hence salesmanship in pharmaceutical industry is a totally different set up. The salesmen in pharmaceutical industry are known as medical representatives or sales officers or brand officer.

A medical representative approaches the doctor and person to person, explain the details about the product and their manufacturer. They provide information regarding various aspects of the products.

Hence every pharmaceutical manufacturing house has its own marketing department for promoting their sales of the company products. This method of personal selling is very costly but normally adopted by all pharmaceutical companies because it has following advantages.

1. A medical representative can pay a personal visit to the physician and can explain the pros and cons of the product and he can also answer the questions raised by the doctors.

2. Frequently the representative visits the physician and informs him about the introduction of new products and also about the extensive of old products. From the talk with the physician the representative can understand the prescribing patterns of the doctors and information can be passed on to the manufacturer.

4.6.4: TRAINING OF MEDICAL REPRESENTATIVES:-

The success of pharmaceutical industry or company usually depends on its sales force. Hence the sales force should be well trained to carry on their takes effectively. For training purpose a separate department is created and this department takes up the difficult responsibility of training newly appointed
science or pharmacy graduates, sometime experienced representatives from other companies. The sales training department consists of pharmaceutical and medical research faculty who train and give information to trainees regarding the various facets of pharmaceutical products. The training is imparted on three fronts.

4.6.4.1: GENERAL TRAINING –

In which the fundamental craft of selling is taught

4.6.4.2: SPECIALIZED TRAINING: –

Where they taught about the products manufactured by their company, details about the formulation, standardization and testing producers adopted by them and others companies etc. They also inform about the company corporate policy and overall information like technology adopted in the production etc.

4.6.4.3: CONTINUOUS TRAINING: –

This is given at specific intervals of time to update the knowledge of medical representatives regarding the product of the company and the continuous trends of the market. Hence training is a continuous process for sales personnel.

4.7: MAJOR CHANGES IN THE INDIAN PHARMACEUTICAL INDUSTRY:-

The following are some of the major trends noticed in the Indian pharmaceutical industry after 1991 which the analysis in the chapter brings out;

1. In the recent years the Indian pharmaceutical industry has substantially changed from a reverse engineering led industry focused on the domestic market to a research driven export oriented industry with a bright future in a global market in future.
2. The government of India’s policy decision to liberalizes the limits on foreign direct investment in the drugs and Indian pharmaceutical industry has led to more foreign capital inflow into this sector.
3. Major pharmaceutical firms using the consolidation strategy to strength their base in markets abroad in Europe and USA.
4. Number of acquisition made by Indian pharmaceutical firms has increased from a mere 5 in 2000 to nearly 87 in 2006-07. values of overseas acquisitions was US$ 2814 million in the period 2000 to 2007.
5. Indian pharmaceutical industries are competiting with generic manufactures in the process of foreign acquisitions.
6. In recent years Dr.Reddy Lab, Ranbaxy along with Glemark, Zyadus Cadila are major firms in foreign acquisition.
7. Many of the multinational companies patented drugs will come off patent between 2012 to2014. This is an opportunity for Indian pharmaceutical firms to enter the global market in a big way.
8. Total export of Indian pharmaceutical industry has recorded a impressive Growth of 29 to 51 percent during the period under study. Values of export are more than imports in this sector thus trade creation effects are noticed in the pharmaceutical industry in India in post globalization era.
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31– Economist like R. Nurkse and Singer were the main economists who held this has
37- In 1998 the generic market accounted for 47 per cent of the prescriptions market (CRISIL, 2000: 30).
38- EXIM Bank (1991), discussing the exports of the bulk drugs, Ibuprofen, Ampicillin and Amoxicillin Trihydrate, noted that the exports of these products took off after their patents expired.