CHAPTER-8

CONCLUSION OF THE STUDY

8.1 SUMMARY OF THE STUDY:

This study was conceived in the post liberalization era with an assumption that Indian Pharmaceutical companies will virtually collapse as most Indian pharmaceutical companies were producing pharmaceutical products without having patents. In reality, after 2005 many Indian companies like Ranbaxy, DRL, Cipla, Lupin not only survived very successfully, they also discovered many newer areas of competencies to grow and expand. Most of them collaborated or acquired global companies for bigger operations keeping their interest and synergies in mind.

The Indian market is impossible to ignore, given its economic prospects. Foreign companies view India as a potential significant contributor of future sales and are ramping up their investments in the country accordingly. The country's growing capabilities in sales, contract manufacturing, R&D and clinical trials also make it a preferred outsourcing partner for global pharmaceutical at every stage of the value chain.

One of the promising possibilities for the pharmaceutical industry to simultaneously connect cost savings and increase the speed at which new
compounds are developed is to go offshore. Some of the major pharmaceutical firms, namely Sun pharma, Lupin, Cipla for instance, have already conducted clinical trials in India and China. A major concern for firms that consider moving some of their business overseas is the poor protection of and the lack of respect for intellectual property in some developing countries that offer labor and other cost savings. Two areas in the operations of a pharmaceutical firm are suitable to benefit from the unique possibilities offered by off shoring. These two areas are clinical trials and improvement in the effectiveness of the sales force.

Clinical trials are responsible for 50-60 per cent of the development cost of a new drug. Going global with clinical trials could save costs and improve productivity. A large percentage of clinical trials miss deadlines because patients are not recruited quickly enough. The broad base of patients in lower-cost countries has attracted the attention of a number of major pharmaceutical of in Eastern Europe.

Affordable healthcare continues to pose a challenge, although there are a number of healthcare initiatives by the Government underway to improve the situation for India's vast population. Indian courts and regulatory authorities are very sensitive to pricing issues in making decisions around intellectual property. Pharmaceutical companies coming into India may need
to consider a differential pricing. They will need to evaluate access to medicines, a volume-based pricing strategy and take into account gradually increasing per capita incomes to come up with acceptable price levels for their drugs. In this context, global pharmaceutical companies will then need to decide how to manufacture their products, and identify and develop strong local partners.

8.2 LIMITATION OF THE STUDY:

This sample size is moderate and is an indicative of opinion of people working in pharmaceutical industry and secondary information’s gathered from companies’ website, financial statements as well structured data from respective Government departments. Some of the primary information’s are related with intellectual property, respective patents of that specific organization so their opinions should not be generalized as opinion of the entire pharmaceutical industries.

The response from some companies could not be collected as managers in these companies cited confidentiality reasons and company policy of not revealing such confidential information.

This is an indicative study in relation with issues and challenges of Indian pharmaceutical industry and this should not be constructed as a conclusive study on current growth path of Indian pharmaceutical industry.
8.3 RECOMMENDATION AND SCOPE FOR FUTURE RESEARCH

The pharmaceutical business model is witnessing a paradigm shift, moving from a fully integrated company structure towards a future where companies use a wide range of outsourcing, partnership initiatives and other contractual and relationship arrangements to create networks of collaboration and discovery. Investing in India will be a vital component of this networked future. Companies that will be most successful in doing business in India will be those that are most adept at managing and mixing a range of contractual relationships and partnership strategies.

- A sales and marketing model could also be developed to put one-size-fits-all drugs within reach of target markets. Though this seems to be an effective model, it is not fully applicable for the marketing and selling of high-density drugs and targeted treatment solutions. Maximum success in the primary care market is the focus of the current marketing approach whereas a specialist approach is required for targeted treatment solutions that cover both primary and secondary care markets.

- At present marketing efforts strive to differentiate drugs; under targeted treatment solutions the disease will serve as the major
differentiating factor. Other areas of marketing that will undergo change are pricing and demand generation. Particularly, it is in pricing where a shift from a relatively low price per dose to premium or 'super' premium prices for targeted treatment solutions is anticipated that will pose a major challenge for pharmaceutical firms. Only time will tell whether the expected superior clinical results of targeted treatments will weigh up against the abilities of healthcare payers to pay for improved treatments. New marketing approach must focus the current practice of pharmaceutical firms to maximize prescriptions whereas the future focus should be on the retention of existing patients and acquisition of new patients.

• Some practical issues could offer a basketful of opportunities and challenges for the pharmaceutical industry. Since infrastructure deficits continue to exist, they have to be addressed to forthwith. Though the intellectual property protection has improved substantially in the pharmaceutical sector, its implementation needs to be monitored. And while the regulatory environment in India has improved substantially in recent years, the industry still faces a number of challenges. Finalization of Government policies around drug price control, access to OTC drugs, tax policy, intellectual
property protection and infrastructure spending are also to be meant properly, keeping in view the interests of both consumers and pharmaceutical manufacturers.

Though it was possible to find out the complex relationship between various factors responsible for revealing the significant one, still further research can throw light about the co relationship between all factors and with a larger sample. The future research design could also incorporate frontline and top level management of pharmaceutical companies, so that their opinion and suggestions could also be factored and used for successful promotion of company’s products. A similar study could also be designed for a comparative assessment of small, medium and large pharmaceutical companies.