



International Journal of Finance and Commerce

www.commercejournals.com

Online ISSN: 2664-715X; Print ISSN: 2664-7141

Received: 12-01-2020; Accepted: 13-02-2020; Published: 03-03-2020

Volume 2; Issue 1; 2020; Page No. 05-08

Impact of make in India programme on Indian pharmaceutical Sector

Dr. Sharad Ranganath Darandale

Associate Professor, Department of Commerce Arts, Commerce and Science College, Sonai Taq Newasa, Ahmednagar Maharashtra, India

Abstract

Indian pharmaceutical industry is already at the forefront of the Make-in-India initiative. India's pharmaceuticals industry has been growing rapidly, nearly doubling in the last five years. Most of our domestic demand for drugs is fulfilled by medicines that are made in India. The pharmaceutical sector has come a long way, from import-dependence before the 1970s to today where India is reputed for a deep knowledge base in pharmaceuticals that differentiates it from other low-cost suppliers of pharmaceuticals. In addition to helping ensure affordable and accessible medicines in the far reaches of India, it also generates employment, directly or indirectly hiring around 2.5 million people. This paper covers overview of the Make in India programme impact on Indian Pharmaceutical industry, Initiatives taken by Pharmaceutical Export Promotion Council, Annual Turnover of Indian Pharmaceutical Market, Foreign Direct Investments in Indian pharmaceutical sector, export of Indian Pharmaceutical products, Job creation by Indian Pharmaceutical Sector. The study is based on secondary data. The study shows that, Make in India will bring a growth in the export activities, annual turnover, foreign direct investment, Export of Indian Pharmaceutical Products, Employment generation of Indian Pharmaceutical Sector. Thus, we can conclude that, the "Make in India" Programme came at a right time, to boost economy and generation of employment in India.

Keywords: make in India, pharmaceutical export promotion council, foreign direct investment, annual turnover, export, job creation

1. Introduction

Make in India is a major new national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India. The Make in India programme is very important for the economic growth of India as it aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable.

"I want to tell the people of the whole world: Come, make in India. Come and manufacture in India. Go and sell in any country of the world, but manufacture here. We have skill, talent, discipline and the desire to do something. We want to give the world an opportunity that come make in India," Prime Minister of India, Mr Narendra Modi said while introducing the programme in his maiden Independence Day speech from the ramparts of the Red Fort on August 15, 2014. The initiative was formally introduced on September 25, 2014 by Mr Modi at Vigyan Bhawan, New Delhi, in the presence of business giants from India.

The focus of Make in India programme is on 25 sectors. These include: automobiles, aviation, chemicals, IT & BPM,

pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems^[1].

The Indian manufacturing industry currently contributes just over 15% to the national GDP. The aim of this Make in India campaign is to grow this to 25%. In this process, the government expects to generate jobs, attract much foreign direct investment and transform India into a manufacturing hub^[2].

2. Indian Pharmaceutical Industry Overview

The Indian pharmaceutical industry ranks third in the world in terms of volume and produces 10 per cent of the world's total pharmaceuticals^[3].

Indian pharmaceutical industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

India accounts for 20 per cent of global exports in generics. India's pharmaceutical exports stood at US\$ 17.27 billion in FY18 and are expected to reach US\$ 20 billion by 2020. In FY19 these exports are expected to cross US\$ 19 billion.

Indian pharmaceutical sector is expected to grow at a CAGR of 15 per cent in the near future and medical device market expected to grow \$50 billion by 2025. India is the second largest contributor of global biotech and pharmaceutical workforce. The pharmaceutical sector was valued at US\$ 33 billion in 2017.

The domestic generics market is expected to reach US\$ 27.9 billion by 2020. India's generics market has immense potential

for growth. Indian pharmaceutical companies received record 300 generic drug approvals in USA during 2017 where the generic market is expected to reach US\$ 88 billion by 2021. By 2024-25, India's biotech industry is estimated to increase to US\$ 100 billion ^[4].

3. Objectives of the Study

1. To study the number of Pharmaceutical Export Promotion Council (Pharmexcil) registered pharmaceutical companies in India since year 2015 to year 2018
2. To study the Annual Turnover of Indian Pharmaceutical Market since year 2015 to year 2018

5. Impact of Make in India on Indian Pharmaceutical Sector

▪ Output of Export Promotion Activities

Table 1: Pharmaceutical Export Promotion Council (Pharmexcil) registered pharmaceutical companies in India since year 2015 to year 2018 ^[5].

State	2015-16	2016-17	2017-18
Andhra Pradesh	25	32	39
Assam	1	1	2
Bihar	8	8	10
Chandigarh	36	41	42
Chattisgarh	NA	NA	2
Delhi	292	316	359
Goa	14	4	8
Gujarat	496	521	591
Haryana	67	77	89
Himachal Pradesh	24	30	32
Jammu	5	7	7
Karnataka	141	163	185
Kerala	29	33	34
Madhya Pradesh	63	69	75
Maharashtra	1541	1559	1664
Nagaland	NA	NA	1
Orissa	4	4	4
Punjab	38	46	52
Rajasthan	33	45	50
Tamil Nadu	167	186	205
Telangana	397	434	479
Uttar Pradesh	55	64	71
Uttaranchal	19	21	25
West Bengal	37	40	43
Total	3492	3716	4069

Table 2

Year	No. Of Registered companies	Growth Rate (Compare to previous year)
2015-16	3492	
2016-17	3716	6.41
2017-18	4069	9.49

Source: PharmexcilAnnualReport_2017_18.pdf

Table and figures reveals that, from 2015 to 2018 every states improves with increase number of registered companies under

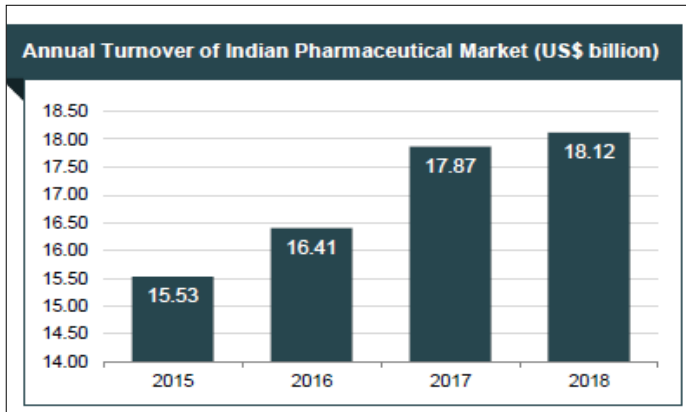
3. To study the total Foreign Direct Investments in Indian pharmaceutical sector since year 2015 to year 2018
4. To study the total Export of Indian pharmaceutical products since year 2015 to year 2018
5. To study the total number of Job creation in Indian pharmaceutical sector since year 2015 to 2018

4. Research Methodology

The descriptive research study is based on Secondary data. The data has been taken from secondary sources like publication from department of pharmaceuticals, research articles, publication from pharmaceutical export promotion council and websites.

Pharmexcil to fulfil one of the make in India objective as export of pharmaceutical products from India.

Annual Turnover of Indian Pharmaceutical Market



Source: Department of Pharmaceuticals, PwC, McKinsey, AIOCD AWACS, IQVIA, CII

Fig 1: Annual Turnover of Indian Pharmaceutical Market [6]

Chart shows that the Annual Turnover of Indian Pharmaceutical companies continuously improve since 2015 to 2018. Financial year 2017 has highest growth rate (8.89%) compared to other financial year.

Growth of Foreign Direct Investments

Table 3: Foreign Direct Investments in Indian pharmaceutical sector [7]

Year	Amount (In Rs. Crores.) April – March	Amount (In US \$ in Millions)	Growth (Compared Previous Year)
2015-16	4975	754	-
2016-17	5723	857	13.66
2017-18	6502	1010	17.85

Source: https://dipp.gov.in/sites/default/files/FDI_Factsheet_12March2019.pdf

Table and figures reveals that, Indian Pharmaceutical Industry is able to draw higher foreign direct investment since 2015 to 2018. Financial Year 2017-18 shows remarkable growth of FDI compared to previous year.

Export Growth

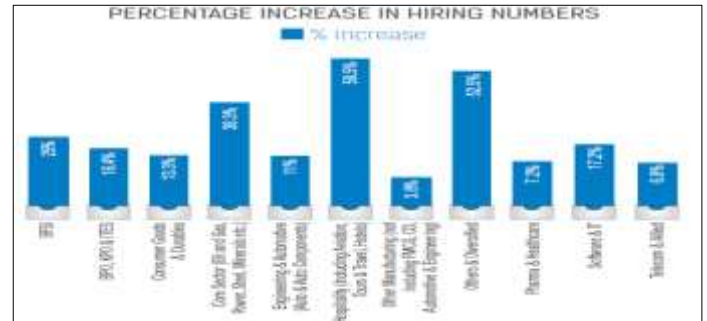
Table 4: Export of Indian pharmaceutical products [8]

Year	Amount (In US \$ Million)	Amount (In Rs. Crores.)	Growth (Compared to previous Year)
2015-16	16912.01	110663.92	-
2016-17	16785.00	112547.06	-0.75
2017-18	17275.80	111363.81	2.92

Source: <https://pharmexcil.com/uploads/tradestatistics/ExportAnalysisfor201518.pdf>

Table and Data reveals that, since financial year 2015 to 2018 there is up and down in export of Indian pharmaceutical products. Year 2016-17 shows negative growth in export of Indian Pharmaceutical Products compared to previous year.

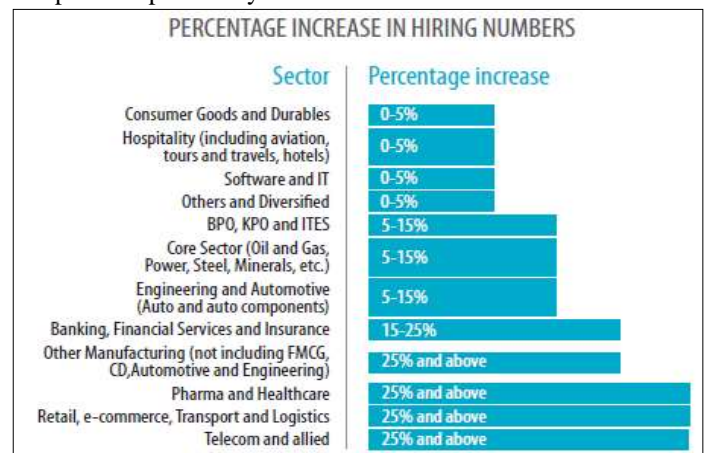
Employment Growth



Source: <https://wheebox.com/logo/India%20Skills%20Report2015.pdf>

Fig 2: Job creation in Indian pharmaceutical sector [9, 12]

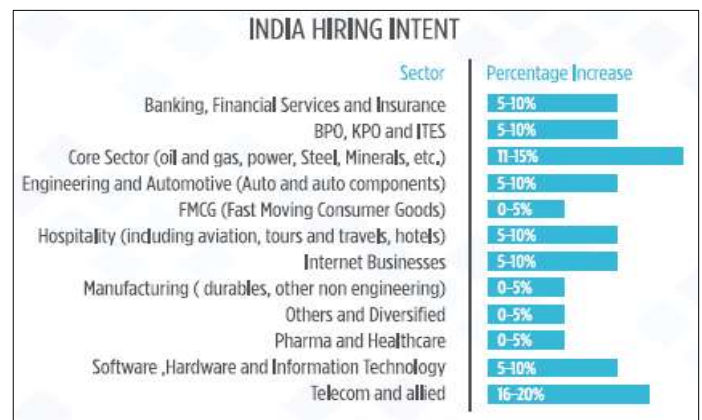
Chart shows that, in financial year 2015 pharma and healthcare sector increase the number of job at the growth rate of 7.2% compared to previous year.



Source: <https://wheebox.com/logo/ISR-2016-small.pdf>

Fig 3

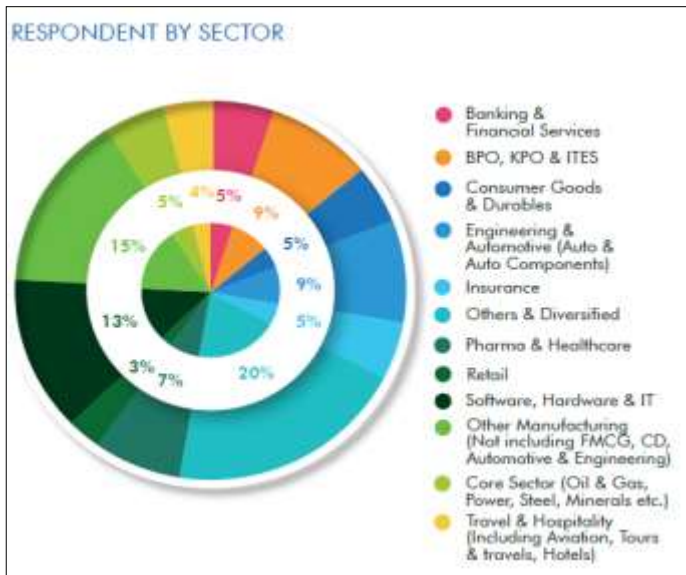
Chart shows that, year 2016 shows 25% and above growth rate of job creation from Pharma and healthcare sector.



Source: https://wheebox.com/static/wheebox_pdf/india-skills-report-2017.pdf

Fig 4

Chart reveals that, growth range of number of job creation in Pharma and Healthcare sector is 0-5% in financial year 2017.



Source: https://wheebox.com/static/wheebox_pdf/india-skills-report-2018.pdf

Fig 5

Chart reveals that, in year of 2018 the Indian Pharma and Healthcare sector increase number of job at 7% growth compared to 2017 year.

6. Conclusion

1. Indian Pharmaceutical companies shows continuous growth rate of export registration under pharmaceutical export council of India under Make in India Programme has increase the scope of Indian Pharmaceutical companies to become global competitive.
2. Average annual turnover growth 16.98 US \$ in Millions of Indian pharmaceutical companies from year 2015 to year 2018 shows that manufacturing of Indian pharmaceutical products has increase under Make in India Programme.
3. Foreign Direct investment increase on an average 873.66 US \$ in Millions in Indian Pharmaceutical sector shows that foreign players are attracted towards Make in India Programme since from year 2015 to year 2018.
4. Indian Pharmaceutical products export on an average of 16,990.93 US \$ in Millions from India shows that increase global demand of Indian Pharmaceutical products under Make in India Programme since from year 2015 to year 2018.
5. Indian Pharmaceutical companies has generated employment on an average growth rate 11.05% since from year 2015 to year 2018 shows that increase job creation in Indian Pharmaceutical sector under Make in India Programme.
6. Over all Make in India Programme has increase the scope of Indian Pharmaceutical companies to become more global competitive, conduct more research activities and more contributes in Indian economic growth.

7. References

1. <https://www.ibef.org/economy/make-in-india>
2. Research Paper on Impact of Make in India Campaign: A Global Perspective Dr. (Smt.) Rajeshwari M. Shettar M.Com, M. Phil, Ph.D1 Associate Professor, Department of Commerce, Shri. Hurakadli Ajja Shikshan Samiti's Smt. K. S. Jigalur Arts and Dr. (Smt.) S. M. Sheshgiri Commerce College for Women, Dharwad-8. Karnataka
3. Pharmexcil, Department of Pharmaceuticals, PwC, McKinsey, TechSci Research
4. FICCI - Trends & Opportunities for Indian Pharma, Pharmexcil, TechSci Research, Assocham and RNCOS, 2018.
5. PharmexcilAnnualReport_2017_18.pdf
6. Department of Pharmaceuticals, PwC, McKinsey, AIOCD AWACS, IQVIA, CII
7. https://dipp.gov.in/sites/default/files/FDI_Factsheet_12Mar2019.pdf
8. <https://pharmexcil.com/uploads/tradestatistics/ExportAnalysisfor201518.pdf>
9. <https://wheebox.com/logo/India%20Skills%20Report2015.pdf>
10. <https://wheebox.com/logo/ISR-2016-small.pdf>
11. https://wheebox.com/static/wheebox_pdf/india-skills-report-2017.pdf
12. https://wheebox.com/static/wheebox_pdf/india-skills-report-2018.pdf