

2.3 SIZE AND COMPOSITION OF THE PHARMACEUTICAL MARKET

The pharmaceutical industry is comprised of companies engaged in researching, developing, manufacturing and distributing drugs for human or veterinary use. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The Indian pharmaceutical sector has come a long way, being almost non-existent before 1970 to a prominent provider of healthcare products, meeting almost 95 % of the country's pharmaceuticals needs. The Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. It ranks very high in the world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously. Playing a key role in promoting and sustaining development in the vital field of medicines, *Indian Pharma Industry* boasts of quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past years and helped to put India on the pharmaceutical map of the world.

The Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units with severe price competition and government price control. It has expanded drastically in the last two decades. There are about 250 large units that control 70 per cent of the market with market leader holding nearly 7 percent of the market share and about 8000 small scale units together which form the core of the pharmaceutical industry in India. These units produce the complete range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

Manufacturers are free to produce any drug duly approved by the Drug Control Authority. Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. The total Indian pharmaceutical products production constitutes about 13 per cent of the world market in value terms and, 8 per cent in volume terms. The per capita consumption of drugs in India, stands at US\$3, is amongst the lowest in the world, as compared to Japan- US\$412, Germany- US\$222 and USA- US\$191.