

A sweet pill to swallow

The pharma industry in Gujarat may well be on its way to becoming a global pharma hub. All it needs is a push in the right direction

India's pharmaceutical industry is one of the largest and most advanced in the world. We specialise mostly in the manufacture of bulk drugs and include everything from injectibles and ointments to orals such as tablets, capsules and liquids. According to industry estimates, there are nearly 325 large and medium-scale industrial companies and 50 multinational corporations. Nearly 11,000 small-scale enterprises are also in operation. The state made for 42 per cent of India's pharmaceutical turnover in 2005-06. Of the state's total exports, bulk drugs make for 40 per cent while formulations constitute 60 per cent of the other export market. Contrast this with the mere 10 per cent share in 2002-03. The exports accounted for nearly 22 per cent of the country's pharma exports in 2005-06, as against 8 per cent in 2002-03.

According to studies done on the sector, the \$4.4 billion pharma industry in 2005-06 has grown at a compound annual growth rate (CAGR) of nearly 88 per cent between 2002-03 and 2005-06. The \$1.1 billion exports in 2005-06 have also clocked a CAGR of 78 per cent between that financial year and 2002-03.

In 1999-2000, the production of bulk drugs in India clocked nearly Rs 37.77 billion, while formulation products were at Rs 158 billion. The exports of drugs from India for the year 2003-04 were Rs 146 billion and the export value is increasing at an average rate of 17 per cent annually. This hasn't happened overnight. The state and central governments are taking positive initiatives to

promote the growth of the industry in Gujarat. After all, it not only helps the state grow by way of boosting the economy but also provides employment opportunities. It is estimated that as many as 52,000 people in the state are employed in the sector.

Gujarat's pharmaceutical industry is one of the oldest industries in India and goes back more than a century. What started with the first pharma unit, Bengal Chemical and Pharmaceutical Works in Kolkata, West Bengal, was followed by Alembic Chemicals Works Co. Ltd six years later in Vadodara, Gujarat. And with Alembic, later Sarabhai Chemicals, started the pharma industry in this state in Western India. These companies that have stood the test of time for several generations are a case in point not only of the Gujarati entre-

preneurial spirit but also how it helped the state grow by leaps and bounds.

The industry has further received a push with strong linkages with associated sectors such as information tech-

Proposed SEZs promise to take the pharma industry to a whole new level with much more competency. These SEZs will not only help the industry in the area by providing state-of-the-art infrastructure, but also better technology

nology, pharma machinery and chemicals. It is also an example of how seriously the industry was taken in the state, with enough educational and training opportunities for the people. Back in 1940, the Drugs Laboratory in Vadodara was founded, and the LM College of Pharmacy followed soon thereafter. The trend continues -- In 1989, the B V Patel Education Trust of Ahmedabad was formed, which opened a Gujarat Branch of Indian Pharmaceutical Association in the same city.

Most pharma companies are located in Ahmedabad and Baroda. Some of the significant companies in the state include Torrent Pharma, Zydus Cadila, Alembic, Sun Pharma, Claris, Intas Pharmaceuticals and Dishman Pharmaceuticals. The Ahmedabad cluster of pharma units is made up of small firms that were set up in the 1970s and 1980s. It got a boost from exports demand at that time from Russian and African countries. It was during these 20 years that smaller players became medium or large players and looking at the promising future of the industry, a lot more new entrants made a mark in the state. Major products manufactured by the Ahmedabad cluster includes both allopathic and ayurvedic formulations in the form of capsules, tablets, liquid, injectables and externals as well as medical disposable products such as IV sets. The fact that there are strong linkages between players of all sizes, industrial bodies, financial institutions, medical bodies makes this cluster not only a highly profitable one but extremely conducive to doing business in the sector.

Then there are the proposed pharma special economic zones (SEZs) that

promise to take the industry to a whole new level with much more competency. These SEZs will not only help the industry in the area by providing state-of-the-art infrastructure, but also better technology. With its growth enablers and a conducive environment for the pharma industry, Gujarat could well set an example by becoming a global pharma hub. But for the same, there needs to be the right framework in place that will help firms capitalize on this opportunity and take calculated risks to maximum advantage.



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Infrastructure