

## Pharmaceuticals: Industry, Process & Benchmarking Country Selection

The pharmaceutical industry is involved in developing, producing and marketing drugs for use as medications. The industry is experiencing growth on account of development of new, innovative & mature products and increasing need for healthcare requirements. One of the crucial features of the industry is that the industry players are subject to a variety of laws and regulations. Thus, a favourable regulatory environment, both domestic and global, is a pre-requisite to the growth of the industry.

The segment selected within pharmaceuticals sector to identify innovative interventions is **Bulk Drugs**. Bulk Drug Industry is the backbone of the self-reliant pharmaceutical industry in India, playing a significant role in improving the health standards of the people. Today 90% of the domestic bulk drugs requirement is met by the Indian industry, itself. The bulk drug segment contributed to around 60% to India's pharmaceutical sector exports of US\$ 14.5 billion in 2010<sup>3</sup>. Bulk drugs segment exports have grown consistently and witnessed a CAGR of around 15% during the five year period 2005-10.

The countries selected for benchmarking are **China & the U.S.A.** USA, with exports of around US\$ 34 billion in 2010 is the highest contributor to world bulk drugs exports. (Around 11% of world bulk drugs exports by value). China occupies second position with contribution of around 8% to the world bulk drugs exports. China had the highest CAGR of exports (around 20%) for 5 year period from 2005-10 amongst top 20 exporting countries for bulk drugs.

Segments	India's Exports(in U.S. \$ million)					
	2005	2006	2007	2008	2009	2010
<b>Bulk Drugs</b>	4,442	5,777	6,515	7,907	6,967	8,592
<b>Formulations</b>	2,345	2,992	3,833	5,005	5,011	6,096

Source: International Trade Centre Trade Statistics, D&B Analysis

Segments	Percentage contribution to India's total Pharmaceutical sector exports	CAGR of Exports (2005-10)	Indian Exports as % of world segment exports
<b>Bulk Drugs</b>	58.5%	14.10%	2.3%
<b>Formulations</b>	41.5%	21.05%	1.3%

Source: International Trade Centre Trade Statistics, D&B Analysis

<sup>3</sup> International Trade Centre trade statistics, D&B Analysis (Since there is no separate HS code for bulk drugs, HS code 29 for organic chemicals has been used for calculating the exports statistics of bulk drugs)

**World Export Scenario for the selected segment**

<b>Bulk Drugs</b>				
<b>Country</b>	<b>Exports data for Bulk Drugs segment</b>		<b>Countries Bulk Drugs exports as % of world Bulk Drugs exports</b>	<b>CAGR of exports (2005-10)</b>
	<b>US \$ billions</b>			
	<b>2005</b>	<b>2010</b>		
United States of America	30	34	11.02%	6.06%
China	12	16	8.48%	20.99%
Belgium	26	27	8.42%	3.87%
Germany	23	27	7.09%	2.08%
Ireland	24	22	6.93%	2.28%
Japan	18	19	5.97%	4.39%
Netherlands	15	18	5.89%	7.53%
Republic of Korea	11	13	4.67%	9.81%
Singapore	13	14	4.54%	3.28%
Switzerland	13	14	4.01%	5.54%
United Kingdom	13	15	3.97%	2.66%
Saudi Arabia	5	5	3.54%	9.31%
France	12	13	3.02%	2.53%
Chinese Taipei	6	6	2.32%	14.87%
India	4	6	2.01%	14.10%
Italy	6	6	1.80%	1.02%
Thailand	2	3	1.36%	15.46%
Canada	4	5	1.17%	0.43%
Spain	4	4	1.07%	4.60%
Malaysia	3	3	1.01%	6.57%

Source: International Trade Centre Trade Statistics, D&B Analysis