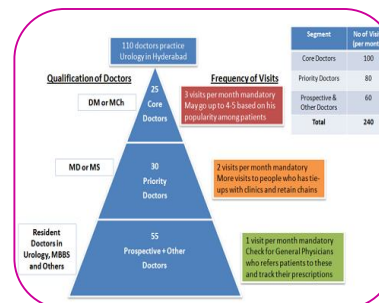




CURRENT BUSINESS STRATEGIES OF INDIAN PHARMACEUTICAL INDUSTRY: IN REFERENCE TO SMALL SCALE PHARMACEUTICAL INDUSTRY

Dr. Sandeep Tare
Assoc.Professor & Head-MER, LNCT/LNCTS,
Visiting Professor, Narsee Monjee, Indore.



ABSTRACT

At this level of point Units/Enterprises/Firms/SBUs/ Companies, striving for competitive advantage, by using its distinctive competencies to competes in its own industry throughout value chain. To discuss the same in case of small scale pharmaceutical units/industry as whole, we consider components like scope (mission& intent), goals /objectives, resource deployment or allocation of resources. For small scale pharmaceutical units it is mandatory For small scale pharmaceutical units it is mandatory to use distinctive competence across the product-market along with sources of synergy where small scale pharmaceutical units are competing with each other.

KEYWORDS: CMO,API,CRAMS, c GMP, GCP,GLP,DPCO,NPPA,DoP.

INTRODUCTION :

In post 2005 regime small scale pharmaceutical units are using such business strategy to gain competitive advantage among rivals. If we gone through past several years Indian pharmaceutical industry specially small scale pharmaceutical industry is thriving with limited number of options in a large scope industry. Some of common means or business strategies adopted by small scale pharmaceutical units/industry is contract manufacturing (CMO) for large scale pharmaceutical units, pool manufacturing, moderate institutional supply, operating in small geographical area with me-too kind of products almost with no brand identity & little exports. As Indian pharmaceutical industry comprises of large as well as SSI pharmaceutical units addresses domestic & global markets through pharmaceutical goods and services, that encompasses, finished drug doses (Formulations), Active pharmaceutical Ingredients (API's), Research and Development (R&D) & related contract services. The domestic market mainly comprises of manufacturing, marketing and sales of various formulation, API's, outsourcing services related to R&D contract research manufacturing services (CRAMS).

As Indian pharmaceutical industry is highly fragmented (comprise of Large and SSIs pharmaceutical units) and serving to 1.3 bn domestic population, where majority of population comes from rural sector, contributing nearly 65% of total population. Increase in population means increase in consumer base, especially in the middle and upper middle income bracket with improved healthcare infrastructure and broadening of disease spectrum. Currently Indian pharmaceutical industry as whole domestically of \$24 bn and growing at the rate of 9-10% annually with 14.8% CAGR, accounts for over 10% of global pharmaceutical products, over 60,000 generic brands across 600 therapeutic categories and synthetically manufacturing 500 API's and among in top 10 ranking pharmaceutical industry in the world.

In spite of having such broad market scope within the industry, even after imposition of cGMP/ GLP and product patent, small scale pharmaceutical units is playing safe with survival business development strategies, like maintaining low cost manufacturing activity, along with specific product line, in which

variants of products can be produced by using common RM with same process and technology in same segment, where others too competing for market share in current market.

Small scale pharmaceutical units specially in post patent era is striving for survival, that is there way of attaining competitive advantage as main objective. As small scale pharmaceutical units are mostly involves themselves into contract or third party manufacturing, catering in to small geographical product–market with minimal recourses available. Small scale pharmaceutical units are mostly allocated resources to operation’s side or related functional department within the business unit.

As we stated earlier that existing small scale pharmaceutical units /Industry believes in survival regime and that is there source of competitive advantage. In post 2005 regime majority of small scale pharmaceutical units within industry attaining core competencies in mass production of generic formulation by technological advancement as been exposed to cGMP/GLP.

Small scale pharmaceutical units are concentrating on new molecule which is going *OFF* the patent soon, as early movers in highly competitive pharmaceutical market. Small scale pharmaceutical units are also exploring new marketing strategies to promote these *OFF* the patent molecules for speciality diseases.

Small scale pharmaceutical units business strategies are mainly depend on their functional strategies like Marketing strategy, Financial strategy, R&D strategy, HR strategy, Production and Operations strategy with Technical marketing plan for product –market. (ref. fig. 2.1)

MARKETING STRATEGY -

As Indian pharmaceutical industry is one of the fastest growing industry in world as well as in country. Every Small, Medium and Large units/Companies looking at having cake bites in the market share as per resources deployed and capacity. As every unit irrespective of size is introducing, *OFF* the patent molecule’s to increase their market share by getting maximum possible prescriptions from Doctors and maximum possible shelf space at retailers and whole sellers. Since the competition has become stiff, sustaining in the market is becoming more and more difficult; here to differentiate and grow further every pharmaceutical unit is focusing formulation of effective and competitive strategies irrespective of size. (ref. fig. 2.2)

As Indian pharmaceutical industry is a fast growing and perfect competitive industry which uses both PUSH and PULL strategies at different levels of activities like increases penetration along with market expansion across the geographies, enhancing product value by adding some variants from core brand, encourage larger volume purchase, Offer quantity discounts, emphasis on consumer promotions like multipack product deals to stimulate volume purchase and use of the product.

The industry as whole working on 7 P’s , but small scale pharmaceutical units mainly working on 5P’s, Product, Place, Promotion, Price and People to have effective control on implementation of strategies to ensure maximum mileage in the form of prescriptions /sales revenue.

In general majority of small scale pharmaceutical units actively involved in manufacturing of own or third party generic brands and distributes through sales distribution channels. Small scale pharmaceutical units keeping prices as their arm shots at market place use as a competitive strategies. Small scale pharmaceutical units are now taking effective use of value chain (ref. fig. 2.3) to attract every kind of customer’s group like patients, retailers, stockiest, medical practionars, who dispense the products and most importantly Doctors.

PRODUCT -

The competition in Indian pharmaceutical market is been very intense, with the presence of domestic as well as MNCs with plethora of brands, each product category have at least or minimum 10-200 brands /molecule, putting pressure on companies to sales optimum by maintaining the price structure or pressure to bring down the prices to stay competitive.

The reason why Indian pharmaceutical market grow or became lucrative is due to increased level of disposable income as well as drastic changes in food eating habits and life style pattern, there has seen

growth in life style related disease segment growth like- CV disorders, Diabetes, Respiratory Tract Infections, Neuropsychiatry disorders, Oncological ,AIDS along with much prevalent anti-infective diseases. On the other side of flip, Small and Medium enterprises (SMEs) are still sticks to specific product line such anti-infective, anti-cold, anti-biotic, B-complex along with few herbal formulations as varieties, which need not requires any technical sophistications and cost effective or low cost–low price too. Since Indian pharmaceutical industry is having very strict regulatory norms categorized pharmacopeia product's in following category:-

1. Patented products for specific segment(s) of disease, termed as Super specialty or Specialty, products with brand tag, sold on prescription only.(Highly differentiated product) .
2. Branded generic products for specific segment(s) and general disease segment(s), sold on prescription as well as OTC/OTX category too. (Low or almost no differentiation in products)
3. Non branded generic-generic products only labeled with compound (s) name, mainly sold on OTC and in bulk institutional supplies.

(These product categories is applicable on both, Allopathic as well as Indian medical system medicines)

Small Scale Pharmaceutical Units mainly deals in category (2) and (3) products, since category (1) requires more advanced and sophisticated technology with lot of specification, these categories of products is result of intense R&D efforts, so it bound to be proprietary with originator and costlier too. Category (2) and (3) products are generic kind of products whose patent is already expired or about to expired , which needs only imitating or copy of original version with same efficacy, also called *OFF* Patent products.

PRICE -

The fixation of prices in Indian pharmaceutical industry is well governed and regulated by regulatory bodies like National Pharma Pricing Authorities (NPPA) and Department of Pharmaceuticals (DoP). Paragraph 19 of Drug Price Control Order (DPCO) 2013, authorizes NPPA to fix the ceiling price or retail price of any drug in the favor of public interest. As pricing of pharmaceutical product is under strict vigilance and as per industry norms, but in spite of that pharmaceutical industry follows theoretical pricing strategies within a frame work.

As per DPCO drugs are categorized as a) Scheduled Drugs and b) Non- Scheduled Drugs.

Scheduled drugs are those drugs which satisfies the criteria under price control. The prices of Scheduled drugs are fixed on the basis of cost analysis and formulae used to fixed the retail price is –

Max. Retail. Price = (M.C+C.C+P.M.+P.C.)(1+MAPE/100) +Excise duty on MRP, where MC=material cost, CC= conversion cost, PM= packing material cost, PC =packing cost. MAPE denotes maximum allowable post manufacturing expenses and at present it is 100%.*

Similarly Non–Scheduled Drugs are those drugs which there are no control on launch price. However the price of these drugs are monitored on monthly basis (based on ORG-IMS data) and actions are taken if there is increase in the price more than 10% in one year & certain criteria of turnover and market share is satisfied . Products in category (2) and (3) termed as Branded generics and Non branded generic-generic, which is mostly produce and marketed by Small and Medium size Pharmaceutical Units/Industry (SMEs), these companies mainly using “cost plus pricing” and “market penetration pricing “ as their major pricing strategies. These strategies suits SMEs sector as they are mainly involves in bulk manufacturing of drugs by achieving a sort of economies of curve in production, with the help of these pricing tools companies add substantial mark up or proportion of profit (which covers their major expenses) to the cost and market their products, but majority of companies in the SMEs sector chooses market penetration pricing as their pricing tool for market and sell their pharmaceutical products, in which companies are free to choose low price for their products in order to gain a higher market share, to attract more number of customers (price conscious prescribers) or new market segments, it all enable companies to generate more volume in terms of sales as

well as units sold. Some SMEs are very strong in some therapeutic areas in which they are brand leader and even poses tough competition to large companies as well as MNCs, generally preferring niche pricing tool to prevent or defend their market share.

In general SMEs sector not deals in category (1) products, because it requires intense R&D efforts, huge investment, sophisticate technological advancement and meant for specialty disease or niche segment. As these kind of products are costlier to produce and will be sold cautiously, simultaneously customers are also willing to pay for the same as their mandatory requirement. Hence the pricing of these kinds of pharmaceutical products are mainly attracted skim pricing strategies or premium pricing tools.

PLACE –

Indian pharmaceutical industry is having conventional distribution channels strategies from last 30-35 years to cater the market(s). As Indian pharmaceutical market is mainly dominating by rural sector (approx 65-70%) and rest is by urban population. Because of this fragmentation and state of perfect competition many regional companies are flourishing and cater the regional packets too, some SSI's and Indian large pharmaceutical companies try to get cover big spectrum of geographies. As we know that Indian pharmaceutical sector is cost driven sector and prices of pharmaceutical products are highly regulated, cost structure of pharmaceutical products are comprised of excise on MRP (Max. Retail Price) and other fixed, variable cost and optimum profit. This kind of cost structure and regulatory pricing norms are forced Indian pharmaceutical companies to achieved economies of curve in production to maintain profitability & survival of unit(s). Pharmaceutical supply chain is depends up on the product or product(s) category sells in the market, hence every component or intermediaries is playing important role and having its own pie (profit) or discount or we can say in other words companies to pay or maintain standard and fix commission or discount structure across various levels of intermediaries and all these discounts chunk is added in to the cost, which enable companies to arrive on final selling price of the product(s), with the help of intermediaries companies or units enable to cater various geographies successfully by utilizing field force deployed by companies or self employed by intermediaries.

Indian pharmaceutical sector (both SSI's & Large pharmaceutical sector) successfully cater the 1.3 bn population through various up streams of supply chain out of which following are major distribution component or intermediaries generally in use -

- a) **Consignment agents:-** In pharmaceutical sector consignment agents mainly termed as C&F or C&A, these kind of business entity stocks manufacturer's product(s) or merchandise and as and when they sell or transfer the product(s) the send the money received from down line to the manufacturers after deducting its commission for their efforts. C&F or C&A supplies the products to other intermediaries as per the instruction of company(s) and has to follow all legal compliances related to tax and drug departments.
- b) **Distributor or Super Stockiest:-** In pharmaceutical industry distributor and super stockiest can be interchange the place of C&F or C&A, as these kind of business entity or intermediaries stocks and sell the products & send received money to C&F or manufacturer without deducting any commission as they already received its commission in invoice itself from C&F or manufacturer & to do this business, needs to have all legal compliances. Sometime distributors of pharmaceutical industry act under franchisee agreements too.
- c) **Wholesaler or Stockiest:-** This kind of business intermediaries usually keep the stocks of various manufacturers & sells the product(s) by adding its profit in to the price quote in to the invoice received, to various retailer as on demand generate under his coverage territories, this kind of intermediaries received money from retailers and revert back to the distributors/manufacturers or C&F as per the hierarchy of supply chain . Wholesaler or Super stockiest must complied with legal norms of drug and taxes.
- d) **Pharmacist or Retailers:-** In pharmaceutical industry this intermediary plays vary important role, as companies or manufacturers demands majorly satisfies here only, end user or his/her representatives purchases the pharmaceutical product(s) on Max. Retail Price (MRP). The payment received from end users reverts back to stockiest or wholesaler's. Indian pharmaceutical companies mainly woes to whole sellers as well as retailers because these intermediaries are major component of their PUSH-PULL strategies and the

reliable source of marketing research. There are various other retail chains also available in organized manner like "JANAUSHDHI" and "SUBHISHKA".

To augment the same Indian pharmaceutical industry irrespective of their sizes mainly using following different distribution or channel strategies to cater their products in various geographies –

In the figure (2.4) depicted, manufacturers irrespective of size (SMEs and Large), having strong product lines in majority of categories, back up with strong infrastructure with economies of scale production facility, sales revenue with certain brand image and substantial work force, in which they are using almost hierarchy of all intermediaries' sequentially to cover most of the geographies and wish to expand exponentially.

According to figure (2.5) majority of manufacturers are having similarities like above, but having command to control whole supply chain and also enjoying strong relationship with institutions as well as with stockiest in down the line, which enable them to do smooth business and ensuring optimum profit level.

Figure (2.6) and (2.7) depicted the distribution strategies use by majority of Small Scale Pharmaceutical Units (small scale pharmaceutical units), these kind of channel strategies use by small scale pharmaceutical units result of their economies of scale, restricted product lines, production of generic version or substitute product on low cost indigenous manufacturing process, low or almost no brand images working in small geographic areas with low price structure for product(s) using PUSH kind of strategies with insignificant demand generation. In this category of small scale pharmaceutical units also having access to Government hospital supplies, as per turnover of few past financial years requires make them eligible for bidding process. Majority of these small scale pharmaceutical units products are sold on basis of OTC/OTX. Small scale pharmaceutical units, who are also involves in export of their product(s), also keeps merchandise exporter or establishes own export distribution channel.

PROMOTION-

Small scale pharmaceutical units are still using traditionally adopt different marketing strategies to promote their products, as small scale pharmaceutical units are main source of generic formulations with many variants –

1. Giving drugs as free samples to doctors for which doctors are targeted.
2. Promote and provide details of their brands through journals, articles or opinion leaders.
3. Gifts that holds company logo or details of one or multiple brands as reminder.
4. Sponsoring, continuing medical education, seminars, workshop etc.
5. Formulating or developing lucrative offers for stockiest and retailers to push their products on OTC/OTX basis.
6. Encourage new uses through sales promotion, new account generation or make non user of the product as user, Offering incentives.
7. Reminders, advertising, stressing more on basic benefits of products for verity of usage through sales presentation to current users.

Pharmaceutical representative as popularly known as Medical Representative are the major player plays key role in marketing strategies of pharmaceutical units, especially in small scale pharmaceutical units for marketing and promoting the drugs to Doctors/consumers and act as a CRM between company and customer.

Marketing or marketing activities absorbs around 35% of revenue in pharma marketing process, some small scale pharmaceutical units deployed plethora of strategies to target various customer types. Recent business trends are creating new challenges and opportunity to generate more profits, small scale pharmaceutical units focuses on such strategies meet the challenges of patent regime. realized top line and bottom line are going to impacted because of product patent regime.

Pharmaceutical units promotes products on the basis of mass production and distribution with no major product differentiation, product positioning, market segmentation but pricing were most important factor in deciding promotional inputs.

As product lifecycle (PLC) for pharmaceutical products are short, but even small scale pharmaceutical units are picking up the product in later stage as same molecule/ compound are available at market place with different brand names. Small scale pharmaceutical units are generally producing/formulating generic products, hence they picked up few molecule give them appropriate branding, form a group of opinion leaders, provided them with seedling samples for promotional use. Sponsored them to workshops/seminars/symposia on national/ international level and seeks favor in the form of bulk prescription / OTC support in the form of brand loyalty for a while. Some small scale pharmaceutical units with good economies of scale and mass availability of product is using e-marketing strategies to establish the product as brand.

There are few promotional models, also seen in the Indian pharmaceutical industry is generally use by SMEs and Large sector pharmaceutical companies as per their product lines-

1. **THERAPY FOCUSED PROMOTION:** Generally seen where a portfolio is specialized, therapies focused are driven through chosen few prescriber or doctors.
2. **CHANNEL MANAGEMENT:** Mostly in OTC/OTX business, mature product with wider portfolio width.
3. **HOSPITAL TASK FORCE:** Exclusive to manage hospital business.
4. **SPECIALITY DRIVEN PROMOTION MODEL:** Applicable in scenario where portfolio is built around 2 or 3 specialty products.
5. **TASK FORCE:** Generally adopted for niche products in urban areas, such as fertility clinics or for new launches, where the focus is on select top rung physicians.
6. **OUT-SOURCED SALES PROMOTION:** Use for expansion in extra-urban, rural geographies or with companies for whom medico-marketing is secondary (such as OTC or Consumer Health care).
7. **EXPORT PROMOTION:** Exclusively meant for improving company image & export revenue.

OPERATION STRATEGY –

Small scale pharmaceutical units is preferring low cost manufacturing skills since beginning, providing complex synthesis formulation, many variants of single product and fill the market with generic formulations with highly price competitiveness than western part of world. It happens because of strong back up by whole value chain and indigenous technology with reverse engineering process, it helps to achieve scale economics and capture experience curve effect with least importance given to quality of pharmaceutical products.

These pharmaceutical products were well accepted at market place and majority supplied to institution. In post 2005 with the advent of technological advancement like GMP/GLP/ISO/ICH & WHO-GMP, changes the whole scenario of value chain for small scale pharmaceutical units in country. Now small scale pharmaceutical units ensuring quality specification of RM/PM through proper vendor management system to convert in high quality finished product, using indigenous but upgraded manufacturing technology with immense improvement in production process as per c-GMP norms.

For small scale pharmaceutical units or industry as whole working on three options (1) to look for better pricing (2) look for reducing the input cost by improving manufacturing process (3) evaluate and trim operational cost across value chain. Small scale pharmaceutical units like their large counterpart choosing increasing sales by optimizing unit value of production.

Indian pharmaceutical industry value chain especially for small scale pharmaceutical units, is mainly depend up on the production, operation management and processes, as they are majorly deals in bulk manufacturing of required products and maintaining the low possible cost across the processes starts from -

1. Identification of proper vendor(s) from whom, small scale pharmaceutical units can get RM/PM in bulk on substantial credit terms.
2. Procurement of require RM/PM for production with specifications.
3. Pass procured RM/PM through QA/QC departments for specification checks.
4. Rejects non specified or substandard RM/PM, send it back to supplier(s), forward pass quality check RM/PM for quarantine, before actually using for production.
5. By applying actual process technology convert RM/PM in to finished product(s), considering all cost effective measures.
6. Testing and re testing finished product(s) as per specification given by QA/QC, to ruled out any ambiguity in production process, reject or reprocess, if any ambiguity occurs.
7. Warehoused product(s), as per specification, dispatch, transfer or billed for destination or intermediaries' approved and ensure availability of product(s) for end users.

RESEARCH & DEVELOPMENT STRATEGY (R&D) -

In general Indian pharmaceutical industry focused either on developing new products (molecules/compound) or improving the production and manufacturing processes to reduce cost. The R&D strategy will address the issues like whether it should be decentralized or centralized & to what extent. The R&D strategy of firm irrespective of size plays a significant role in positioning the firm's products. In current scenario it's been consistently suggested that with the arrival of patent regime Indian pharmaceutical are forced to rethink their business strategies and start investing some fixed amount in R&D. Small scale pharmaceutical units are mainly produces generic formulations and rarely bulk drugs/API's. Medium and large units generally prefer production of both, because of entering in to new verticals as well as for higher profit margins and part of their growth strategy.

Up till now small scale pharmaceutical units are not seriously engaging itself in any kind of R&D activities, since small scale pharmaceutical units are producing low cost generic formulations by reverse engineering process, which do not requires any kind of sophisticated technology, premises and internal efficiency as working in small geographical area with limited financial, human resources and cut-off profit margins.

Following are the main reason for lagging back in R&D for small scale pharmaceutical units -

- * High end expenditure in R&D.
- * Product patent regime and increase in numbers of patents by MNC's.
- * Lack of resources and infrastructure.
- * High expenses and time duration in patent filing.
- * Government ignorance and support.
- * Unwillingness shown by small scale pharmaceutical units owners.

As small scale pharmaceutical units are mainly involves in manufacturing of low cost, *OFF* the patent molecule(s), so they perform only first part of R&D i.e. making experiments in existing process and drug delivery system of existing products, or further to that doing some product modification's as part of product development programmed, recently Government of India (GoI) approves fund for SMEs to conduct first two phase trials in pool sharing resources, presently which seems to be a long journey.

FINANCIAL STRATEGIES –

Up till now small scale pharmaceutical units financial strategies deals in working capital management or financing strategies, investment strategies, profit distribution and maintaining legal/regulator works.

A financial strategy of small scale pharmaceutical units starts from top and slowly disseminated to down the line. Superior level determines the basic strategic objectives for each level or functional department. As small scale pharmaceutical units are already working with limited financial options like self

funding, commercial banks, financial corporations, private money market and these kind of options straight away impacted on their product line or small scale pharmaceutical units chooses product line with extended PLC, which is formulated with common ingredients' and process to rationalize financing verses ROI by keeping strict inventory control.

Working capital management of small scale pharmaceutical units mainly depend up on the cash flow requirement, credit policies with suppliers and buyers, credit limits and terms of repayment with financial institution along with affordability of interest rates applicable. As small scale pharmaceutical units mainly depend up on the cyclic business and selling low-cost generic, always strived for mass production and bulk supplies.

In this condition of bulk supply, payment realization from the market is around 60-90 days. This realization model of small scale pharmaceutical units impacted a lot on working capital management as small scale pharmaceutical units to pay the payment in time. To bridge this gap small scale pharmaceutical units offer heavy discount/ bonanza/schemes to customer for early realization of payments. Many of times small scale pharmaceutical units are only depend on money market for its financial requirements; cost of such capital is high and seldom impacted on cost of product.

Majority of small scale pharmaceutical units were working with low capital and using indigenous manufacturing process, but after 2005 small scale pharmaceutical units, start investing in technical advancements like scheduled -M /WHO-GMP/GLP/ISO/ICH to ensure their survival in coming future.

Because of these investments small scale pharmaceutical units are shifting from indigenous manufacturing process to automatic quality mass production with high safety profile and less emission of hazardous chemicals. Another major area of where small scale pharmaceutical units investing is bulk purchase of RM/PM on highly negotiable prices which ensures low cost products and sells at net price which improves profitability as whole. small scale pharmaceutical units are mainly involves in contract manufacturing for other various companies at a time, these companies are investing itself in RM/PM in bulk and transfer the same to manufacturer with confirm bulk orders as per their demands as job work, in this condition small scale pharmaceutical units who act as manufacturer receives payments immediately after delivery of orders, which helps small scale pharmaceutical units to maintain financial liquidity as well sustainability.

Even making bulk purchase majority of small scale pharmaceutical units getting maximum credit period almost in every material(s) used in production, these kinds of investing strategies helping small scale pharmaceutical units more viable, sustainable and helps in build reserves. This investing strategies mainly adopted by those small scale pharmaceutical units who passed substantial period in the industry and this is their way to gain competitive advantage.

Most of the small scale pharmaceutical units who spends substantial years in industry already achieved economies of scale and and establishes brands raising funds in the form of deposits from C&F/C&A/Distributors against assured sales of their brands at market place on vary lowest rate of interest. Small scale pharmaceutical units are also investing in developing distribution channels through its own sales force. These kind of financing strategies help them to reduced dependency on private money market and helps in building capital reserve. Small scale pharmaceutical units are now also exporting formulations to various regulated and non regulated countries under ECPC schemes along with various other NMCC programs allows to avail credit period as well as advance payments to units for maintaining smooth operations.

HUMAN RESOURCE STRATEGIES -

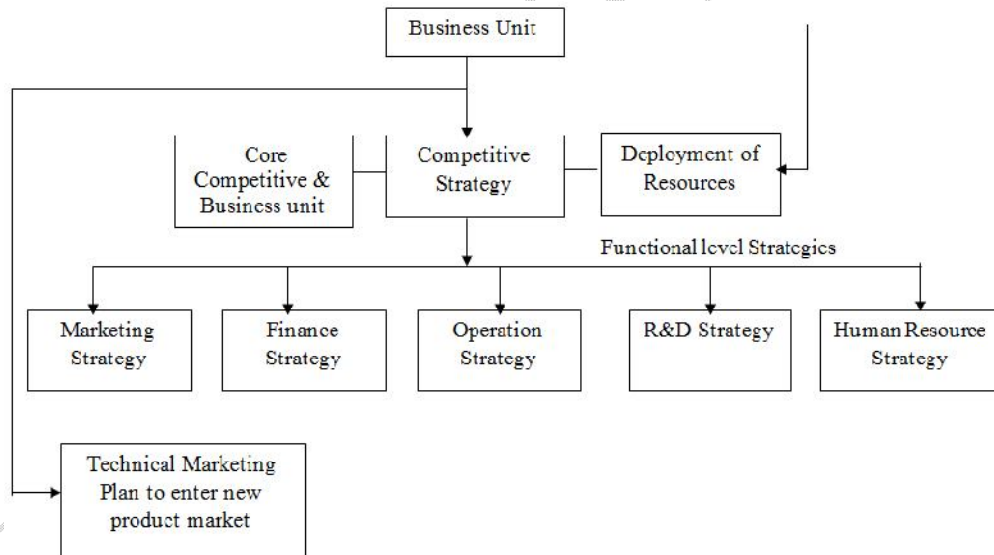
Since Indian pharmaceutical industry irrespective of size is a science driven industry deals in manufacturing and marketing of complex pharmaceutical generics almost across the globe successes fully and achieves a comprehensive mile stone in pharmaceutical market globally. This is possible because of Indian scientific talents groomed over the period, availability of talent pool in the form science/pharmacy back ground students with proper infrastructure. Indian pharmaceutical industry or companies deals in

health care business, needs highly trained skilled & unskilled work force across the value chain system of company.

Large pharmaceutical counterpart of small scale pharmaceutical units is hiring work force or human resource either from competitors or as raw and train in house at the Sr. positions, whereas down line, like at operating level preferred experience work force. Sr. position human resource generally accountable for development, quality, efficacy, process efficiency, new product /process innovations and most importantly in documentation where knowledge /skills are on utmost priority as per the regulatory norms, human resources at operation level is mainly concern with execution or implementation part in whole operational process.

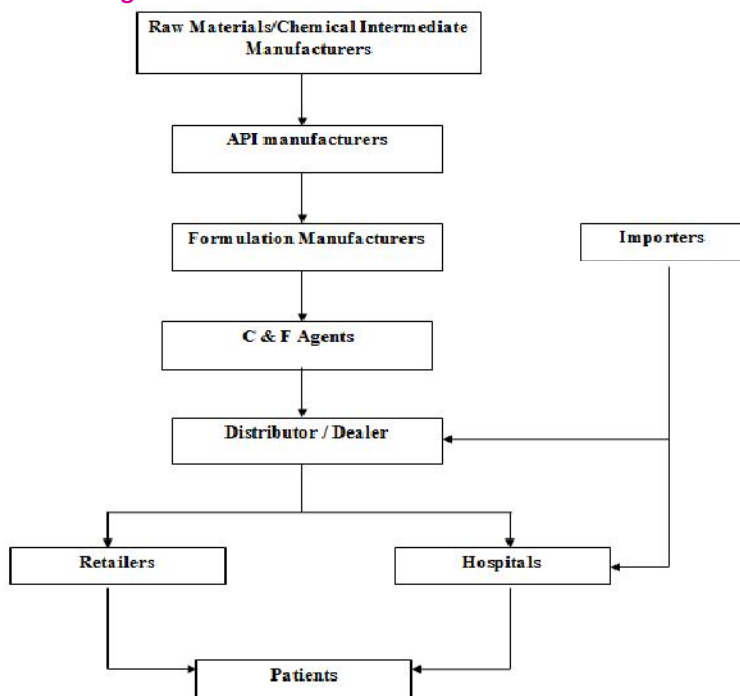
Apart from production and operation side pharmaceutical sales is another important area where Large and SME pharma companies continuously upgrade itself. Pharmaceutical sales are the process of selling drugs that have been approved by the drug regulatory agencies after rigorous clinical testing procedures for safety. The pharmaceutical industry is a knowledge based industry which keeps changing frequently requires life science /science stream students to handled product portfolios carefully. Pharmaceutical marketing needs experienced workforce as well as fresh science/pharmacy graduates in the form of Medical Representatives (MRs) or Professional Sales Representatives (PSRs) to understand and handle market like corporate hospitals, qualified doctors, supply chain, government institutions needs to enhance their domain knowledge, product knowledge and communication skills through professional development programs continuously.

Fig. 2.1 Business Level Strategy Frame Work



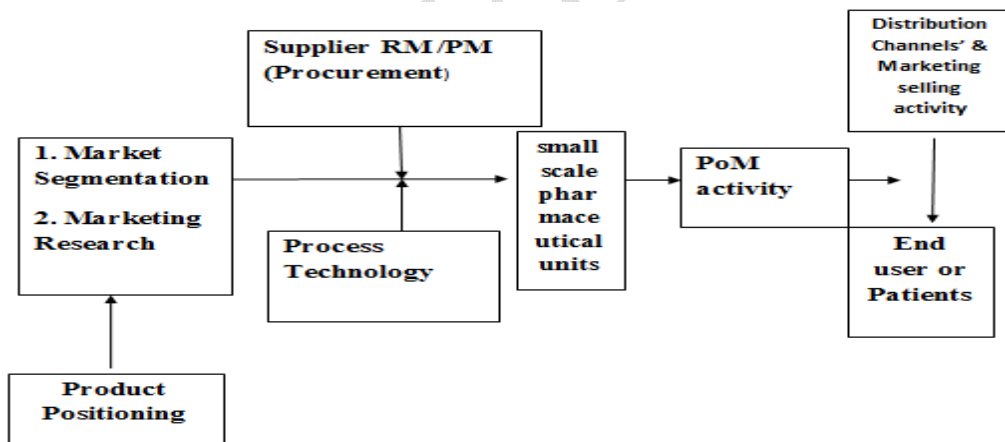
Source: The ICMR Center for Management Research, ISBN 978-81-314-2509-9.

Fig. 2.2 Indian Pharmaceutical Market Structure



Source: Pharma Trends Detail 2015

Fig. 2.3 Value Chain of Small Scale Pharmaceutical Industry



Source: Pharma Trends Detail 2015

Fig. 2.4 Distribution Channel Strategy-1

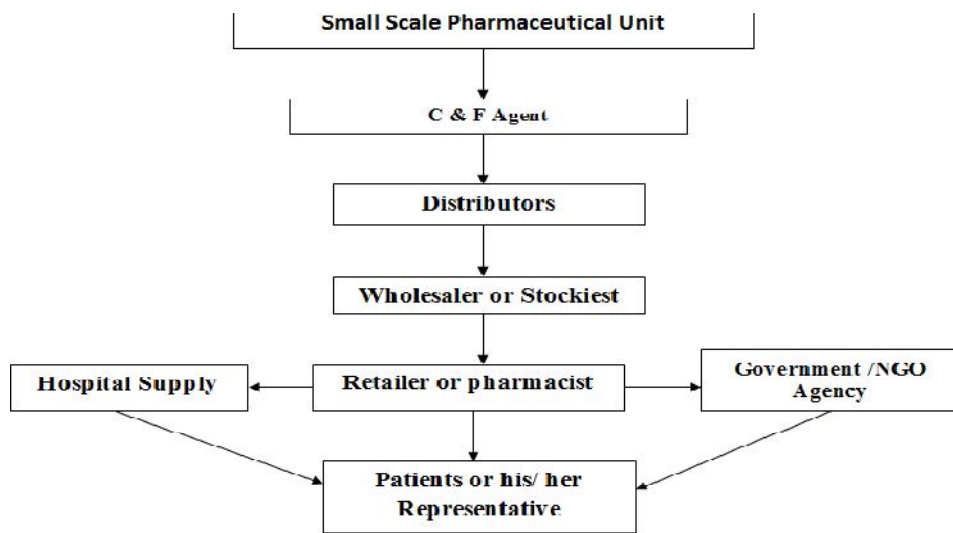
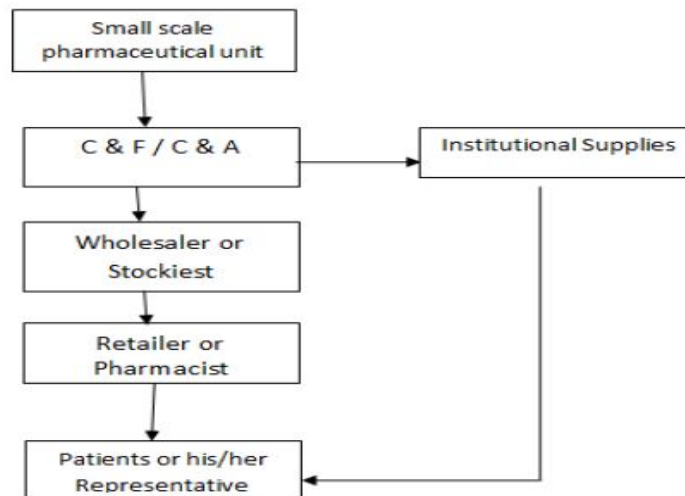


Fig. 2.5 Distribution Channel Strategy-2



Source: Ritu & Keshav, Strategic Management Aspects of Indian Pharma Industry, Vol.2, Issue-1, 2011.

Fig. 2.6 Distribution Channel Strategy-3

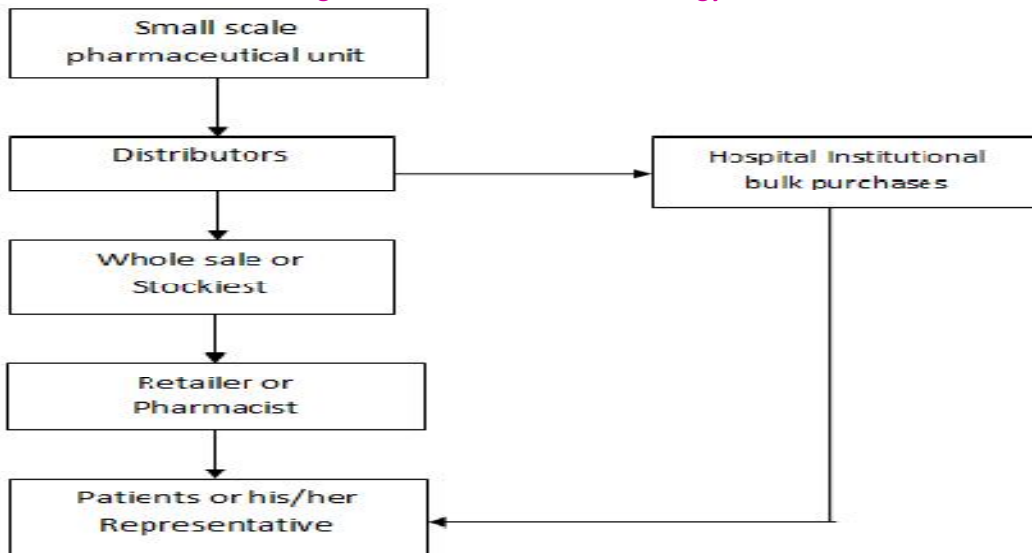
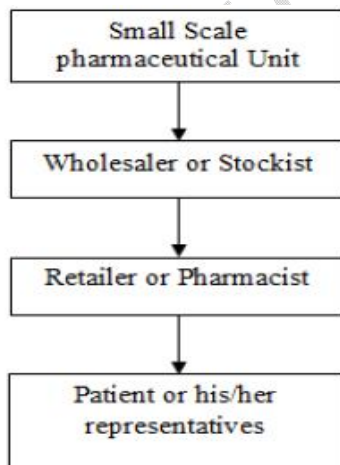


Fig. 2.7 Distribution Channel Strategy-4



Source: Sharma & Singh, Change and Competitive Advantage, Vol-ix, No.3, 2012

CONCLUSION:

The business level strategies mainly used by small scale pharmaceutical units relate to distinct product-market area, it helps in defining the competitive position of a small scale pharmaceutical units. It has been seen that, the business level formulation of small scale pharmaceutical units/industry, mainly based upon the generic strategies of overall cost leader ship, focused with little differentiation. The functional strategies use by small scale pharmaceutical units across industry, product –market relate to different functional area which a small scale pharmaceutical units/industry has, such as marketing, production& operations, finance, managing HR and lastly process R&D is just for survival with a insignificant and inadequate steps towards competitive advantage.

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