

Innovation & Indian Pharmaceutical Industry

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Abstract

Indian Pharmaceutical Industry is facing challenges in domestic market, as well as in the Global market, on various fronts, right from costs, attrition, new product, price competition, regulatory strictness, to emerging brash competitors. To sustain, Pharma industry needs to focus on INNOVATIONS. Launching new products for satisfying patients' needs, patented products, is the need of today's scenario. Gaining sizable profit and re-investing in the Research & Development could be the one of the best corporate strategy for long term sustainability & competitiveness.

Key Words:

AIOCD : All India Origin of Chemists and Druggists

DCGI : Drugs Control General of India

DPCO : Drugs Price Control Order

FDA : Food and Drugs Administration

GMP : Good Manufacturing Practice

IPM : Indian Pharmaceutical Market

Pharma : Pharmaceutical

R & D : Research & Development

Indian Pharma Industry's Challenges

India's pharmaceutical industry, one of the country's most globally competitive, faces many challenges. Briefly, these could be described as follow:

1. Strict Regulation is the most important challenge, especially from developed countries like US, Europe, Australia etc. Many companies have been recently banned for non-compliance e.g. Ranbaxy, Wockhardt, Strides, Sun Pharma etc. Main reason is, all these companies have drastically failed in GMP.
2. Approval to the manufacturing site is not an end, there has to be continuous improvement, now and then, at organizational level and even at state level (FDA), and central level i.e. DCGI.
3. DPCO (Drugs price control order) for essential drugs reduces margins & leaves less scope in investing in Research & Development (R & D). However, nothing great could be done in this area, since; Government's intervention will continue to ensure that essential drugs are available at affordable prices, in the large interest of the Indian Public.
4. Indian Pharma industry should focus on Quality, throughout supply chain and not only in the manufacturing area. There is a need to take stringent actions against FAKE drugs or SUBSTANDARD drugs, an action from FDA and DCGI.

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5. However in long term, more innovation should take place in all aspects, right from designing of product itself, input of materials, until the delivery of drug to the Patient/hospital/medical practitioner and finally detailing of the drug to the actual patient.

6. Patented Products can earn high margins & plough back more resources into R & D. Innovations, support from Government, joint research, funding from Public would go a long way for sustainability and competitiveness.

Indian Pharma Market---Today

Today, Indian Pharma Market stands at Rs.73,893 Crs. Per annum, as per AIOCD –annual report of 2013. Top 20 companies contribute almost 65% of the total Indian Pharma Market. Top 20 Brands contribute 5.7% of IPM sales.

Every year, there is a change in the Market Share of Top companies, mainly due to brash new companies, overtaking old established companies. To name few fast track upcoming companies in Indian Pharma Market are **Mankind, Macleoids, Emcure, Intas, Micro Lab.**

These new brash of companies are successful mainly due to being more innovative, overcome inertia, more creative, stay ahead of the other players. Established companies are good at managing incremental change but poor at dealing with radical change. To retain market share as well as customers and keeping low investments in R&D, established pharma manufacturers have developed concept of incremental innovation & renovation.

While incremental innovation would imply adding better technology or features, renovation simply means adding a few cosmetic changes to the product. Change in packaging, easiness in pack, attractive colours could be few examples.

Today, for Pharma Industry, capital is plentiful but ideas are in short supply. **There is a dilemma in the minds of Pharma professionals, whether to manage incremental change or radical change.** To achieve incremental change (innovations), formal rules, responsibilities, centralized authorities/procedures, strong manufacturing capabilities & experienced sales people is the requirement. However, for radical change (innovations), organization needs entrepreneurial executives, experimental culture, decentralized product structures, & over and above this, **enthusiasm!**

Innovation is not by chance. Organization needs to look out for & tap new opportunities. **Mankind launched products for testing pregnancy at home,** rather than testing at public/private laboratories. Even privacy can be maintained! Other product was launched for checking “ovulation time” of woman’s pregnancy cycle. This product can be used in two ways--- for conception of a child or for

avoiding conception. **MANKIND pharma** , fulfilled the needs of the customers---especially working women.

Innovation is not invention. A successful innovation implies commercial success. In other words, organization needs to tap opportunities, evaluate, develop new products & launch successfully in the market whole-heartedly.

There is strong linkage between innovation & entrepreneurship. It is observed, that most of the entrepreneurs have the most diverse personalities & temperaments. People who hate uncertainty are unlikely to be good entrepreneurs. **They see CHANGE as normal & healthy.**

Principles of Innovation:

1. It begins with an analysis of the opportunities.
2. One needs to use both sides of brain –Left & Right.
3. Ask question—what innovation will satisfy?
4. Focus on one specific thing for innovation.
5. Innovation can affect economy & society; a change in behavior.
6. It should be market focused and market driven.

An URGE to do things better, should be the background to all our thinking. We need to use creativity in a deliberate & focused manner. Creativity involves PROVOCATION, EXPLORATION & RISK TAKING.

Many techniques could be used e.g. (1) BRAINSTORMING, (2) ATTRIBUTE LISTING- useful technique for designing or redesigning a specific product and service (3) CHECKLIST OF QUESTIONS--- a variety of questions can aid invention or improvement. (4) SYNECTICS—originated from the Greek word synecticos; meaning fitting together diverse elements.

All these techniques have their limitations. These techniques do ensure some freedom from mental blocks; however they do not go far enough in tapping the vast reservoir of motivation. Human mind is having dazzling potentials.

CONCLUSION: Innovations with radical change is the “MANTRA” today for Indian Pharma Industry. To remain competitive, organization needs to focus on cost reduction, build creative team, build environment which is conducive to innovations, launch new products which are market driven, launch products better than yesterday. Innovation and creativity only can work for Pharma Industry for long term sustainability and competitiveness.

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