

Research Article

Contributions of Pharmaceutical Industry in Promoting Economic Growth of India

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A B S T R A C T

Pharmaceutical industry contributes to the welfare of humanity and provides significant socioeconomic benefits to the society through creation of jobs, supply chains and community development. Indian Pharmaceutical industry is one of the world's largest and most developed, ranking fourth in terms of volume and thirteenth in terms of value. The country accounts for an estimated 10% of global production and 2% of world markets in pharmaceuticals. The pharmaceutical industry is a key part of India's economy, contributing to the country's GDP, creating jobs, and earning foreign exchange. The pharmaceutical industry in India stands as one of the most significant sectors of the country's economy. Known globally for its robust and high-quality production capabilities, India is a key player in the international pharmaceutical market. The nation's pharmaceutical sector is characterized by a strong network of pharma manufacturers in India, who produce a wide range of pharma products. This industry not only meets domestic demand but also plays a crucial role in global healthcare by exporting medicines worldwide. This article delves into the importance of the pharmaceutical industry in India, highlighting its contributions to economic growth, healthcare, and global markets.

Keywords: Pharmaceutical Industry, Welfare of Humanity, High-Quality Production, Healthcare Sector, India's GDP Contribution, Pharmaceutical Markets

Introduction

Health is defined both as cause and effect of economic development, and the pharmaceutical industry is especially recognized in the „UN Millennium Development Goals“ as an actor that can contribute to economic development. This industry is classified as one of the most high-tech and capital-intensive industries. It is considered as the „life line“ industry because its products play a crucial role in remedifying the suffering of diseased persons. It is also significant contributor to the strength of any economy by creating jobs for millions and contributing to the export earnings. The distinctive feature of this industry is such

that the goods produced by this sector can neither be substituted nor replaced. Indian pharmaceutical Industry supplies more than half of worldwide interest for different immunizations, 40% of generic interest in the US and 25% of all medication in the UK. The homegrown pharmaceutical industry incorporates an organization of 3,000 medication organizations and 10,500 producing units. India partakes in a significant situation in the worldwide pharmaceuticals area. The nation likewise has a huge pool of researchers and designers with a possibility to direct the industry ahead to more noteworthy levels. As of now, more than 80% of the antiretroviral drugs utilized all around the world to battle Helps (AIDS) are provided by Indian pharmaceutical

firms. India is legitimately known as the “drug store of the world” because of the minimal expense and top notch of its meds. Indian pharmaceutical industry is known for its generic medications and minimal expense immunizations all around the world.² Changed over the course of the years as a lively area, as of now Indian Pharma positions third in pharmaceutical creation by volume.

Objectives of the Study

The main objectives of the study are following: 1. To study the role of pharmaceutical industry in Indian Economy. 2. To analyse the performance of Indian pharmaceutical industry. 3. To examine the support of the government for the future development of the industry

Review of Literature

Ghosh, (2019) states that, the pharmaceutical area in India keeps on creating with Government drives and the inclusion of the confidential area. The Service of Health and Family Government assistance has attempted several moves toward guarantee drug quality is accessible in India. Additionally, the government guarantees a permitting a valuable open door for all medication organizations, patent strategies and clinical trials and advances innovative work (Research and development) in pharmaceutical areas.³ Chatterjee (2020), Presently, when global SCM, including the pharmaceutical industry, has extinguished because of the Coronavirus emergency, the public authority of India talked about maintaining development manufacturing plant approvals along with the fundamental clearances from the Service of the Climate, Singh (2023), During the Covid infection 2019 (Coronavirus) pandemic, debacle, or emergency condition, the public authority of India will keep on offering vital help to the applicable industry players.

Economic Contribution

Job Creation and Economic Growth

The pharmaceutical industry is a major contributor to India's economy, providing employment to millions of people. The sector includes a vast network of pharma products manufacturers in India, ranging from small-scale enterprises to large multinational companies. This industry supports a wide array of jobs, from research and development to manufacturing and distribution.

In terms of economic growth, the pharmaceutical industry contributes significantly to India's GDP. The industry's value is projected to grow from USD 41 billion in 2021 to USD 65 billion by 2024, showcasing its vital role in the economic landscape of the country. This growth is driven by increasing domestic consumption, a rise in healthcare awareness, and expanding global market reach.⁴ The turnover of pharmaceutical industry in India reached INR 4,17,345 Cr in 2023-24, registering a growth of 10% over 2022-23. The

pharmaceutical industry in India is currently valued at \$50 Bn. India is a major exporter of Pharmaceuticals, with over 200+ countries served by Indian pharma exports.

Investment and Infrastructure

The Indian government has recognized the pharmaceutical industry as a critical sector for economic development. Various policies and initiatives, such as the Pharmaceutical Vision 2020, aim to make India a global leader in end-to-end drug manufacturing. This vision has attracted substantial foreign direct investment (FDI) and encouraged the development of modern infrastructure and advanced research facilities across the country.

Economic growth

The pharmaceutical industry is a major contributor to India's GDP, with the industry's value projected to grow from \$41 billion in 2021 to \$65 billion by 2024.

Job creation

The pharmaceutical industry provides employment to millions of people in India, from research and development to manufacturing and distribution.⁵

Foreign exchange earnings

India is a major exporter of pharmaceuticals, supplying over 50% of Africa's generic requirements, around 40% of the generic demand in the US, and around 25% of all medicine in the UK.

Reducing overdependence on China

India's pharmaceutical industry is an important part of reducing the country's overdependence on China, which supplies nearly 70% of all APIs and more than 90% of those APIs essential to produce critical mass-market antibiotics.

Growth prospects

The domestic pharmaceutical market in India has strong growth prospects as the country's “Ayushman Bharat Yojana” continues to enroll citizens in the nation's affordable care scheme.

Healthcare Contributions

Accessibility and Affordability

Pharma manufacturers in India play a pivotal role in making healthcare affordable and accessible. The country's pharmaceutical companies produce a wide range of generic medicines, which are cost-effective alternatives to branded drugs. This has made essential medications more accessible to millions of people both in India and around the world.

Innovation and Research

India's pharmaceutical industry is not just a manufacturing hub but also a center for pharmaceutical research and development. The country has numerous state-of-the-

art research facilities and a growing number of scientists and researchers dedicated to developing new drugs and therapies.⁶ This focus on innovation has led to significant breakthroughs in treatments for various diseases, contributing to global healthcare advancements.

Public Health Impact

Indian pharmaceutical companies have been instrumental in addressing public health challenges. For instance, India is a leading producer of vaccines, supplying a significant portion of the world's vaccines at affordable prices. During the COVID-19 pandemic, Indian pharma companies ramped up production to meet the global demand for vaccines, playing a crucial role in the global fight against the virus.

Global Presence and Exports

Leading Exporter

India is one of the world's largest exporters of pharmaceutical products. Pharma exports from India have seen substantial growth, with the country exporting to over 200 countries, including highly regulated markets such as the United States, Europe, and Japan. In the fiscal year 2021-2022, India's pharmaceutical exports were valued at USD 24.44 billion, underscoring its critical role in the global supply chain.⁷

Diverse Product Range

Indian pharma products manufacturers produce a wide array of products, including generic drugs, over-the-counter (OTC) medications, active pharmaceutical ingredients (APIs), and complex formulations. This diversity allows India to cater to various market needs and enhances its competitive edge in the global market.

Compliance and Quality Standards

Indian pharmaceutical companies are known for adhering to stringent quality standards, with many facilities approved by international regulatory agencies such as the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA). This compliance ensures that Indian pharmaceuticals meet global standards, boosting their credibility and demand in international markets.

Challenges and Future Prospects

Regulatory Challenges

Despite its success, the Indian pharmaceutical industry faces challenges, including regulatory hurdles and quality control issues. Ensuring compliance with international standards requires continuous investment in quality control and regulatory practices.⁸

Innovation and R&D Investment

While India has made significant strides in pharmaceutical research, there is a need for increased investment in R&D to

maintain competitiveness. Encouraging innovation through government incentives and private sector collaboration is essential for sustaining growth and addressing emerging healthcare needs.

Global Competition

The global pharmaceutical market is highly competitive, with countries like China posing significant competition. To stay ahead, India must continue to focus on enhancing its manufacturing capabilities, improving quality standards, and fostering innovation.

Conclusion

The pharmaceutical industry in India is a cornerstone of the nation's economy and a vital player in the global healthcare system. With its extensive network of pharma manufacturers, the industry provides affordable and high-quality healthcare solutions to millions. The significant growth in pharma exports from India highlights its critical role in the global market. Moving forward, addressing regulatory challenges, boosting R&D investment, and maintaining high-quality standards will be crucial for sustaining the industry's growth and ensuring its continued contribution to global health. The future of the pharmaceutical industry in India looks promising, with immense potential for further advancements and global impact.

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