

# CHAPTER-1

## INTRODUCTION

### 1.1. Background of the Study:

Healthcare is basic need and Pharmaceuticals are integral part of it. The need for healthcare service is ever growing ,disease burden and pattern is ever changing .Our country Nepal is in unique situation as we read significant succession overcoming communicable and non communicable diseases, thereby, improved health indicators. On the other hand, all these types of diseases are posing new challenges as it has superseded communicable diseases in terms of mortality and morbidity. Nepalese Pharmaceutical companies give satisfactory contribution to scale up health service and socio-economic prospectus. It has proven track record of good manufacturing skill and expertise in quality assurance of medicine with efficient marketing competencies.It is the fastest growing advanced technology industries in the world.According to Intellectual Medical Statistics(IMS), health market research on the world,the global Pharmaceutical market is worth more than US \$ 400 billion and is growing rate in about 8 percent per Annum.

The Pharmaceutical industry in Nepal has been in existence for more than three decades. There are around 49 companies operating in the industry who contribute approximately 25 per cent to the national Pharmaceutical market. The current size of the market is estimated at Rs 18 billion with an estimated growth rate of 27 per cent. The growth has resulted in around 42 per cent command of the market by Nepali products with strong presence and distribution network of marketers in the rural and remote areas. Approximately 300 India-based MNCs and Indian companies market their products in Nepal with a market share of over 72 per cent. Of the Approx 5,000 brands, 150 brands hold 40 per cent market share and 40 companies (Indian and Nepalese combined) enjoy 45 per cent market share.

India-based MNCs and Indian companies have a wide range of products whereas Nepalese companies normally have limited products with low technological value and capital intensity. Earlier, Nepalese medicines were being exported to India but on a

smaller scale, the new drug import regulations in India have put a barrier on this. Thus, fewer exports of Nepalese medicines and a greater import of Indian medicines could pose as a major threat to the Nepalese Pharmaceutical industry.

Besides, the poor infrastructural facilities, lack of metropolis except Kathmandu valley, few qualified medical practitioners per region, the dominance of quacks and retail chemists in medical practice and the absence of transport in the vast geographical region of the country have a negative impact on the growth and even more with the healthy growth of Nepalese pharmaceutical industry. Moreover, government policies are also not supportive. They are not geared up for industrialization. They are traditional, conservative, revenue-oriented and non-transparent. Industry, being a futuristic sector, needs government's support with regard to formulating short term and medium term policies.

The Nepalese Pharmaceutical industry in itself is frail and weak in comparison with Indian pharmaceutical industry. India, being a large and rapidly developing country, has a large integrated market and stronger infrastructural facilities but also bigger economies of scale and prospects. Be it SAFTA or WTO regime, Nepal's global integration will certainly mean integration with the Indian market in the first and foremost phase. Presently, there is no level playing ground for the Nepalese industry, leave alone the Pharmaceutical industry.

It is the responsibility of the government to provide level playing ground to industry within national boundary and open more avenues for exports. Even after investing towards obtaining WHO GMP standards and adhering to the global standards, the Nepalese Pharma Industry continues to depend only on the domestic market. Thus, under such circumstances, irrespective of the regime be it SAFTA or WTO, the existence of Nepalese Pharma industry is under threat.

In SAFTA regime infrastructural facilities, economies of scale, backward and forward feedbacks, management skills in private sector and government's domestic policies (industrial, fiscal and monetary as well as agricultural) and treaties made by the government with SAARC countries will define the scope and prospects of our export possibilities which in turn, will depend on the political stability and peace in the country.

## **1.2. Pharma market and its development:**

Pharmaceutical Industries in Nepal mainly consist of medium size units. The consumption of Pharmaceutical products in Nepal is estimated to be growing over 15% per annum. Much of Pharmaceutical products being consumed to Nepal are imported. But, during the last five years, Pharma Industries have shown specific growth in Nepal and locally produced drugs and medicines. And, medicines are estimated to cover more than one fourth of the market. This sector is one of the potential area of Nepal. As per the information from Department of Drug Administration (DDA), till 2012 there are around 300 industries registered and are in the process of production.

In terms of Career, this Pharma sector has been established as one of the most Alluring and Respected profession in the context of our country Nepal. MRs are seen as one of the most Respected and Educated personalities in the society since they are Science Graduates; they earn a good sum of money and they interact with doctors.

## **1.3. History of Nepal Pharma Market:**

Nepal Pharma market had started its history around thirty years ago. It has been running in ongoing process of development immediate after the democratic revolution of 2046 B.S.. Since then, the market is continuing till today. Due to excellent growth in Pharma market in Nepal, the number of investors interested to invest on Pharma market after 2046, which results establishment of pharmaceutical industries producing mass production with high quality of medicines. Fifteen years ago, there were only 10 Pharma units in the country. 25-30 years ago, Nepal had had to import even general medicines from foreign countries, but now, not only general, but also special medicines that need high technology has been started to produce by our Nepalese Pharmaceutical industries. Still pharmaceutical houses are far behind to produce certain kind of medicines like injections, sutures and life saving drugs etc.

## **1.4 Focus of the study and statement of major problem.**

Though domestic companies are surviving in tough competitive market, it is in the process of continuous growth. Besides these, Indian products are dominating Nepali Pharma sector in various cases and ways. Nepalese brands have to compete with advanced, high-tech, and cheaper Indian brands. In this critical situation, Nepalese producers have to centralize their efforts on capturing their local market first. This study focuses on the unethical promotional practices adopted by most of the Pharma houses and its effects on overall Pharma market. This study also focuses on role of government in discouraging these unethical promotional practices.

## **1.5 Objective of the study.**

The objective of this study is to study the market position of Nepalese Pharmaceutical industries, profitability of Pharmaceutical production and determining the problem of Nepal Pharma market. However, specific objectives are :

- a) To access market share, price spread, growth pattern and Nepal Pharma market-share.
- b) To analyze the sale promotional tools and techniques adopted by Nepalese Pharma market.
- c) To analyze the competition in Nepalese Pharma market.
- d) To access the import substitution of Pharma industry.

## **1.6 Rationale of the study.**

Productivity improvement resulting in strong competitiveness is the most important and essential approach for survival and growth of any organization. In the context of globalization of the economy and adoption of market based liberal economy, productivity enhancement has become a crucial need of the day for all enterprises. Nepal already become the member of WTO. Much competitive, qualitative, safety and environmental requirement will have to be incorporated in the existing industrial ventures.

Nepal pharmaceutical industries cannot remain isolated. As Nepal Pharma market is one of the fastest growing high technology industries, they are facing severe competition from imported products. There is also high competition among producer among the country. Not only this, producers are also facing several problems due to weak government policy. It is expected that this study will help to analyze the current position with the latest data giving information and identifying the problems & challenges being faced by Nepalese pharmaceutical industries. Besides these, the researcher will get benefits from the study and also results drawn from the study.

### **1.7 Limitation of the study:**

This study is conducted for the partial fulfillment of requirement of the degree of Master of Business Studies from TU. There may be some weaknesses as a researcher, a student, who does not have previous experiments of such studies. These study data have been collected through questionnaires & data from Department of Drug Administration (DDA), Association of Pharmaceutical Producers of Nepal (APPON) and other institutions. I have generalized the conclusions based on data available or gathered from bulletins, journals, newspapers and books.

### **1.8 Organization of the study:**

This study is mainly organized into five chapters:

1. The first chapter will be **Introduction and Background of the Study**
2. The second chapter will be **Literature Review**.
3. The third chapter will be **Research Methodology**.
4. The fourth chapter will be **Data Presentation and Analysis**.
5. The fifth chapter will be **Summary, Conclusions and Recommendations**.

## **CHAPTER-2**

### **LITERATURE REVIEW**

This chapter deals with the conceptual frame work, theoretical and review of empirical works with relevant research studies in Nepal. In conceptual review, it reviews the concept concerning the subject matter that are written on related journals, magazines and concerned books, while in review of related studies, it reviews the previous studies which are related to the subject matter of this study and other related headings are also enclosed which help to study the topic in depth.

#### **2.1.1. Marketing Concept and its Definitions:**

As we all know that this is the age of marketing, every manufacturing organization needs to produce and markets its product or services to achieve its goal and to exist in this competitive market. In context of globalization of the economy, liberalization and Information technology development, the marketing environment is being more competitive day by day. The entire way of communication and marketing logistics have totally changed the marketing practice, both at the domestic and international fronts.

Hence, to survive in such dynamic environment, an organization must be able to implement the modern marketing concept, organize the marketing department monitor and scan marketing environment and establish the information networks. It should be able to plan, evaluate, implement and control marketing activities balancing the interest of the organization, customer and society. Thus, strategic planning and integrated implementation have not only become a demand of time, but also an indispensable aspect of the modern marketing.

#### **2.1.2. Defining Marketing:**

We can distinguish between a social and managerial definition of marketing. A social definition shows the role that marketing plays in society. One marketer says that "marketing role is to deliver a higher standard of living". Marketing, in view of the social

definition says that “Marketing is a social process by which individuals and groups obtain what they need and want through creating ,offering and freely exchanging products and services of value with others”.For a managerial definition, marketing has often been described as “the art of selling products”,but people are surprised when they hear the most important part of marketing is not selling. Selling is only the tip of marketing iceberg.Peter Drucker, a leading management theorist, puts it in this way.There will always,one can assume ,be need for some selling.But,the aim of marketing is to make selling superfluous. The aim of marketing is to know and the product understand the customer so well that the product or services fit him and selling itself.Ideally, marketing should result in a customer who is ready to buy.All that should be needed then is to make the product or services available.

The American Marketing Association(AMA) offers the following definition:

“Marketing is the process of planning and executing the conception,pricing,promotion and distribution of ideas,goods & services to create exchanges that satisfy individuals and organizational goals”.

Coping with exchange process calls for a considerable amount of work and skill. Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties.We see marketing management as the art and science of choosing target market and getting ,keeping and growing customers through creating ,delivering and communicating superior customer value.

The famous book **Marketing Management** defines marketing as “A Social and managerial process by which individuals and groups obtain what they need and want through creating ,offering and freely exchanging products and services of value with others.(kotler,2003:9)”.

Thus, marketing process is a direct result of adoption of the marketing concept by business organization. Marketing concept gives more accurate understanding of consumers’ needs,preferences and delivery of most wanted and satisfying products and services to the present and potential consumers.Competitive environment of the market has forced most organization to give up “hit and trial” method for business and

encouraged them to adopt marketing research for better understanding of consumers, competitors and micro and macro market forces.

Thus, modern marketing concepts emphasize on achieving organizational objective marketing by marketing activities integrated towards determining and satisfying customer need and target market. This new philosophy of marketing needs top management support, Market Intelligence System (MIS), organizational restructuring, human sources development and appropriate marketing.

### **2.1.3. Marketing Mix:**

The marketing mix is the set of a marketing variable, which the organization blends to achieve the marketing goal in a defined target market. The marketing mix consists of everything. An organization can do influence the demand for its product in the target market. Their tools or marketing mix are known product, price, place and promotion which are inter related. i.e., decision in one element usually affect actions in the others. The total marketing effort consists of the design, implementation and evaluation of the marketing mix.

-The product mix includes decisions on product line and mix, product quality, variety, design, features, branding packing, labeling etc.

-Price mix includes activities such as analysis of competitors price, formulation of pricing objective, setting price, determining terms and conditions of sales, discount and commission etc.

### **2.1.4. Marketing in Industrialization:**

Marketing plays a very significant role in industrialization which, in turn, aims at making the economy developed and strong. Marketing has entered into the new dimension in the current millennium. Most of the industries are facing many challenges in the market place with increased consumer awareness and actions. The competitive environment has become more complex due to the globalization of market. Information technology,

communication & marketing logistic have totally changed the practice of marketing, both at the domestic and international fronts.

Marketing plays an important role in the process of industrialization. The proceeds of industrial activities are passed into the society through the process of marketing. So, entrepreneurs and managers today must be able to implement the modern marketing concept, organize the marketing department, monitor and scan the environment and establish the information network. They should also be able to plan, implement, evaluate and control marketing activities balancing the interest of the organization, customers and society.

## **2.2. Review of Related studies**

### **2.2.1. Review of previous Thesis:**

There are only few studies in this field. Among them one is the “The Attitude among medical practitioners or doctors towards national Pharmaceutical industries by Shrestha Gopu, 2001”. This study mainly focuses on the acceptance of Nepalese Pharma products by doctors and their performance practice. Doctors have very positive attitude towards national Pharma products but at the same time they are less confident that Nepalese companies are following Good Manufacturing Practice (GMP) standard. As per this study, Nepalese products are marketing like commercial products such as toothpaste, soap, etc in unhealthy and unethical competitive market which leads to inferior quality, ultimately failure. This study on sales promotion of pharmaceutical Product in Nepal will further explore the ground of promotion of Pharmaceutical product in Nepal. The ground of promotional activities adopted by the Pharma Industries to survive in the tough and competitive market and its effects to final consumer (patient).

A study on the present status of DJPL (Deurali Janata Pharmaceutical Limited) and its marketing ‘by Pakwan Karuna, 2003. This study tries to emphasize the actual condition of a leading domestic Pharmaceutical and its marketing strategies but less concentrated on further explore in the area of Pharmaceutical industries in Nepal.

Market share analysis of Nepalese and foreign Pharmaceutical companies in Nepal is another study by Poudyal kasha Raj,2006.The basic objective of this study is to analyze the market share of different companies originating from different countries, to analyze the degree of preferences by doctors, drug sellers and consumer towards Nepalese companies are able to substitute the Indian and foreign companies.

Moreover, another study “Emergence of Nepalese pharma Industries as an Import substitution Industry” by karki Santosh,2006 has explored the ground of pharma market in Nepal and contribution of its economy of the country. This study mainly focuses on import substitution of the medicines.

### **2.2.2.Review of Journals/Articles:**

1. An article on the “Sadhana health”by Sailendra Thapa,2005 March,pg.8-11 regarding Nepalese pharma industries moving ahead showing healthy growth rate despite of peer pressure and weak government polices. The article state that Nepal pharma market is estimated Rs 1000 crores of which only 32% is contributed by domestic houses. This article further states that problems that the domestic houses are facing are from weak government policy as well as unnecessary legal barriers by Indian government in the export of domestic medicines.
2. Another article on “Himal khabar patrika “ February 2007pg.18-19 regarding the unhealthy marketing strategy that the pharmaceutical producers are following .Though DDA had declared that in the medicine, margin of profit to retailer 16%, to distributer 10% and importer can have only 6% profit margin but due to the weaker control of government over the Nepalese Pharma market, they are selling the product taking profit more than 150%.
3. Another article published in “The Kantipur daily news paper on dated 15<sup>th</sup> & 27<sup>th</sup> Falgun 2063” regarding the new directory that is going to be published by DDA and some amendments in label.

4. Drug Bulletin of Nepal (DBN) published by Department of Drug Administration in quarterly basis. The scope of the bulletin are pharmaceuticals, stability, quality control, formulation, biopharmaceutics, policy, legislation and regulatory control, availability and supply, administration & dosage, pharmacology, choice of therapy, indication, contraindications, drugs interaction, adverse drugs reaction, essential drugs.

### **2.3. An overview of Pharmaceutical market in Nepal:**

A total of 49 domestic companies are operating their business in Nepal. Total size of market is 18 billion. Total investment NRs 8 billion, Total market share value by Nepalese companies NRs 6.8 billion. Total WHO GMP certified companies are 22. There have been about 90 importers, 1763 wholesalers and 12,709 licensed retail pharmacies, though observers speculate over 2500 pharmacies are in existence. Most of the companies produce tablets, capsules, topical ointment/cream, liquid preparations, mostly not utilizing the installed capacity. The company does not optimally utilize parenteral (injectable) and its production is insignificant. Most of the companies have limitations in terms of technical capability and also lack of adequate marketing.

In Nepal, almost 22 companies have got GMP license and around 7 companies are on pipeline out of 49 companies. Few company going to icebreak for exporting medicines. Despite the competition with India, so called substandard companies as well as multinational companies like Glaxo, Nepalese company have succeeded in marketing their presence felt. Nepalese Pharmaceutical companies showed the rapid growth during this decade. Nepal pharmaceutical companies have the history of 30 years but it attained its rapid growth only after democratic revolution of 2046 B.s. Only 32% of total Pharma market share of Nepal is covered by our local production, remaining 68% by Indian and other countries. As per DDA's latest information, there are 217 foreign companies and 53 national companies registered. The number of their registered brands of foreign companies & national companies are 4371 & 2867 respectively. (source: Drug bulletin 2006 vol18 no.1 pg 6 and 7.)

Association of Pharmaceutical Producers of Nepal (APPON) has targeted to cover 50% of Market share by the end of 5 years and 90% of market share within 10 years by our local Nepalese production.

Department of Drug Association adds that the expectation of policy is to make the country self sufficient in 80% of essential drugs ,but the achievement so far is less than 60%.APPON has also stated that by the end of 2068, all Nepalese pharma Industries are supposed to meet the WHO-GMP standard and would also control in imports of medicine from India and other countries.Currently, Nepal Pharmaceutical market consists of domestic companies& foreign companies.Domestic companies are attaining its rapid growth from last 10 years. In 2000, domestic companies covered only 21% of total Nepal Pharma market.(growth of domestic companies is presented below using bar Diagram).Hence, it is high time to work for the development of drug manufacturing within nation. But the most disturbing agenda hindering the growth of indigenous production is the advantage given to the importer of drugs from foreign countries in comparison to the promotion and export of national product.It may be noted that the drugs are imported with 3.5% as custom duties whereas the duties that national industries paying to many of their inputs is higher than one paid by finished products.

Nepal Pharma market is facing the problem as number of similar and confusing brands sprouting like mushrooms day by day.Hence it has become essential to reduce the multiplicity of substandard brand also to reduce the proliferation of small to large scale industries from the neighboring countries especially from India in order to monitor the proper quality of products. There has been 257 Allopathy,27 Veterinary and 31 herbal Ayurveda foreign Pharmaceutical industries as well 29 Allopathy,8 Veterinary and 40 herbal domestic companies recorded up to Assad 2068.Total brand registered foreign 7092 and Domestic 4677 for Marketing Authorization up to Assad 2068.(DDA bulletin)

#### **2.4. Brief scenario of National Pharmaceutical market:**

National pharmaceutical companies have been growing steadily of cut throat competition with the Indian companies and unfair government policies. Ten years ago, there were only 10 Pharmaceuticals in the country. The number has now reached 49 and more

numbers are in pipeline, taking the establishment of Royal Drugs Ltd.as public Enterprises in 1972 to be the first serious efforts towards developing modern Pharmaceutical industries in the country.In 2001,chief drug administrator has assured that due to the rapid expansion of Pharma industries this sector would be capable to fulfill 50% of the domestic demand has been fulfilled by our national companies.

As per the people involving in Pharma business claim that national Pharmaceuticals products being consumed were around 17000 million .Just 2 years before, only Nepali company had introduced injection,etc in market that has the contribution of 20 % in total medicines being consumed.The reason for ths may be the requirement of high investment, demand for these types of medicines lesser than that of other general medicines,and requirement of advanced technologies.But, general medicines like antibiotics, vitamins etc have covered 60% of total medicine consumption. Similiarly, anticold medicines have covered 75% of total consumption. But, Nepalese houses are started manufacturing cardiac & diabetic medicines and still backward in production of such drugs.

As per the information received from the reliable source,out of total Nepal Pharma market ,injection range has contributed 2000 million and in remaining 8000 million,2000 million has been covered by those medicines which are not produced in Nepal and having low market share. And,in remaining 6000 million, only 3000 million has been covered by national production. However, in case of general common medicines, Nepal pharmaceutical houses has covered 50% of its market.

## **2.5. Future Potentiality of National Pharmaceutical Products:**

Some Pharmaceutical producers have claimed that the import of medicines from other countries in Nepal and unfair government policies are the major reasons for the backwardness of domestic industries. They further claim that, Nepal is the only country where medicines from other countries can easily enter. These imported drugs are not economically viable to poor and down trodden population because it does not generate a penny amount of government revenue. Importing medicine exports the monitory funds outside the country,but if those kind fund be able to keep within Nepal,it may be used for

infrastructure development for national industries. Nepal is being unable to export its medicine to India & other countries because of unnecessary legal barriers and quality test. But, our government policy does not have the criteria or quality checking of medicines from India in Nepalese laboratory. Nepal gives permission to market only if they have the central lab test report of India. If government controls on these things, only Nepal has the opportunity and future potential to export its product and can satisfy the entire health service independently.

One controlling measure introduced in 2001 was the requirement of WHO-GMP (Good manufacturing Practice) certification for any foreign company to get permission to sell its drugs in Nepal. As Nepali companies are required to get GMP, altogether 26 company has granted for GMP requirement. This step of government will help to produce quality products from each and every domestic pharmaceutical Industry.

Nepal has now become the member of WTO. So, domestic Pharmaceutical companies have to raise their quality standard to compete in the international market as well as to grab the opportunities from globalization and free market economy which especially give to the least developed countries (LDC's) like Nepal. If all the domestic companies reach to the WHO-GMP standard along with fair government polices, then Nepal Pharma Industries have great scope of export. Government opens a lot of encouraging environment for industry establishing various polices. However, these polices needs amendment and is to be updated with the changing scenario in order to encourage upcoming industries to increase their product lines to achieve self reliance in this sector.

## **2.6. Promotional Tools mostly used in Nepalese Pharma Market:**

1. Medical Representatives of Pharmaceutical industry represent both their company and the pharmaceutical industry as a whole in the eyes of healthcare practitioners. They are the main point of contact between the pharmaceuticals industry and other partners in healthcare sector. For this reason, the industry should establish and maintain high standards in the recruitment and selection of medical representatives to ensure that well-qualified people are hired. Medical representatives should be science graduates.

11. Sample:

The working pattern of MSR of any company depends on sample. MSRs usually have to offer some medicines as sample to doctors during their every visit. Samples are given to MSR in monthly/ quarterly basis as per their requirement. The main purpose of sample distribution to doctors is to acknowledge them the availability of the brand in market and its effectiveness, its dosage etc. Providing samples to doctors during MRS's every visit reminds the doctors regarding medicines and this will help in getting maximum prescription from doctors.

#### 111. Incentives/Timely Payment Commission/Discount:

Incentive generally means payment made to encourage the effort of field force in work. In Pharmaceutical Industries, usually MRs, chemists and stockiests (Distributors) are benefited by the sales incentive. After fulfilling the annual sales target given by the company, MRs and stockiests can enjoy the incentive. Thus; incentives also promote the sales of the Pharmaceutical company.

Timely payment commission (TPC) is usually given to the stockiest from the company. Company provides certain percentage discount to the stockiest if they paid the outstanding amount within given time limit. TPC indirectly promote the sales but directly related to payment on credit sales. From the reliable source, it came to know that company like Time Pharmaceuticals had offered the discount of Rs. 10000/- in the purchase of medicines worth Rs. 38000/- for a certain time.

#### iv. Schemes to Retailers and Gifts to Doctors:

The most popular promotional tool that every Pharmaceutical companies are adopting ,is announcing schemes to retailers in certain products. Usually, schemes are kept on seasonal medicines, medicines at introductory phase and also to clear the stock. For example; in purchase of 3 boxes of Metronidazole ,1bed sheet free.

Sales of every Pharmaceutical houses based on prescription of doctors. So, the houses usually focus to doctors. They offer different types of gifts (called as kind offer) as per demand and requirement of doctors. Most of the Indian companies and big Nepalese Pharma companies offer expensive items like cars, house, laptop, bike,etc. This type of unhealthy trend of offering expensive gifts to doctors has created problems in the survival of many other small industries running in small capital. Doctors will prescribe

those companies brand who will offer them expensive and attractive gifts. Besides expensive gifts like wrist watches, leader purses, medicine books, air tickets, pens, prescription pads, diaries, mobile sets, Pashmina Shawl, Wall clock and many other are also gifted to doctors for the sales promotion.

v. Advertising through Donations, Sponsorship, Organizing Free health camp:

Only herbal based over the counter (OTC) medicines were granted permission for advertisement. Direct advertisements are not allowed in allopathic Pharmaceuticals products in Nepal. Pharmaceutical houses usually aid their products through donation to hospitals, charity program, sponsoring the whole 4 years MBBS course to the student so that he will prescribe their products after passing the MBBS. Some companies also organize free health camps in remote areas, villages distributing free medicines to poor people. Pharmaceutical houses also give the advertisement in Health related magazines, Medical directory, Health yellow pages, Medical dictionary etc.

vi. Bonus-“A Nasty deal”:

A deal is a trade scheme provided by the company to encourage shopkeepers to sell particular drugs. A deal of some limited percent may be permissible for new drug brand for limited period to promote the new brand. However, it is the question of ethics on the part of the drug companies and as far as shopkeepers are concerned, company provides perpetual deals if their product is not required quality. Prestigious companies stop deals for the new product once the promoted enough' some shopkeepers argues.

The extent of deals has crossed 100% meaning if a shopkeeper buys one strip(10 capsule per strip) of capsules, he gets another one strip or more free. Companies are providing medicines as commercial product rather than quality conscious products. Nepali companies blame the Indian competitors for such heavy trade discount. To match them , the Nepali companies have to suffer heavy costs.

The result of such heavy tread discount and bonus may be compromised quality of the drugs. The composition maybe all right but the chemicals used maybe nearing expiry of their potency, thus being possible to be provided at cheaper rate and making it viable to offer heavy discounts.

Nepalese houses are facing tough competition with multinational as well as national companies. Indian companies especially those who have 10 times higher turnover than domestic offer higher bonuses, expensive gifts, attractive schemes. And, to compete them, domestic houses with lesser turnover follow the same. As a result, they may use near expiry raw material having low potentiality and efficacy.

## **2.7. Ethical and Unethical competition:**

The pharmaceutical industry also faces challenges with respect to ethical marketing and promotional practices. But, market trends shows unethical marketing practices like providing doctor services, their needs and what they expect from companies for prescribing their products. The conflict of commercial interests with adherence to ethical practices has been a subject of much deliberation. While such deliberation tends to have high degree of debate, it is also a concern for quality healthcare. This is true not only in our country but also globally. The degree of concern varies depending on the laws and regulations in various markets and overall operating environment. Local companies' success has to be especially appreciated because they are operating under difficult circumstances where marketing efforts have been curtailed in many parts of the country due to the ongoing violence. Also, not only they have to compete among themselves, but also with Indian and multinational companies (MNCs) who have had full-fledged marketing operations as well as established brands in Nepal for a long time. As per the Department of Drug Association (DDA), altogether 7493 numbers of registered retailers do the business of 7000 brands of 2000 generic medicines. So, the situation is such that similar type of medicines, for example, the antibiotic "Ciprofloaxacin" may be available as many as dozen brands like ciprodac, ciprofloax, Flontin, Cifran etc in the market. Similar is the case for many other antibiotics and OTC (Over the counter) drugs like vitamins, painkiller, and gastrointestinal medicines.

An excessive number of similar brands often lead to problems of substitution i.e., chemists substituting a prescribed brand in preference of another that might be more profitable to them. This has obviously resulted in cut throat competition such as under pricing, attractive bonus offers and substantial gifts to doctors as well as retailers.

Due to weak government price analysis and control over the producers and retailers ,final consumers(Patients) are being looted by them,taking excessive profit. Medicines having the generic name Albendazole (Antiworms) having brand name as Warmlock has the MRP rate of Rs 12/tab but wholesale rate for the same is Rs 5.17 per tab.(Himal khabar patrika ,30 jan -12 Feb 2007.Retailers usually get 40%- 100% bonus on the purchase of 1.

## **CHAPTER-3**

### **RESEARCH METHODOLOGY**

#### **3.1. DATA PRESENTATION & ANALYSIS:**

In this chapter, data is collected through different sources such as reports, bulletins, magazines, journals, questionnaires, Direct Observation, Information system through communication with doctors/pharmaceuticals producers/retailers and consumers. Statistical tools have been performed to analyze Data. To achieve the stated objectives, the following methodology has been used.

#### **3.2. Research Design:**

The research designing implies procedures, techniques and tasks, which guide to evaluate the objectives of the study and propounds way for research visibility. This is descriptive Research design. It is based on analytical as well as fact finding approaches relative largely to the present and abstracting generalizations by the cross-sectional study of current situations. This study is an attempt to project the present scenario of the Nepalese Pharmaceutical industries and their marketing in Nepal with sharp focus to the marketing of Pharmaceutical products of domestic Pharmaceutical company.

The information and data are presented in analytical method. Besides these, quantitative data are described in words in details wherever necessary. Mostly, qualitative aspects of the study describe the view of the top management personnel of the manufacturing company, Doctors, Medical Representatives (MRs), distributor, wholesaler, retailers and consumers on problems of marketing of drugs in Nepalese market.

-The general steps followed for this descriptive study are as follows:

- Formulation of the objectives of study.
- Defining the Population and selecting a sample.
- Designing the method of data collection.
- Analysis and Interpretation of the data facts.

### **3.3. Designing the methods of Data Collection:**

Both primary and secondary qualitative and quantitative data will be used in the study.

#### **a) Sources of Primary Data**

Pharmaceutical producers, stockiests and chemists & other medical personnel will be the major source of primary data. In addition, information will be collected through gathered discussion & questionnaires by undergoing field visits and direct interviews with chemists and stockiest.

#### **b) Sources of Secondary data**

Systematic research on various facts of the Pharmaceuticals industries based on field investigations has not yet reached a mature stage. Consequently, heavy reliance has to be placed on secondary sources of data .Sources of secondary data are articles, reports, books,statements,documents etc unpublished & published by different institutes like DDA,APPON,National Drug Policy ,Drug Bulletin and Industrial Act etc which were found useful in the preparation of this study are furnished in the bibliography of this thesis.

#### **3.3.1. Population & Sampling:**

Population of this study covers 70 respondents.Among which, 5 are pharmaceutical producers,20 Retailer/Stockist,15 doctors and 30 consumers,selected randomly for the study.

### **3.4.Tools & Techniques of Data Collection:**

Both questionnaires and Interview techniques will be used in order to collect the primary data for the study.

### **i. Questionnaire:**

For the data collection work, four types of questionnaires are designed. With the help of first type of questionnaire, data is collected from pharmaceutical producers. Second type of questionnaire is for chemist & Stockist, third type of questionnaire is for doctors and fourth type of questionnaire is prepared for consumers.

### **ii. Interview:**

Besides questionnaires, some informal interviews are also taken from the people engaged in Pharma Market.

## **3.5 Data Presentation and Analysis:**

For these study facts, views and opinions of the experts as Medical Practitioners, Medical Representatives, Chemists and consumers accumulated by primary and secondary data sources are analyzed and interpreted. The choice of sample selection is entirely based on the discretion or judgment of the author. Sampling is purposive or judgemental used unbiased for fact finding and interpreting valid and proper conclusion. Thus, the raw data are collected by opinion survey, interview and questionnaire survey. A simple statistical analysis has been made to explain some quantities of data such as simple tabulation, percentage comparison, etc. It is also done on the basis of information collected, observation made and opinion analysis. The researcher has spent quite a sufficient period to write and produce a good research. Besides, this simple bar diagram, line diagram and pie charts have been used to show the data in a crystal-clear form.

## **CHAPTER-4**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1. Present status of Pharmaceutical market in Nepal:**

The present market of Nepal is invaded by a large number of doubtful and spurious drugs due to our open boarder with Indian states of Bihar and UP ,where 70% of drugs from Indian market is believed to be Produced. Due to Poor quality control infrastucture of our government agencies and ineffiecent monitoring system, such practices are continuously been going on without much notice in our market. The Indian government estimates that about 19% of the brands available at various Indian markets are either substandard.Our rough estimate at Nepal, on the basis of the recent laboratory analysis of various brands at Nepalese market, indicates that more than 30% of the brands in our rural and suburban markets are either substandard or are of doubtful quality. It is thus not only essential to identify the proper Quality brands for prescription by the Qualified doctors within Nepal, but also imperative to minimize the effects of such poor quality products on the quality of health care services to the millions of poor and needy patients.

The total expenditure of pharmaceutical and other medical products were estimated based on (a)surveys of domestic producers and importer of Pharmaceuticals and other medical products and (b) Customs recorded on imports. Pharma market has been an important segment for a particular country nowadays, so Nepal can not be a part from this segment of market. From Chemidrug pharmaceutical closely followed the selling up of another semi –government company,Royal drug limited(now named as national Ausadhi ltd) in 1972 which was sucession of royal drug research laboratories.The establishment of chemidrugs first,Everest pharmaceuticals second and Lomus Pharmaceutical third in 1985(2042) had brought the modern Pharmaceutical production techniques in Nepal.The Pharmaceutical industry is gradually taking height with the change of time and government polices. Today, there are more than 257 industries( Nepalese, Indian & multinational) producing 7237 brands of medicines are available in market. The medicine market has become measurable market segment in Nepal at this moment and is going through stiff compettion from the imported as well as domestic drugs.

## 4.2. Top Ten Companies in Nepal:

Company	Val In Cr.	Market Share %	Value Gr. %
Nepal Pharma Lab	9.00	4.15	27
National HealthCare	7.90	3.59	50
Aristo Pharma	7.80	3.57	22
Deurali Janata Pvt Ltd	6.60	3.02	15
Lomus Pharma	6.60	3.02	4
Quest Pharma	6.48	3.0	14
Dabur	6.40	2.93	232
Cipla	5.20	2.38	48
Aventis Pharma	5.00	2.32	34
Nicholas Pharma	4.90	2.25	28

Source: IMS Market feed back Report 2005.

## 4.3. Top Brands:

Top Brands	Companies	Val In Crs.	Market Share %	Value Gr. %
Rabipur	Aventis	2.32	1.06	37
Chayanprash	Dabur	1.45	0.66	65
Distaclor	Eli Lilly	1.37	0.63	46
Megapen	Aristo Pharma	1.36	0.62	8
Nemox	National HealthCare	1.34	0.61	57
Digene	Abbott Knoll Pharma	1.32	0.61	10
Voveran	Novartis Pharma	1.16	0.53	25
Asthalin	Cipla	1.06	0.48	8

Source: IMS market feed back Report 2005.

#### 4.4. Top Fifteen selling medicines from Domestic Industries:

Rank	Composition	Market Share % On Domestic Sales
1	Amoxicillin	8.6
2	Vitamin	6.1
3	Cough Preparation	4.6
4	Metronidazole	3.8
5	Ibuprofen+Paracetamol	3.1
6	Ciprofloxacin	2.7
7	Anticold	2.6
8	Cotrimoxazole	2.4
9	Iron and Folic Acid	2.4
10	Paracetamol	2.2
11	Ampicilin and Cloxacilin	2.1
12	Nimesulide	1.7
13	Ofloxacin	1.7
14	Omeprazole	1.5
15	Cefadroxil	1.5

Source: Drug Bulletin of Nepal 2006(Shrawan kartik 063) Vol 18 no 1.

The top selling medicines from Domestic industries is Amoxycillin(Antibiotic).It was followed by vitamins,Cough syrup and so on as per the above table.The top 15 drugs produced in the country shared 43.4% of the total sales from the domestic industries.So, national production should be encouraged to reduce the dependence on import.

Some leading brands of most sellable medicines in Nepal, ranges its bonus from 0% to 150%. Not all the company provide bonuses in their every products . Some of the products like Buscopan,S-Spasmidon and many others are existing in market without bonuses.Producers,Doctors,distributer,Retailer must understand that bonuses and gifts do not matter in the existence of product. Only Quality of medicine does matter. No compromises should be made in life saving drugs.

#### 4.5. Calculation of Consumption in Retail sales Value:

Generally, the value of drugs at retail level is calculated on the following basis. However, some variation may be found. Manufactures fix the stockiest rate (company to Distributer) adding all the expense including marketing expense to its cost. To this figure, wholesaler adds 10% commission to fix its wholesale Price (WSP), from distributor to Retailer. Retailer adds 16% to this figure hence retail Price (MRP) is fixed to sell the medicines to Final Consumers. Importers add 6% to the import value as custom duty and handling charge. In Practice, there is percentage commission in level by level and actual percentage in total become more than total added individual while calculating the retail value

#### 4.6. Some sellable medicines and their Price:

**Some sellable medicines and their Price**

<b>Medicine</b>	<b>WSP Rs</b>	<b>MRP Rs</b>
Amoxicilin Capsule	3.75	8.70
Vitamin Syrup 200 ml	38	75
Cough Syrup 100 ml	24	45
Metronidazole Tab	1	2
Ibuprofen+Paracetamol	1	2
Ciprofolxacin	4.64	9.28
Cold Tablet	1.5	3
Ofloxacin Tab	5.70	9
Omeprazole Capsule	3	6

Source: Himal Khabar patrika 30 Jan -12Feb 2007.

#### **4.7. Present status of Pharmaceutical Companies in Nepal:**

Pharmaceutical companies are not much grown up in Nepal as compared to Indian & Multinational companies. Still it is considered to be in infant stage in comparison to Indian and multinationals. The main reason for not being able to grow much is due to inability to export its products and dependency in limited domestic market. The number of pharmaceutical companies and its brand are also high in Nepal in connection with its population. This clearly indicates that government has not taken serious steps to safeguard and uplift domestic entrepreneurs.

The Nepalese market is in highest competition in pharmaceutical market. This market is not fit for such a fierce competition and it is not good for domestic entrepreneurs, and this needs immediate remedy from government side and from every individual Pharmaceutical entrepreneurs.

#### **4.8. Share of Allopathic drugs:**

59%	=import
32%	=Domestic Industries
9%	=Govt & NGO,INGOs

The above data shows the share of allopathic drug for human use by import through public and Private sector and by domestic industries. Total allopathic consumption in Fiscal year 2061/062 has been 10659 million in which 32% of consumption was met by domestic Industries, 59% by import and 9% by government NGOs and INGOs.

#### **4.9. Presentation of Consumption of medicines in Nepal:**

As described in Previous in Nepal, Pharmaceutical industries started in seventies and number increases in eighties. The entire demand for medicines was fulfilled by imports. With the emergence of modern medicines industries in Nepal, the demand for medicines gradually started supply by Nepalese Pharmaceutical Industries also. The total demand for medicine also increased gradually year after year with the increase of Hospitals, Medical college, modern nursing Home, and rapid research in development of medicines. The data of consumption pattern of medicine in Nepal collected from

DDA, Drug bulletins and Pharmaceutical Horizon of Nepal (PHON). The mentioned data is total of domestic Production, Import by the public and private sector from abroad. The following data shows the consumption pattern of modern medicines in Nepal.

#### 4.10. Table of medicine Consumption/Sales in Nepal:

<b>Fiscal Year</b>	<b>Total Consumption of Drugs in Rs.Million</b>
1992/1993	1532
1993/1994	1915
1994/1995	2413
1995/1996	3664
1996/1997	3861
1997/1998	4826
1998/1999	5018
1999/2000	5907
2000/2001	7018
2001/2002	8000
2002/2003	8880
2003/2004	9946
2004/2005	10659
2010/2011	16348

Source: DDA Bulletin

From the above table and graph, it is observed that the allopathic medicines consumption has been increased from Nrs 5907 million in the year 1999/2000 to Nrs 10659 million in the year 2004/2005. It shows that the consumption has increased by Rs 4752 million in the last 5 years which is 80% more than 1999/2000. It shows an average annual increment by 16.1%.

#### **4.11. Presentation and Analysis of Primary Information:**

To make research more reliable, analytical, informative and challenging, primary information plays a vital role. So, in this case study of market share analysis of Pharmaceuticals companies, the researcher has put efforts to analyze the primary data as obtained from the questionnaires distributed to chemists, doctors, producers and consumers. The questionnaire attempts to analyze the factors that affect to prefer particular brand of medicine. Promotional activities prefer particular brand of medicine, promotional activities preferred and market share analysis of Nepalese, Indian and other foreign companies which include degree of Preference of Nepalese drugs by doctors, chemists, producers, consumers: View of doctors, chemist, producer, consumer and chemists regarding the quality of medicines produced by Nepalese companies.

##### **4.11.1. Result of Questionnaires distributed to doctors:**

According to questionnaire based on questions asked to the different doctors of Kathmandu, Biratnagar, Dharan, Pokhara and Nepalgunj, the figures refer to the no of responses over total and percentage of responses. Following result can be summarized accordingly.

Most of the doctors believe that quality of Nepalese medicine is as good as Foreign one. Majority of Doctors Prescribe medicines produced by Indian, Foreign and Nepalese companies.

Nepalese medicine covers 50-75% of the Prescription of majority of doctors. Quality of drugs makes majority of doctors to Prescribes certain brand. Most of the doctors prefers literature and Journals as promotional activities from companies. Higher quality of Indian medicines makes the doctor to Prescribe Indian brand.

Most of the doctors experienced that patients are satisfied with Nepalese brand. Majority of doctors experienced that some of the time only chemist substitute their prescribed brand.

There is tie between the option No and some time . Some doctors do not change their prescribing habit as per MR visit and some doctors sometime changed their Prescribing habit.

#### **4.11.2. Result of Questionnaires distributed to Chemists:**

Following conclusion can be drawn from Questions asked to the different chemist of different cities.

Most of chemist prefer to sell Nepali medicines. There is tie between the option in the absence of Prescribed Product and by asking doctors. Majority of chemist are getting 2-3% cash discount.80% of the surveyed chemist are getting 16% margin and 2-3% cash discount on purchase of medicine.

40% of the chemists experienced that consumer buys whatever price- never substitute. Majority of the chemists think that Nepali medicines have good quality.

Most of the chemists are motivated by doctors' Rx to sell Nepali medicine.

Almost 70% of the chemists believe that there is no link between bonus and quality.55% of the chemists said that bonuses should be kept as it is.

Most of the chemists suggest upgrading the quality as per WHO- GMP/National GMP.

## **CHAPTER-5**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Summary:**

The brief introduction of the Pharmaceutical industry, its role, importance and contribution in Nepal are prescribed in the introductory chapter. The second chapter i.e. Review of Literature gives the concept of marketing and its different aspects where different views of different resource scholars, writers are reviewed. Similarly, the thesis available in context of Pharmaceutical industry from various researchers is also reviewed. The appropriate Research Methodology is presented in chapter three. With the help of methodology described, the data are presented and analyzed in chapter four. Now, in this chapter an effort has been made to present summary of findings and gives some suggestion for future course of action.

The basic objective of this study is to analyze the sales promotional tools adopted by Nepalese Pharma Market and market share of different companies originating from different countries. To accomplish the objectives set earlier in the first chapter, the necessary data from secondary and primary sources are journals and publication and questionnaire distributed to Doctors, chemist and consumers. The secondary and primary data are analyzed through simple statistical tools like average, percentage, mean etc.

#### **5.2. Conclusion:**

In conclusion, despite of cut-throat competition, domestic industries have showed excellent growth in these 10 years. Most of the medical practitioners prefer to prescribe only Nepalese brands. It is very encouraging to domestic industries. Not only doctors, but chemists, consumers and dealers also do favor and trust domestic pharmaceutical enterprises. Nepalese pharmaceutical companies have lost space to grow in their own domestic market by substituting the import from foreign countries. But all these are possible only through the government supportive role towards the domestic industries. And domestic industries should also follow and implement the guidelines on ethical

promotion of medicines 2007 in practice, making market environment healthy. This will ultimately derive benefit to all of us.

### **5.3. Recommendations:**

1. Nepal has got membership in WTO. In this context, we should be able to explore the opportunities and make best use of them. In addition, we should also evaluate the external threats for our industries and make every possible effort to overcome them.

2. A high degree of protection of domestic industry is essential to increase and improve the country's productivity and launching import substitution more effectively. In order to protect the domestic industries and manufacturers, high protective tariff should be imposed on imported finished essential drugs, which can be manufactured within the country, while custom duties must be minimized during import of raw material from foreign countries.

3. Government should formulate proper policies to attract foreign direct investment in this sector to make the domestic products recognized in foreign market, which will help to open the window for exporting domestic production.

4. Government should formulate proper policies to attract foreign direct investment in this recognized in foreign market, which will help to open the window for exporting domestic production.

5. Nepal should develop technical collaboration with developed countries and give importance to the appropriate technology, transfer with the full capacity utilization.

6. Government should formulate effective strategy to discourage the substitution practices by retailers. For this, government should establish effective market research department.

7. Government should strictly implement the "Guideline on Ethical promotion of Medicine, 2007" to promote ethical promotion of medicine, to support and encourage the improvement of health care through the national use of medicines and discourage unethical practices.

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## APPENDIX 1

% Prescription from Doctors	No.of Doctors(f)	Mid Value(x)	fx
0-5	2	12.5	25
25-30	5	37.5	187.5
50-75	10	62.5	625
75-100	0	87.5	0
Total	17		837.5

Now,

$$\begin{aligned} \text{Arithmetic Mean } X &= E \text{ fx}/N \\ &= 837.5/17 \\ &= 49.26 \end{aligned}$$

Linear trend equation:

When the time series data reveal a rising trend in the sales then straight line trend equation of the following form is fitted:

$$S = a + bT \quad \dots\dots\dots(i)$$

Where S= Annual Sales / Consumption, T=Time (Years, a and b are constants. The parameter b gives the measures of Annual increase in consumption / Sales.

The coefficients a and b is estimated by solving the following two equations based on the principle of least square:

$$Es = na + bET \quad \dots\dots\dots(ii)$$

$$EsT = aET + bET^2 \quad \dots\dots\dots(iii)$$

The table consists of demand forecasting analysis by Linear Trend Equation:

<b>Fiscal Year</b>	<b>Total Consumption of Drugs in Rs.(S)</b>	<b>Time(T)</b>	<b>T<sup>2</sup></b>	<b>SxT</b>
1992/1993	1532	1	1	1532
1993/1994	1915	2	4	3830
1994/1995	2413	3	9	7236
1995/1996	3064	4	16	12256
1996/1997	3861	5	25	19305
1997/1998	4826	6	36	28956
1998/1999	5018	7	49	35126
1999/2000	5907	8	64	47256
2000/2001	7018	9	81	63162
2001/2002	8000	10	100	80000
2002/2003	8880	11	121	97680
2003/2004	9946	12	144	119352
2004/2005	10659	13	169	138567
N=13	ES=73039	ET=91	ET <sup>2</sup> =819	EST=654261

Similarly, till 2001, we can calculate

By substituting numerical value in equation(ii) and (iii) we get

$$73039 = 13a + 91b \dots\dots\dots(iv)$$

$$654261 = 91a + 819b \dots\dots\dots(v)$$

By Solving equation (iv) and (v) we get the trend equation as

$$S = 118.96 + 785.63 T \dots\dots\dots(vi)$$

From the above equation no.(vi) projection has been made for next three year, which is,

$$\begin{aligned} S &= 118.96 + 785.63 + 14 \text{ th year } 2005/2006 \\ &= 11117.78 \text{ million} \end{aligned}$$

Again,

$$\begin{aligned} S &= 118.96 + 785.63 + 15 \text{ th year } 2006/2007 \\ &= 11903.41 \text{ million} \end{aligned}$$

Likewise ,

$$S = 12689.04 \text{ in } 16^{\text{th}} \text{ year } 2007/2008$$

Similiarly, we can calculate for 2009,2010,2011,2012 etc.

From above calculation, it is revealed that the demand for the year projection can be calculated respectively.





## ANNEX-2

### QUESTIONNAIRE FOR PRODUCERS

This questionnaire is framed with a view to conduct a research for the partial fulfillment of the requirement for the degree of Master of Business Studies. Hence, your kind cooperation is expected by giving exact answer of the questions asked. The answers will be kept confidential.

Name \_\_\_\_\_ of \_\_\_\_\_ the \_\_\_\_\_ company.....

Date.....

1. Do you think domestic products could substitute foreign products?
  - a. Yes
  - b. No
  - c. Yesbut takes time
2. What percentage of your company is producing drugs as per WHO-GMP standard?
  - a. 0-25
  - b. 26-50
  - c. 51-75
  - d. 76 – 100.
3. Do you think that heavy promotion helps to capture more market share?
  - a. Definitely yes
  - b. Sometimes
  - c. Never
4. Are Nepalese companies expecting highest sales by providing limited benefits to the Prescribers ?
  - a. Yes
  - b. It depends upon particular company
  - c. No
5. What is the main reason behind Nepal being the highest brand importing ?
  - a. Lack of long term vision in Government policy.
  - b. Selfish motives of some Producers.
  - c. Easy entry from open boarder.
6. Are doctors confused by substandard substitutes?
  - a. Never, Quality counts.
  - b. The cheaper the better.
  - c. Certainly, it is inevitable.
7. What is your opinion regarding government support to Nepalese Pharma industry?
  - a. Good
  - b. Satisfactory
  - c. Neutral
  - d. Negative
8. What you say about the promotional activities like bonus, gifts, and schemes in Pharma Industry?
  - a. Most essential
  - b. Necessary to compete with Indian companies
  - b. Not necessary
  - d. As per the market demand

9. Why are Nepalese companies behind the Indian companies?
- low quality
  - Weak Government policies
  - Indian companies spend much more in sales promotion than Nepalese company
  - Lack of Infrastructure and capital.
10. What is the major promotional tool to boost up your sales?
- Schemes to Retailers
  - Gift to doctors.
  - Bonuses.
  - All of the above.
11. Do you think it is ethical to provide gifts and higher bonuses?
- Yes
  - No
12. Do the doctors demand for the gifts?
- Yes
  - No
13. What if the government fixes the MRP on other drugs too as in Paracetamol and limits the bonus range?
- It is good.
  - It is discouraging to the Nepalese Pharma companies
  - It should be kept as it is
  - Only on certain products.
14. Can Nepalese Pharmaceutical companies fulfil the demand of drugs within the nation?
- Yes, they can export also.
  - No, it is very difficult.
  - Foreign drugs are essential.
15. Do you think giving gifts to the doctors is a part of ethical marketing?
- No, it is not a part of ethical marketing.
  - Yes, according to market trend it should be done.

Please give your valuable suggestions to the government for the upliftment of Nepalese Pharmaceutical industries.

### **Results sheet of questionnaire for producers**

Standard of Nepalese drugs is improving.

Market promotion is significant to capture market share.

Inadequate motivation to the doctors .

Ineffective monitoring and polices responsible for unhealthy competitions.

Nepalese producers are committed to provide quality drugs .

Substandard brands must be removed from the market.

Nepalese producers can fulfill internal demand and export abroad.

Nepalese producers can be self sufficient in essential drugs.

Doctors get motivation to prescribe Nepalese drugs from gifts.



9. What do you do when you don't get the prescribed brand?
- a. Ask for alternative drug
  - b. I will get it from another Pharmacy
  - c. As suggested by the retailer.
10. How do you see price factor of medicine?
- a. Quality counts, not Price
  - b. The cheaper the better.
  - c. Depends on comparable brand.
11. Are you conscious about expiry date?
- a. Yes
  - b. No
  - c. Sometimes
12. Do you think that Nepalese drugs are economical than imported drugs?
- a. Yes
  - b. No
  - c. Depend on product category

Please give your valuable suggestions for the improvement of the Nepalese Pharmaceuticals companies.

**Results of questionnaire for Consumers sheet .**

Unethical marketing practice exists.

Customer awareness about ill practice.

Brand awareness among consumers.

Price sensitive consumers.

Customers unawareness about expiry date.

Nepalese drugs adds to the national Economy.

Nepalese Drugs are trustworthy.

**ANNEX-4**  
**QUESTIONNAIRE FOR CHEMISTS**

This questionnaire is framed with a view to conduct a research for the partial fulfillment of the requirement for the degree of Master of Business Studies. Hence, your kind cooperation is expected by giving exact answer of the questions asked. The answer will be kept confidential.

Name of the respondent .....

Date

.....

1. Which of the medicines do you prefer to sell?  
a. Nepali      b. Indian      c. Multinational Companies      d. No Preference
2. How often do you substitute the doctors' Rx?  
a. Never      b. Mostly      c. In absence of prescribed products only  
d. By asking with Doctors
3. Cash discount mostly you get from the stockiest is  
a. 2- 3%      b. 3-4%      c. 5-6%      d. More than 6%.
4. Which company mostly offers schemes, high bonuses and discounts?  
a. Nepalese Companies      b. Indian companies      c. Multinational companies
5. What is the consumer reaction with the price of the prescribed medicine?  
a. Prefer only prescribed brands  
b. Substitute other if not available.  
c. Substitute with low price.  
d. Buy what ever you sell.
6. Do you think Nepali medicines have good quality?  
a. Yes      b. No      c. Only few have good quality      d. Majority have good quality
7. What factor motivates you to sell Nepali medicines?  
a. Quality      b. Bonus/ Scheme      c. Price of medicines      d. Doctors Rx
8. What you think about company giving high bonus?  
a. Substandard Company( low quality)  
b. Standard company (High Quality)  
c. None of the above because there isn't any link between bonus and Quality
9. What you say about the rising controversies regarding higher bonuses to the retailer?  
a. Its okay if bonuses will be cut down.

- b. It should be kept as it is.
- c. No matter whether bonus cut off or kept as it is.

10. In your opinion, what should Nepalese companies do to increase their business?

- a. Generate more Rx from doctors.
- b. Increase bonus in product.
- c. Regular schemes in the product.
- d. Upgrade the Quality as per WHO GMP/ National GMP.

