

MARKET POTENTIALITY OF PHARMA INDUSTRIES IN NEPAL

By

NEESHA SHREEWASTAV

(THAKUR RAM MULTIPLE CAMPUS)

T.U Registration: 7-1-238-45-98

Campus Roll No: 36/062

A THESIS

**Submitted to
Office of the Dean
Faculty of Management**

TRIBHUVAN UNIVERSITY

**In partial fulfillment of the requirements for the degree of
Masters of Business Studies (M.B.S)**

Kathmandu, Nepal

August, 2009

RECOMMENDATION

This is to certify that the Thesis

Submitted by

NEESHA SREEWASTAV

Entitled

**MARKET POTENTIALITY OF NEPALESE PHARMA INDUSTRY AS
AN IMPORT SUBSTITUTION INDUSTRY**

has been prepared as approved by this Department in the prescribed format of the
Faculty of Management. This Thesis is forwarded for examination.

.....
Mr. Deepak Shakya)

Supervisor

.....
Mr.Rajeshwar Pd.Acharya
Chairman(Research Committee)

.....
Campus Chief

VIVA – VOCE SHEET

We have conducted the viva-voce examination of the thesis submitted by

NEESHA SHREEWASTAV

Entitled

**MARKET POTENTIALITY OF NEPALESE PHARMA INDUSTRY AS
AN IMPORT SUBSTITUTION INDUSTRY**

and found the thesis the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the

Master's Degree in Business Studies (M.B.S).

Viva-voce Committee

Head Research Department: -

Member (Thesis Supervisor): -

Member (External Expert): -

DECLARATION

I hereby declare that the data and work reported in this thesis entitled "**Market Potentiality of pharma industries in Nepal**" submitted to office of the dean, Faculty of Management, Tribhuvan University is my authentic work done for the partial fulfillment of the requirement for the degree of Master of Business Studies (M.B.S.) under the guidance and supervision of Dr. Deepak Shakya of Thakur Ram Multiple Campus Tribhuvan University.

Date: -.....

.....

Neesha Shreewastav

(Researcher)

Roll No. 36/062

T.U. Regd. No. 7-1-238-45-98

ACKNOWLEDGEMENT

It is my privilege to state that the thesis “Market Potentiality of pharma industries in Nepal” has been completed by the supervision of Mr. Deepak Shakya (Thakur Ram Multiple Campus). His proper guidance, comments, suggestions provided throughout the study are valuable to come out in this form with out which this study would not have been possible. So I would like to express my heartiest gratitude to respected advisor. I wish to express my thanks to professors, lectures, and all who has contributed during the study.

I also express thanks to my friends Mr. Sunny Raj Shrestha, Arjun Gupta, Sandeep Raj Upadhaya and Anil Sarrap for their data collection and technical supports at the course of study.

Last but not least, I would like to thank Mr. Santosh K. C. (pharmacist inspector), Doctors, entrepreneurs (Dealers, Chemists, wholesalers) for their valuable suggestion and help while conducting the research work.

Neesha Shreewastav

TABLE OF CONTENTS

	<u>PAGE NO:</u>
Recommendation	I
Viva voce Sheet	II
Declaration	III
Acknowledgement	IV
Table of Content	V
List of Tables	VIII
List of Charts	IX
Abbreviations	X

CHAPTER – I

INTRODUCTION

1.1 Background of the Study	1
1.2 Statement of the Problem	6
1.3 Objective of the Study	8
1.4 Focus of the Study	8
1.5 Significance/Importance of the Study	9
1.6 Limitation of the Study	9
1.7 Organization of the Study	10

CHAPTER-II

REVIEW OF LITERATURE

2.1 General Overview	12
2.2 Direction of Nepal Foreign Trade	14
2.3 Brief Scenario of Nepal Pharma Industry	15
2.4 Pharma Marketing in Nepal	18
2.5 Review of Related Studies	19

2.6 Importance of Drug use in Health Care Centre	21
2.7 Sales and Distribution channel of Drugs	22
2.8 Aspiration and Code of conduct in Drug Marketing	23
2.9 National Drug Policy 1995	23
2.10 Problem with National Pharmaceuticals Industries	25
2.11 Theoretical Review	27
2.11.1 Introduction of International Marketing concept	27
2.11.2 Components of International Marketing	28
2.12 Methodological Review	29
2.13 Review of Previous Study	30
2.13.1 Books	30
2.13.2 Review of Previous Thesis/Dissertations	31
2.13.3 Review of Journal Article	33

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Research design	35
3.2 Nature and Sources of data	36
3.3 Population	36
3.4 Samples	37
3.5 Data and Information gathering procedure	37
3.6 Research Hypothesis	38
3.7 Research Methodology	39

CHAPTER –IV

DATA PRESENTATION AND ANALYSIS

4.1 Production of Medicine in Nepal	40
4.2 Consumption of Medicine in Nepal	42
4.2.1 Calculation of Consumption in Retail Sales Value	43
4.2.2 Presentation of Consumption of Medicine in Nepal	43
4.3 Demand Forecasting of Medicine in Nepal	46
4.4 Present Share of Domestic Consumption	47
4.5 Import Substitution of Medicine	48
4.6 Presentation and Analysis of Primary Data	52
4.6.1 Presentation of Primary Data in Table	53
4.7 Major Findings of the Study	61

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary	64
5.2 Conclusions	65
5.3 Recommendation	66

Bibliography

Appendix I

Appendix II

Appendix III

LIST OF TABLES

<u>TABLE</u>	<u>PAGE NO:</u>
4.1 The domestic pharma sales in retail value in Nepal	41
4.2 Consumption Pattern of modern medicine in Nepal	44
4.3 Demand forecasting of medicine in Nepal	46
4.4 Share of Drug Consumption through different sectors	48
4.5 Import Substitution of Medicines in Nepal	51
4.6 Interviews with Doctors	53
4.7 Interviews with Entrepreneurs	56
4.8 Interviews with Consumers	59

LIST OF CHARTS

<u>CHART</u>	<u>PAGE NO:</u>
2.1 Imports of product	17
2.2 Pharmaceuticals market in Nepal	18
2.3 Health Care System in Nepal	22
4.4 Sales of Domestic Manufactures	41
4.5 Total Consumption of Medicine	45
4.6 Demand forecasting of Medicine in Nepal	47
4.7 Share of Drug consumption through Import and Domestic Industries	48

ABBREVIATIONS USED

APPON	=	Association of Pharmaceutical Producer of Nepal
BP	=	British Pharmacopia
DDA	=	Department of Drug Administration
DJPL	=	Deurali-Janta Pharmaceuticals Pvt. Ltd.
GDP	=	Gross Domestic Product
GMP	=	Goods Manufacturing Practice
HMG	=	His Majesty Government
MR	=	Medical Representative
NMSRA	=	Nepal Medical and Sales Representative Association
NPL	=	Nepal Pharmaceuticals Laboratory
PEAN	=	Pharmaceutical Executive Association of Nepal
PHON	=	Pharmaceuticals Horizon of Nepal
RDL	=	Royal Drugs Limited
RDRL	=	Royal Drug Research Laboratory
WHO	=	World Health Organization
WTO	=	World Trade Organization
USP	=	U.S. Pharmacopia
%	=	Percentage