

India's FDF pharmaceutical export trade with ASEAN countries – A study of 20 years' secondary trade data

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Abstract

The pharmaceutical industry in India is contributing 1.72% of India's GDP becoming one of the rapidly growing industries in India. India is known as the "Pharmacy of the World" due to its quality and cost-effective solutions in the FDF pharmaceutical manufacturing. The contribution of FDF pharmaceutical exports from India is about 5.20% of total exports closing at USD 16,288.51 million for the year 2019-2020. While India's FDF Pharma exports have grown to nearly 17 times in the last 2 decades we performed secondary data trend and growth analysis to understand its contribution by ASEAN countries. India's FDF pharmaceutical exports to ASEAN countries as well as India's Total export to ASEAN countries grew similarly around 13 % in 2 decades period however the % contribution of India's FDF pharmaceutical exports to ASEAN countries has gone downwards from 9.20 % to 5.80 %. Future studies should be done to understand the reason behind the fall in % contribution.

Keywords:- World Health Organization, Finished Dosage Form; finished pharmaceutical product; Active Pharmaceutical Ingredient; Association of South East Asian Nations; Compounded Annual Growth Rate; Financial Year; United states dollar; Indian Rupees.

1. INTRODUCTION

The pharmaceutical industry in India is the world's 3rd largest by volume & 14th largest by its value with an annual turnover of INR 2,89,998 Crore as on 2019-2020. The Pharma sector currently contributes to around 1.72% of India's GDP.

Generic drugs, Over the counter Medicines, Vaccines, Biosimilars & Biologics, Contract Manufacturing, and API/Bulk Drugs are major segments under the pharmaceutical Industry. India is one of the largest producers & suppliers of generic drugs globally as well as a low-cost supplier of vaccines in the world. Indian medicines are preferred globally due to their high quality at affordable cost, thereby making the country the "Pharmacy of the World".

India's pharmaceutical market is growing at a very good pace contributing significantly to GDP as well as employment generation.

This study focuses on the FDF pharmaceutical exports from India to the ASEAN countries and does not consider API / bulk drug exports.

FDF in the pharmaceutical industry is referred to as the final product which is actually meant for consumption by the patient and no further processing is required. FDFs are of various type which includes solid tablets, capsules, and liquid solution for Oral use, Creams or lotions intended to use externally, Liquid Injections, Powder for injections and a large volume parenteral, etc. FDFs are a stable form of medicines containing an API along with various inactive ingredients. FDF can also be referred to as FPP (finished pharmaceutical product).

API is defined by WHO as "A substance used in a finished pharmaceutical product (FPP), intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings"

The FDF (Finished Dosage Form) pharmaceutical exports of India were USD 16,288.51 million for the year 2019-2020. The contribution of the pharmaceutical exports of India to The total exports was about 5.2% in the financial year 2019-2020.

India's FDF pharmaceutical exports have grown to 17x in 2019-2020 in the last 20 years (USD 944.77 Million in the year of FY 2000-2001).

This study aims to analyze & understand the pharma FDF exports to the ASEAN countries over the period of 20 years from 2000-2001 to 2019-2020.

ASEAN or The Association of Southeast Asian Nations was established on 8 August 1967 with five-member countries, Indonesia, Malaysia, Philippines, Singapore, and Thailand, Later 5 other countries Brunei Darussalam, Viet Nam, Lao PDR, Myanmar, and Cambodia have joined the association to make it ten member states of ASEAN.

The ten ASEAN countries collectively have 8.5% of the world's total population as on Jul 2019.

India has got very good trade relations with ASEAN countries. India has consistently exported 10-12% of its total export to ASEAN countries during the last 10 years.

2. OBJECTIVE

- To study trends and growth & % contribution of
- India's Total export to ASEAN countries vis a vis India's total exports to the World
- India's FDF pharmaceutical exports to ASEAN countries vis a vis India's Total export to ASEAN countries
- India's FDF pharmaceutical exports to ASEAN vis a vis India's FDF pharmaceutical exports to the World

3. METHOD

The secondary data from the official website of the DEPARTMENT OF COMMERCE, Ministry of Commerce and Industry, Government of India was utilized for the study.

The year-wise, country-wise secondary trade data for all exported commodities were collected for all ten ASEAN countries for the period of FY 2000-2001 to FY 2019-2020

The specific data for Pharma FDF exports (Chapter 30 of HSN) were extracted for all the ASEAN countries for the period of FY 2000-2001 to FY 2019-2020

India's total export to the World, FDF pharmaceutical exports to the world & Total exports (for All commodities) to the ASEAN countries were extracted for the period of FY 2000-2001 to FY 2019-2020

All extracted data were compiled in a table format for further trend & growth analysis.

4. ANALYSIS

Below is the tabular representation of the extracted data for India's FDF pharmaceutical exports to ASEAN, India's FDF pharmaceutical exports to the World, India's Total export to ASEAN countries & India's total exports to the World.

Table 1: 20-year exports data for ASEAN & INDIA

Year	India's FDF pharmaceutical exports to ASEAN	India's FDF pharmaceutical exports to the World	India's Total export to ASEAN countries	India's total exports to the World
2000-2001	86.94	944.77	2,913.78	44,560.29
2001-2002	88.84	1,055.41	3,457.01	43,826.72
2002-2003	105.5	1,400.40	4,618.54	52,719.43
2003-2004	123.44	1,619.67	5,821.71	63,842.55

2004-2005	137.31	2061.21	8,425.89	83535.94
2005-2006	162.99	2443.7	10,411.30	103090.53
2006-2007	198.98	3,183.54	12,607.43	126,414.05
2007-2008	242.01	4,158.96	16,413.52	163,132.18
2008-2009	274.56	5078.3	19,140.63	185295.36
2009-2010	328.76	5190.68	18,113.71	178751.43
2010-2011	392.92	6,675.94	25,627.89	249,815.55
2011-2012	484.53	8,482.93	36,744.35	305,963.92
2012-2013	573.4	10,062.16	33,008.21	300,400.58
2013-2014	606.41	11,139.93	33,133.55	314,405.30
2014-2015	725.74	11,584.03	31,812.58	310,338.48
2015-2016	717.28	12,909.45	25,133.37	262,291.09
2016-2017	750.21	12,929.88	30,961.62	275,852.43
2017-2018	838.15	13,254.92	34,203.70	303,526.16
2018-2019	921.19	14,753.34	37,473.72	330,078.09
2019-2020	944.44	16,288.51	31,546.58	313,361.04

* All values in USD Million

India's total exports to the World has grown 7.03 times from USD 44,560.29 million to USD 313,361.04 million at a CAGR of 10.81%, while India's Total export to ASEAN countries has outperformed to grown by 10.83 times at a CAGR of 13.36% during the similar period of 20 years (FY 2000-2001 to FY 2019-2020)

India's FDF pharmaceutical exports to the World have multiplied by 17.24 times to reach USD 16,288.51 million in 2019-20 which is more than India's FDF pharmaceutical exports to ASEAN growth of 10.86 folds in a similar period. The CAGR of India's FDF pharmaceutical exports to ASEAN has underperformed at 13.38% YOY against the CAGR of India's FDF pharmaceutical exports to the World (16.17%).

It should be noted that both India's FDF pharmaceutical exports to ASEAN and India's Total export to ASEAN countries have shown almost similar growth of 10.86x & 10.83x respectively during the study period of 20 years.

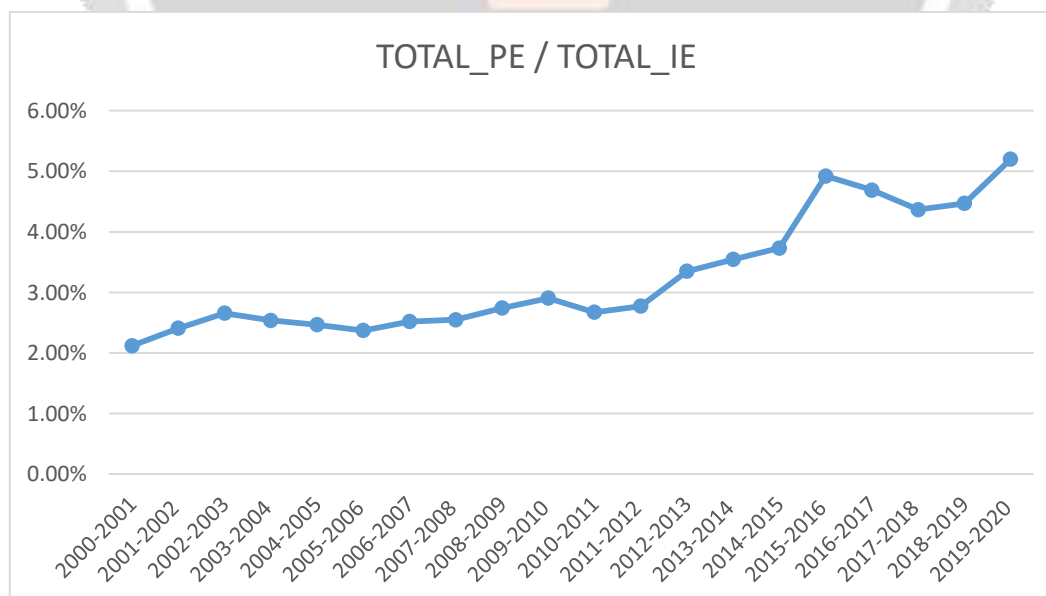


FIG. 1: % Contribution of India's FDF pharmaceutical exports to the World to India's total exports to the World

India's total FDF pharmaceutical export contribution was around 2.12% of India's total exports for the FY 2000-2001. The share of FDF pharmaceutical export from India has grown to 5.20% of India's total exports to the

world which is more than double. Which indicates higher growth and contribution in the total exports from India as well as the acceptance of Indian FDFs in the world?

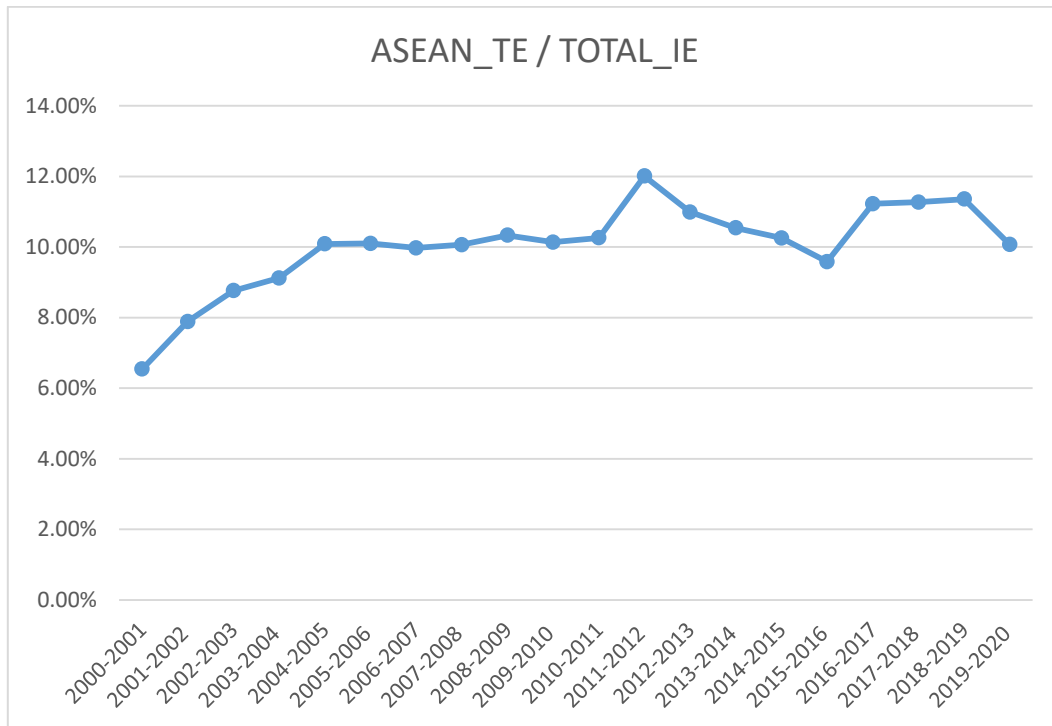


FIG. 2: % Contribution of India's Total export to ASEAN countries in India's total exports to the World

The contribution of India's Total export to ASEAN countries has consistently been more than 10% for a long period of approximately 15 years now. The consistent double-digit share shows a strong presence and demand for Indian-origin goods in ASEAN countries.

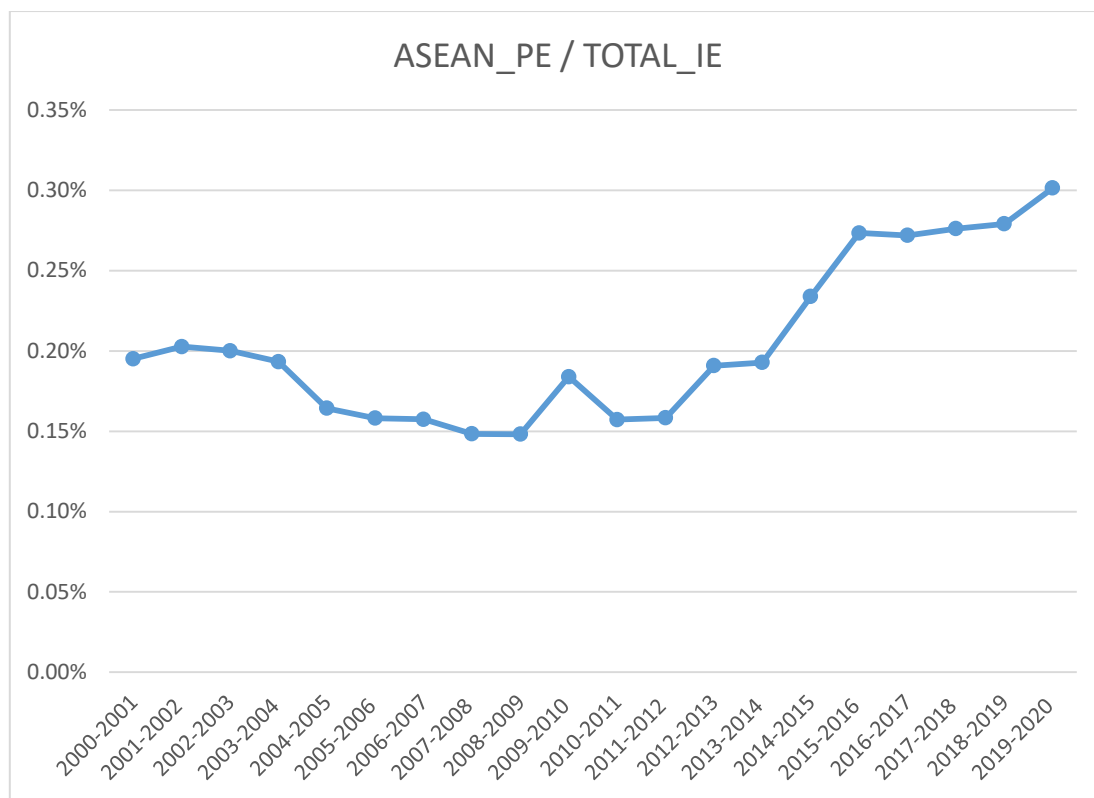


FIG. 3: % Contribution of India's FDF pharmaceutical exports to ASEAN to India's total exports to the World

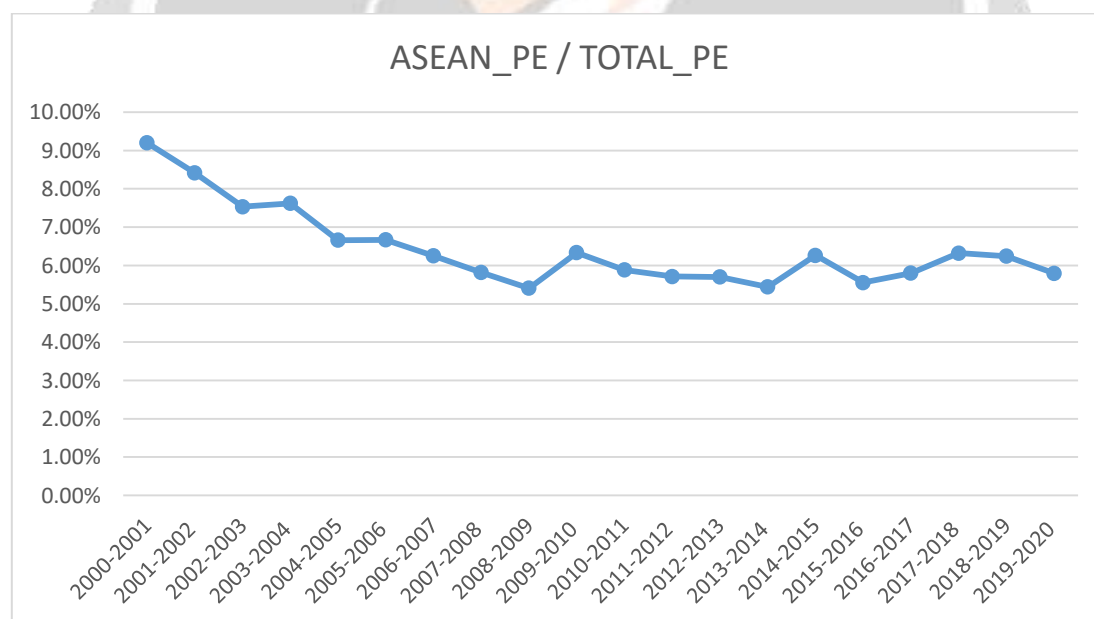


FIG. 4: % Contribution of India's FDF pharmaceutical exports to ASEAN in India's FDF pharmaceutical exports to the World

The contribution of India's FDF pharmaceutical exports to ASEAN has grown from 0.20% to 0.30% against India's total exports to the World however share of India's FDF pharmaceutical exports to ASEAN in India's FDF pharmaceutical exports to the World has de-grown to 5.80% from 9.20% in 2000-2001.

The reduction in the share of India's FDF pharmaceutical exports to ASEAN in India's FDF pharmaceutical exports to the World could be because of 1) India's increased pharmaceutical exports to other than ASEAN markets; 2) Self pharmaceutical manufacturing setups in the ASEAN counties thereby reducing their dependency on imported FDF medicines. 3) The increase of the share from competitive low-cost manufacturing

countries like China. The reasons for the same should be evaluated to conclude and could be taken up for further research.

As a result of communication advances training local manpower and observing and guiding manufacturing facilities on daily basis becomes easy as well as viable. The transfer of technology for FDF manufacturing has become lucrative due to a pro-local manufacturing setup, political stability & investment supporting governments.

In this scenario, the local & global investors are keen to set up FDF pharma manufacturing facilities locally. Vietnam, Thailand, Malaysia & Indonesia are leading to locally manufacturing FDFs in ASEAN countries.

5. CONCLUSION

India's FDF pharmaceutical exports to the World have been contributing significantly to the growth of India's total exports to the World by increasing its share to 5.20%. While we can understand that both India's FDF pharmaceutical exports to ASEAN and India's Total export to ASEAN countries are growing at the same space, India's FDF pharmaceutical exports to ASEAN have taken a hit on the % share.

In the scenario of outperformance of India's FDF pharmaceutical exports to the World, the government and the pharmaceutical FDF manufacturers should concentrate and take necessary steps to regain or increase the contribution of India's FDF pharmaceutical exports in ASEAN countries.

6. LIMITATIONS

The study is limited to the FDF pharmaceutical exports from India which is specified in Chapter 30 of HS classifications. API / Bulk drugs, as well as medical devices exports, are not taken into consideration which is also a growing export market in India. Local manufacturing is being promoted in the few ASEAN countries in this case studying the API / Bulk drug export market becomes important.

7. FUTURE RESEARCH

Future studies can include the API /Bulk drugs & Medical devices export data to find the trend and growth of India's Pharmaceutical exports to ASEAN countries. The study can also focus in detail on the reason for losing out on the % contribution of India's FDF Pharmaceutical export share to ASEAN.

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