

The Indian government also offers a five-year income tax holiday for any investment set up in "backward areas." For further information on which areas qualify, contact the Indian High Commission in Ottawa or the Indian Trade Consulates in Toronto or Vancouver at the addresses listed on page 22 of this book.

### 3. Indian Pharmaceutical Industry<sup>2</sup>

#### a) Industry Profile

Two distinct groups make up the Indian Pharmaceutical Industry:

- large research based companies, of which there are approximately 250 firms (34 are multinationals) and
- over 15,000 smaller generic producing companies.

The larger firms include multinationals, government-owned companies and private domestic firms. They account for approximately 66% of India's total drug production. There are five government owned firms who produce the five drugs considered to be essential, and sell at an affordable price for the Indian public. The drugs are vitamin B1, B2, Folic Acid, Tetracycline and Oxytetracycline. The public companies are:

- 1) Indian Drugs and Pharmaceuticals Ltd.
- 2) Hindustan Antibiotics Ltd.
- 3) Bengal Chemicals and Pharmaceuticals Ltd.
- 4) Bengal Immunity Ltd.
- 5) Smith Stanistreet Pharmaceuticals Ltd.

Of these companies only Hindustan Antibiotics is operating without a loss.

The 15,000 small pharmaceutical firms are given special status in India. An important consideration is the exemption of their products from price controls. Price controls are discussed in section 4-c of this paper. Another feature of these firms is that they usually do not have production facilities of their own. The drugs are produced by using the spare capacities of other drug manufacturers.

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<sup>2</sup> This document uses a conversion factor of 1 Rupee (Rs) = 0.0396 Canadian dollars.