



DEMONETIZATION AND ITS EFFECT ON PHARMACEUTICAL INDUSTRY SPECIAL REFERENCE TO MAHARASHTRA STATE

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Introduction

Concept of Demonetization:

Demonetization meaning: Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency.

Definition of 'Demonetization':

Demonetisation is the act of denying a currency unit its legal tender status. Occurs whenever there is a change in the national currency: The current form or forms of money withdraw from circulation and retire, often to be replaced by new notes or coins.

Demonetisation is a currency that removes the current currency from the economy and converts it into new ones, generally the government made this decision to eliminate corruption. Basically demonetisation is a French word.

The main reason for the demonization was to stop the black money, to give a permanent halt to the terrorist activities in India, to abolish the counterfeit currency, to redeem India, to fight inflation, to limit the use of monetary power in the elections, to eliminate counterfeit currency and discourage cash system A developing country like India needs to find solutions to problems like this to improve the country.

HISTORY OF DEMONETIZATION IN INDIA:

The First time the use of the word demonetization were French they first to use the word Demonetize, in the years between 1850 -1855. Since then many countries have used the word and the policy with immense restriction and discomfort, for it disrupts economics and population at large. Thus India has demonetized before: First time on 12 Jan 1946, second time on 16 Jan 1978, Third time on 8th November 2016. For the first

time, the measure failed as by the end of 1947. 143.97 crores of the notes with a high face value, notes with the value of Rs. 134.9 crores were exchanged. Thus, notes are only worth Rs. 9.07 crores were probably "demonized", giving them were not presented. The results of the demonization measure were summarized by Sir Chintaman in his lectures on the Dadabhai Naoroji Memorial Prize Fund, which he held in Bombay in February 1957, as follows:

It's not a truly revolutionary measure, and even its purpose as a miniature gesture and punishment for black marketing has not been effectively accomplished. It's not a management method without evidence that a single comment from an individual could save the life of the valuable person he represented or founded as a solid win for the black seller. Another escape that brought considerable benefits was the release of the princely investigation or questioning conditions when they submitted such notes. Finally, at the end of 1947, out of a total of 143.97 million rupees issued, 134.9 million rupees were exchanged, as mentioned in the report of the Board of Directors of Reserve Bank. Therefore, notes worth only 9.07 crosses, which were probably "demonized", were not presented. It's more of a "conversion" with a win and loss rate different from "demonization".

For the second time, Finance Minister M.M. Patel said in his household speech on February 28, 1978: Demonetizing high-value notes was a step primarily aimed at controlling illegal transactions. It is part of a series of measures the government has taken and is determined to tackle anti-social elements. Since the foreign minister said nothing about the success of the exercise, it can be assumed that he did not have as much influence as in 1946. In January 1946 1,000 and 10,000 rupee accounts were confiscated and new banknotes were introduced in 1954. 1,000, 5,000 and 10,000 rupees. The Hana Party coalition once again exposed accounts of 1,000, 5,000 and 10,000 rupees on January 16, 1978 to prevent counterfeiting and illegal money.

Third, the last demonstration was announced on November 8, 2016 by Prime Minister Narendra Modi. This time, the currency of 500 and 1000 notes was demonized by the economy. Following the announcement of Modi, Reserve Bank



of India Governor Urgit Patel and Economics Minister Tatsikanta Das said at a press conference that the operation's goal was to combat terrorism, which was funded through fake accounts. While the ticket offer for all denominations rose by 40 percent between 2011 and 2016, 500 and 1,000 accounts for forgeries rose by 76 and 109 percent, respectively. They said that counterfeit money was used to fund terrorist activities against India and that demonization had an anti-terrorist purpose.

PHARMACEUTICAL COMPANY BUSINESS STRATEGIES

What's the secret behind these successes? For one, the company operates in niche formulations (chronic) segments such as psychiatry, cardiovascular, gastroentology and neurology. While most of the top Indian companies have focused on antibiotics and anti-infectives (acute), Sun Pharma focused on therapeutic areas such as depression, hypertension and cancer. The company has introduced the entire range of products and has gained leadership position in each of these areas. Being a specialty company insulates Sun Pharma from the industry growth. The first quarter results for FY02 explain this to some extent. While the industry was affected to a large extent by a slowdown in the domestic formulations market, Sun Pharma logged a growth of 26% in revenues. Over the years Sun has also used the strategy of acquisitions and mergers to grow quickly. It acquired Knoll Pharma's bulk drug facility, Gujarat Lyka Organics, 51.5% in M. J. Pharma, merged TamilNadu Dadha Pharma & Milmet Labs and acquired Natco's brands. Post Merger with TamilNadu Dadha Pharma the company gained presence in gynecology and oncology segments. One of the constants of pharmaceutical company strategy over the past decade has been increasing scale. Only by growing larger are companies able to afford the considerable costs of drug development and distribution. Within this broad approach at least two business models are discernable:

(i) Super Core Model involving the search for, and distribution of a small number of drugs from Chronic Threapy Area that achieve substantial global sales. The success of this model depends on achieving large returns from a small number of drugs in order to pay for the high cost of the drug discovery and development process for a large number of patients. Total revenues are highly dependent on sales from a small number of drugs.

(ii) Core Model in which a larger number of drugs from Acute Threapy Area are marketed to big diversified markets. The advantage of this model is that its success is not dependant on sales of a small number of drugs. However product choice will depend largely on the internal capabilities of the companies. Here it is very much evident from this projection that lots of

opportunities lies with chronic therapy segment however growth is initially slow but it may generate good revenue in long run.

MARKETING APPROACHES OF SUPER CORE MODEL

In pharmaceutical market there has been a significant shift from Acute towards Chronic Threapy area. Chronic segments are driving the growth of the market as leading prescribers in these segments are specialists as opposed to general practitioners. This is evident from high growth rates achieved by firms like Sun Pharma, Dr.Reddy laboratories and Dabur Pharma Ltd. Who have focused on these segments During last five years pharma companies have started identifying the hidden potential of oncological market. A number of drugs have been launched into the oncological market by pharmaceutical companies, including new biological drugs and drugs that can be used as a support for patients undergoing cytotoxic chemotherapy. As a matter of fact, pharmaceutical companies are merging, and, through the merging process, the portfolio of the new companies changes.

Medical representatives are rearranged throughout the new companies. Some of the sales representatives are now afraid of losing their job, due to the changing scenario and the possible layoffs. On the other hand, the new, bigger, pharmaceutical companies are competing more and more with one another, and, in order to stress their products, might adopt a more aggressive sales strategy. For example, sometimes in the same geographical area there are five representatives for just one company, or different representatives for the same drug in different settings. As a result of the new, aggressive strategy, the aggressiveness of representatives has also been increasing, since the larger stress exerted by their companies might affect their stay in the company.

MARKETING APPROACHES OF CORE MODEL

In present scenario companies are focusing more and more on the availability of products so as to enjoy good image in their customer's (doctors) chamber. Many companies such as Glaxo, Pfizer, Dabur, FDC, Aventies, and Cipla etc. are known for their availability of products. For marketing of these type of products companies require more and more field force to remind their products on daily basis to their direct customer (doctor). Moreover field force should have good knowledge of product schemes and offers. Also field force is required to have a good rapport with retailers. Field force also required to ensure good availability of their products to convince doctors and PUSH their products i.e. from Stockiest to Retailer to Doctor.



PUSH SYSTEM WORKING IN ACUTE THERAPY SEGMENT

In this system, doctors and retailers are the core customers and the major thrust is given to build and retain these customers. Here retailers are also core customer as most of the times they are substituting the products based on their own discretion. For retaining and developing customers, the companies normally provide gifts like sponsorship for various conferences like small gifts & sponsorship to remind the products on daily basis. Also it is interesting to note that since this is a push system products are being pushed in to the market so generally representatives place product orders from their stockiest on the basis of SKUs sold and schemes. Normally the chances of dumping of goods at stockiest and retailer level are reported also payment recovery of companies is also not very good. Supply Chain Managers can provide considerable value to their companies by understanding the customers' delivery requirements

EFFECT ON MAHARASHTRA STATE:

Stamp duty collection in Maharashtra has dropped by 37 per cent after the Centre demonetized high-value notes, a senior official said today.

The Centre's decision to demonetize Rs 500 and Rs 1,000 notes was announced 10 days back and stamp duty collection is already down by 37 per cent across the state, Inspector General of Registration (IGR) and Controller of Stamps, N Ramaswamy, told PTI.

The state government's average daily earning through property registration charges and stamp duty has come down to Rs 42 crore from Rs 65 crore earlier, he said.

Though most transactions such as calculation of the ready reckoner, its stamp duty and payment are done digitally as well as through demand drafts, collection has gone down.

"The IGR offices across the state generally handle 7,300 documents daily, which has now plunged to 4,000 documents," he said.

The IGR office registers all types of property deals, including sale and purchase of land, properties, rent and lease agreements. It is the second largest revenue generating department of the state government, after excise.

The IGR office contributed Rs 21,767 crore to the state coffers in financial year 2015-16.

"There is one fee called document handling fee, where Rs 20 per page is charged from the people buying it. People generally pay the amount in cash at the IGR office. In the post-demonetization period, I have issued a circular that the amount

can be paid through demand draft. Still, the response is low," said the IAS officer.

Industry sources said a sizeable section of the total cost of a property is paid in cash and it never reflects on papers.

Such deals have been badly hit after the government's demonetization move.

REVIEW OF LITERATURE

DR. ASHOKE KUMAR SARKAR AND DEBASMITA

DUTTA -The other sector that is highly related and goes hand in hand with healthcare sector is the Pharmaceutical Industry.

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. The country has an important position in the global pharmaceuticals sector as well as presently, over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms. The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Ten of over Ala fen amide (TAF) for 112 developing countries Dr. Ashoke Kumar Sarkar¹, Debasmita Dutta² ¹Central University of Jharkhand, Ranchi, INDIA ²Research Scholar, Central University of Jharkhand, Ranchi, INDIA. International Journal of Engineering and Management Research. ISSN (ONLINE): 2250-0758, ISSN (PRINT): 2394-6962.

E.Kamatchi Muthulakshmi , Dr. G. Kalaimani – this study shows that the effect of demonetisation on Indian economy Demonetization for us means that Reserve Bank of India has withdrawn the old Rs 500 and Rs 1000 notes as an official mode of payment. Demonetization is the act of stripping a currency unit of its status as legal tender. In an important move, the Government of India declared that the five hundred and one thousand rupee notes will no longer be legal tender from midnight, 8th November 2016. The RBI will issue Two thousand rupee notes and new notes of Five hundred rupees which will be placed in circulation from 10th November 2016. Notes of one hundred, fifty, twenty, ten, five, two and one rupee will remain legal tender and will remain unaffected by this decision. This measure has been taken by the PM in an attempt to address the resolve against corruption, black money and counterfeit notes. This move is expected to cleanse the formal economic system and discard black money from the same. The reasons of it are as under: This article has made an attempt to assess how the tool of Demonetization can be used to eradicate



parallel economy. Demonetization is one of the big steps initiated by Government in addressing the various issues like black money, counterfeit currency, corruption, terrorism etc. (IOSR Journal of Humanities and Social Science, Sri Vasavi College, Erode.)

Lokesh Uke - Indian government has taken a bold decision on note ban on 08/11/2016. Central government was a judicious, well-thought out and well-implemented step, and whether it would really eradicate all the existing black money. Here I have utilized the opinions of great expert on economics, financial economist and intellectual politicians. This study will help us to know about the positive and negative impact of note ban decision taken by Indian government. This study is purely based on secondary data, which is collected from news papers, magazines, websites from internet, some useful books related to topic etc. (Dr. Hari Singh Gour University, Sagar MP, SSRG International Journal of Economics and Management Studies)

Dr. Ranjana Sahu – One announcement by the government of India on 8th of October, 2016 to withdraw 500 and 1,000 rupee notes from circulation and making it an illegal tender to repudiate the value of 86% currency with the primary aim of chasing black money, curbing corruption, stopping the funding of terrorism and to tackle the problem of counterfeit currency has affected the Indian economy to a great extent. This paper attempts to gauge the impact of demonetization on overall economy when nearly half the economy runs entirely on the basis of currency transactions. This paper gives a clear picture of changing scenario from swapping of currency to swiping of cards, switching over to click from brick and mortar bank and also attempts to analyze whether demonetization was successful in achieving its objectives. This paper throws light on challenges and opportunities post demonetization in India. This paper gives a critical analysis of role of financial system in the success of demonetization in India. (G.S. College of Commerce and Economics, Nagpur, Journal of Information, Knowledge and Research in Business Management and Administration)

RESEARCH METHODOLOGY

The present study has attempted to investigate the effect of demonetization on pharmaceutical industry. Looking at the nature of the topic and its scope, the methodology of study has to combine the library research and the online. The library research was aimed at survey of literature, compilation of secondary sources of information and cutting out the theoretical information that could help in building up to conceptual foundation of the subject. for getting a better results the data

has collected 3 months before and after taking demonetization date as cut-off date. Hence, pharmaceutical industry is only considered .

OBJECTIVE OF THE STUDY

Following are the objective of this study

- I] To study the effect of demonetization on pharmaceutical industry.
- II) To study the impact of demonetization on online transaction.

CONCLUSION

Demonetization , despite getting criticisms in initial stage after declaration of policy by the Honourable Prime Minister , Has got appreciation by economist and general people as it has assured it will benefits in future for common public . Thus the demonetization will reduce the black money and corruption. The demonetization policy will give positive benefit to India economy like cease on tax evasion . fair practices in business and economic growth in terms of GDP rise by 2021-2022 as forecasted by world bank , thus in initial stage the pharmaceutical industry has suffered due payment issues but cash transaction of pharmaceutical has slow and it dramatically gain online transaction due demonetization.

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