

(3 Hours)

[ Total Marks : 60

- N.B.** (1) Answer any **four** questions out of **seven** questions.  
 (2) Question **8 (Case)** is **compulsory**.  
 (3) Candidates are **required** to give **clear** concepts, illustrations, examples and analysis.

1. "Multinational Corporations contribute immensely for the development of economies in the world." – Discuss with illustrations. 10
2. Discuss various methods and modes of entering and operating in International Business with merits and demerits of each method. 10
3. What do you mean by risk analysis and, to what extent companies use this tool for framing policies in International Business both at the time of entry and operation? 10
4. Write short notes on the following : — 10
  - (a) Balance of Payment
  - (b) Free Trade Agreements
  - (c) Trade Barriers
  - (d) International Logistics.
5. "Foreign Direct Investment has become an effective resource mobilization avenue as compared to Foreign Institutional Investment." Justify the statement with examples and criteria for selecting investment destinations from investors' point view. 10
6. "ASEAN region is an attractive destination for India for trade, investment and manufacturing especially, in recent period." – Discuss the statement with business opportunities and challenges. 10
7. "Competitive advantages of nations, propounded by Michael Porter has a complete functional value, management inputs and strategic relevance in today's Global Business."— Discuss the statement with illustrations. 10
8. **CASE STUDY :** 20

### Pharma Offshoring Market : A Bright Future for India

Business Process Outsourcing, Knowledge Process Outsourcing and Legal Process Outsourcing have dominated Indian scene in the current decade. During the close of current decade India will witness another major sunrise segment in the business is Pharma Offshoring.

Pharmaceutical offshoring in the country is poised to become a \$ 2.5 billion, nearly Rs. 12,000/- crore opportunity by 2012, according to Zinnov Management Consulting.

A beneficiary segment, the already booming clinical trials industry, alone will set to become a \$ 608- million (nearly Rs. 3,000 crore ) industry by 2012.

#### RISING R & D COST ABROAD

A key driver of offshoring or outsourcing is the rising cost of R & D which is forcing majors in the US and Europe to look for low cost R & D destinations such as India, China and other Asian Countries. On the uptrend is the offshoring of processes of the entire drug development value chain. Other areas are clinical trials, discovery research, clinical data management, bio-statistic, medical writing, marketing and sales.

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**TALENT AND COST RELATIONSHIP****Con.**

Offshoring itself is aided by the rich pharma talent pool of 13.5 million science graduates and the spread of pharma educational institutes. There may be a demand for 1.6 lakh pharma translators by 2010, spurred by increased number of clinical trials that global majors are conducting in the country.

Another incentive is the cost of basic production in India, which is up to 50% lower than in the US FDA approved plants. It can be achieved at 30-50% lower costs than in the established markets in Europe. Contract manufacturing worth \$ 680 million was done in India in 2008 and may grow at 15% .

Tax incentives, though laws on data security and intellectual property related issues have also helped along with approvals of pharma SEZs, all enabling the growth of the pharma industry, according to the report of Indian Pharma Offshoring Landscape(POL ).

2. Zinnov's CEO, Mr. Pari Natrajan said, "Today, pharmaceuticals space is one of the most happening industries globally and India has a potential to become one of the key global players and also the backbone of offshore services. The influx of outsourced work from  
3. global pharmaceutical companies has given the necessary impetus for the creation of pharma SEZs which would be one of the key drivers of outsourced pharmaceutical services growth in the coming years."

4. The domestic drug industry, growing at over 7% CAGR is heading towards a \$ 12 billion, nearly Rs. 54,800 crores approximately. By 2010, it is expected to shift from being domestic led to exports driven. All the Indian companies such as Cipla, Torrent, Cadila, Himalayas, Dr. Reddy's Lab and Arabindo Pharma are physically present in every  
5. continent in the world. This has brought goodwill through Indian capability in this space.

6. Mr. Rishikesh Mandilwar, the Director, Zinnov, said, "Clinical trials today dominate the offshoring market landscape followed by clinical data management. Marketing and sales is the another key component of the drug development value chain and is currently a  
7. \$ 100 million market, which is expected to grow at a CAGR of 36% till 2012."

Yet, Indian Pharmaceutical companies need to penetrate further in the generics market in the regulated countries and also increase their investment in R & D to gain expertise in a higher value chain process. In the BPO and KPO segments, India was well prepared to focus well before other counterparts and grabbed the business opportunities against it, counterparts. A number of drivers such as policies, education, business environment, infrastructure, stability of the Government and payment modes play a catalytic role to boost this sector in India. The concern is, "Will India maintain the current dominant position consistently for the whole decade next ? "

**Questions :**

1. Discuss the competitive advantages of India in pharma offshoring markets.
2. Name major potential players who can succeed in such an avenue.
3. Discuss various strategies that can be adopted to win offshoring business.
4. Briefly mention various functions involved in pharma offshoring.