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[Sociology](#), [Population](#)



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the seventh largest country in the world with approximately 1. 12 billion of
population. India is the second populated country after China".
(factsaboutindia, 2011) Diagram 1: Maps of India, Source from: [http://www.](http://www.https://assignbuster.com/table-of-contents-2/)

mapsofindia. com/geography/ (Accessed on: 20th January 2012) Diagram 2: Flag of India, Source from: <http://www.indianchild.com/images/indiaflagbig.gif> (Accessed on: 20th January 2012) Major problems that always had been facing by the India's Government are the unemployment, poverty and illiteracy. Almost 83% are Hindus, and also India has one of the largest Muslims populations amounting 120 million. The rest of the religions are the Christians, Buddha, Sikhs, Jain and Parsis. In the past, the Indian Pharma Industry grew at a very slow pace from 1947 to 1970; this is because the lack of labor workers and the government is not stable at that time. Thus, the industry soon had been started to grow nationwide because the government regulations and policy changes, controlling price and absence international patent protection. Nowadays, " there are total of 24, 000 companies fighting with the USD 3. 9 Billion market. The India pharmaceutical market is in the rank 12th over the world. The India pharmaceutical market had passed through a difficult stages or waves. But now, the Indian pharmaceutical industry is the important distributor with over 400 bulk drugs and around 60, 000 formulations, which are distributed by 5, 000, 000 chemists all over the country. Due to the problems that faced by the government of India, this give an opportunities to the government of India to grow another higher stage where increase in the fields of production, development, manufacturing and research. This is due to the cheap labor costs, low cost of manufacture, education and skilled manpower. "

(Mapsofindia, 2011). Furthermore, the factors will be discussed on the following. Diagram 3: Pharmaceutical Industries in India Source from: <http://business.mapsofindia.com/pharmaceutical/> (Accessed on 21st

January 2012) The diagram above shows that the Pharmaceutical Industries are present with large quantities of distributors of medicine. This shows how important is the Pharmaceutical Industries to the whole world. According to the research said that: " India ranks third in terms of manufacturing pharma products by volume. " In 2007-08, India exported drugs worth US\$7. 2 billion in to the US and Europe followed by Central and Eastern Europe, Africa and Latin America. The Indian vaccine market which was worth US\$665 million in 2007-08 is growing at a rate of more than 20%. The retail pharmaceutical market in India is expected to cross US\$ 12-13 billion by 2012. The Indian drug and pharmaceuticals segment received foreign direct investment to the tune of US\$ 1. 43 billion from April 2000 to December 2008" (MapsofIndia, 2011)

2. 0 PEST Analysis

In this assignment, PEST analysis is going to discuss on the following. What is PEST? The word " PEST" is come from four factors which are the political, economic, socio-culture and technology factor. The purpose of PEST analysis is to analyze the external factors that will affect to the organization and help to compete with other competitors. Kotler (1998) claims " that PEST analysis is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations". PEST also ensures that company's performance is aligned positively with powerful forces of change that are affecting business environment (Porter, 1985). PEST is used in the worldwide that is useful when starting a business operation into the new markets and new countries. Therefore, PEST analysis is used to analyze India about the India Pharmaceutical Industry to expand its business about the herbal products into the country.

2. 1 Political Factors

The first word in PEST is the " P" which

is stands for Political Factors. These refer to the control or ability of the government to either support the business or not to support due to there is no need in demand of the market. These are all depends on the government whether what goods and services that wanted to provide and other factors. In India, these are major factors those affect on political environment: 2. 1. 1 Taxation policy India is a well known country in the Pharmaceutical Industry throughout the world. As above mention, India is one of the important distributors of medicine which cannot be less. Therefore, the government of India has lower down the cost like policy initiatives and tax breaks in order to support the pharmaceutical business in India. Examples of the government of India had undertaken was the pharmaceutical units are able to reduce the taxation of 150% for the research and development cost that had been used. This is to keep motivating the pharmaceutical to expand and keep the business continues without being stop on the half way. 2. 1. 2 General Initiatives The government of India had fully support the pharmaceutical business in India by launching some new schemes to help them which is known as “ New Millennium India Technology Leadership Initiative” and the “ Drugs and Pharmaceuticals Research Program’. This is to motivate the pharmaceutical to continuously producing new medicine that is needed globally. Besides that, government is considering to sponsor special purpose vehicles with an insurance cover to be used during the new drug research. 2. 2 Economic Factors Economic conditions affect how easy or how difficult it is to be successful and profitable at any time because they affect both capital availability and cost, and demand (Thompson, 2002). The economic factors are growing eventually faster and faster and keep improving. 2. 2. 1

Unemployment rate The unemployment rate is defined as the level of unemployment divided by the labour force. This entry contains the percent of the labor force that is without jobs. Substantial underemployment might be noted. (TradingEconomics, 2011) Diagram 4: Statistical Graph of India Unemployment Rate Source from: <http://www.tradingeconomics.com/india/unemployment-rate> (Accessed on: 22nd January 2011) According to the statistical graph shows above, the unemployment rate in India was recorded on the 9.4% in 2010. From the past, India's unemployment rate is at a lower rate which is 7.32% in the year of 2000, and reached the maximum point in year of 2008 which is 8% where the lowest record is 5.99% in December 1994. This statistical graph had shown obviously that the unemployment rate is keep increasing and now had reached a higher record of 9.4%. Therefore, this gives an opportunities to the organization to start the business here due to the unemployment rate is high. This will help to increase the job works for the people, benefits to their country and does help the organization to minimize the labor cost while maximizing the profits.

2.2 GDP (Gross Domestic Product) The gross domestic product (GDP) or gross domestic income (GDI) is one of the measures of national income and output for a given country's economy. (TradingEconomics, 2011) Diagram 5: Statistical Graph on India GDP Sources from : <http://www.tradingeconomics.com/india/gdp> (Accessed on 23rd January 2012) According to the World Bank, India Gross Domestic Product is worth 1729 billion dollars or 2.79% of the world economy. In the past few years, India's average GDP was 339.84 billion dollars. (TradingEconomics, 2011) The highest record in the India's GDP was last year, with 1729.01 billion dollars while the lowest record was

in the 1960s, with the GDP of 36. 61 billion dollars. From the statistical graph, this shows the India's GDP rate is keep increasing from the past until nowadays. The reason why did this happen is because the diversification of the economy in India, example such as from an traditional village farming transform to a modern industries and getting more and more better compare to the pass. The economy is increasing continuously in an average of 7% since 1997.

2. 3 Social Factors

India is the second most population in the world with 1. 1 billion people. Social factors will affect the organization on the demand for a firm's products and the ability and willingness of individuals to work. This describes the personality of the society which the organization exist. The norms, cultures, believe and the origin story is part of the social environment.

2. 3. 1 Age structure

Although India has 1. 1 billion people in its country but due to birth rate is low, 20. 97 births per 1, 000 populations while the Death rate is 7. 48 deaths per 1, 000 populations. This shows that the people in India are ageing. This will affect the organization to increase the cost due to the people had been working long in the company and need to pay extra attention by getting personal insurance for them in order to stay them. According to the India Demographics Profile 2012, the estimation of the age structure had been recorded as the following.

Age	Percentage	Male	Female
0 – 14 years	29. 7%	187, 450, 635	165, 415, 758
15 – 64 years	64. 9%	398, 757, 331	372, 719, 379
65 years and over	5. 5%	30, 831, 190	33, 998, 613

Diagram 6: Age structure, Statistic number getting from: <http://www.mapsofindia.com/india-demographics.html> (Accessed on 24th January 2012)

2. 3. 2 Lifestyle changes

After getting the independence from the British Rule, India has

undergone complete transformation from an unstable countries and turn into a stable and non-war country. Although India had free from the British Rule, but the country now cannot escape the power of influence from West and caused to affect their culture and the growth of Nation. The three major changes taken from the past is the way Mobiles, Cars and Malls have brought into the India nationally. Therefore, this shows that the people in the country are no longer closed-minded where thinking the herbal products are harmful. As facts that everyone know that India is one of the most medicine distributors. The attitudes towards herbal products are no longer exists and now are accepted throughout the world. Diagram 7: Picture in one part of India Source from: <http://www.flickr.com/photos/lecercle> (Accessed on 24th January 2012)

2. 4 Technological Factors

With the evolution of the technology, the invention of technology is a powerful tool that benefits a lot to human being. This technology is used to save time, save cost while producing the maximum profits. India is a well known of IT professional and specialize in their own field. The technology there is more modern than any other countries.

2. 4. 1 Bio-technology

“ Biotechnology is the use of biological processes, organisms, or systems to manufacture products intended to improve the quality of human life. The earliest biotechnologists were farmers who developed improved species of plants and animals by cross pollenization or cross breeding. In recent years, biotechnology has expanded in sophistication, scope, and applicability” (Whatis?, 2011). The field of Bio-technology in India cooperate with the stem-cell Research has produced a wonderful results. Humuno-insulin and Hepatitis-B vaccines had been produced throughout the nationwide. This vaccine is given priority to

the infants in their country, India. Therefore, everyone believes that India pharmaceutical industry will continue inventing new drugs and vaccines with a lot of research and development.

2. 4. 2 Information Technology India is a well known country that everyone knows that the country have the specialist of IT. From IT as a sector had turned into IT as an Industry. Nowadays, most of us are sitting in front of the computers, writing software and etc. This shows that over the world requires the demand of IT labors where the India has the most professional IT workers. This would benefits to the organization where the labors cost of the specialist is cheaper than other countries.

3. 0 Recommendation India is a potential country to start an operation. Especially herbal products, this is because in India, there are many herbal products is been manufactured India, the leading herbal products and well known herbal products is the Himalaya. Although there are many existing competitors but still there is a chance where to learn from the other organization and may compete positively with the products or company. This is to keep motivate the organization to keep the progression and do not lose to the potential competitors. With a positive competition, the will unleash the power of organization to give the best product into the markets

4. 0 Conclusion In conclusion, India is nationwide country and well known in the specialist, IT industry. After using the PEST analysis to analyze the chosen country, India is a potential country to start up an herbal business. Due to the PEST analysis is being to analyze, but PEST analysis is not enough. Other analysis need to be done in order to start up the business. Do more research and using other analysis might help to create a better opportunities.

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