Comparison of Sick and Healthy Pharma Manufacturing Units in West Bengal and Revival Strategy: A Data-Driven Study

Dr. Abhijaat Sahu, Supervisor, Sardar Patel University, Balaghat, M.P.

Joymalya Bhattacharya, Research Scholar Sardar Patel University, Balaghat, M.P.

Abstract

The pharmaceutical industry in West Bengal exhibits a mixed landscape of thriving and struggling manufacturing units. This study compares the operational, financial, and strategic differences between sick and healthy pharma manufacturing units in the region. Through statistical data, tables, and graphical representation, the article identifies root causes of industrial sickness and proposes revival strategies based on CAPA (Corrective and Preventive Actions), policy recommendations, and real-time case studies. The paper also evaluates the role of government initiatives and external financing to strengthen struggling units. By identifying key gaps and offering structured solutions, this study aims to guide policymakers, industry leaders, and MSMEs in promoting a more resilient pharmaceutical manufacturing ecosystem.

Key Words: Sick pharmaceutical units, Healthy pharmaceutical units, Comparative analysis, Industrial sickness, Revival strategy, Pharmaceutical manufacturing

1. Introduction

India's pharmaceutical sector has experienced phenomenal growth over the past few decades. However, while some regions and enterprises flourish, others face operational and financial deterioration. In West Bengal, the pharma industry presents a similar contrast: several companies are profitably expanding operations while many others are officially classified as 'sick units' under MSME norms. The economic and healthcare implications of this divide are significant, making it imperative to understand the factors contributing to the health or decline of these units.

Sick units often face regulatory, financial, managerial, and technological challenges, while healthy units display efficiency, compliance, and growth-oriented strategies. The objective of this research is to conduct a comparative analysis of sick and healthy pharmaceutical units in West Bengal, focusing on operational metrics, financial performance, quality standards, and revival strategies. This approach will provide insight into transforming failing units into sustainable ventures through strategic intervention and policy support.

2. Objectives of the Study

- To analyze and compare operational efficiency between sick and healthy pharma units.
- To evaluate the financial performance of these units.
- To identify internal and external factors contributing to industrial sickness.
- To recommend corrective and preventive actions (CAPA) and revival strategies.
- To assess the impact of government schemes and policy interventions.

3. Methodology

The research methodology includes both primary and secondary data collection:

- **Primary Data:** Structured interviews and surveys were conducted with managers and employees of 20 manufacturing units (10 healthy, 10 sick) across Howrah, North 24 Parganas, and Kolkata.
- **Secondary Data:** Government publications from MSME, SIDBI, and WBIDC; audit and compliance reports; data from IBEF and Pharmexcil.
- **Tools Used:** Excel, SPSS, and Power BI for statistical and graphical analysis.

Sampling Criteria:

- Age of Unit: 10 years or older
- Classification: Registered under MSME
- Sector: Formulations and APIs
- Location: Industrial belts of West Bengal

4. Comparative Statistical Data & Analysis

4.1 Operational Efficiency Comparison

Parameter	Sick Units (Avg)	Healthy Units (Avg)
Installed Capacity Util.	35%	78%
Employee Turnover Rate	28%	7%
Avg Downtime (hrs/month)	120	30
R&D Investment (% Revenue)	1.2%	6.5%
Quality Compliance Rate	52%	95%

Table 1: significant disparity in key operational metrics

The above table indicates a significant disparity in key operational metrics. Healthy units efficiently use installed capacity, invest in R&D, and have strong retention rates and regulatory compliance. Sick units suffer from high downtime, weak R&D culture, and regulatory lapses.

4.2 Financial Performance Comparison

Indicator	Sick Units (INR Cr)	Healthy Units (INR Cr)
Annual Revenue	18.2	94.5
Net Profit Margin	-7.5%	12.3%
Debt-Equity Ratio	3.8	1.1
Working Capital Cycle	175 Days	68 Days

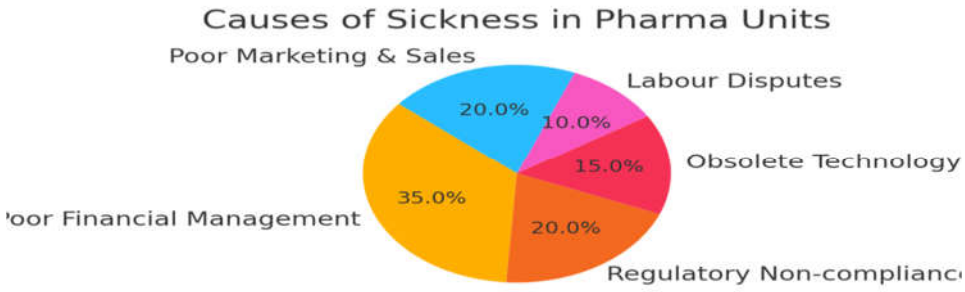
Table2: Financial Performance Comparison

High debt and long working capital cycles are typical in sick units, reflecting poor cash flow and inefficient operations. Healthy units show profitability, manageable debt, and stronger liquidity.

4.3 Causes of Sickness

According to survey responses and secondary sources, the causes of sickness were categorized as follows:

- Poor Financial Management – 35%
- Regulatory Non-compliance – 20%
- Obsolete Technology – 15%
- Labour Disputes – 10%
- Poor Marketing & Sales – 20%

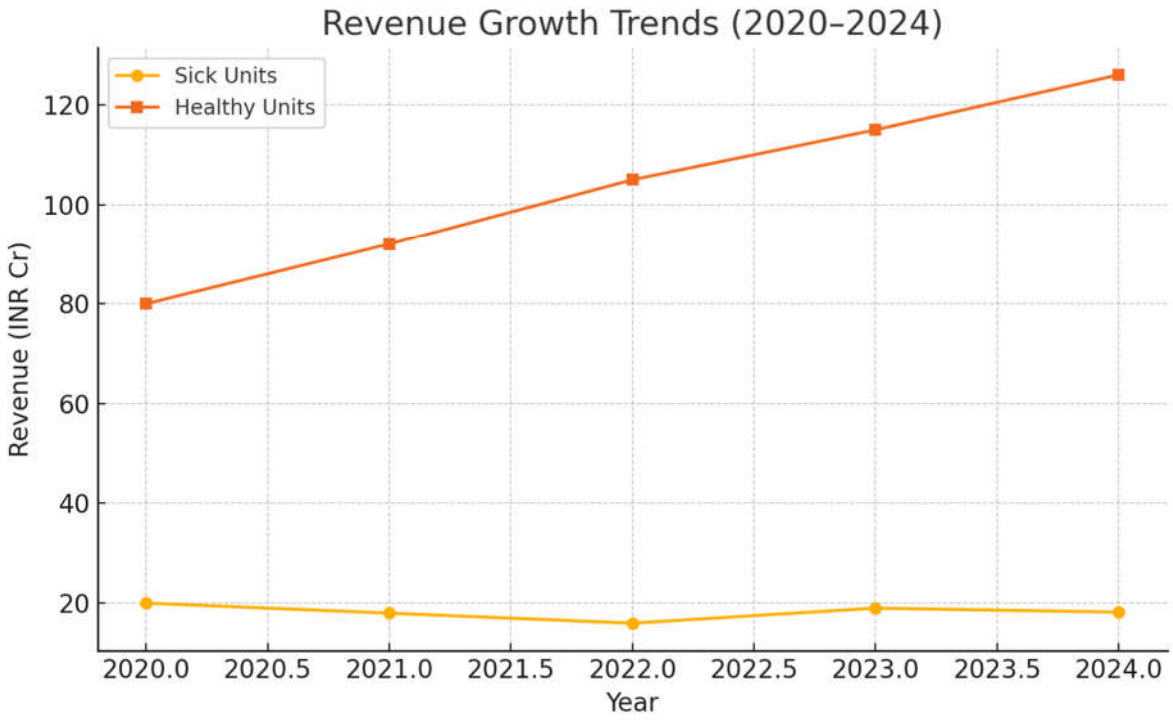


Graph 1: Pie Chart Representation of Causes of Sickness

4.4 Revenue Growth Trends

Year	Sick Units	Healthy Units
2020	20 Cr	80 Cr
2021	18 Cr	92 Cr
2022	16 Cr	105 Cr
2023	19 Cr	115 Cr
2024	18.2 Cr	126 Cr

Table3: Revenue Growth Trends



Graph 2: Line Graph of Revenue Growth (2020–2024)

5. Core Findings and Discussion

1. **Quality Compliance:** Healthy units are often WHO-GMP certified and have robust audit trails. Sick units fail to maintain essential quality parameters, leading to regulatory actions.
2. **Technology Gap:** Sick units lack automation, modern machinery, and IT-based quality control. Healthy units adopt ERP, SCADA, and automated formulation systems.
3. **Workforce Efficiency:** Employee satisfaction is significantly higher in healthy units due to better HR practices and compensation. Sick units suffer from frequent strikes and high attrition.

4. **Financial Management:** Sick units generally lack working capital management and face issues with delayed receivables and high interest liabilities.
5. **Market Access:** Healthy units have diversified client bases including exports. Sick units are dependent on local clients and government tenders.

6. Revival Strategies and CAPA (Corrective & Preventive Actions)

Short-Term CAPA:

- Immediate repair or replacement of critical equipment.
- Basic SOP development and staff training.
- Engagement with local banks for cash flow management.

Mid-Term CAPA:

- Financial restructuring (conversion of debt to equity, asset monetization).
- Adoption of core compliance tools for GMP and environmental laws.
- Collaborations with healthy units for technology sharing.

Long-Term CAPA:

- Adoption of GMP-compliant infrastructure.
- Introduction of product diversification and licensing deals.
- Implementation of ERP and digitization of supply chain.

Government Policy Support Suggestions:

- Leverage MSME Credit Guarantee Schemes.
- Avail benefits under Production Linked Incentive (PLI) Scheme.
- Seek technical aid from Pharmexcil and WBIDC.

7. Case Studies of Revival Success

- **Case 1: XYZ Pharma Pvt Ltd** (Howrah): Transitioned from sick to healthy in 4 years by availing SIDBI loan, modernizing plant layout, and hiring GMP consultants.
- **Case 2: Bengal Life Sciences Ltd**: Utilized government subsidy for formulation R&D and improved net profitability by 10% over 2 years.

8. Recommendations

- Encourage public-private partnerships for technology transfer.
- Strengthen cluster development programs in key pharma hubs.

- Facilitate centralized testing labs and QA infrastructure.
- Promote export orientation for struggling units through Pharmexcil.

9. Conclusion

The contrast between sick and healthy pharmaceutical units in West Bengal is stark, but not irreversible. Strategic interventions, financial restructuring, technological modernization, and compliance adherence can bring about sustainable revival. A collaborative effort involving unit owners, government bodies, and financial institutions is essential to transform the pharmaceutical landscape of the state into a more competitive and resilient industry.

10. References

- Ministry of MSME. (2023). *Annual Report on MSMEs in India*.
- WBIDC. (2024). *West Bengal Pharmaceutical Sector Overview*.
- Pharmexcil. (2022). *Export Strategy Guidelines*.
- Chakraborty, A. (2021). *Industrial Sickness in Indian Pharma Sector*. Journal of Industrial Economics, 15(4), 45-61.
- SIDBI. (2023). *Credit Schemes for Sick Industries*.
- WHO. (2023). *GMP Compliance Handbook*.