STUDY NOTES · BASIC CONCEPT

Why is the Pharma Sector considered a “Strategic Sector” in the Indian Economy? What is Short-Term Trading?

Indian Economy

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Why Pharma is a Strategic Sector for India?

1. **Public Health Security:** The pharma sector ensures availability of essential and life-saving medicines, vaccines, and medical supplies, which is critical during pandemics and health emergencies.
2. **Global Supplier Role:** India is known as the “Pharmacy of the World”, supplying affordable generic medicines to over 200 countries, including the US, Africa, and developing nations.
3. **National Security Aspect:** Self-reliance in pharmaceuticals reduces dependence on imports, especially for critical drugs and APIs (Active Pharmaceutical Ingredients).
4. **Economic Contribution:** The sector contributes significantly to GDP, exports, employment, and foreign exchange earnings.
5. **Affordable Healthcare:** Low-cost drug manufacturing helps keep healthcare accessible for India’s large population.

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Factors on Which Growth of the Pharma Sector Depends

- **Research & Development (R&D):** Innovation, new drug discovery, and biosimilars drive long-term growth.
- **Regulatory Environment:** Approvals from regulators like USFDA, WHO-GMP, and CDSCO strongly impact exports and credibility.
- **Global Demand for Generics:** Rising healthcare needs, ageing populations, and chronic diseases increase demand for generic drugs.
- **API Manufacturing & Supply Chains:** Domestic API production and reduced import dependence support stable growth.
- **Government Policies & Schemes:** Initiatives like PLI Scheme, Make in India, and Jan Aushadhi promote manufacturing and affordability.
- **Export Market Access:** Trade relations, patents expiry in developed countries, and compliance with global standards boost exports.

- **Technology & Digitalisation:** Automation, AI in drug discovery, and efficient manufacturing processes improve competitiveness.

What is Short-Term Trading, and How is it Different from Long-Term Investment?

Short-Term Trading

- Short-term trading involves buying and selling shares for a short duration, such as minutes, days, or a few weeks.
- The main objective is to make quick profits from price movements.
- It relies heavily on technical analysis, including charts, indicators, volume, and market trends.
- The risk level is relatively high because prices can change rapidly in a short period.
- Examples: Intraday trading, swing trading.

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Long-Term Investment

- Long-term investment involves holding shares for several years.
- The goal is to benefit from a company's growth, earnings, and compounding over time.
- It focuses on fundamental analysis, such as balance sheets, profits, management quality, and sector outlook.
- The risk is comparatively lower due to long-term market growth smoothing short-term volatility.
- Examples: Blue-chip stocks, mutual funds, retirement-oriented investments.