

# INDIAN PHARMACETICAL INDUSTRY

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**Domestic pharmaceutical industry  
growth remains resilient**

**MARCH 2023**



*The IPM witnessed a YoY growth of 7.7% in 9M FY2023 supported by price growth of 6.8% and growth of 2.3% from new product introductions, while volumes declined by 1.2%.*

*Price increases will remain the primary growth driver for IPM in the near term.*



**Despite several disruptive events over the last few years, the Indian pharmaceutical market (IPM) witnessed a healthy CAGR of 10.9% between FY2012 and FY2022.** Since FY2018, growth has largely been supported by price increases and new product introductions, even as volume increase remained between 2-3%.



**Given the large base of FY2022, the revenue growth for ICRA sample set is likely to be lower than that of the IPM in FY2023.** That said, steps being taken by these companies towards new product introductions and enhancements in field force are expected to support their growth going forward.



**The acute therapeutic segment accounted for 62-65% of the IPM between FY2018 and FY2022,** a reduction from the 75% share before FY2010. With increasing incidence of lifestyle diseases and given the long duration of medicine courses for chronic diseases, the growth of chronic therapies in the IPM is expected to be higher than that of acute therapies going forward.



**Medicines listed in the National List of Essential Medicines (NLEM) are sold below a price ceiling fixed by the National Pharmaceutical Pricing Authority (NPPA).** Currently, revenues from drugs under the NLEM constitute ~17-18% of the IPM, with some companies deriving ~30% of their revenues from NLEM drugs.



In terms of emerging trends in the industry, **e-pharmacies gained significant traction in recent years** and account for ~10-15% of the IPM currently. Focus on driving generic prescriptions by doctors to reduce healthcare costs for patients may continue through potential regulatory actions. Any significant regulatory mandate towards this may impact branded generic formulation players.



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