

# INDIAN PHARMACEUTICAL INDUSTRY

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**Domestic pharmaceutical industry to  
report 8-10% revenue growth in  
FY2024**

**SEPTEMBER 2023**



*ICRA expects growth momentum for the IPM to sustain in FY2024, supported by continued price increases, new product launches and rising penetration of healthcare services in semi-urban and rural areas.*



**Despite several disruptive events over the last few years, the Indian Pharmaceutical Market (IPM) witnessed a healthy CAGR of 9.7% between FY2014 and FY2023.** Growth in recent years has largely been supported by price increases and new product introductions even as volume growth has been negative or 2-3% at best.



**ICRA expects growth for its sample set of 25 companies, which account for ~60% of the overall Indian pharmaceutical industry to sustain at 8-10% in FY2024.** This is likely to be supported by continued price increases, new product launches and rising penetration of healthcare services in semi-urban and rural areas.



**Acute therapies, accounting for 62-65% of the IPM, have continued to outpace growth in chronic therapies since FY2022.** However, the trend is expected to reverse going forward. 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.



**At present, revenues from drugs under the National List of Essential Medicines (NLEM) constitute ~17-18% of the IPM,** with some companies deriving ~30% of revenues from the NLEM drugs. The price increase granted for drugs under the NLEM has been higher at 12.1% for FY2024 due to sharp WPI inflation. This is the second consecutive year of double-digit price increase allowed for NLEM drugs.



**Proposed change in National Medical Commission (NMC) regulations to support genericisation.** The NMC recently released new norms for doctors that require them to only prescribe generic drugs instead of certain brands. These changes support the Govt's focus on driving generic prescriptions to reduce healthcare costs for patients. However, this could impact the branded generic formulations for manufacturers over the long term.



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