

INDIAN PHARMACEUTICAL INDUSTRY

**Annual IPM growth of 7-9% to be
driven by new product introductions
and price increases**

March 2025





[Click to see full report](#)

ICRA expects growth momentum for the Indian pharmaceutical market (IPM) to sustain at 7-9% in FY2025 and FY2026, supported by continued price increases, new product launches and rising penetration of healthcare services in semi-urban and rural areas.



The Indian pharmaceutical market (IPM) witnessed a healthy CAGR of 9.4% (in value terms) between FY2012 and FY2024, despite several disruptive events over the last few years. Growth in recent years has largely been supported by price hikes and new product launches even as volume increase has remained muted. With structural factors supporting the overall demand, ICRA expects revenue growth for its sample set of 13 companies (accounting for ~35% of the IPM) to sustain at 9-11% in FY2025 and FY2026.



The increasing incidences of lifestyle diseases and longer duration of drug usage to treat chronic diseases, are expected to drive volumes for this segment. This is likely to be higher than that of acute therapies. While growth of the latter (accounting for 65-67% of the IPM) outpaced that of chronic therapies during FY2022 and FY2023 on account of Covid-19, followed by a strong flu season, it has since normalised to 7% per annum in FY2024 and 9M FY2025.



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 these drugs was meagre, at 0.0051% for FY2025, the second lowest in a decade, on account of low WPI inflation during CY2023.



Revised Schedule M guidelines need to be implemented by December 31, 2025, by small and medium manufacturers. This may result in incremental capital expenditure (capex) requirement and additional expenses towards maintaining compliance and can lead to gradual consolidation within the industry. With growing generics and trade generics volumes, developments across the regulatory landscape remain a key monitorable for the industry.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Senior Vice-President and Group Head	shamsherd@icraindia.com	+91 124 – 4545 328
Kinjal Shah	Senior Vice-President and Co-Group Head	kinjal.shah@icraindia.com	+91 22 – 6114 3442
Deepak Jotwani	Vice-President and Sector Head	deepak.jotwani@icraindia.com	+91 124 – 4545 870
Mythri Macherla	Vice-President and Sector Head	mythri.macherla@icraindia.com	+91 97011 91490
Gaurav Kushwaha	Senior Analyst	gaurav.kushwaha@icraindia.com	+91 40 – 6939 6405





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!