

### **Marketing Growth Trends in Indian Pharmaceuticals Sector**

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#### **Abstract:**

Since, years Indian Pharma industry is posting a positive and consistent growth rate of CAGR 17.6 percent and continuing the same trend in the current financial year. In fact, over the decades the industry has registered growth metrics interms of infrastructure, development, technology base and a wide array of products manufactured.

This Study provides an overview of the global and Indian pharmaceutical industry in terms of current scenario, performance, challenges and prospects, and the way forward.

**Key words:** Indian Pharmaceuticals – Production – consumption – exports – growth – imports

#### **Introduction**

Pharma industry is one of the vital industries for any country, supporting the healthcare of the citizens apart from contributing revenue to the national economy. A review of the global pharma reveals that the worldwide revenue is 390.2 billion US \$ at 2001. In a span of ten years the business has up-to is 963 billion US \$. However, in the financial year 2014 - 15 first time the total revenue crossed one trillion US \$.

As per the Indian Brand Equity Foundation - 2016 report, in terms of value Indian pharmaceutical sector accounts about 2.4 percent and in terms of volume accounts to 10 percent of the global of the global pharma industry. As per the industry expectations, pharma industry expands at CAGR of 12.89 percent between the years 2015 – 20 to reach 55 billion US \$. Pharma products often use the terms generic medicines (with prescription) and over the counter medicines - OTC (without prescription) and generic medicine accounts to 64 percent of the market value and OTC medicines account to remaining 26 percent. In pharma products, generic medicines contributions are very significant as they are back bone to produce several medicines in combinations and also in the exports of generic formulations. India accounts to 20 percent of global exports. Indian pharma sector stood in 5<sup>th</sup> position in attracting FDI's. In tune with the above, pharma sector became back bone to Indian Health care sector which registered one of the fastest growing sector and is expected to advance at a CAGR of 17 percent to reach 250 billion US \$ between the years 2008 – 2020.

#### **Aim of the study**

The aim of the study is to understand the growth potential of Indian Pharmaceutical industry by considering the performance of top 5 selected pharma companies in India.

#### **Scope of the study**

Scope of the study is confined to the projection of growth of the Indian pharma for the coming 5 years based on the past 10 year's performance.

#### **Methodology of the study:**

This study is completely based on secondary data. The data has been collected from various research journals, newspapers, websites and digital archives of government departments like Ministry commerce, Ministry chemical and Ministry fertilizers etc. The data related to exports and imports before and after liberalization is collected to understand the changes undergone by the industry. Five top public listed Indian Pharma companies were considered for this research and also their export data of last 10 years is analysed to study their contribution towards the growth of Indian Pharmaceutical Industry.

**Time series analysis** is applied to forecast the exports for next 5 years for these five companies and also for the overall industry.

The FDI policy on pharmaceutical sector is also discussed briefly to consider its impact on growth of the industry. The main emphasis in this is given to study impact of exports on growth of pharmaceutical industry.

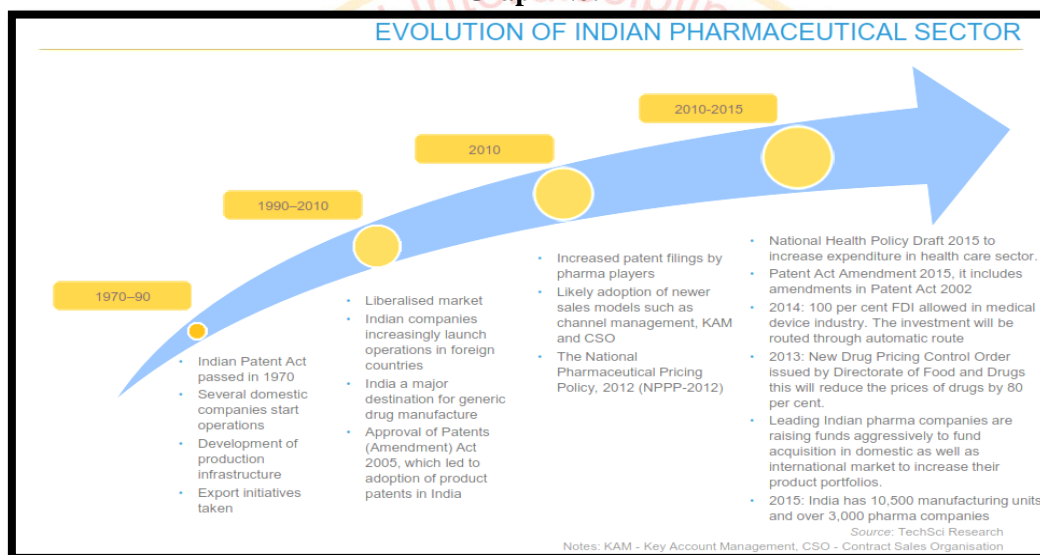
**Need for the study:**

Over the past 50 years or so the Indian pharmaceutical sector witnessed rapid growth and transformation. From a mere volume of just Rs. 10 crores in 1947, the industry registered a sales turnover of about US\$ 36.7 billion in 2016 with an annual growth rate of about 17%. It is also ranked world class, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

The purpose of the study is to identify the factors that are responsible for the exponential growth of the industry. This study also discuss about the role and contribution of F.D.I in Indian Pharmaceutical sector.

The study helps us in understanding the growth potential of Indian pharmaceutical sector. It's contribution in terms of exports and imports and also the key opportunities and challenges faced by the pharmaceutical sector during the course of development.

**Graph No:1**



**1) Sun Pharmaceutical Exports trend of the last 10 years**

**Table No: 1**

Year	Year Number (x)	Exports value in crores (y)
2007	1	480.56
2008	2	806.45
2009	3	813.77
2010	4	838.95
2011	5	896.36
2012	6	1462.82
2013	7	1923.8

2014	8	2271.33
2015	9	4623.5
2016	10	3957.17

**Graph No: 2**



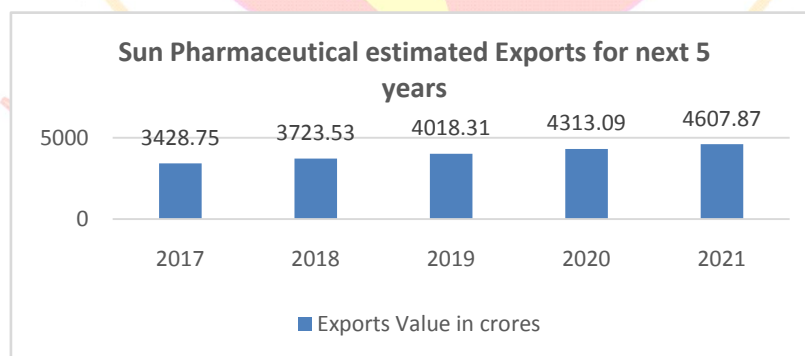
**Estimated Exports for next 5 years using Time series (Trend) analysis**

**Table No:2**

Year	Year Number (x)	Exports value in crores (y)
2017	11	3428.75
2018	12	3723.53
2019	13	4018.31
2020	14	4313.09
2021	15	4607.87

**Forecast graph**

**Graph No:3**



Based on the past 10 years data, using trend analysis, forecast of exports for next 5 years is done and plotted in this graph. From the graph, it is expected that there will be decline in export value for two years and later on it will gradually increase. Nevertheless, it is a forecast based on previous numbers and the actual performance may be affected by various external and internal environmental factors.

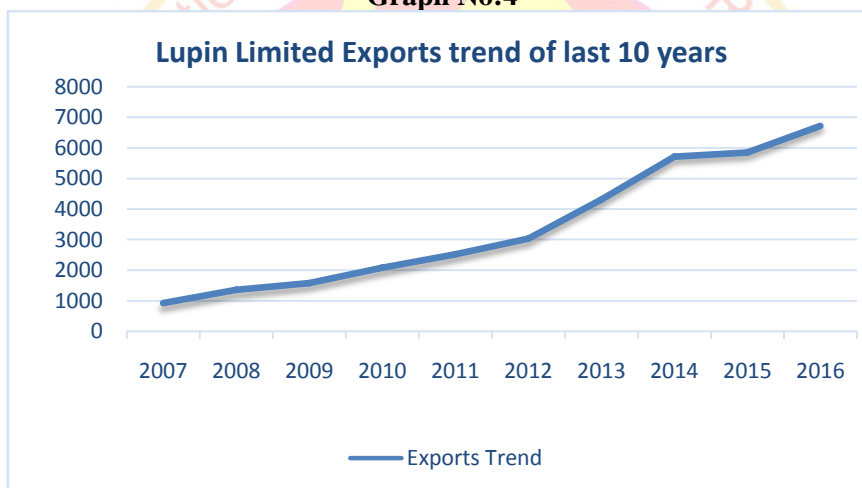
**Lupin Limited Exports trend of the last 10 years**

**Table No: 3**

Year	Year Number (x)	Exports value in crores (y)
2007	1	927.94
2008	2	1355.53
2009	3	1582.12
2010	4	2078.72
2011	5	2523.04
2012	6	3032.92
2013	7	4315.65
2014	8	5717.7
2015	9	5848.15
2016	10	6724.39

**Trend graph**

**Graph No:4**



**Estimated Exports for next 5 years using Time series (Trend) analysis**

**Table No: 4**

Year	Year Number (x)	Exports value in crores (y)
2017	11	7079.05
2018	12	7746.04
2019	13	8413.03
2020	14	9080.02
2021	15	9747.01

**Graph No: 5**



**Dr. Reddy's laboratories Exports trend of the last 10 years**

**Table No: 5**

Year	Year Number (x)	Exports value in crores (y)
2007	1	2848.32
2008	2	2259.9
2009	3	2892.5
2010	4	3013.8
2011	5	3671.8
2012	6	4840.5
2013	7	6100.4
2014	8	7406.9
2015	9	7414.6
2016	10	7261.8

**Trend graph**

**Graph No: 6**





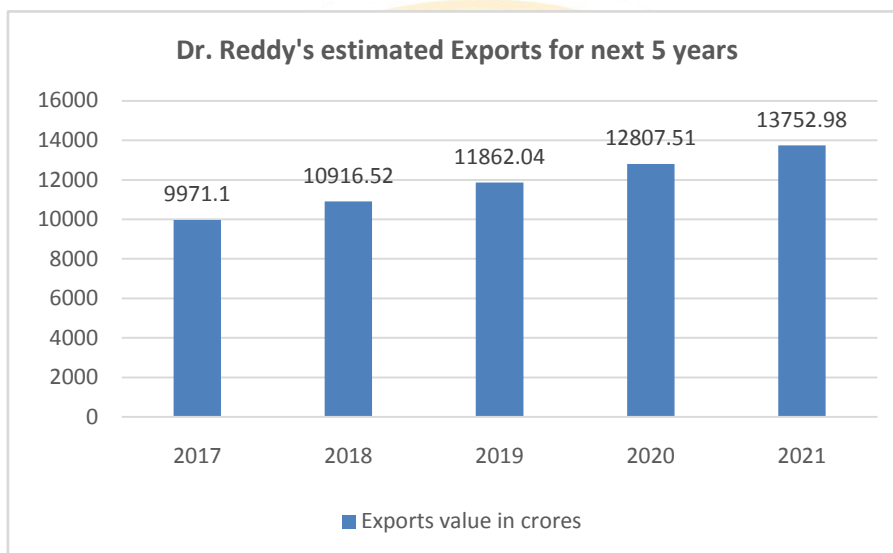
**Estimated Exports for next 5 years using Time series (Trend) analysis**

**Table No: 6**

Year	Year Number (x)	Exports value in crores (y)
2017	11	9971.1
2018	12	10916.52
2019	13	11862.04
2020	14	12807.51
2021	15	13752.98

**Forecast graph**

**Graph No: 7**



From the export trend analysis of 10 years table it can be understood that till the year 2013 successive and considerable positive growth rate can be observed and during the years 2014 and 2015 the positive growth rate is low compared to yester years and the year 2016 there is a slight decrease in the exports of the Dr. Reddy laboratories compared to the preceding years. However, it has not shown impact on the projection graph for the coming 5 years and is expected consistent positive growth with approximately Rs. 13752.98 crores export value by the year 2021

**Cipla Pharma**

From the below table of export value trends of Cipla it can be observed that from the year 2007 to the year 2014 there is positive and consistent increase in the exports value however, in the year 2015 there is a slight decrease in the exports value but in the next year i.e 2016 there is an increase in the exports value

**Cipla Exports trend of the last 10 years**

**Table No: 7**

Year	Year Number (x)	Exports value in crores (y)
2007	1	1780.44
2008	2	2101.74

2009	3	2742.69
2010	4	2900.58
2011	5	3361.49
2012	6	3692.03
2013	7	4426.16
2014	8	4947.96
2015	9	4736.33
2016	10	6683.67

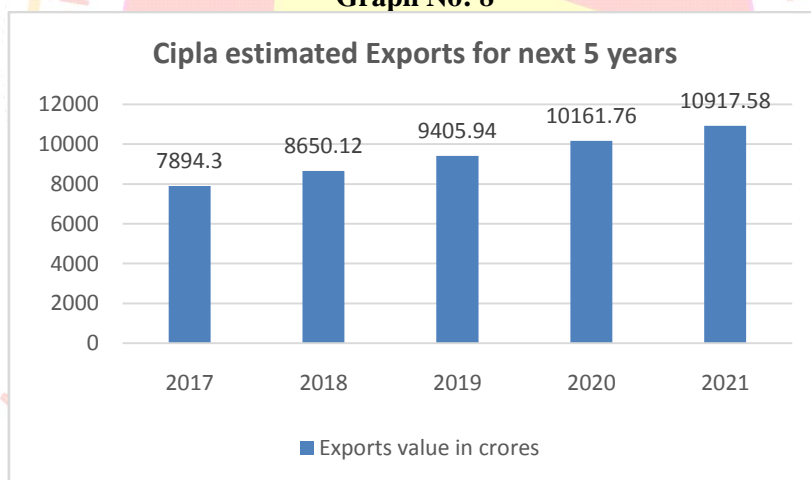
**Trend graph**

Estimated Exports for next 5 years using Time series (Trend) analysis

**Table No: 8**

Year	Year Number (x)	Exports value in crores (y)
2017	11	7894.3
2018	12	8650.12
2019	13	9405.94
2020	14	10161.76
2021	15	10917.58

**Graph No: 8**



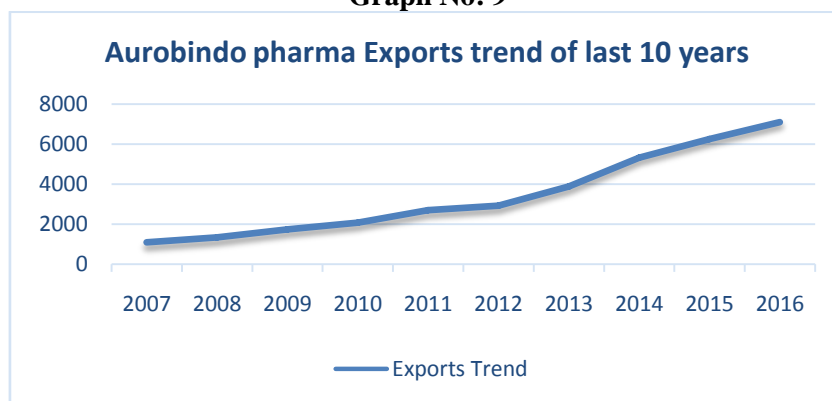
**Aurobindo pharma Exports trend of the last 10 years**

**Table No: 9**

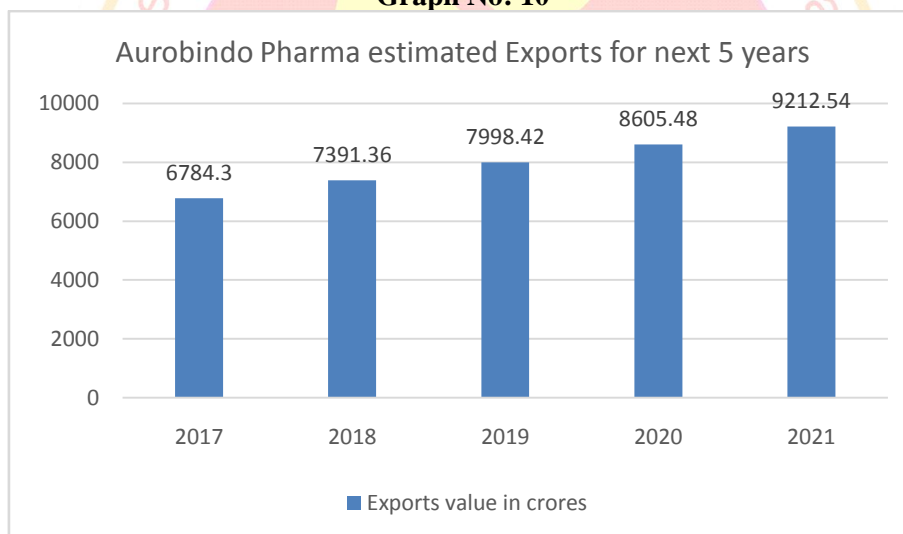
Year	Year Number (x)	Exports value in crores (y)
2007	1	1096.83
2008	2	1339.5
2009	3	1746.65
2010	4	2086.37
2011	5	2696.97

2012	6	2923.91
2013	7	3893.53
2014	8	5326.9
2015	9	6251.41
2016	10	7092.68

**Graph No: 9**



**Graph No: 10**



The above shown five pharma companies' progress is a good sign of hard work of the Indian pharma industry. At the same time the several challenges are before the Indian Pharma indicating that facing, surviving and emerging in the international market is not a cake-walk but happening because of adopting innovative methods in R & D, cost efficiency etc., Also, china pharma industry is one of the most cost effective and voluminous in production in the world market pose challenge to any other nation and Indian pharma industry is no different and facing the challenge. In spite of several odds still Indian pharma is able to curve out its own place in the world pharmaceutical market.

**Advantage Of India**

There are several factors which are propelling the growth potential of the Indian Pharma. However, among them important factors are summarized here under.



**Cost Efficiency:** Low cost of production and R&D boosts efficiency of Indian pharma companies. India's cost of production is approximately 60 percent lower than that of US and almost half of that of Europe. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism.

**Economic drivers:** Economic prosperity to bring drug affordability. Also, there is an increase in the penetration of health insurance. With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available.

**Diversified portfolio:** India accounts for over 10% of the global pharmaceutical production. Over 60,000 thousand generic brands across 60 therapeutic categories. More than 500 different Active Pharmaceutical Ingredients (APIs) are manufactured in India. Around 35.7 per cent of all drug master filings from India is registered in the USA in 2015.

**Policy support:** Government has unveiled 'Pharma vision 2020' aimed at making India a global leader in end-to-end drug manufacturer. In recent times government has taken significant steps to reduce the approval time for new facilities to boost investments. In this sector 100 per cent FDI is allowed under automatic route.

At overall perspective, marketing growth trends in Indian pharmaceutical industry is most hopeful and brightful.

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