



RESEARCH REPORT

PHARMACEUTICAL INDUSTRY

Pharma industry's outlook looks healthy on increasing export, government initiative

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Sector Outlook - Pharma

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Indian pharmaceutical industry plays vital role in development of economy contributing towards the welfare of humanity and providing significant socioeconomic benefits to the society. India is among the fastest-growing pharmaceutical markets in the world and has established itself as a global manufacturing and research hub. A large raw material base and the availability of a skilled workforce give the industry a definite competitive advantage.

Indian pharma industry has a strong global foothold with accounting about 2.4 percent of the global pharmaceutical industry in value terms and 10 percent in volume terms and is expected to expand at \$55 billion by 2020. Moreover, generic drugs account for 20 percent of global exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years.

Industry

The Indian pharmaceutical industry is estimated to be worth \$26 billion and is expected to reach \$55 billion by 2020. The Indian pharma industry is on third place in terms of volume and fourteenth place in terms of value worldwide. Branded generics dominate the pharmaceuticals market, constituting almost 80 percent of the total share. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 percent of global exports in terms of volume. Manufacturing cost in India is around 35-40 per cent of that in the US as installation and workforce costs are low, making India one of the lowest manufacturing cost in the world.

Exports

Export of pharmaceutical products has increased by 11.44 percent to \$12,910.04 million in FY16 as compared to \$11,584.58 million in FY15, as government initiated several measures, including setting up of an inter-departmental committee to look into export-related issues and awareness programmes in emerging markets like Africa. Generic drugs form the largest segment of the Indian pharmaceutical sector, with 80 percent market share (in terms of revenues). India supplies 20 percent of global generic medicines in terms of volume, making the country the largest provider of generic medicines globally. Over-the-counter (OTC) medicines and patented drugs constitute 21 percent and 9 percent share respectively of the total market revenues of \$20 billion. Further, in order to take Indian pharma to the next level, the government has taken the initiative to position the country as a hub for affordable, credible and sustainable pharmaceutical products.

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