

Changing Dynamics of Indian Pharma Supply Chain

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2024

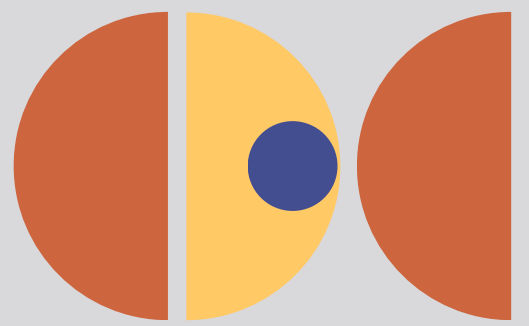
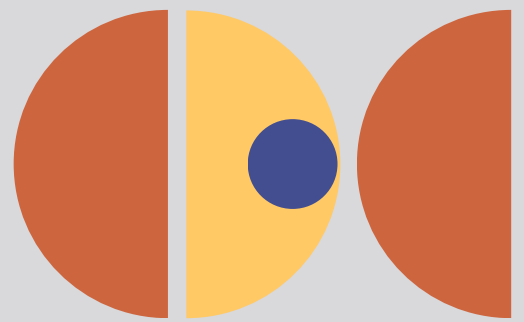


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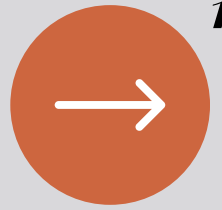
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Chapter 1

→ Introduction

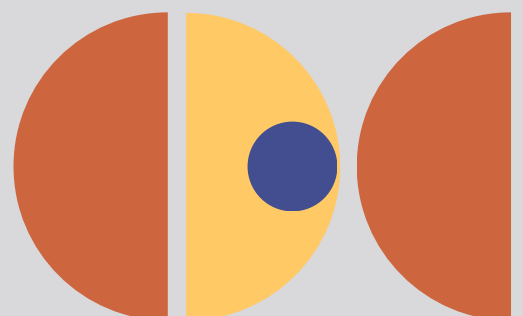
The Indian pharmaceutical market is one of the largest markets in terms of **number of patients served**. It is also one of the fastest-growing major markets across the world in pharmaceuticals. In recent years, the pharmaceutical supply chain which ensures that every patient receives the required medicine in time, has been undergoing rapid changes in the country. The traditional supply chain has been undergoing change in the last decade, and the pace of change has intensified since COVID 19 pandemic.

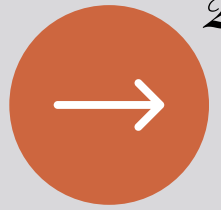
A landscape study was conducted by **Pharmarack Technologies** with the support of **Indian Pharmaceutical Association (IPA)**. Several insights were obtained by using Pharmarack's proprietary data and through in-depth interviews of industry experts.

This report assesses the **current and evolving status of the channel dynamics** of the Indian Pharmaceutical market, with special focus on the contributions of Branded Generics, Trade Generics, and Generic Generics. It covers different distribution models, impact of private labels and factors driving their growth. It explores the changing landscape of pharmaceutical retail with the introduction of online pharmacies and chain pharmacies in the last decade and shift in consumer behaviour. The report also covers global trends, policy regulations and digitization in the pharmaceutical industry.

The key insights derived from this study highlight that the current focus of the Indian pharma industry is on quality across the pharm supply chain encompassing not only manufacturing but moving beyond to Good Distribution Practices (GDP). There is also an increasing interest in expanding the role of pharmacies which are essential to ensure last mile delivery.

The study has resulted in a set of **recommendations** for the industry and concerned stakeholders to focus on 1) empowering pharmacies, to enable them to provide comprehensive patient care, 2) maintaining drug quality with insistence on complying with regulatory frameworks, including finalization and timely implementation of the draft GDP guidelines by the Government of India 3) prioritizing patient safety by managing counterfeit drugs and 4) leveraging technologies to strengthen the pharma supply chain in India.





About

→ *Pharmarack*

Pharmarack is a first-of-its-kind commerce-to-insights technology company solving core trade problems faced by the Indian Pharma industry. At Pharmarack, we build inclusive tech-led products catering to the needs of pharma brands, chemists, distributors, and manufacturers, providing them a level playing field to scale, trade, and grow their businesses.

Anchored and powered by leading Indian Pharma companies to strengthen trade in India. Pharmarack is India's largest business-to-business commerce platform across categories. Our technology platform is the largest business-to-business commerce platform across the pharma supply chain and acts as a catalyst to empower general trade across the pharma industry with a national reach of 250K chemists and druggists and 12,000+ stockists who trade in 300K+ Stock Keeping Units (SKUs) across 6,000+ brands. As a neutral platform, we are a trusted partner to the Pharma Industry, empowering them with technology to compete and win in an increasingly technology driven and digital world.



2,50,000+
Chemists

12,000+
Stockists

3,00,000+
SKUs

6,000+
Brands



Terminology & → *Key Concepts*

1 Innovator Drugs/Patented Drugs

An innovator drug is the first drug created with specific active ingredients and first to receive approval for use. It is usually the product for which efficacy, safety and quality were assessed and fully established. In India, patented drugs are pharmaceutical products that are protected by exclusive rights granted by the government to the inventor, preventing others from making, using, selling, or distributing the drug without permission for a certain period, typically 20 years.

In India, the trade has further segregated drugs into three types: Branded Generics, Trade Generics and Generic Generics

2 Generic Drugs

A generic drug is a medication created to be the same as an already marketed brand-name drug in dosage form, safety, strength, route of administration, quality, performance characteristics, and intended use, but does not possess a proprietary, trademark-protected name.

4 Trade Generics

Trade Generics are branded medicines which are not promoted to the doctors, but are provided to the channel players including retail chemists, stockists, hospitals, chain stores, online pharmacies at higher margins to drive their sales.

3 Branded Generics

Generic drugs that are marketed using the route of brand promotion through the field force of medical representatives (who engage with the medical community to apprise them on the therapeutic attributes of brands/ drugs). 'Branded Generics' is a phenomenon almost unique to India.

5 Generic Generics

Generic drugs are unbranded and are sold without any specific brand name and are often priced lower than their branded counterparts. They contain the same active pharmaceutical ingredient (API) as their brand-name counterparts but are marketed under their chemical or generic name.

Chapter 2

→ Executive Summary

The Indian pharmaceutical industry, often called the "**Pharmacy of the World**," plays a pivotal role in Global healthcare by supplying affordable medications to nearly 200 countries. In 2023, the industry was valued at approximately **INR 2,42,000 crores** (USD 29 Billion) and is projected to reach around **INR 4,60,000 crores** (USD 55 Billion) by 2030 with a Compound Annual Growth Rate (CAGR) of 9.6%. Key segments driving this growth include Patented drugs, Branded Generics, Trade Generics (TGx) and Generic Generics, each influenced by changing market dynamics and regulatory advancements.

- Patented drugs:** Although patented drugs contribute a relatively small amount to the Indian Pharmaceutical Market (IPM), they hold a potential for growth and innovation. Looking ahead, the patented drugs market is projected to reach INR 15,500 crores by 2030.
- Branded Generics:** Comprising **87%** of the Indian Pharmaceutical Market (IPM), Branded Generics are valued at INR 2,10,000 crores in 2023. This segment is projected to grow at a **CAGR of 8.5%**, reaching INR 3,71,000 crores by 2030.
- Trade Generics (TGx):** Valued at INR 24,000 crores, TGx accounts for **10%** of the IPM and is expected to grow at a **CAGR of 16%**, potentially reaching INR 68,000 crores by 2030.
- Generic Generics:** Holds **0.5%** of the market share and is expected to hold **1.1%** of the market share by 2030. Aimed at providing medications to underserved section of the society and fueled by government initiatives like Jan Aushadhi stores, the Generic Generics segment is projected to reach INR 5,250 crores by 2030.
- Retail and Distribution Landscape**

The retail pharmacy ecosystem in India is fragmented, with **standalone pharmacies** holding a **54%** market share, institutional supplies holding **31%** market share, organized retail chains holding **11.5%** market share, and online pharmacies holding **2.5%** market share are anticipated to grow by 2030, driven by consolidation trends and infrastructure advantages. Jan Aushadhi stores holding less than **1%** market share. Distributor landscape is predominantly fragmented, with the emergence of organized stockists in the industry.
- Regulatory Advancement**

India is advancing towards enhanced regulatory reforms to improve patient care. **Revised Schedule M** is anticipated to enhance quality outcomes through **Good Manufacturing Practices (GMP)**. **Uniform Code of Pharmaceutical Marketing Practices (UCPMP)** will promote good marketing practices. The last-mile connectivity is crucial to ensure patients receive quality medicines. **Good Distribution Practices (GDP)** significantly impact this by improving delivery systems, optimizing storage including cold storage and transportation conditions.

→ *Executive Summary*



Global Comparisons and Innovation Imperatives

Global case studies indicate an evolving trend wherein the role of pharmacies is enhanced as an intricate part of the healthcare delivery system. There is also evidence of use of integrated technologies for improving the efficiencies and resilience of pharma supply chains.



Key Recommendations

The role of pharmacists is gradually evolving from a dispenser of medicines to an expert in the field with multidisciplinary health care systems.

- **Pharmacist Education and Training:** Ensure in-depth understanding of medications, mechanisms, side effects, and interactions for accurate dispensing and reliable patient advice.
- **Digitization and Value-Added Services:** Digitization is essential for competitiveness in offering omni-channel presence, new revenue streams, and value-added services such as insurance, diagnostic linkages, patient engagement, and consumer loyalty.

*Empowering
Pharmacies
through
education and
digitization*

There is a need to focus on maintaining the highest standards of drug quality from manufacturing to the last mile delivery through a multi-pronged approach which encompasses regulatory reforms, industry-wide collaboration, technological integration, and workforce upskilling.

- **Regulatory and government Initiatives like DP, MP and UCPMP:** Implement stringent quality control measures across the pharmaceutical value chain, expand drug testing facilities, and enhance infrastructure for comprehensive oversight.
- **Improved distribution systems:** Quality of drugs can be maintained by optimizing cold storage facilities. Improvement of last mile connectivity will further ensure that patients receive good quality of medicines.
- **Industry Collaboration:** Integrate quality control measures throughout the supply chain, including robust training programs for salesforce personnel, ensuring adherence to international standards.
- **Workforce Training and Upskilling:** Invest in continuous education for quality control professionals aligned with global standards, enhancing competency and regulatory compliance.

*Focus on
quality for
sustainable
growth*

→ *Executive Summary*

The problem of counterfeit drugs requires institution of technology enabled track and trace systems and strict vigilance and penal measures through regulatory mechanisms.

- **Technology-Enabled Track and Trace System:** Establish real-time monitoring systems by incorporation of Track and Trace technology such as QR codes, barcodes and RFID across the supply chain. This will aid in verifying product authenticity and mitigating counterfeit risks.
- **Regular Sampling and Inspection:** Conduct routine inspections of medicine stocks to detect counterfeit products promptly and ensure adherence to quality standards.
- **Capacity Building:** Expand testing laboratories, enhance testing capabilities, and invest in infrastructure to bolster drug quality surveillance and regulatory enforcement.

*Ensuring Integrity-
Managing counterfeit
with strict
actions*

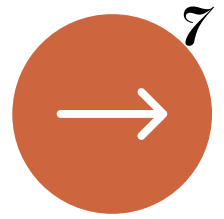
The Indian Pharma supply chain must adapt to the digital revolution and leverage existing and emerging technologies to strengthen and streamline its multiple operations.

- **Advanced Technologies for Quality Control and Training:** Implement IoT-enabled sensors, RFID, SaaS, and barcoding systems for rigorous quality control, ensuring drug safety until they reach consumers. Utilize VR, AR, and LMS for interactive training of quality control professionals and medical representatives.
- **Optimized Inventory Management and Digital Marketing:** Implement Automated Inventory Systems for real-time tracking, optimize stock levels, reduce wastage, and predict demand accurately. Use SaaS platforms like Pharmarack for efficient operations and employ digital marketing tools to engage stakeholders and build brand trust.

*Leveraging
digital
Technologies*

Conclusion

- By leveraging its strengths in manufacturing and aligning with global **best practices, integrating technology and upskilling initiatives**, the Indian pharmaceutical industry is poised for sustained growth and enhanced global competitiveness.
- **Collaborative efforts** among government agencies, industry stakeholders, healthcare providers, distributors and pharmacies are crucial in **enhancing drug quality** and prioritizing patient safety by addressing drug substitution challenges, managing counterfeit drugs, and **empowering retail pharmacies**.
- This report underlines the need to recognize the essential role of Good Distribution Practices (GDP) along with Good Manufacturing Practices (GMP) and to increase focus on quality medicines, seamless transportation and optimum cold storage for ensuring last mile delivery.



Chapter 3

→ Indian Pharma Market- An Overview

India is globally recognized as the "Pharmacy of the World," and stands as the largest global supplier of generics, serving almost 200 countries worldwide. The pharma industry has seen significant growth and trajectory over the last decade. This expansive reach underscores its pivotal role in the global pharmaceutical supply chain.

The Indian Pharmaceutical Market (IPM) size was around INR 2,42,300 crores in 2023, with **Generic drugs (Generic)** constituting approximately **97%** of the market by value and **Innovator Drugs/Patented Drugs** constituting approximately **3%** of the market by value.

IPM by value was driven by **Branded Generics** at approximately **87%**, followed by **Trade Generic** at approximately **10%**.

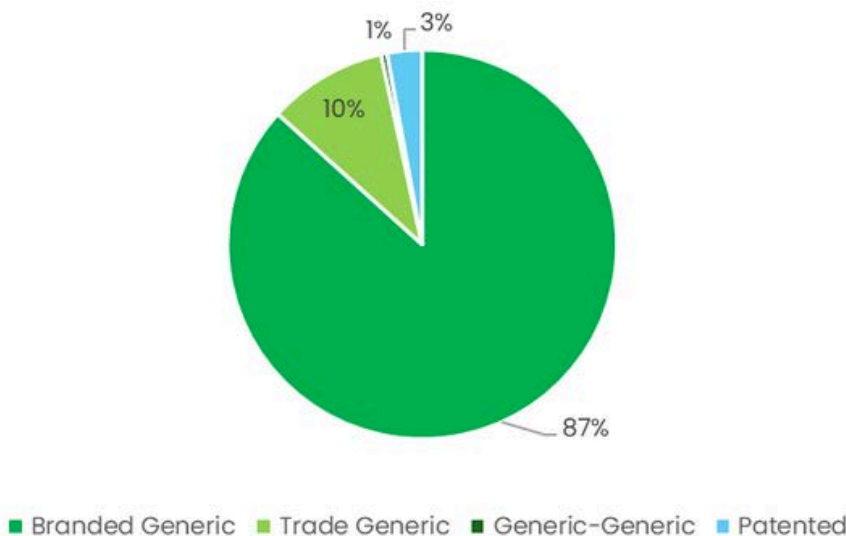
INR
2.42,000
crores

*Indian Pharmaceutical
Market Size 2023*

87%

*Market Share of
Branded Generics in
2023*

*Exhibit 1: IPM overview 2023 by Drug Category
(IPM = INR 2.42 Lakh crores)*



Source: PharmaTrac, Government Press Release



Chapter 3

→ Indian Pharma Market- An Overview...

The **Indian Pharmaceutical Market (IPM)** witnessed a growth of CAGR **9.1%** in the period 2019-2023 and is expected to grow at a CAGR of **9.6%** to reach INR 4,60,000 crores by 2030 (Exhibit 2).

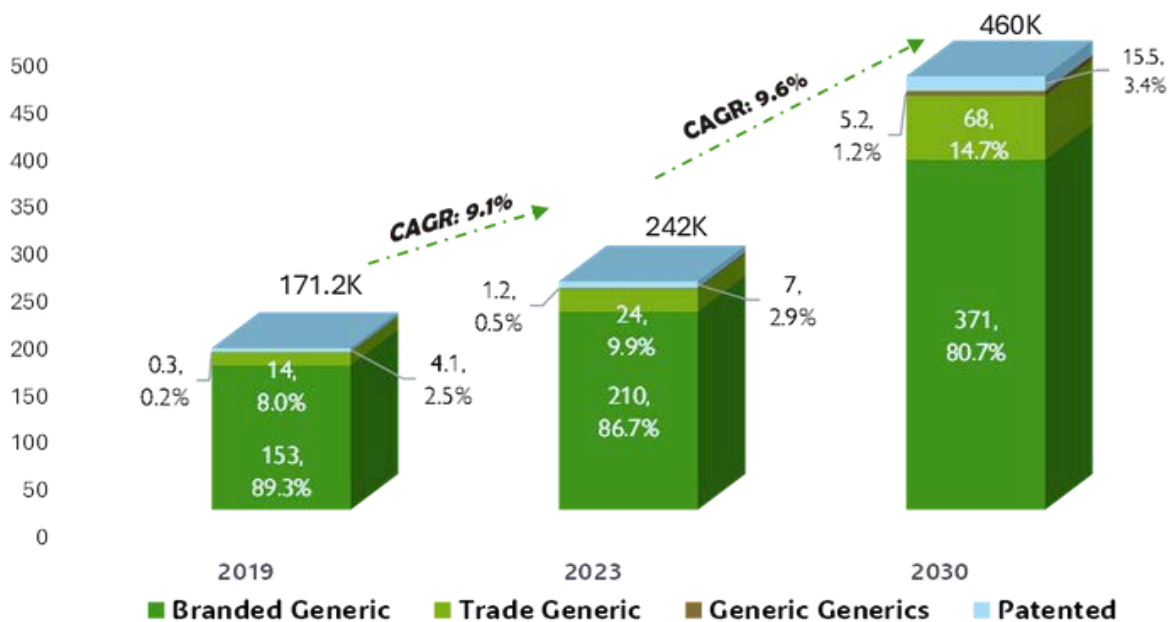
Branded Generics market witnessed a growth of CAGR **8.2%** in the period 2019-2023 and is expected to grow at a CAGR of **8.5%** to reach INR 3,71,000 crores by 2030. It is expected to remain the driver of the IPM.

Trade Generics market witnessed a growth of CAGR **14.9%** in the period 2019-2023 and is expected to grow at a CAGR of **16%** to reach INR 68,000 crores by 2030.

9.6%

*Expected growth rate of
IPM by 2030*

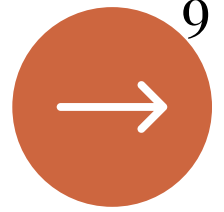
Exhibit 2: Drug category wise IPM overview (in INR thousand crores)



(Market size,
Market share)

Source: PharmaTrac, Government Press Release

Indian Pharma Market → An Overview...

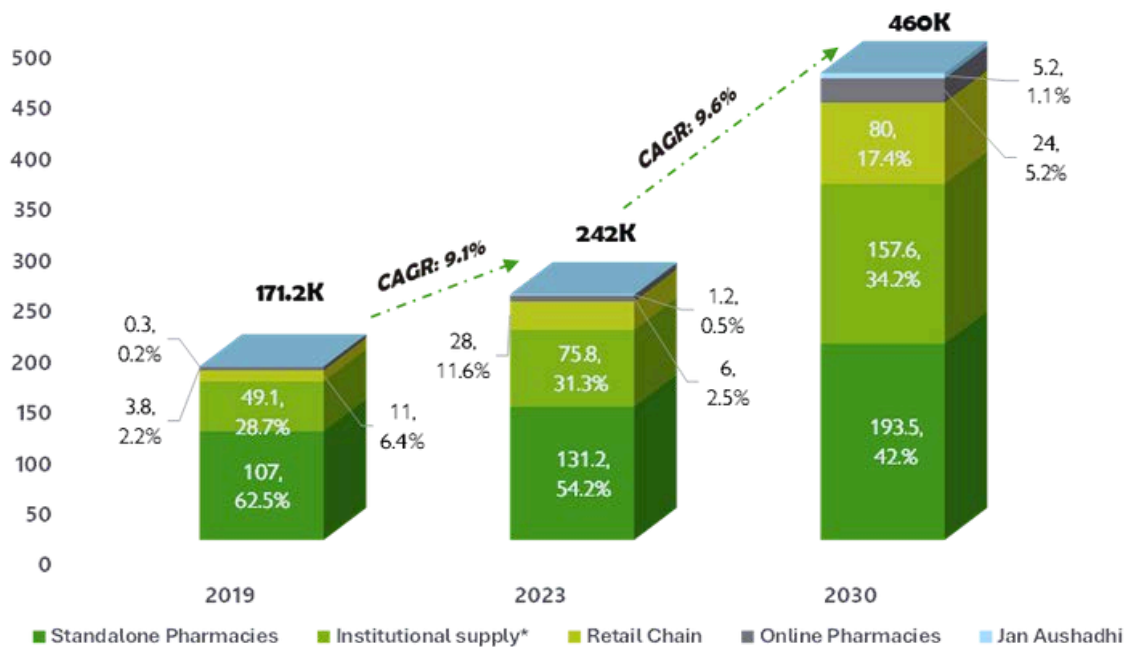


Standalone pharmacies held **54%** of the market in 2023 and expected to constitute **42.0%** by 2030, attributed to growth in other channels. Institutional supplies, the second-largest segment with a 31.3% market share in 2023, is projected to constitute 34.2% by 2030. Retail chain drugstores, which held a 11.6% market share in 2023, are expected to expand their share to 17.4% by 2030. (Exhibit 3).

54%

Standalone pharmacies continue to dominate the retail segment

Exhibit 3: Retail Channel Wise IPM overview (in INR thousand crores)



Source: Secondary Research

(Market size, Market share)

*Include hospital supplies for both private and public sector.

The extensive **retail ecosystem** is supported by a fragmented stockist channel, primarily categorized into over 60,000 independent distributors, 20+ organized stockists, and 1,000+ institutional suppliers. The landscape is evolving with the growth of organized retail stores and the consolidation of stockists in metro and Tier 1 cities.

Standalone pharmacies will remain vital in the healthcare ecosystem by offering personalized services and cultivating strong community relationships. As key players in local markets, they can swiftly adapt to changing consumer needs and preferences.



Branded Generics

→ Market Insights

Branded Generics market has grown at 8.2% CAGR during 2019-2023, and is expected to grow at a CAGR of 8.5% by 2030.

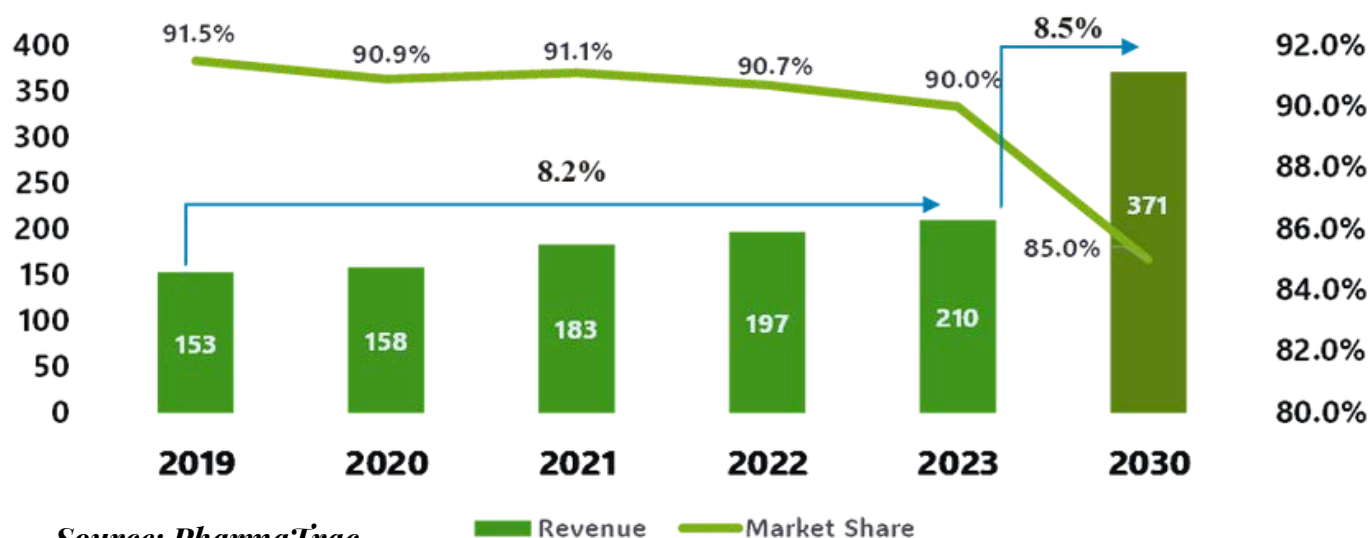
The Branded Generics, currently valued at **INR 210,000 crores** and accounting for 87% of the Indian Pharmaceutical Market (IPM), form a cornerstone of India's pharmaceutical industry. This segment is projected to grow at a Compound Annual Growth Rate (CAGR) of **8.5%**, INR 371,000 crores by 2030 (Exhibit 4). The key therapy areas driving this segment are Cardiac, Anti-Infectives, Gastrointestinal, Anti-Diabetic, and Vitamins, Minerals, and Nutrients (VMN)—collectively comprise more than 50% of the market share. (For a more comprehensive analysis refer to Appendix 1).

53%

Increasing Dominance of Chronic Drugs

Attributed to gain population, lifestyle changes, urbanization and other factors

Exhibit 4: Market size of Branded Generics (in INR thousand crores)



Source: PharmaTrac

There are two distribution models used by Pharma companies for Branded Generics—**Carrying and Forwarding Agencies (CFA) model** and **Super Stockist model** (For a more comprehensive analysis refer to Appendix 4).

The Eastern region of India has been showing the fastest growth across the Branded Generics segment (For a more comprehensive analysis refer to Appendix 2&3).



Trade Generics

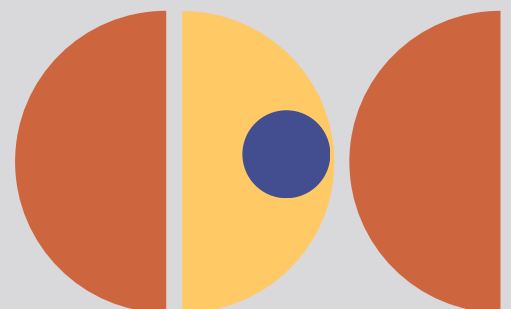
→ Market Insights

With entry of major Indian companies into the Trade Generics (TGx) and growing demand from Channel Partners, the segment is projected to grow at a CAGR of 16% by 2030.

- The Trade Generics (TGx) segment, valued at INR 24,000 crores, has grown by **14.9%** in the period 2019–2023. Growing retail competition and margin pressures have led channel partners to actively promote Trade Generics. The segment is **dominated by acute therapy**, which held 80% market share in 2023 of the TGx market. The top four therapy areas, primarily from the acute segment, underline its importance, with Anti-Infectives and Pain/Analgesics contributing to sales (Exhibit 5).
- Post-COVID-19, several Indian pharma companies have introduced their **non-core therapy areas into the TGx market**. This has increased the confidence among pharmacies in substituting branded products with TGx alternatives. Additionally, there has been a growing trend of Micro, Small and Medium Enterprises (MSMEs) entering the market, leading to even more fragmentation. (For a more comprehensive analysis refer to Appendix 5)
- Industry insights foretell an emerging trend, whereby companies, are boosting their market share by **actively promoting their Trade Generics to stockists, pharmacies and dispensing doctors** through their medical representative networks.
- The TGx market is characterized by contributions from leading states such as Uttar Pradesh, Maharashtra, Andhra Pradesh, Telangana, and Tamil Nadu. (For a more comprehensive analysis refer to Appendix 6 and 7)

16%

Expected growth rate of Tx by 2030

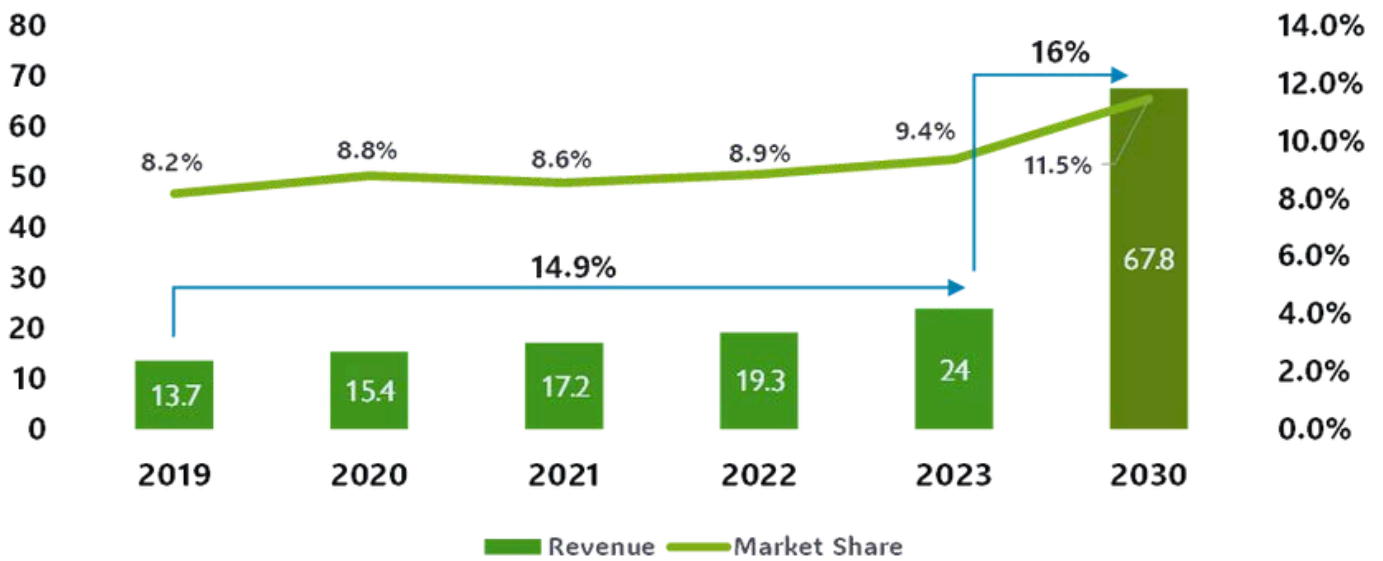




Trade Generics

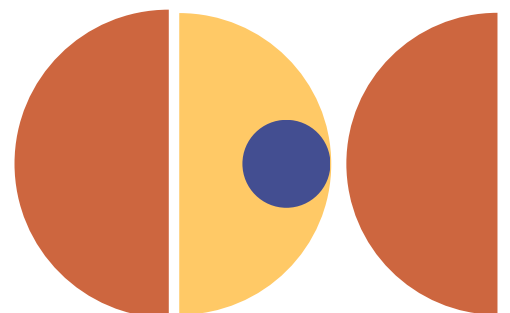
→ Market Insights...

Exhibit 5: Market size of Trade Generics (in INR thousand crores)



Source: PharmaTrac, Secondary Research

Trade Generics has played a role in improving accessibility in Tier 2 and Tier 3 towns across the country. Pharmaceutical companies deploy one or a combination of distribution models, including: **1. C&F model, 2. Direct to retail model, 3. Super Stockist model, and 4. Third Party Marketing Agent model.** (For a more comprehensive analysis refer to Appendix 8 and 9)





Generic Generics

→ Market Insights

The segment of Generic Generics stands at INR 1,200 crores and is expected to reach around INR 5,250 crores by 2030.

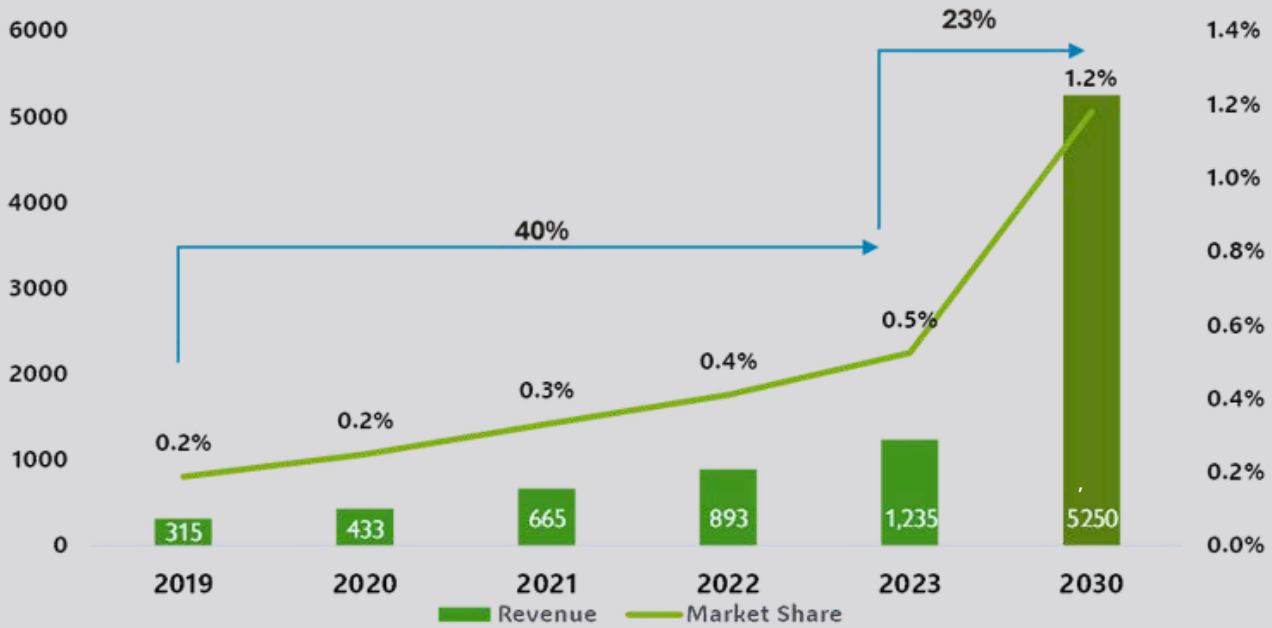
- Jan Aushadhi stores, a Government of India initiative, aim to promote Generic Generics medicines at low costs, thereby increasing accessibility, particularly for the underserved section of the society. The segment has seen growth due to the expansion of Jan Aushadhi Kendras across the country.
- The Generic Generics hold 0.5% of the market in 2023 and is expected to hold a market share of 1.1% by 2030.
- Stakeholder interviews and Government-published reports (2) indicate that patients with **chronic diseases**, requiring lifelong medication, are turning to Jan Aushadhi stores in view of affordability. Antidiabetic and Cardiovascular drugs, which account for around 40% of the total units sold, are the top-selling categories at these stores (2).
- The government's plan to **double the number of Jan Aushadhi Kendras** to 25,000 by March 2026 is aimed to enhance accessibility (1). Along with focusing on the expansion in the number of stores, efforts must be made towards making the stores financially sustainable for medication options in Tier 3 and 4 cities.
- Uttar Pradesh, Karnataka, Kerala, Tamil Nadu, and Maharashtra are the top five states with the largest number of Jan Aushadhi Kendras, with Southern states having a comparatively higher number of these stores (*For a more comprehensive analysis refer to Appendix 11*). Over 50% of Jan Aushadhi stores are situated in Tier 1 cities, leaving Tier 2 and Tier 3 districts and in places where there is a need for more outlets with limited access to medications (Exhibit 7). To better serve these underserved sections, particularly the aspirational districts, there is a need to increase the number of Jan Aushadhi stores around hospitals, especially in Tier 3 and Tier 4 cities. This expansion will further enhance accessibility to affordable medications across India.
- Jan Aushadhi's supply chain consists of a **centralized warehouse** in Gurugram and **four regional warehouses**. The supplies at the States and Union Territories (UTs) are managed by 36+ stockists catering to 11,000+ stores. (*For a more comprehensive analysis refer to Appendix 12*)



Generic Generics

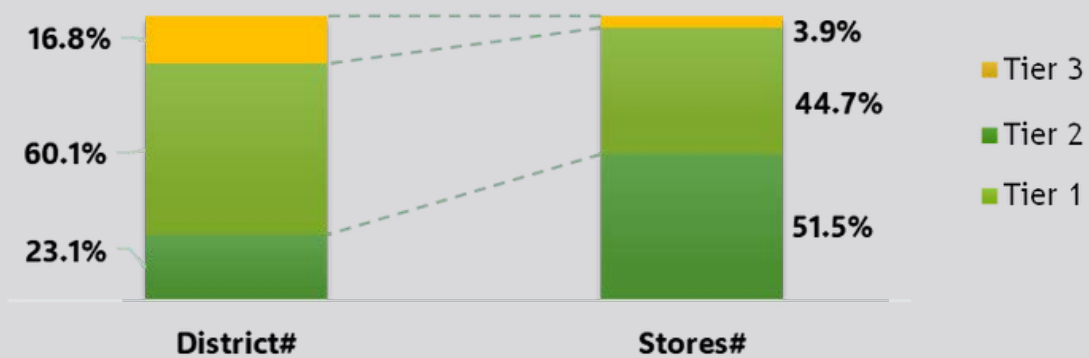
→ Market Insights.....

Exhibit 6: Market size of Generic Generics (in INR crores)



Source: Government Press Release

Exhibit 7: Geographical Presence of the Jan Aushadhi stores at district level



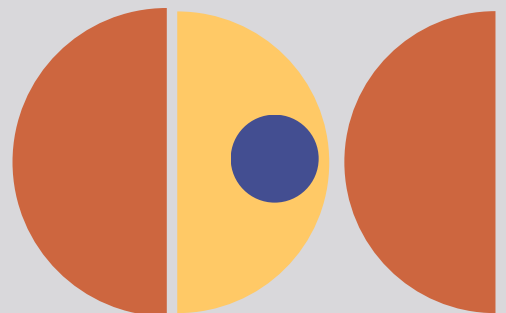
District Classification

Tier 1 – Population is >50 lakhs

Tier 2 – Population is between 5-50 lakhs

Tier 3 – Population is <5 lakhs

Source: Government Press Release





Generic Generics

→ *Market Insights...*






-  To promote the use of the Generic Generics, especially among underserved section of the society who cannot afford branded products, it is crucial to insist on stringent quality control measures.
-  There is a concern regarding the financial viability of Jan Aushadhi Kendras. Exhibit 8 provides a unit economics analysis of these stores based on the sale of Generic medicines. Assumptions include operating margin, rent, employee costs, and operational expenses. Currently, these stores are generally operating at a loss and are selling Trade Generics to achieve financial viability. Our analysis highlights that there is a need to work on improving the financial viability of the Jan Aushadhi Kendras.

Exhibit 8: Financial Viability of Jan Aushadhi Kendras

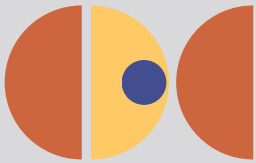
Sr. No.	Description	Current Year	Financial Viability
1.	Revenue (in INR-monthly basis)	1,50,000	4,50,000
2.	Operating Margin (20%)	30,000	90,000
3.	Rent	40,000	40,000
4.	Employee Cost + Operational Cost	17,000	17,000
5.	Profit	-27,000*	33,000

Source: Government Source, Secondary Research

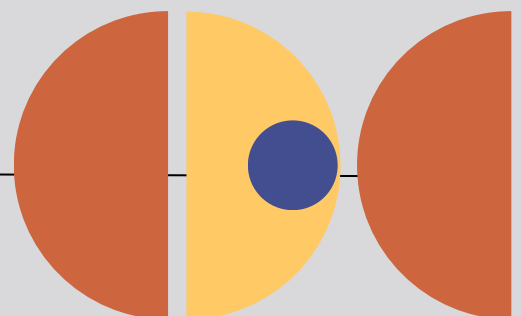
-  A significant portion of the Indian Pharmaceutical Market (IPM) is driven by Branded Generics. The market share of Patented drugs, Trade Generics and Generic Generics drugs are projected to grow at an impressive rate of 12%, 16% and 23% respectively by 2030.
-  The various segments of the drug market cater to different strata of the society. Their relative market shares are evolving due to an interplay of various factors. With this changing landscape, there is a need to reiterate the importance of maintaining good quality throughout the value chain.
-  In the near future, the quality of distribution mechanisms and storage facilities needs to be prioritized, for providing good quality medicines to the society and ensuring patient safety.

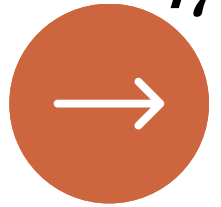


Exploring → *Pharma Retail Dynamics*



This section will describe the current and evolving state of pharma distribution channels, emergence of organized players and their impact on the Indian pharmaceutical market. The Indian pharmaceutical market is undergoing significant changes, particularly in the distribution channels of pharmacies, with new players entering the scene and contributing to the evolving dynamics of drug availability.





Exploring → Pharma Retail Dynamics

Standalone Pharmacies hold **more than 54%** of the market share and **continue to play a vital role in the supply chain**. In order to maintain the market lead, there is a need to build on their capabilities with provision of value-added services.

54%

Standalone pharmacies dominate the market

Over the past decade, retail chain drugstores have emerged as a key distribution channel, currently holding a **11.6% market share** and primarily concentrated in Metro and Tier 1 towns. There are now over 40 retail chain drugstores across the country.

40+

Pharmacy Chains set for growth

Institutional supply is forecasted to grow by **11.2% by 2030**, driven by an increase in hospitals bringing pharmacies in-house and a shift in consumer behaviour from consulting private doctors to visiting corporate hospitals in metro and Tier 1 cities. India has more than 50,000 hospitals across the country.

50,000+

Institutional Supply growth driven by In-House pharmacies and consumer Behaviour Shift

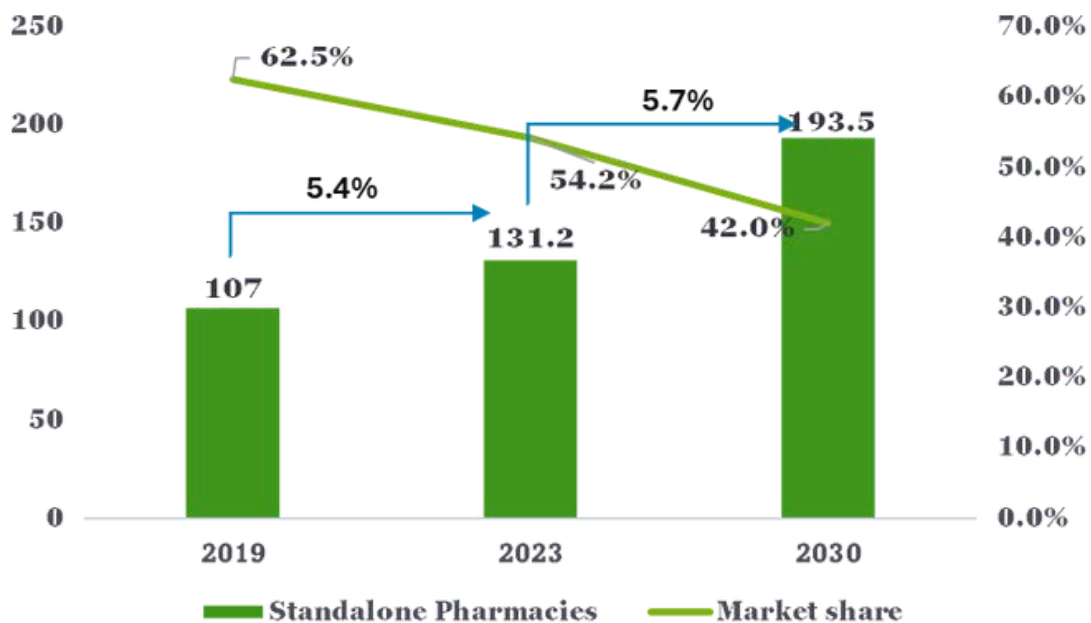




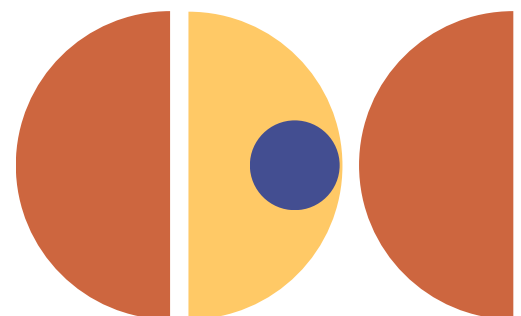
Exploring → Pharma Retail Dynamics...

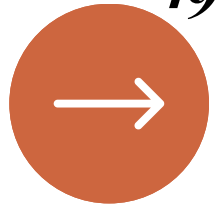
- There is a noticeable change in consumer behavior with a **shift from reliance on family physicians to corporate hospitals** that have in-house pharmacies, further impacting the traditional pharmacy model. To maintain their relevance, standalone pharmacies are adapting by offering competitive discounts and improving service reliability.
- Omni Channel presence has helped the online pharmacies in initial growth by providing personalized service and adoption of technology underscore the sector's adaptability and growth potential.

Exhibit 9: Market Size of Standalone Pharmacies (in INR crore)



Source: Secondary Research





Exploring → Pharma Retail Dynamics...

Organized retail chain drugstores including Apollo, MedPlus, Wellness Forever and others generate a revenue of INR 28,000 crores. Their primary **focus is on Metro and Tier 1 towns**. The sector has registered growth of 18% over the past four years and is projected to grow at a CAGR of 16.2% until 2030 (Exhibit 10).

18%

Growth rate over past four years

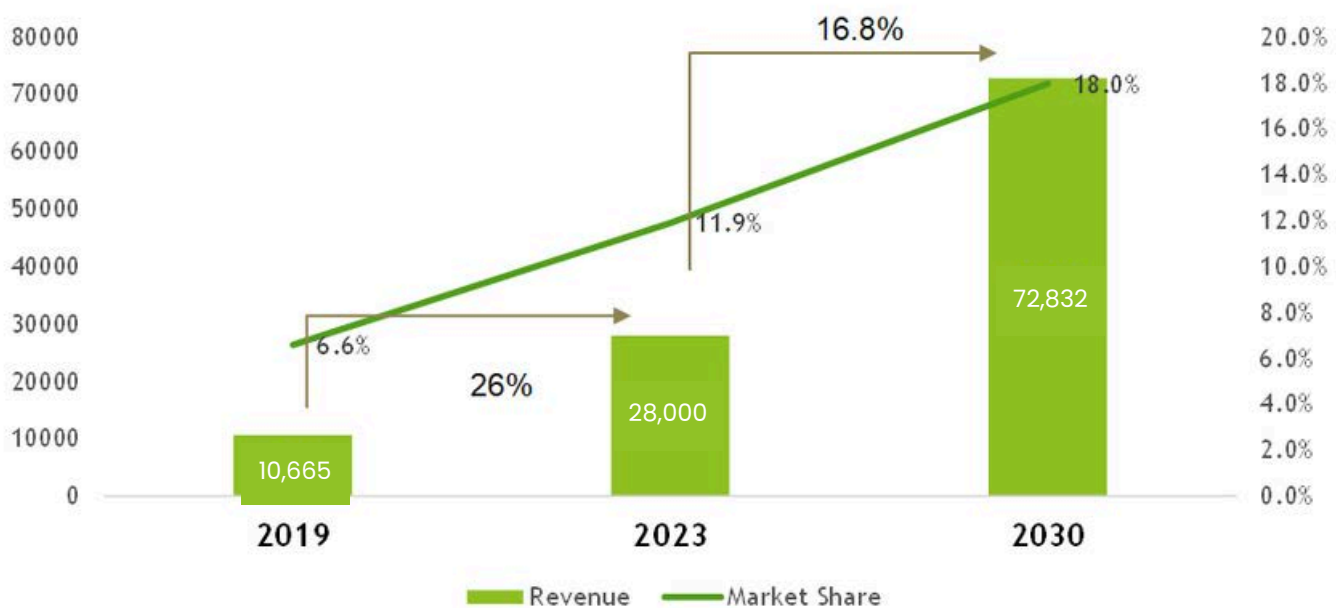
These chains have larger store sizes and **offer 30,000+ SKUs**, resulting in higher fill rates and leveraging technology to ensure the availability of the correct drugs at the right time making them competitive players in the market (4) (For a more comprehensive analysis refer to Appendix 15).

15-18%

Retail chains have launched their **private label** in OTC, Wellness, Neutraceutical category and are planning to introduce their private labels into other segments which is **projected to contribute to 25-30% of their revenue** by 2030.

Contribution of Private Label in store revenue

Exhibit 10: Market Size of Organized retail drugstores (in INR crore)



Source: Secondary Research



Exploring → Pharma Retail Dynamics...

The **online pharmacy** is facing a slowdown in growth post-pandemic due to changing consumer preferences towards offline pharmacies, competition from standalone pharmacies, decreased investor funding, and stricter regulatory measures. There are currently over 30 national and regional online pharmacies/e-pharmacies.

8-14%

Earlier the discounts offered by Online Pharmacies ranged around 25-40% which has now reduced.

Most online players **focus on metros and Tier 1 cities**, except for Netmeds, which has targeted underserved Tier 3 and Tier 4 cities, accounting for 65% of its sales.

The online pharmacy market is primarily driven by the **chronic segment, accounting for over 60% of sales** (For a comprehensive analysis please refer to Appendix 13) with consumers planning their purchases for chronic illnesses. This results in a higher Average Order Value (AOV).

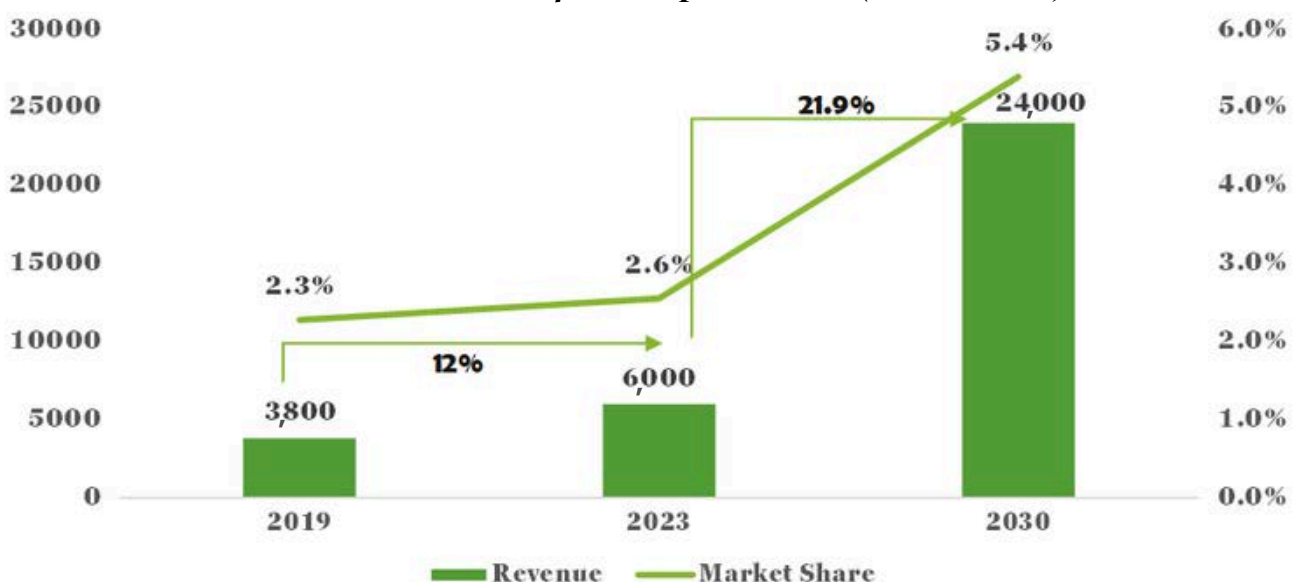
Rs 1,200-1,300

Higher Average Order Value (AOV)

They offer a wider range of SKUs (70,000+) improving product availability and ensuring nationwide service (For a comprehensive analysis please refer to Appendix 14).

Online pharmacies are experimenting with omni-channel strategies by establishing brick-and-mortar stores in metro and Tier 1 cities.

Exhibit 11: Market Size of Online pharmacies (in INR crore)



Source: Secondary Research



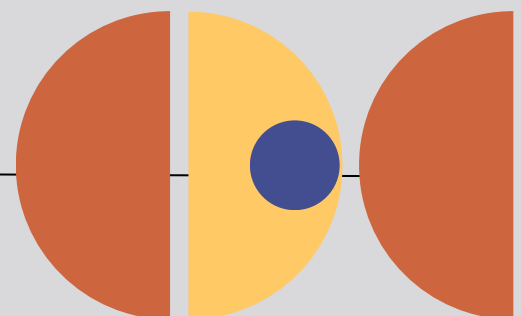
Mapping the landscape

→ Pharmaceutical Distribution Channels



The distribution channel in the Indian pharmaceutical market is undergoing significant changes, driven by the emergence of organized players and market consolidation. These changes are reshaping the market dynamics, improving efficiency, and enhancing consumer experience. However, the shift towards a more consolidated market structure also presents challenges for smaller market players and the competitive landscape. As the Indian pharmaceutical market continues to evolve, it will be crucial for all stakeholders to adapt to these changes and capitalize on the opportunities they present.

Building on this, the current section delves into the distribution channel, showcasing how it too is experiencing a dynamic evolution driven by market consolidation and the emergence of organized players. This section aims to provide a comprehensive overview of these changes and their implications for the broader Indian pharmaceutical market.





Mapping the landscape

→ *Pharmaceutical Distribution Channels...*

Market consolidation is reshaping the pharma distribution market landscape, with organized stockists currently commanding a 10% market share and **projected to grow to 25-30% by 2030**, ultimately reaching a market share of 30%. *Introduction of Goods and Services Taxes (GST), organized retail chain establishing their own distribution networks and reluctance of the younger generation to enter the distribution business is driving consolidation across the segment.*

10%

Market share commanded by organized stockists in 2023

The nationwide presence of organized stockists enables them to **serve retail chain drugstores and corporate hospitals effectively**. They offer a higher number of SKUs (50,000-60,000) compared to local stockists (10,000-15,000 SKUs), thereby improving fill rates. Organized stockists generally **cater to 300-400 companies**, whereas local stockists stock products from 30-40 companies. They are working on improving infrastructure for cold storage supply chains, better access to working capital, and greater transparency regarding schemes and discounts offered by pharmaceutical companies.

50k-60k +

SKUs are catered by an organized stockists

Exhibit 12: Market Share of Organized Stockists



Source: Secondary Research



Mapping the landscape

→ Pharmaceutical Distribution Channels...

Primary interviews highlight the increasing role of organized players as **marketing agents for pushing Trade Generics and private label products**. Some organized players are promoting their private label products through dispensing doctors and clinics.

The rising trend of organized stockists receiving volume-based discounts from pharmaceutical companies, particularly Medium and Small Enterprises (MSMEs), further enhances their margins.

Key Players and Market Presence **Entero, Keimed, Ascent, Consumerfed, Medplus and Reliance** (Exhibit 13). These companies have adopted an inorganic growth strategy by acquiring existing stockists.

2-3%

Volume based discounts received by Organized Stockists

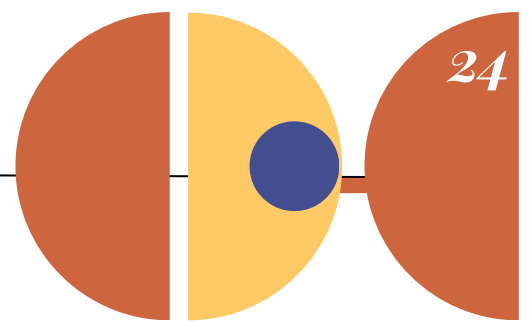
Exhibit 13: Distribution Partners of Organized Stockists

Players	Estimated Stockist Partners	Players	Estimated Stockist Partners
Entero	64	Mudraa Pharma	6-8
Keimed	53	Reliance	5-7
Ascent	36	Sai Sangam Pharma LLP	5-6
Consumerfed	11-15	Sevam Pharma	4-5
Medplus (Optivia)	11-15	Tata 1MG	2-3
Sunny LLP	6-8	Others	15-20

Source: Entero DRHP report, Secondary Research, Pharmatrac

Despite changes in the retail sector, standalone pharmacies will continue to hold the largest market share of 42% by 2030, maintaining their critical role in the Indian Pharma Market and are expected to remain vital in the healthcare ecosystem by offering personalized services and cultivating strong community relationships.

Upskilling retail pharmacies with digitization will help them swiftly adapt to changing consumer needs and preferences.



Changing Landscape → Global Scenarios

In understanding the evolving landscape of the Indian pharmaceutical market, it is crucial to look at global trends as they often serve as precursors to changes in India. The global pharmaceutical market, estimated at INR 123 lakh crores in 2023 with a CAGR of 5% since 2019, provides a stable backdrop against which Indian strategies can be developed (Exhibit 14).

5% CAGR

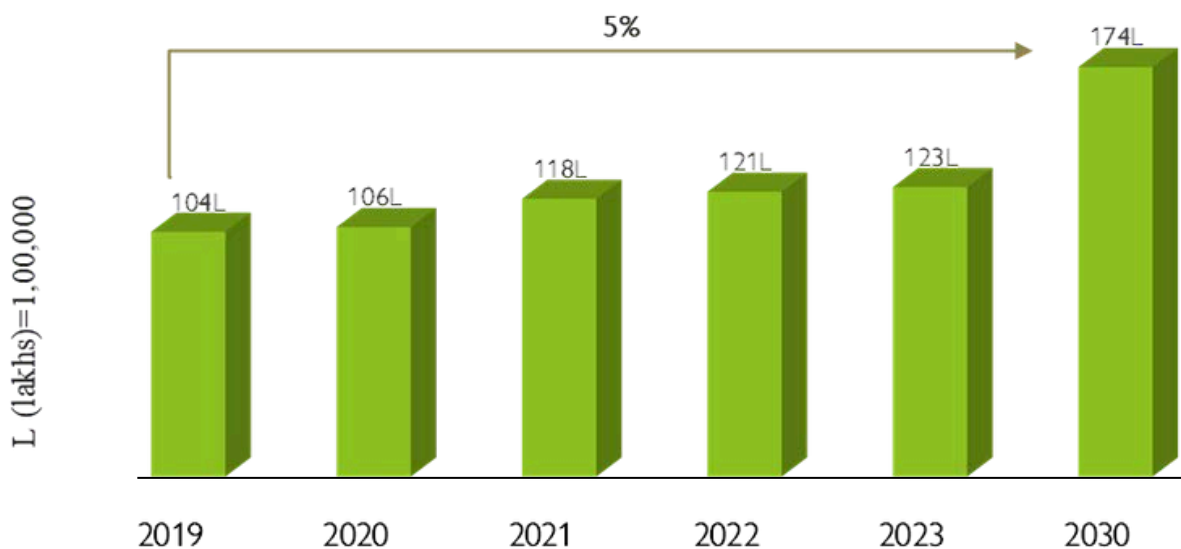
Global Pharma Market is growing at this rate since 2019.

One significant trend is the increasing emphasis on innovator drugs. Globally, pharmaceutical companies prioritize the development of **novel drugs over generics**, recognizing that innovation drives growth and sustains competitive advantage.

64%

Innovator drugs gaining Emphasis globally

Exhibit 14: Market Size of Global Pharma Market (in INR crores)



Source: Secondary Research

Changing Landscape

→ Global Scenarios...

In addition to focusing on innovator drugs, there is a notable global trend of **transitioning from simple generics to Complex generics, such as Biosimilars and Biologics**. These higher-complexity drugs offer significant therapeutic benefits and command higher market value. Currently, innovation accounts for two-thirds of the global pharmaceutical market, a sector where India's presence is minimal. To elevate its position, India must invest in biosimilars, biologics, and complex generics along with leveraging its strong generics foundation.

Leading Indian companies are at the forefront of this innovation drive to climb up the value chain and capture a more significant share of the global market.

With this transition of focus from simple generics to complex generics and biosimilars, focus on good quality across the supply chain, and advanced distribution channels optimum storage facilities become fundamental.

Biosimilars & Biologics

Increased focus from simple generics to complex generics



Pharmacies

→ Evolving Role & increasing digitization

Globally, pharmacies have played a key role in providing comprehensive healthcare services. Pharmacies have also been involved in administering vaccination and vaccination advocacy across the globe including the US, United Kingdom, and others. In South Asia also, the neighborhood pharmacies are emerging as the most ubiquitous channels from amongst the multiplicity of provider for offering primary care advice along with dispensation of medicines(9).

Canada has expanded pharmacists' roles to make them key players in **patient education and health promotion**. Pharmacists provide **medication counseling**, offering information on dosages, potential side effects, and drug interactions. They participate in health promotion campaigns and offer wellness services (5).

Canada

Pharmacies have contributed to better patient care

In the United States of America (USA), the evolving landscape of pharmacy services has necessitated upskilling through technology training. Continuing education courses and certifications are widely promoted to help pharmacists and technicians advance their skills. Pharmacy workers are encouraged to familiarize themselves with new tools such as **e-verification systems, tele pharmacy**, and **electronic health records (EHR)** (6).

United States

E-Verification and Tele pharmacy

Pharmacies in France serve as **primary access point** for health care services. Patients can consult pharmacists without an appointment for various health concerns, such as **minor ailments and medication management**. This accessibility is vital, especially for individuals seeking immediate advice or care (7).

France

Medication Management

As illustrated above, the global pharmaceutical industry is undergoing a digital transformation and the retail pharmacies continue playing an important role to provide last mile delivery.

Technology facilitates seamless communication with patients, enabling improved healthcare services such as remote consultations and personalized medication management. This integration not only optimizes operational efficiency but also elevates the overall quality of patient care. Medicines are increasingly tagged for better tracking and security.

These digital innovations serve as a blueprint for the Indian market, which must adopt and scale up the use of these technological advancements to streamline operations and enhance efficiency.

Changing Regulatory Landscape → Indian Scenarios

This chapter explores the evolving landscape of the Indian pharmaceutical market, highlighting the recent developments in **Good Manufacturing Practices (GMP)**, **Good Distribution Practices (GDP)**, and the **Uniform Code of Pharmaceutical Marketing Practices (UCPMP)**. It shows how these changes are reshaping the industry's supply chain dynamics and their implications on drug quality, patient safety, and the overall effectiveness of pharmaceutical distribution and retail.

Schedule M (8) is a part of the Drugs and Cosmetics Act, 1940, which emphasizes stringent quality control measures in drug manufacturing processes, ensuring that products meet high standards of safety, efficacy, and consistency. The revised Schedule M holds manufacturers directly accountable for the quality of their products, ensuring higher standards of drug safety and efficacy. The government has outlined a clear compliance roadmap, setting a six-month timeline for large companies (over INR 250 crores) and one year for MSMEs (under INR 250 crores) starting from January 1, 2025.

By aligning with international quality benchmarks, **revised Schedule M aims to enhance the global competitiveness** of the Indian pharmaceutical industry.

Revised Schedule M

Regulatory changes to ensure drug quality is maintained by Pharma manufacturers

20%

GMP compliant manufacturing units in India



Changing Landscape → Indian Scenarios...

The **Uniform Code for Pharmaceutical Marketing Practices (UCPMP) 2024** introduces new regulations that will **enhance the ethical standards and transparency of pharmaceutical marketing**. The introduction of ethics committees within associations and the UCPMP portal will streamline complaint and compliance monitoring. This shift towards ethical marketing practices aims to **change long-established promotional practices** and mitigate the influence of marketing on healthcare professionals' prescribing behavior. The industry needs to budget the costs associated with training of staff, developing compliant marketing materials, and stringent systems for establishing monitoring mechanism and implementation of good marketing practices, UCPMP norms.

Overall, these regulatory frameworks and practices are set to significantly improve the quality and integrity of drugs in India, fostering a more trustworthy pharmaceutical market.

UCPMP 2024

*Compliance with
marketing standards*



Changing Landscape

→ Indian Scenarios...

Harmonizing with international standards such as World Health Organization (WHO), International Council for Harmonization of Technical Requirements of Pharmaceuticals for Human Use (ICH), and Pharmaceutical Inspection Co-operation Scheme (PIC/S), the revised Schedule M will help Indian pharmaceutical products compete in export and regulated markets. The Union Ministry of Chemicals and Fertilizers emphasizes **self-regulation in the MSME sector to ensure adherence to quality standards**, maintaining the global reputation of Indian pharmaceutical products. These risk-based audits are a forward-looking measure, showcasing India's commitment to quality improvements on a global stage.

**WHO, ICH,
PIC/S**

Compliance with global standards

Good Distribution Practices (GDP) play a critical role in enhancing pharmaceutical quality and safety by reducing the entry of substandard and counterfeit medicines into the supply chain. The current CDSCO (Central Drugs Standard Control Organization) guidelines are in **draft form**, highlighting an urgent need for the establishment and enforcement of stringent regulatory standards.

GDP

Integration of advanced technologies such as **Automated Storage and Retrieval Systems (ASRS), serialization, and Track-and-Trace applications** can improve visibility and security across the pharma supply chain, thereby ensuring the quality of drugs in India. This is especially crucial for medicines **requiring cold storage and proper transportation** to maintain their efficacy and safety. Additionally, comprehensive training for personnel involved in the supply chain is essential to effectively implement GDP. Compliance with GDP standards can serve as a hallmark for assurance of good quality drugs.

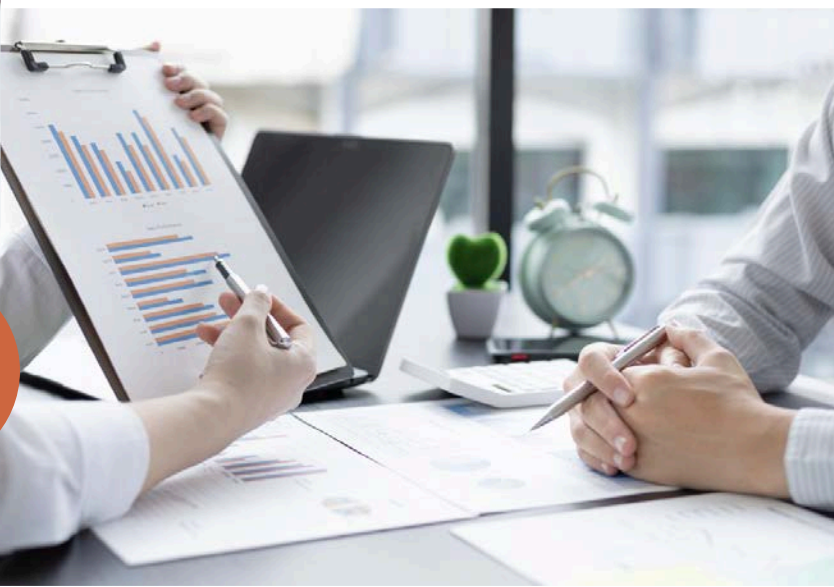
Regulatory changes to ensure high quality of drug distribution

Indian & Global Pharma Market → Changing Landscape...

India's regulatory frameworks are evolving and play a crucial role in ensuring the quality of drugs from origin to consumption. While initiatives like GMP, Revised Schedule M, UCPMP, and GDP have been introduced by the government, their implementation needs further reinforcement. Strengthening the uptake of these regulations, investing in additional drug testing laboratories and ensuring compliance with GDP standards will result in availability of quality assured drugs at all levels of Indian Pharma Supply chain.

Enhanced collaboration between state and central authorities will lead to more effective implementation of regulations, reinforcing India's reputation as a global pharmaceutical leader.

As India improves its monitoring and enforcement capabilities, the brand equity of Indian drugs will be bolstered, increasing the confidence of international buyers, governments, and large healthcare organizations in sourcing medicines from India. Furthermore, retail pharmacies will play a pivotal role in ensuring the distribution of quality drugs and delivering them to the patients effectively.



Chapter 5

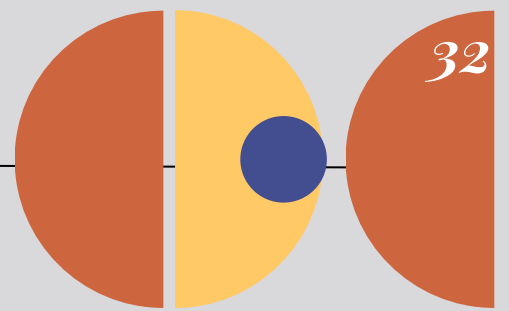
→ Key Insights & Recommendations

The preceding chapters have provided detailed insights on the trends of the Indian Pharma Market across different categories of drugs: Patented drugs, Branded Generics, Trade Generics and Generic Generics. We have also elaborated upon the pharma retail dynamics to highlight the changing market shares catered by the standalone pharmacies, retail chain drugstores, institutional supplies and online pharmacies.

Following our few takeaways from the previous chapters:

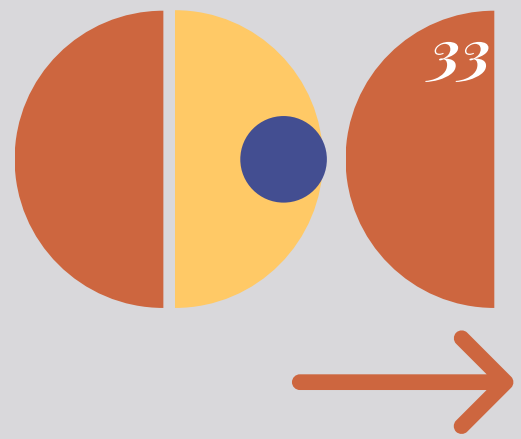
- While Branded Generics remain dominant, the market is undergoing changes. Different drug segments cater to different sets of consumers and equal impetus is needed to ensure good quality drugs across the supply chain with the help of good distribution practices.
- The Government of India's initiative to increase the number of Jan Aushadhi Kendras under the Pradhan Mantri Bharatiya Jan Arogya Pariyojana (PMBJP), from 11,000 to 25,000 by 2026 is anticipated to have an impact on the distribution dynamics. More Jan Aushadhi Kendras may be opened around hospitals, especially in Tier 3 and Tier 4 cities. Integrating the purchases at these Kendras with a ration card like mechanism can further ensure that underserved section of the society have reliable access to these cost-effective options.
- The evolving pharma landscape presents an **opportunity for companies to innovate and diversify**. This trend encourages pharmaceutical companies to focus on **cost-effective production and innovative strategies** to maintain profitability. The evolving landscape allows companies to explore new business models and invest in areas with high growth potential.

→ *Key Insights.....*

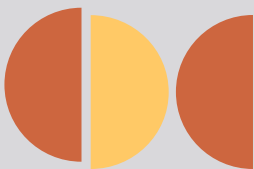


- Increased bargaining power of organized retail:** The pharma distribution channel is also witnessing a change with the consolidation of market by organized stockists, having their market share at 10% market share in 2023 which is projected to increase to 30% by 2030. As market consolidation occurs in the retail and distribution sectors, an increasing trend of volume-based discounts from pharmaceutical companies is emerging, typically ranging from 2-5%, with medium and small-sized (MSMEs) pharma companies offering even larger discounts. Once these organized players capture around 30% of the market, they are expected to negotiate better prices and terms with large pharma companies as well.
- In line with the global trends, the Indian **pharmacies are poised to play an expanded role**. Some pharmacies have already demonstrated their **ability to contribute to patient care by aligning with national health programs** like those for tuberculosis and family planning. They are increasingly using Technology platforms such as Pharamarack for real time stock visibility and ordering. Many pharma manufacturers and health programs are connecting with pharmacies to conduct pharmacy training programs and leverage their position as last mile care providers for serving patient communities.
- It is clear that the regulatory framework has a tremendous role to play in ensuring the quality of drugs from the point of origin to the point of consumption. With the Government of India introducing initiatives and policies like the **MP, Revised Schedule M, UCPMP and GDP**, it has been observed that their uptake and implementation needs further strengthening. Enhanced collaboration between state and central authorities will lead to more effective implementation of regulations and interventions, bolstering the country's image as a global pharmaceutical leader. As India improves its monitoring and enforcement capabilities, the **brand equity of Indian drugs** will be strengthened, increasing the confidence of international buyers, governments, and large healthcare organizations in purchasing medicines from India.

→ Key Insights.....



- The **counterfeit issue** is a challenge for the Indian pharmaceutical industry. This problem is exacerbated by a lack of regulatory workforce, infrastructure, and defined processes for effective monitoring and intervention. The country's limited testing capabilities, with only eight central drug testing labs and twenty-nine regional labs, hinder comprehensive oversight. Furthermore, there is a lack of effective surveillance mechanisms and little coordination between states, leading to gaps in enforcement. Counterfeit drugs are more prevalent in Tier 2 and Tier 3 cities, with higher incidences in local markets in states such as Bihar, West Bengal, Uttar Pradesh, and Gujarat. According to CDSCO data, out of 7,500 samples tested over the past six months, 284 were found to be "not of standard quality," with 91% coming from Category C companies. Category C companies generally refer to smaller enterprises with lower market capitalization, net worth, or business volume compared to larger and mid-sized companies, often classified based on specific regulatory or industry criteria. By taking steps for implementation of GMP, GDP and investing in more drug testing laboratories, improving coordination between states, and developing robust surveillance mechanisms, India can significantly reduce the prevalence of counterfeit drugs.
- According to the Drugs and Cosmetics Act, 1940, drug substitution is currently not allowed on the prescribed medicine. There is a need to reiterate on **supremacy of doctors' prescription** and insistence on complying with the same.
- The entire Indian pharma supply chain in India is already in the nascent phase of technology integration. The **use of cutting-edge technology** for adaption at the level of manufacturing, distribution, retailing and quality assurance is inconsistent at present. An industry wise impetus on use of technology and technology platforms will definitely add to efficiencies in the supply chain.



→ *Recommendations* for strengthening the Indian Pharma Supply chain

By learning from the global pharmaceutical market and focusing on its inherent strengths, the Indian pharmaceutical industry can navigate its challenges and capitalize on emerging opportunities. Emphasizing innovation in drug development, particularly in biosimilars and biologics, and enhancing digital transformation across the supply chain will position India favorably in the global market.

The following section provides four key recommendations/ strategies designed to further strengthen the position of the Indian Pharma market, ensuring sustainable growth, improved quality, and increased competitiveness.

1

Empowering pharmacies: Extending services for comprehensive care

2

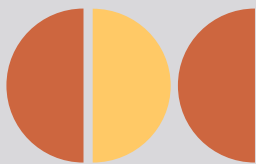
Focus on Quality for prioritizing patient safety and ensuring drug quality

3

Ensuring integrity - Managing counterfeit with strict actions

4

Leveraging Digital Technology for building supply chain resilience





Recommendation 1

—→ *Empowering pharmacies: extending services for comprehensive care*

The Covid-19 pandemic brought about a paradigm shift in the retail pharmacy sector. The pandemic triggered fast-tracking digital transformation and nurtured adaptability and learning agility. The **role of pharmacists is gradually evolving from a dispenser of medicines to an expert in the field with multidisciplinary health care systems.** They can get trained and shift in clinical management, laboratory diagnostics and more.

Empowering pharmacies would entail:

- 1) a focus on pharmacy and training
- 2) improving their readiness for market competitiveness and patient care
- 3) expanding digitization and value-added services

Pharmacists can be **upskilled for following the correct procedures for interpreting, filling, and verifying prescriptions, reducing error risks** and ensuring patient safety.

Pharmacists can be empowered to help them convey critical information clearly to patients, improving adherence to treatment plans and overall health outcomes. **Continuing Education is the need of the hour** in the pharma industry with continuous advancement, new medications, and changing regulations.

It would be good to **redesign pharmacology curriculum** to keep up with the evolving landscape and make the students future ready. Industry needs to support curriculum updates that include the latest industry trends, technology, and regulatory changes.

The pharmacists should be encouraged to **leverage e-learning platforms and online courses** that offer flexible learning options for pharmacists, focusing on new drug information, patient counseling, and regulatory compliance.

*Pharmacist
Education &
Training*




Recommendation 1


—→ Empowering pharmacies: extending services for comprehensive care...

 Educational initiatives can help pharma companies to be positioned as leaders committed to quality healthcare, enhancing brand loyalty and strengthening the company's reputation among healthcare professionals and consumers. Educated pharmacists with in-depth product knowledge are more likely to recommend and effectively counsel patients on the company's products. While there is an initial investment in educational initiatives, the **long-term financial gains from enhanced pharmacist performance**, improved patient outcomes, and increased market share can be substantial.

*Market
competitiveness
& patient care*

 **Digital marketplaces** enable pharmacies to efficiently manage their supply chain, track orders, and improve fill rates. Value-added Services including insurance and linkage with diagnostic services help pharmacies enhance patient care, improve consumer loyalty, and boost revenue.

*Digitization &
Value Added
Services*

 Digitization for Competitiveness is crucial for independent pharmacies to stay competitive and meet the evolving demands of consumers. **Omni-channel presence** enhances patient experience by providing convenience and accessibility through tools like online prescription refills.



Recommendation 2

→ Focus on quality for prioritizing patient safety and strengthening drug quality

To ensure quality of drugs for all the consumers of India and to maintain global competitiveness of the Indian pharmaceutical industry, a comprehensive and forward-looking strategy must be adopted. This approach encompasses regulatory reforms, industry-wide collaboration, technological integration, and workforce upskilling, all aimed at maintaining the highest standards of drug quality from manufacturing to the last mile delivery.

The government must play a pivotal role in enforcing stringent quality control measures across the pharmaceutical value chain, from production to patient delivery. Initiatives like **Good Manufacturing Practices (GMP) and Good Distribution Practices (GDP) are critical** and should be implemented promptly to ensure the safety, efficacy, and high quality of drugs. This would also include measure such as strengthening drug quality surveillance through enhanced coordination between central and regional testing laboratories is essential. **Expanding the number of drugs testing labs** and **improving infrastructure** will ensure more rigorous and widespread testing capabilities.

Regulatory and Government Initiatives


Pharmaceutical companies, healthcare providers, and pharmacies should collaborate to create a **cohesive ecosystem focused on long-term quality assurance**. This includes integrating quality control measures throughout the supply chain to **minimize contamination and maintain drug integrity**. This would also include measures such as strengthening cold storage facilities and last mile delivery services. Pharmaceutical companies must incorporate quality-focused education into their salesforce training, ensuring that medical representatives are well-versed in manufacturing processes, regulatory standards, and quality assurance measures. This will help build trust and establish companies as leaders in drug safety and efficacy.

Industry Collaboration




Recommendation 2

—→ *Focus on quality for building sustainable model for the future...*

 Investing in the **continuous training** and **upskilling of quality** control professionals is crucial. Aligning with international standards set by organizations like the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) and the Pharmaceutical Inspection Co-operation Scheme (PIC/S) will elevate the industry's global standing. Pharmacies and trade channel members should be **educated on digitization** and the **importance of quality control**, equipping them with the necessary tools and knowledge to maintain high standards.

*Workforce
Training and
Upskilling*

 To ensure the accessibility of drugs, the Government of India may expand the network of the Jan Aushadhi Kendras in **remote and underserved areas** by implementing a **ration card-like mechanism**. Rigorous quality control of Generic Generics drugs available at Jan Aushadhi Kendras is needed, will help the underserved section of society by improving the drug accessibility.

*Enhancing
Accessibility and
Quality of
medicines*





Recommendation 3

→ Ensuring integrity - managing counterfeit with strict actions

The prevalence of counterfeit drugs in India, particularly in Tier 2 and Tier 3 cities, poses a significant risk to patient safety and undermines the country's reputation as a reliable supplier of high-quality medicines. Addressing this issue requires a comprehensive, collaborative approach involving the government, manufacturers, and all stakeholders in the pharmaceutical supply chain. By implementing stringent policies and managing strict vigilance, India can significantly mitigate the impact of counterfeit drugs and ensure the safety and efficacy of its pharmaceutical products.

- Using technology enabled Track and Trace system:** Establish parent-child relationships for medicines throughout the supply chain. This system should interconnect company Carrying & Forwarding (C&F) Agents, stockists, wholesalers, and retailers, enabling real-time monitoring and verification of product authenticity.
- Regular sampling and Inspection of medicine stocks** held by stockists, wholesalers, and retailers must be conducted by the Drug Control Department under the purview of the Central Drugs Standard Control Organization (CDSCO) and respective State Drug Control Authorities. This proactive approach helps in detection counterfeit products early and ensures adherence to quality standards across the distribution network.
- Information Sharing and Collaboration:** It is imperative to maintain Centralized Offender List and Blacklisting offenders involved in counterfeit medicine activities. Such actions must be regularly updated and circulated to all licensing authorities and State FDAs. Habitual offenders and their facilities must be blacklisted from obtaining licenses under the Drugs and Cosmetics Act to prevent further illicit activities.

*Managing
counterfeit
drugs*



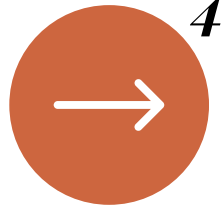
Recommendation 3

→ Ensuring integrity - managing counterfeit with strict actions...

- Capacity building of testing laboratories:** Drug testing labs play a major role by ensuring the safety and efficacy of medicines through rigorous analysis, thereby preventing the distribution of substandard or counterfeit drugs and maintaining public health standards. Expanding testing facilities to accommodate a higher volume of samples for analysis is imperative.
- Immediate and stringent actions:** Legislative reforms must include fast-track court hearings without bail for counterfeit offenses. Mandatory enforcement of cash/sale bills for all drug transactions and accountability throughout the supply chain. State FDAs must mandate retailers to purchase exclusively from authorized wholesalers and stockists to ensure compliance and traceability.
- Awareness Programs:** Training sessions and workshops can equip stockists, healthcare professionals, pharmacists, and public with the knowledge and skills to identify counterfeit products effectively.

Managing counterfeit drugs





Recommendation 4

→ Leveraging digital technologies for building supply chain resilience

The Indian Pharma supply chain must adapt to the digital revolution and leverage existing and emerging technologies to strengthen and streamline its multiple operations.

Implementing **Internet of Things (IoT)-enabled sensors, Radio Frequency Identification (RFID), Software as a service (SaaS)** and barcoding systems can ensure rigorous quality control throughout the distribution network. These technologies can **track and monitor drug conditions**, ensuring they remain safe and effective until they reach the end consumer.

Utilizing gamification which can provide interactive and immersive training experiences for quality control professionals and medical representatives, improving their skills and knowledge.

Digital marketing tools offered by social media platforms such Facebook, WhatsApp & Instagram may be employed to effectively disseminate awareness campaigns across various channels, engaging stakeholders and fostering trust in the brand.

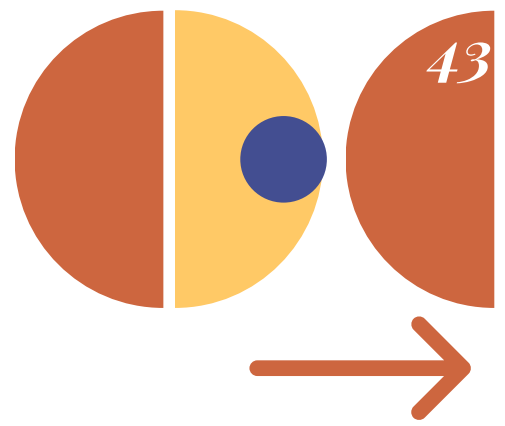
Implementing **automated inventory systems**, can help optimize stock levels, reduce wastage, and predict demand accurately. Additionally, **IoT**-enabled devices can provide real-time tracking of inventory, ensuring timely restocking and minimizing the risk of stock outs. Linkages with technology platforms like the **SaaS** solutions offered by Pharmarack will lead to more efficient operations and improved customer satisfaction.

*Technological
Integration*

→ Conclusion

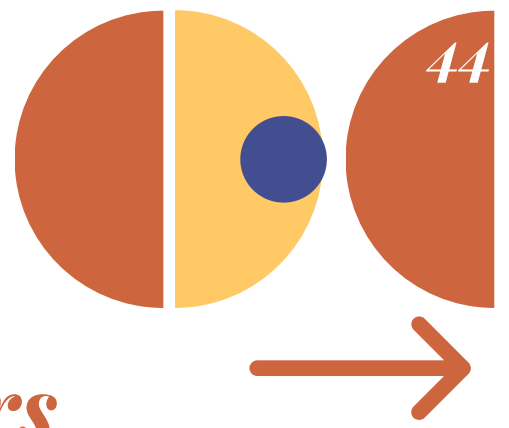
- This report endeavors to document the current market scenarios, changing landscape and challenges faced by the Indian Pharma market. It also suggests recommendations to help pave the way forward towards a more resilient and robust pharmaceutical ecosystem.
- The vision of **India's supremacy in the global pharma market** can only be achieved through a concerted effort, with a collaborative approach involving the government, pharma companies and supply chain actors, including the pharmacies, as well as the healthcare providers.
- The **collective commitment** to quality, innovation, best practices and patient safety will drive long-term growth, enhance global competitiveness, and ultimately contribute to better healthcare outcomes for all.
- It is time to envision an enhance **role of pharmacies** as not just a seller of medicines but also as a focal point for health promotion, medication counseling, offering information on dosages, potential side effects, and drug interactions.
- To ensure the sustainability and global competitiveness of the Indian pharmaceutical industry, it is essential to implement stringent quality control measures across the supply chain, including Good Manufacturing Practices (GMP), Good Distribution Practices (GDP), and the Uniform Code for Pharmaceutical Marketing Practices (UCPMP). **Rigorous quality control** will enhance drug safety and efficacy, address challenges related to counterfeit and sub-standard drugs.
- As the Government of India has introduced the Jan Aushadhi Kendras under the Pradhan Mantri Bharatiya Jan Arogya Pariyojana (PMBJP), integrating it with ration card like mechanism can further ensure that underserved communities have reliable access to these cost-effective options.
- Leveraging **advanced technology** and digital platforms is essential for enhancing operational efficiency and transparency in the supply chain. These innovations will facilitate real-time monitoring, improve patient engagement, and streamline pharmacy operations.





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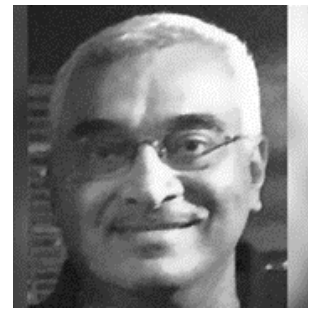
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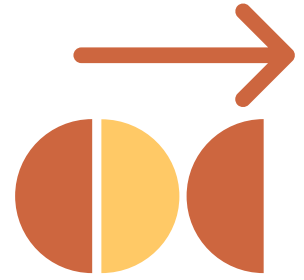
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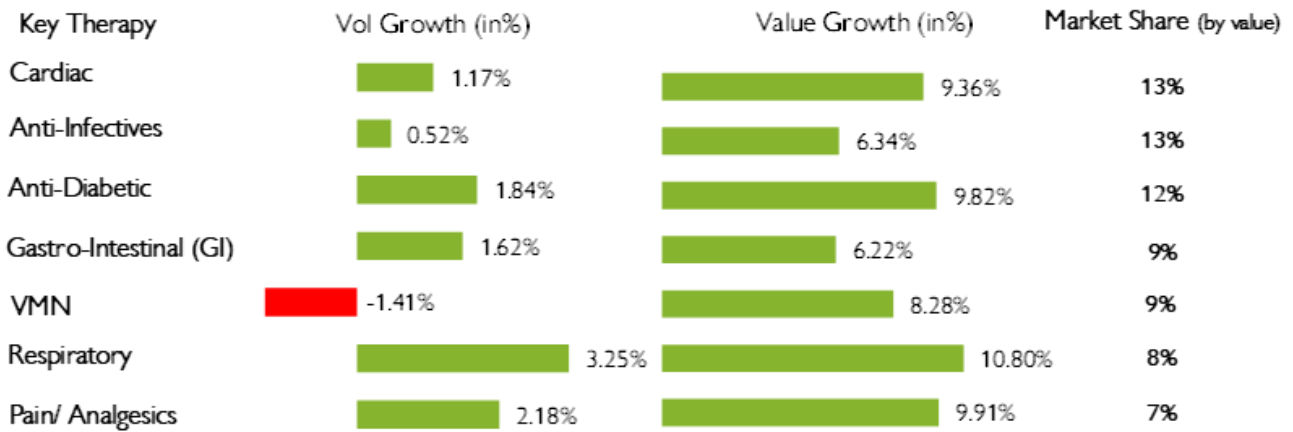


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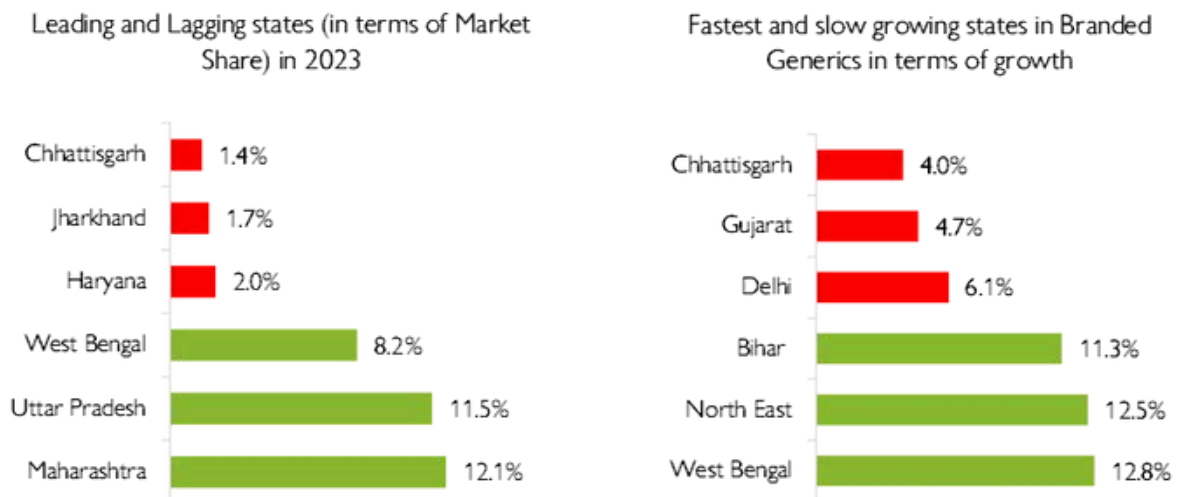
→ Appendix

Appendix 1: Therapy wise Growth of Branded Generics

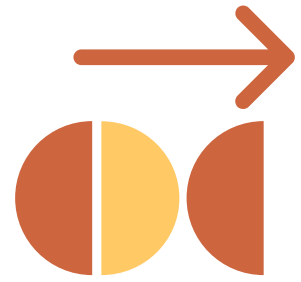


Source: PharmaTrac

Appendix 2: Branded Generics: State wise performance

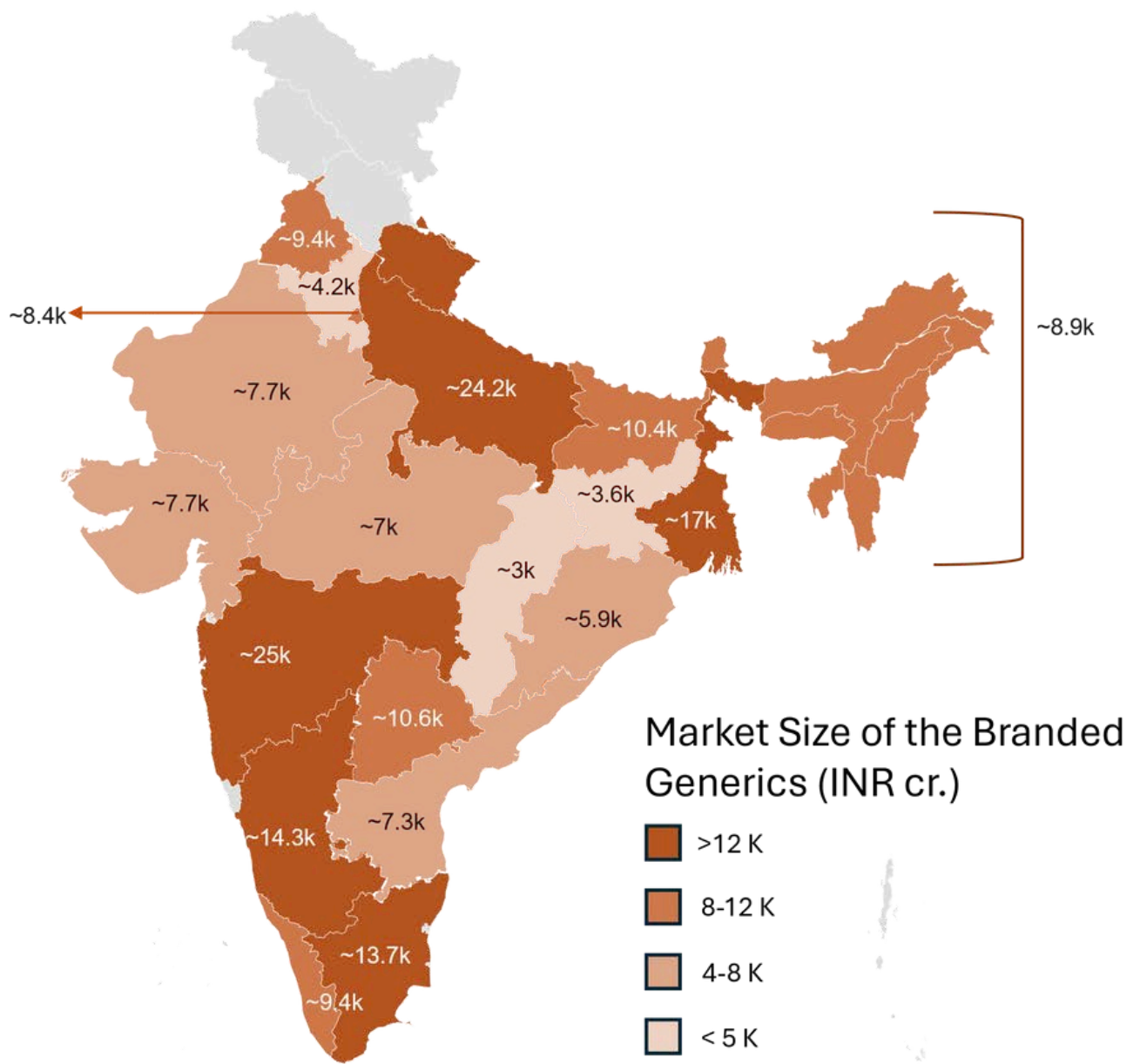


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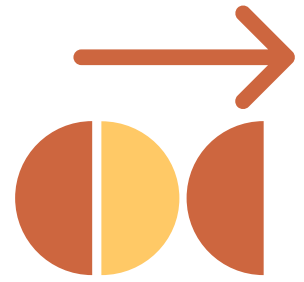


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Appendix 3: State wise Branded Generics Market

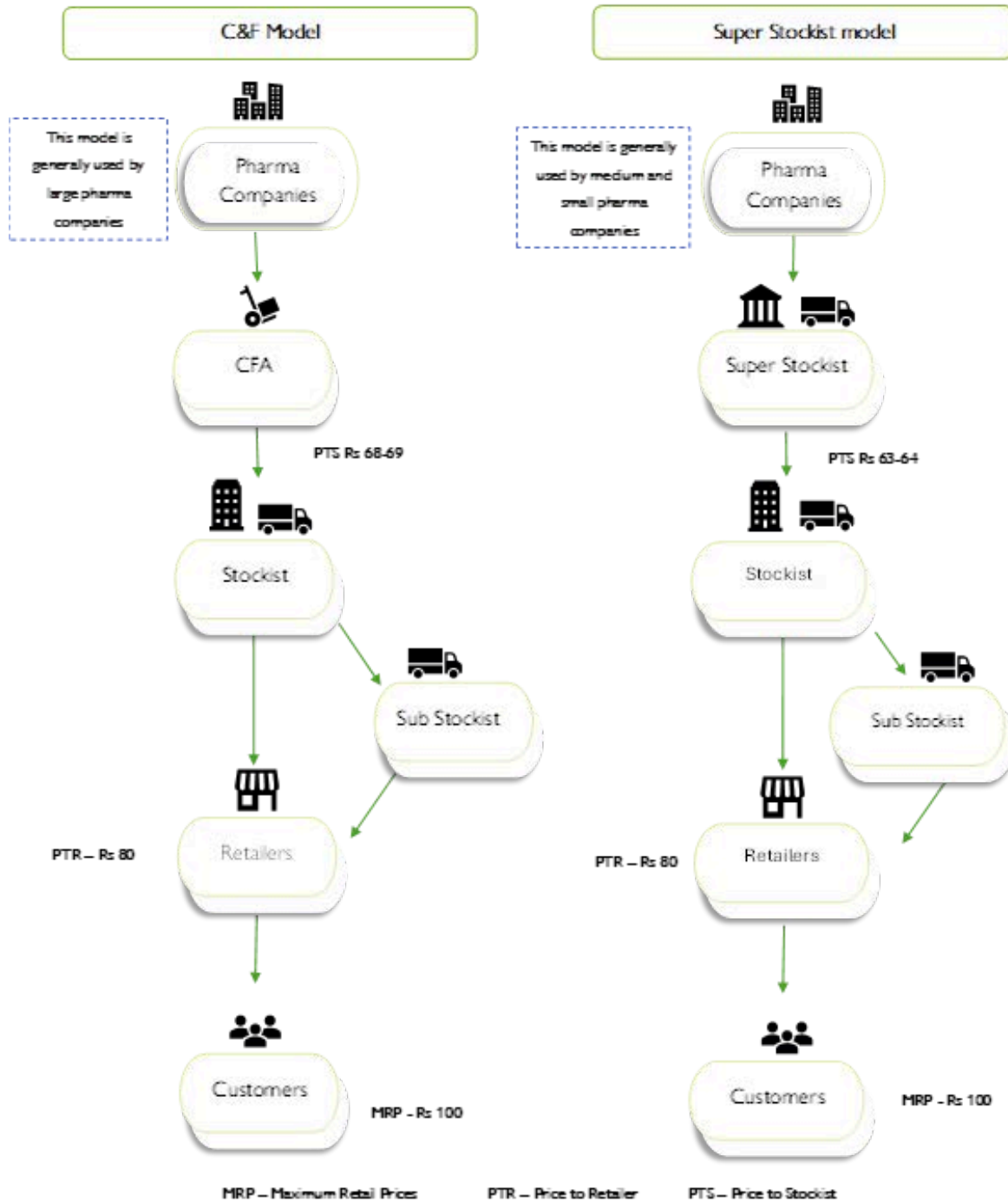


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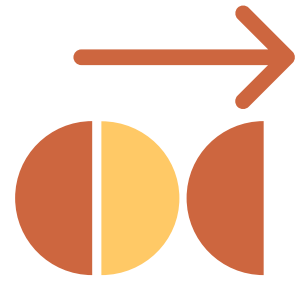


→ Appendix

Appendix 4: Distribution Channel of Branded Generics



Source: PharmaTrac, Primary interviews

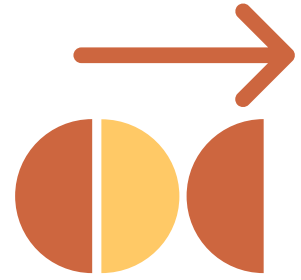


→ Appendix

Appendix 7: Distribution Channel of Trade Generics - PART A



Source: PharmaTrac, Primary Interviews

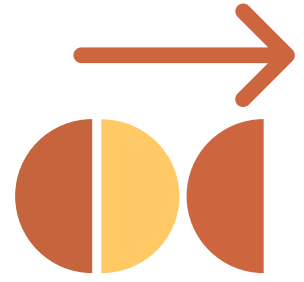


→ Appendix

Appendix 8: Distribution Channel of Trade Generic - PART B

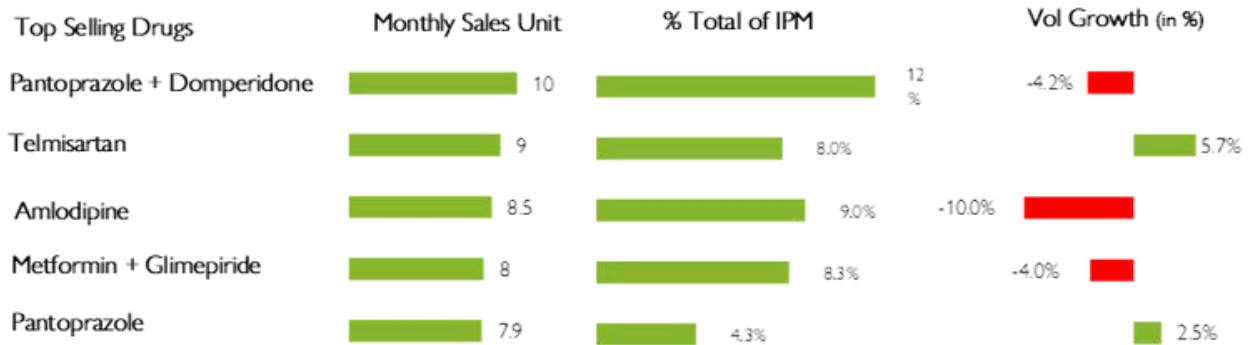


Source: PharmaTrac, Primary Interviews



→ Appendix

Appendix 9: Top selling drugs in Generic Generics segment (in units)

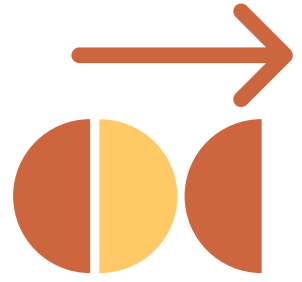


Source: Government Press Release

Appendix 10: State wise presence of the Jan Aushadhi Kendras

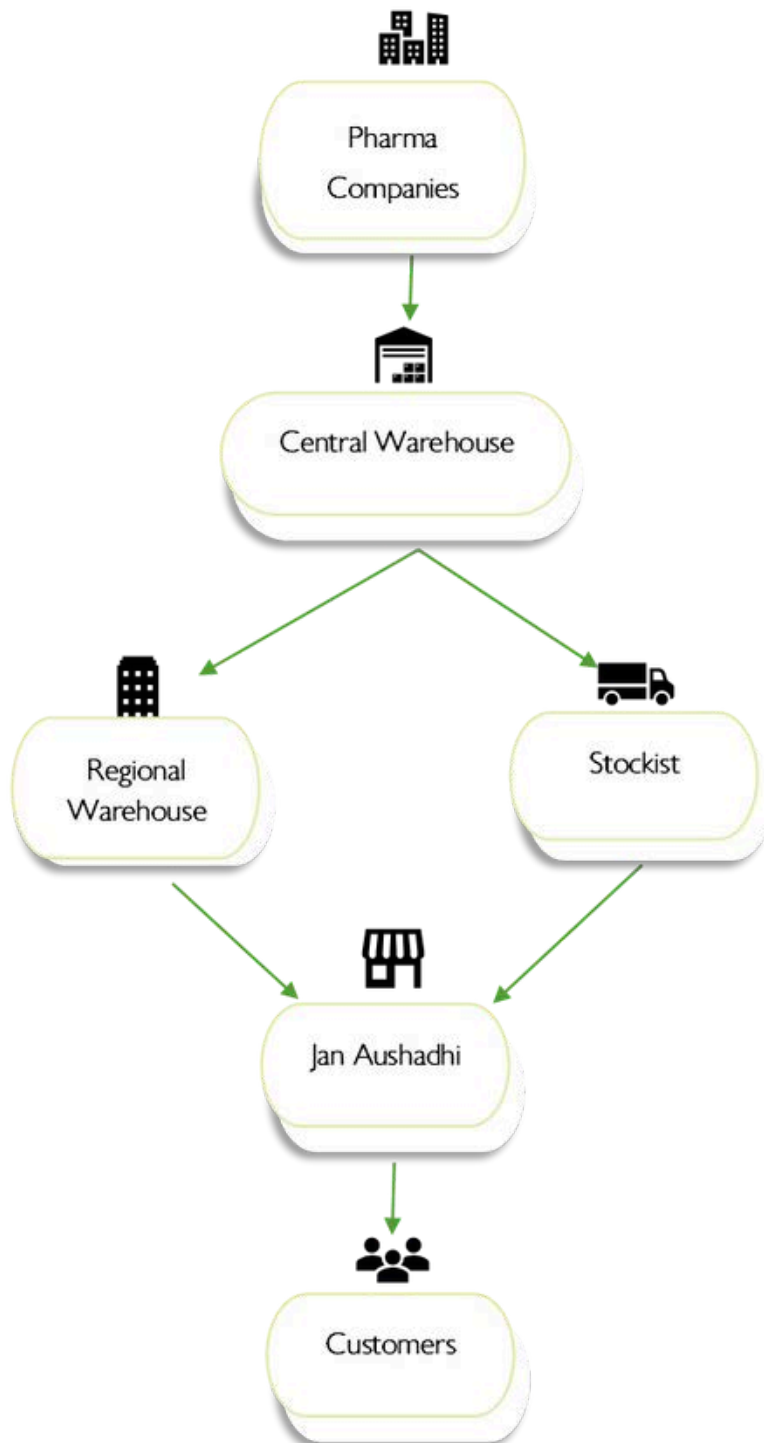
S.No	State	Store #	S.No	State	Store #
1	Uttar Pradesh	1907	19	Assam	127
2	Karnataka	1137	20	Jharkhand	108
3	Kerala	998	21	Himachal Pradesh	71
4	Tamil Nadu	825	22	Manipur	46
5	Maharashtra	642	23	The Dadra and Nagar Haveli and Daman and Diu	37
6	Gujarat	637	24	Arunachal Pradesh	30
7	Bihar	553	25	Puducherry	26
8	Odisha	508	26	Tripura	25
9	Delhi	434	27	Nagaland	20
10	Punjab	373	28	Meghalaya	19
11	West Bengal	371	29	Goa	14
12	Madhya Pradesh	370	30	Chandigarh	12
13	Jammu and Kashmir	288	31	Mizoram	12
14	Rajasthan	275	32	Andaman And Nicobar Islands	9
15	Uttarakhand	252	33	Sikkim	7
16	Andhra Pradesh	249	34	Ladakh	2
17	Chhattisgarh	197	35	Lakshwadeep	1
18	Telangana	171			

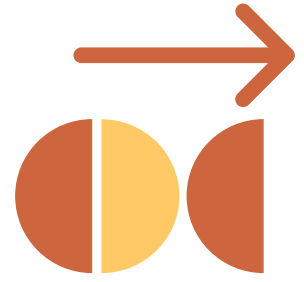
Source: Government Press Release



→ Appendix

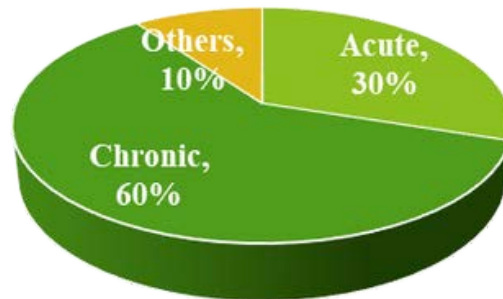
Appendix 11: Distribution Channel of Generic Generics





→ Appendix

Appendix 12: Acute vs Chronic Therapy Areas sales in Online pharmacies



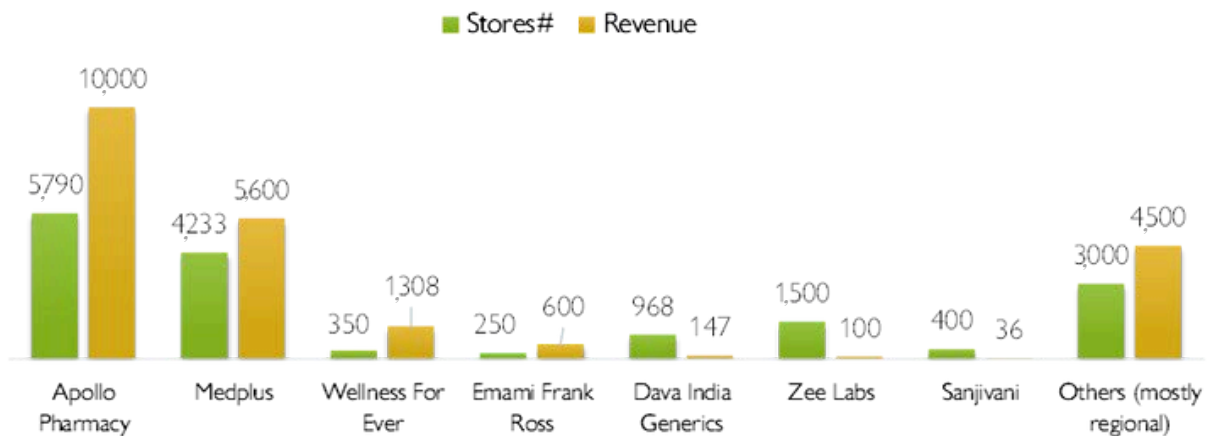
Source: Secondary Research

Appendix 13: Online Pharmacy Players and Key Operation Metrics

Players	SKU#	Fulfilment Centre	Pin code Served
Tata1mg	100,000	30+	20,000
PharmEasy	100,000	3	22,000
Apollo	70,000	NA	19,000
Netmeds	35,000	8	20,000

Source: Secondary Research

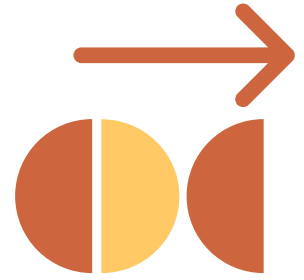
Appendix 14: Revenue(in cr) and store count of key players of Retail Drug Stores



Avg. Revenue Per store (in lakhs)

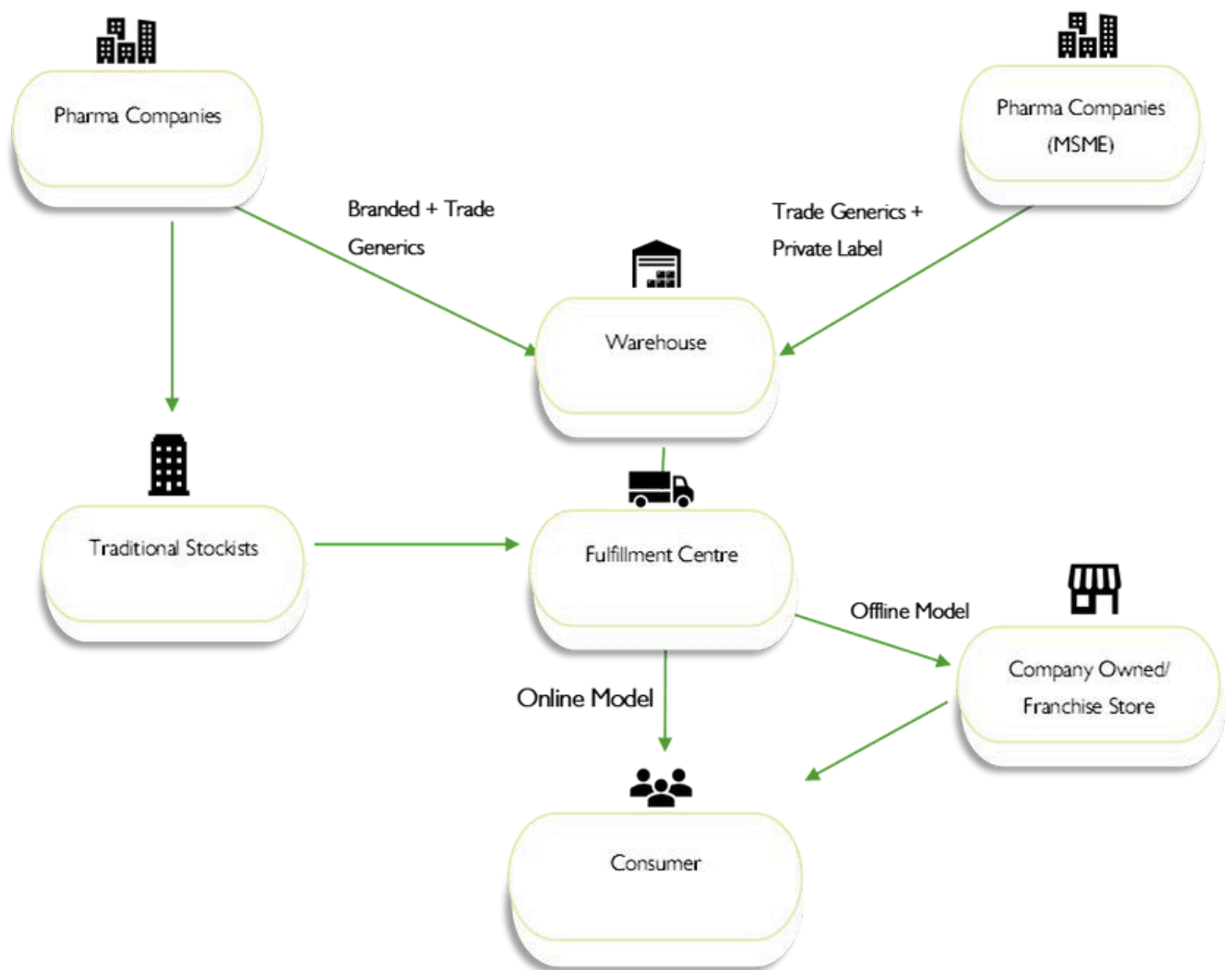
172.7	132.2	373.7	240	15	6.6	9	150
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Source: Secondary Research



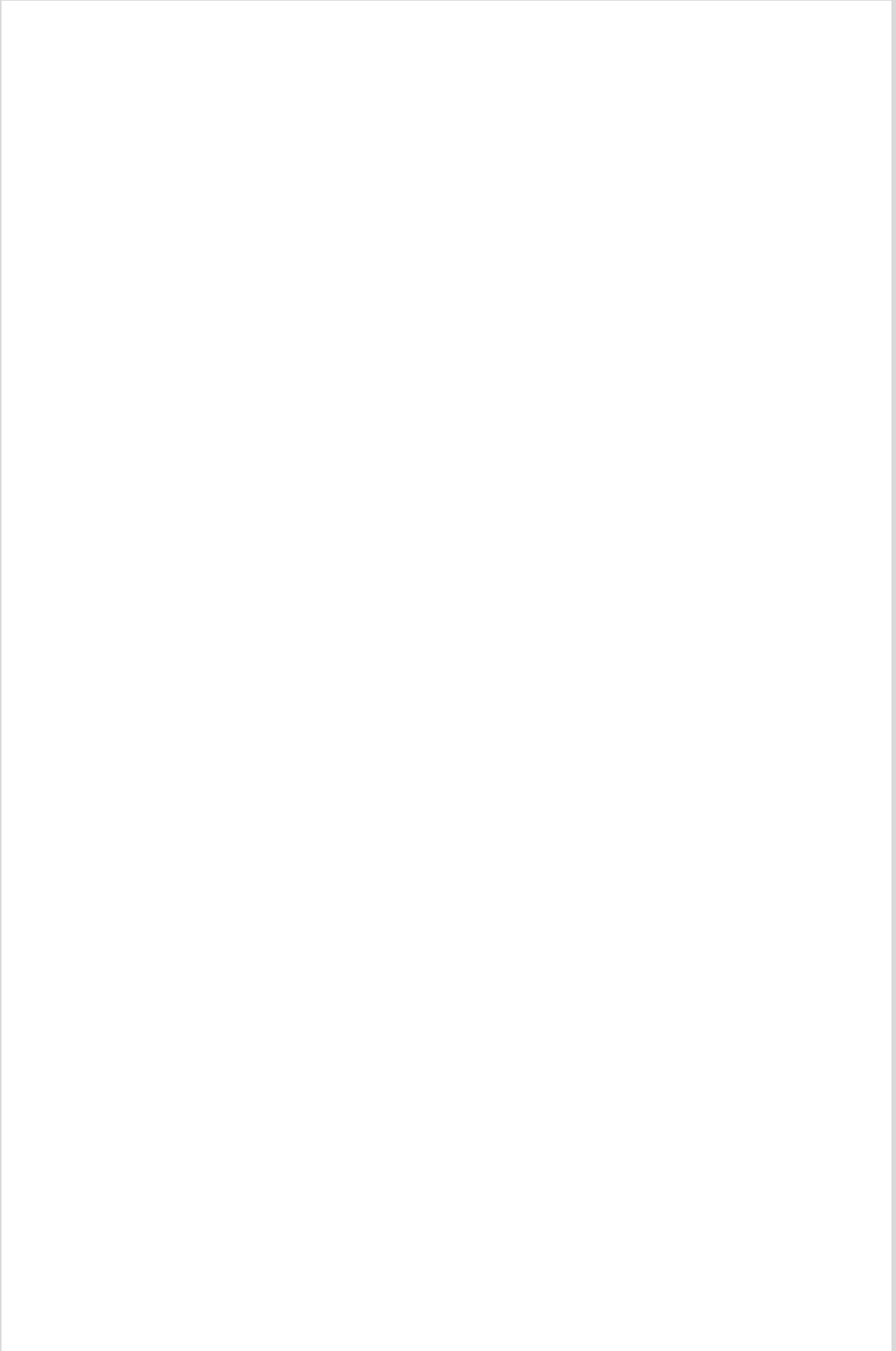
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Appendix 15: Distribution Channel of Online Pharmacies and Organized Retail Chain Drugstore

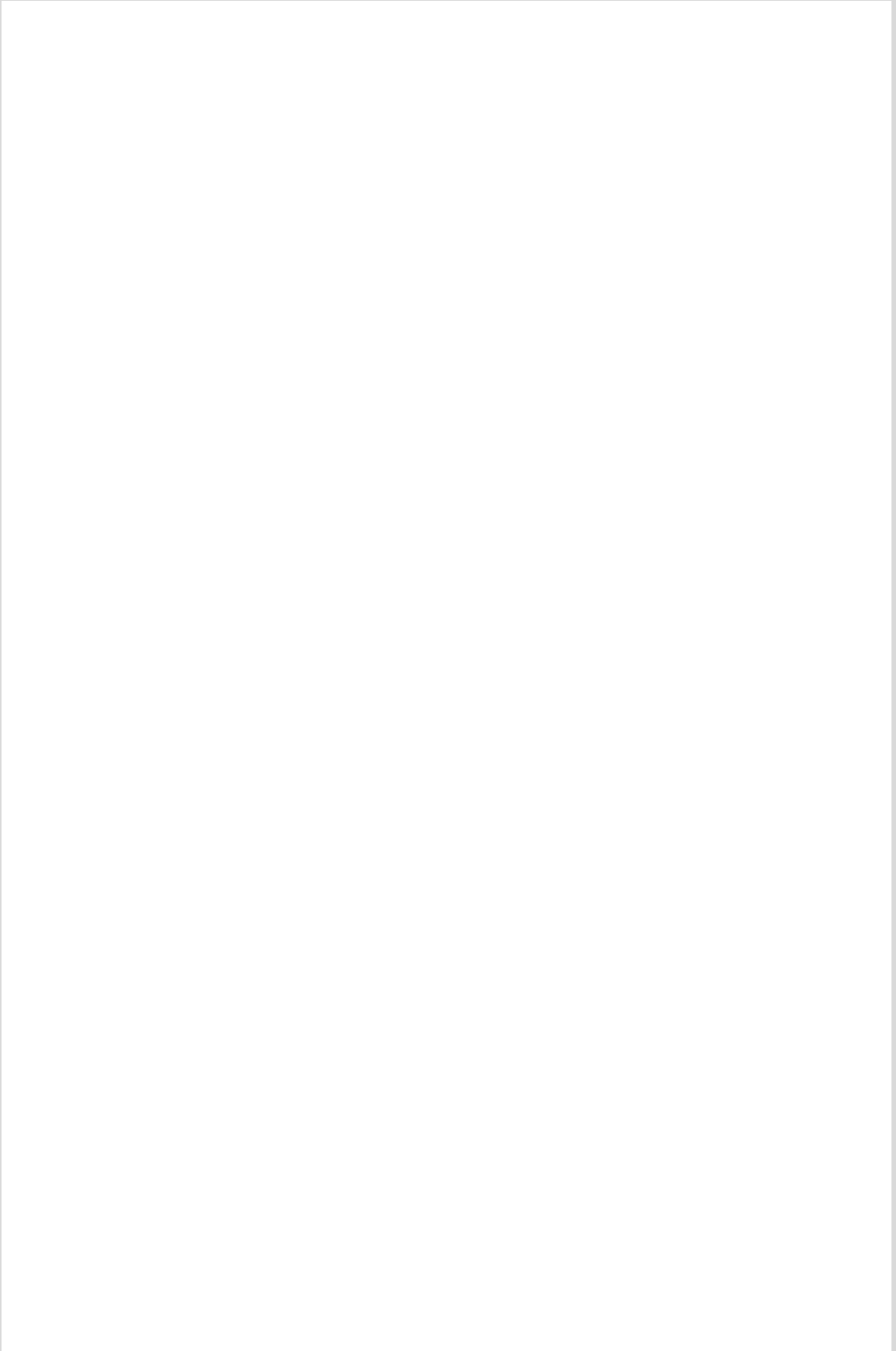


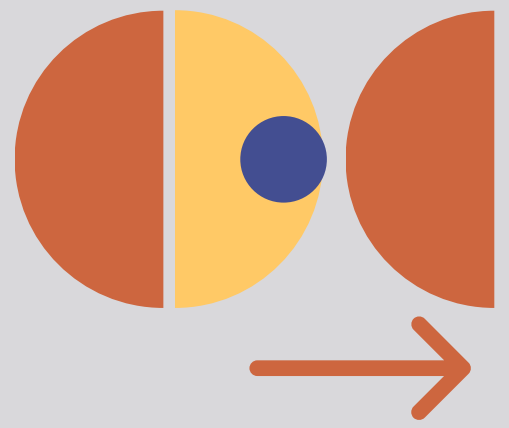
Source: Secondary Research, Primary interviews

NOTES



NOTES





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