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MARK TO MARKET

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We welcome your comments at **marktomarket@livemint.com**

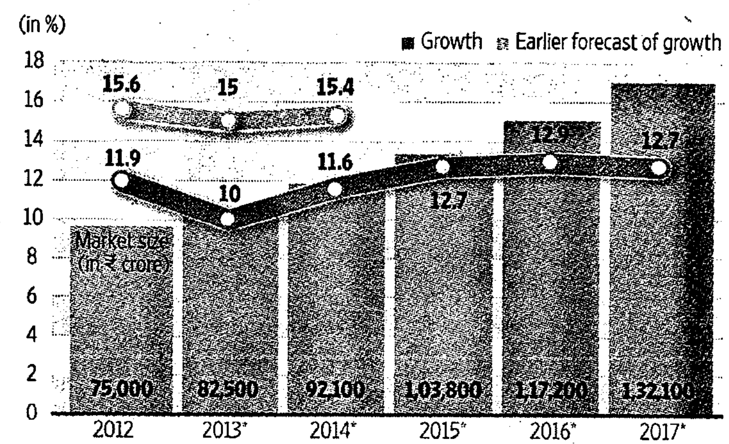
Pharma market suffers from side effects

The Indian pharmaceutical market is facing a period of slow growth. One factor is the general economic slowdown. That may seem surprising, but economic conditions do seem to affect spending on health. The more immediate problem for the industry is a cut in prices of drugs that have been included in a list of medicines covered under the new drug pricing policy. Lower prices have hit sales growth. This new policy has also resulted in trade channels protesting a lowering of their trade commissions by refusing to lift stocks from drug companies. All of this has eroded sales growth in the current year, forcing IMS Health (the healthcare-focused global market research agency) to downgrade its estimate of market growth in 2013 from 15% to 10%. Though growth in 2014 and 2015, too, has been downgraded, it is expected to be higher than the 2013 levels, which is some consolation.

If the IMS prognosis is proved correct, then the domestic side of the pharmaceutical business will continue to underperform in the near term, leaving companies dependent on overseas markets to drive growth. Large Indian generic companies with an overseas market will have an edge over their peers.

DAMPENING EFFECT

IMS Health has downgraded its 2013 estimate of growth of the Indian pharmaceutical market from 15% to 10%.



*forecast

Source: IMS Health data sourced from a Pfizer presentation

PRAJAKTA PATIL/MINT

Industry.