

IMPACT OF PRICE CUTS ON DRUGS

Pharma Cos Turning to Rural Markets

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Hyderabad: India's drug majors are trying to turn their adversity from price controls into advantage.

Having suffered setbacks with price regulations over the past couple of years, the companies are now focusing on rural markets, as recent price cuts on drugs for lifestyle diseases have made them more affordable to cost-conscious buyers there.

"We are viewing the drug price control order's stipulation on bringing down the prices as a business opportunity in the rural markets and we are pushing our brands aggressively in these markets, where consumption of medicines has grown of late due to lifestyle diseases," said a top executive with a large pharma company. "We are hiring more marketing personnel for rural markets than urban areas these days," said this executive, who didn't want to be named as the company has entered the silent period before it announces quarterly results.

A new drug pricing policy introduced by the then Congress-led government last year had led to price cuts on 348 drugs. Again in July this year, the National Pharmaceutical Pricing Authority included 108 cardiovascular and diabetes drugs under a guideline that allows the drug regulator to cut drug prices in emergency situation, a decision that it has now decided to revoke.

According to industry sources, drug sales in rural and semi-urban areas have been growing at more than 17%, compared with 11-12% in the urban markets. For the industry, more than a third of the nearly ₹80,000 crore domestic annual sales now come from these rural and semi-urban markets.

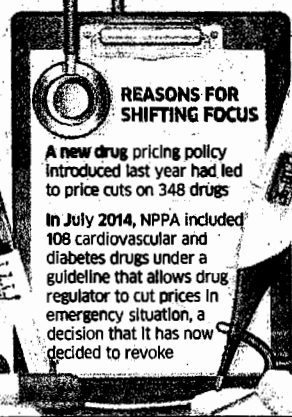
R Viswanathan, president of the Federation of Medical Representatives Association of India, confirmed increasing recruitment of medical representatives in the rural and semi-urban markets. "The growing hiring is mostly by medium to large pharma companies which focus on medicines for life-

Turning Adversity Into Advantage

Drug makers that have stepped up hiring of marketing personnel for rural markets include:

- Ranbaxy Laboratories
- Sun Pharma
- GlaxoSmithKline Pharmaceuticals
- Glenmark
- Dr Reddy's laboratories
- Mankind
- Lupin
- Pfizer
- Cipla

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style diseases in the therapeutic areas such as neurology, cardiac and diabetes."

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"The number of rural representatives may even reach a third of the total field force in a few years going by the current hiring spree," said a senior executive at a Hyderabad-based mid-sized pharma company.

Drug makers that have stepped up hiring of marketing personnel for rural markets include Ranbaxy Laboratories, Sun Pharmaceutical, Pfizer, GlaxoSmithKline Pharmaceuticals, Dr Reddy's Laboratories, Lupin, Cipla, Glenmark Pharmaceuticals and Mankind.

Lupin spokesman Shamsher Gorawara acknowledged the increasing marketing focus on promising rural and semi-urban markets and said there had been a 10-12% rise in its total marketing force over the last two years. However, he refused to give a break-up of numbers for urban and rural markets.

Industry