Indian pharma market booms despite poor policies

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Bangalore: India has numerous healthcare problems, ranging from inadequate policy monitoring to the widespread lack of health insurance. However, a potentially huge, unsaturated market will see the country's pharmaceutical industry continue to expand rapidly in the coming years, predicts the latest study by market analysts GlobalData.

According to the new report, called 'Healthcare, Regulatory and Reimbursement Landscape - India', India's pharmaceutical market had a 2011 valuation of $15 billion in 2011, but this is expected to rocket to $54 billion by 2020, climbing at a compound annual growth rate (CAGR) of 15.4 percent during the period. A substantial portion of India's pharmaceutical industry growth can be attributed to its export sector, which had a 2010 value of $8.8 billion, which is equivalent to 40 percent of the country's pharmaceutical industry turnover.

India's generic drug sector is by far the dominant force in the country's pharmaceutical industry, accounting for approximately 95 percent of revenue. Furthermore, 80 percent of these generics were produced by domestic firms. GlobalData's report states that this already booming market has the potential for huge further expansion thanks to India's considerable population and high number of leading drugs going off-patent every year.

However, despite this pharmaceutical prosperity, India faces several sizeable healthcare challenges. Spending on healthcare increased gradually to 4.2 percent of gross domestic product (GDP) in 2010, but remained below that of other emerging economies such as Brazil, Russia, China and South Africa. India's healthcare infrastructure is also insufficiently prepared to meet growing demand. Currently there are only 0.9 beds per 1,000 people, in addition to a lack of qualified staff and poor management.

The country's poor healthcare infrastructure has corresponding problems. Health coverage is low across the country, with 80% of the population not covered by any form of insurance in 2010. The relatively low level of urbanization in India is a major contributing factor to this low insured population figure as healthcare infrastructure in rural areas is particularly

inadequate.