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# Opportunities and Challenges to Indian Pharma Industry with special reference to OTC Drug Market

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**Abstract:** ***OTC or Over-the-counter drugs/medicines are those drugs for which no prescription is require from any healthcare professional/ doctor. This can be purchased from any retail medical store, pharmacies or other retail outlets. These medicines are often used for treatment of minor ailments such as heartburn and pain relief, though there is a large possibility of adverse side effects and casualties. That is why big giant FMCG companies or retail outlets like HUL, ITC etc. are also showing their interest to invest in the profitable OTC drugs market. The main reasons of rapid growth of the OTC drugs market are easing affordability, time shortage and competitive environment. The main challenges for slow growth of OTC drugs market is low penetration in rural areas, literacy rate and above all traditional home remedies across the country.***

***Keywords: OTC, FMCG, HUL, Drug, Medicines, Medical, ITC***

## I. INTRODUCTION

The word "OTC" or Over the Counter has no legal recognition in India; all the drugs or medicines not included in the list of "prescription-only drugs" are considered to be non-prescription drugs (or OTC drugs). Prescription-only drugs are those medicines that are listed in Schedules H and X of the Drug and Cosmetics Rules. Hence "OTC Drugs" or Over the counter Drugs means drugs legally allowed to be sold "Over the Counter" by pharmacists, medical stores i.e. without a prescription from a healthcare professional or Registered Medical Practitioner. In India OTC drug marketing has always been challenging and consists of special uniqueness. However many pharmaceutical companies like Ranbaxy labs Ltd, Glaxo Smith Kline, Piramal Healthcare, Cadila, Intas, Torrent Pharma etc. has successfully established their OTC brands in urban and rural parts in India. It is expected that the OTC market to grow at a Compound Annual Growth Rate (CAGR) of approximately 18% till 2014- 15. So it can be easily estimated that there are number of opportunities for growth.

The over the counter (OTC) drug market in India is expected to grow to $6.6 billion by 2016 with pharma companies and chemists increasing their presence in the rural market. India's OTC drug market stood at $3 billion in 2011 and a "rise to $6.6 billion is forecast by 2016," according to a sectoral document for Pharmaceuticals industry under the 'Make In India' campaign. India's pharmaceuticals industry accounts for about 2.4 per cent of the global pharma industry by value and 10 per cent by volume.

## II. REVIEW OF LITERATURE

"Pharmaceutical Marketing, Emerging Trends" by ***Anshal Kausherh (2006)*** stated that Pharmaceutical marketing explains on the changing global economy and specifically with more concern over healthcare. The Pharmaceutical industry is besieged with a number of issues – competition from generic drugs, shrinking patent protected life, change healthcare policies of Government and Global competition etc. The author also highlights of the new strategy of reaching out the consumers. DTCA - Direct to consumer advertising. DTCA can provide a competitive advantage particularly is marketed with OTC alternatives are available also the pace of Rx to OTC switches, one bound to accelerate as more blockbuster patient expires making a brand differentiation ever more crucial.

"Pharmaceutical marketing in India" by ***Subbarao chagmati (2007)*** throws lights on Concept strategy cases has critically elaborated the pharmaceutical market in Indian Context. He had described the overviews of the Indian Pharmaceutical market with nine 'p' goes beyond mega and maxi marketing understanding nine p's - product, Price, place, promotion, personal selling prescription, policy, power and public relation is Indeed critical for creating and extending successful strategies in pharmaceutical Marketing. He comments on his pharmaceutical promotion will be more challenging than Now, only innovative marketers with different strategies are likely to be the heir.

"Pharmaceutical marketing in 21st Century" by ***Mickey Smith (2001)*** has explained the change taking place in the Pharmaceutical industry today within the world of Pharmaceuticals marketing in serious transition. The book goes beyond the 4 Ps of marketing. The book provides lucid but brief review of excellence in Pharmaceutical industry the author also points out on marketing medicines for self- edications gives a new area of the field. More and more pharmaceutical companies implementing

the switch strategy of prescribed to OTC, one because there is a worldwide trend person to take charge of their own health secondly the companies understand that after patent expiry of a drug , the drug can be switched to OTC.

## III. OBJECTIVES OF THE STUDY

This research study was undertaken by the author with the following objectives:

- To understand the present scenario of OTC drug market in India.
- To highlight the different opportunities and challenges of this drug marketing in India.

## IV. RESEARCH METHODOLOGY

To undertake this research study the researcher has used secondary data which has collected from various published and unpublished journals, various articles available on various websites, textbooks and different popular journals to analyze the current scenario of the OTC Drug market.

## V. INTERNATIONAL OTC DRUGS MARKET AT A GLENCE

The global market for over-the-counter (OTC) drugs market is expected to go beyond $70 billion by the end of 2015. According to Consumer Healthcare Products Association it is estimates that the retail sales of OTC drugs in the US in 2010 were worth $17 billion, which is unchanged from the preceding year, and showing an increase over more than $3 billion over a ten-year period. OTC drugs mean legally allowed to sell "over the counter" i.e. without a prescription of a registered medical practitioner or healthcare professional. Consumers keep on changing worldwide. They are more informed using more gadgets to lead a fast life and thereby face higher stress. An environment full of pollution heavy traffic jam, target oriented, jobs, pressure, to a adopt and adjust changing lifestyle and technology resulting in less exercise, taking junk food, consuming addictive product to stay awake for long hours puts more stress on the body which get expressed in the form of psychometric disorders like headache, allergy, coughing, constipation, acidity, fatigue etc, which larger section of people manage it with OTC 'over the counter' drugs. This has increased in self-medication for past many years. Most of the drugs are safe effective economical and since it is available without a prescription, the value obtained for common ailments.

## VI. OTC DRUG MARKET OF INDIA AT A GLANCE

India is presently ranked 11th in the International OTC market in size, with an expectation that it will get to the 9th position within five years. Indian OTC market is estimated to be worth $ 1,793 million with an annual growth rate of approximately 23 per cent. India's pharmaceuticals industry accounts for about 2.4 per cent of the global pharma industry by value and 10 per cent by volume. The changing environment of pharmacy industry and resulting in a new and nascent staged OTC Sector with a huge market and resulting in more and more companies brings aggressively their products under OTC umbrella, the reasons for the booming OTC sector. Since these drugs do not require a prescription, they are more affordable and accessible to consumers. By placing mostly used balms, painkillers and cough syrups under OTC, they can be easily sold at the counters of grocery stores and other retail outlets without a drug license. One of the most profitable options for the consumer is the availability of good quality drugs at the lowest cost, due to competition. According to producer's viewpoint, the switch protects their molecule even after patent expiry. OTC drugs are comparable to FMCG Products. Most FMCG companies, like Hindustan Unliver, Procter and Gamble are entering the OTC sector and expanding their market over areas that have remained inaccessible. One of the major obstacles for pharmaceutical companies is their reach to the remote regions of the country. The only way of reaching these areas is through FMCG companies, but this represents a threat to the pharmaceutical companies. It is estimated that as the chemists reach is about 4 per cent while that of a general store is 14 per cent, a grocer is 52 per cent and others 22 per cent. If OTC drugs are administered through these types of stores then sales can increase exorbitantly.

- Share of global Sales: Value 1% and Volume 8%
- International Ranking: 4th in Volume and 13th in Value
- Domestic Drug Market: $ 5.3 Billion
- Bulk Drug production: 2.1 Billion
- Total Exports: $ 3.7 Billion
- Total Import: $ 986 Million
- Indirect Employment: More than 24 Million

Over-the-counter (OTC) drugs are medicines that may be sold without a prescription. Those details can be found on the shelves of grocery stores, retail outlets and cosmetic stores and bought like any other packaged product in some countries or in others may be bought "over the counter" from the pharmacy and while prescription drugs are sold at a pharmacy counter only. Indian OTC

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There are different categories comes under OTC, out of which there are few categories which have spent maximum in brand building through on Television, newspaper and in other medias are as follows:

- Digestives - Eno, Hajmola, Dabur Hingoli, Pudin Hara.
- Antiseptic Cream/ Liquids - Borosoft, Boroplus, Dettol.
- Medicated Skin Treatment - Itch Guard, Krack, Ring guard.
- Rubs/ Balm - Moov, Iodex, Emami Mentho Plus, Himani Fast Relief, Amrujanjan Joint Ache Cream
- Analgesic/ Cold Tablet - Dcold, Disprin, Stopache, Crocin.
- Cough Lozenges - Strepsils, Halls
- Vitamin/ Tonic/ Heath Supplements - Horlicks, Chawanprash–Dabur, Complan, Boost, Sona Chandi, Calcium Sandoz.

## VII. OPPORTUNITIES AND CHALLENGES TO OTC DRUG MARKET

With the increased customer confidence in OTC brands, opportunities are gradually emerging up. Customer preferences for OTC drugs also have created the necessity for brand building with significant brand image. Government run and other pharmaceuticals companies are taking several initiatives to create awareness about different drugs and shift Rx to OTC and thereby brand building has become more importance. A strong brand image also ensures customer loyalty and boost sales. As an example the brand image of Crocin is so strong in the market that paracetamol (generic name) has almost lost its significance. A consumer may not even think of a second alternative in the case of a fever or minor ache. Since the demographic differences will be identified new avenues of opportunities will also come under light. In the same time the scope of retailing of drugs increase which indicates that a bunch of sales personnel will be employed.

OTC 'Over the Counter' drugs along with their opportunities are also coming with challenges. Due to non-prescription in nature the future of OTC brands is unknown and uncertain. On the other hand the perception is always there in people mind that is whatever the doctor prescribes that is good, otherwise not. Due to this phenomenon home-made medicine are facing issues and challenges for OTC drugs. Meanwhile the growth of OTC drugs has also created an inherent challenge and that is competition among known brands. In India most maximum population are living in rural areas where the literacy rate is very low which creates a hard challenge for Pharmaceuticals companies to create awareness for their brands. That is why multi-national companies are spending huge for promotion of their OTC products. That means the extend promotion drive would be enhanced, that will create many issues and give birth to several challenges.

## VIII. CONCLUSION

The purpose of promotion of OTC in companies prospective was to identify a new segment of market which can be used for companies marketing drive when its product or brand growth becomes stagnant. It is significant that almost all brands Ranbaxy labs Ltd those are now under OTC once was under the prescribed drug list. Soon the figure of sales reached to a culminating point company thought to place this product under a new scheme i.e. OTC. In the last few decades OTC drugs have become very successful but the challenge is this success may attract malpractices of introducing drug without proper testing under the category of OTC Drugs. Simply it can be explained by giving the example Revital. Revital was part of prescribed drugs and it is having a considerable exposure in the market. Now it is becoming under OTC. If a new brand lunched directly under this category without proper testing then such lunching may cause severe consequences. On the other hand OTC drug promotion in rural areas is very much related to enhance knowledge of health and element without enhancing the knowledge the consumption of brands may cause bitter consequences. In a nutshell the brand share having opportunities and as well as challenges, but the sale of such drugs must be controlled by a sound regulatory framework, which is for the time being is nonexistence.

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