



## Addressable Market for e-pharmacies

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As per the report 'E-pharma: Delivering Healthier Outcomes' by consultancy firm EY, **the addressable medicine market for e-pharmacies in India stands currently at USD 9.3 billion and is estimated to grow at a CAGR of 18.1% to reach US\$18.1 billion by 2023.**

- The **key growth drivers** for e-pharma market in India are **increasing internet penetration and smartphone ownership** along with the **ease of ordering medications through an e-commerce platform.**
- Besides, the **increase in chronic diseases, rising per capita income and resultant healthcare spend** will also aid to its growth.
- At present 35% of domestic pharmaceutical market relates to chronic medications and the remaining 65 per cent to acute medicines. Out of this, e-pharmacies are expected to target 85% of the chronic market and 40% of the acute medicine market by 2023 (up from 25 per cent in 2019).

This expected rise in the acute target market by e-pharmacies, can be attributed to an **improvement in last mile logistics through collaboration with local pharmacies and integrating into existing hyperlocal models.**

- The report also pointed out there is a **lot of cash burn** (describes the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations) in e-pharma industry, mainly for offering discounts to gain scale. **Discounts have to come down to reasonable levels to achieve break-even and any meaningful profitability.**
- Fintech and healthtech players can look to expand offerings by getting into the e-pharmacy segment. Hyperlocal players (food tech, grocery, delivery only companies) can also add on this segment to their existing portfolio to build efficiency on the delivery side.
- Indian players with deep omni-channel presence especially in emerging tier 2/3 towns, with growing healthcare spends, can make a deep impact in the e-pharma sector.

**The Government proposed following rules and guidelines for e-pharmacies in the year 2018:**

- It will now be **mandatory for e-pharmacies to register with a central authority**.
- e-pharmacies will be **restricted from selling drugs covered under the categories of the narcotic and psychotropic as referred to in the Narcotic Drugs and Psychotropic Substances Act, 1985** as well as tranquilizers and the drugs as specified in the Schedule X of Drugs and Cosmetics Rules, 1945.
- e-pharmacy registration holders shall have a **customer support facility** and **grievance redressal** for all stakeholders. The facility shall be available for 12 or more hours each day throughout the week.
- **The premises of e-pharmacies will be inspected every two years.**
- The **information received** by the e-pharmacy registration holder from the customers by way of prescription or in any other manner **shall neither be disclosed** by the e-pharmacy registration holder for any other purposes nor shall the same be disclosed to any other person – rendering it impossible for them to share data with agencies like life insurance companies to supplement their business. Any violations could lead to either suspension or cancellation of licenses.
- **e-pharmacies are ordered to keep the data localized** i.e., they cannot store it on international servers. They are not allowed to share the patient's data with anyone but the central/state governments.
- e-pharmacies are **prohibited from advertising any drug on radio**, internet, print or any other media for any purpose, thereby **eliminating a possible source of revenue for them**.

## Hyperlocal Model

- The term '**hyperlocal**' refers to '**a small area**' or '**a very specific demography**'.  
**Hyperlocal on-demand delivery model is defined as a business model in which the service provider acquires requested product(s) locally and delivers the same to the customer in the same geographical area.**
- **The aggregator drives the entire system and earns a commission for the role it plays.**
- The model is applied to products as well as services like plumber, electrician, beautician etc. **Examples of the hyperlocal on-demand business model are UberEATS, Zomato, BigBasket, Postmates etc.**