

Improving Market System Performance: Addressing Constraints and Tapping Market Development Opportunities Across the Contraceptives Value Chain

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About this Brief

Growth in the contraceptives market in India has been held back by multiple constraints across the supply chain, from manufacturing to consumption. These limitations, primarily in effective stewardship, market intelligence and financing, often impede both the supply and demand for contraceptives, resulting in poor market performance. Based on the [India family planning \(FP\) market description](#) developed by Frontier Health Markets (FHM) Engage, this brief identifies key opportunities to engage market actors across the contraceptives value chain to improve market system performance in line with the market development approach (MDA). The FHM Engage activity in India strives to foster an enabling ecosystem that facilitates market actors to perform at full capacity through a host of targeted interventions, collectively elevating market performance. Through the [Women's Health and Livelihood Alliance \(WOHLA\)](#), FHM Engage aims to work with multiple market actors to drive market system improvements such as expanding access to high-quality market information and affordable financing. The alliance will do this by tapping key entry points for engagement with actors that build on and leverage their capacity to broaden access to contraceptive information, products, and services.

Myriad Obstacles Across the Supply Chain Contribute to Low Market Performance

Market actors' capacity to perform their core supply and demand functions across the value chain is hampered by several constraints. At a market systems level, four major restraints are primarily responsible for low growth in the Indian contraceptives market:

1. Lack of stewardship of the private sector, which is needed to meet users' and other market actors' needs.
2. Absent or misaligned market information and intelligence for business investment decisions.
3. Limited access to affordable finance.
4. Harmonization of registration and scheduling policies for varying contraceptive generations and private sector distribution points

At the starting point of the contraceptive supply chain, production capacities of private sector manufacturers significantly exceed domestic market volumes, so products are largely deployed for commercial export to developed markets and for donated FP commodities. Domestically, low market volumes resulting from an underdeveloped market, poor policy incentives to introduce new products, and lack of structured market information often mean that businesses are not incentivized to

demonstrate their innovation prowess and production capacity at home. At the other end of the supply chain, consumers, often young women aged 19 to 29, are not provided reliable and adequate information to choose fit-for-purpose contraceptive products and services that match their needs and aspirations. They also lack forward market linkages in the form of referrals to service providers and affordable user financing to translate intention to use. In between, the distributors, pharmacists, and service providers face significant challenges navigating the Indian contraceptives market, including difficulty securing affordable finance and reliable market information, which results in a low priority given to the contraceptives category.

FHM Engage will Ignite Market Development Opportunities Across the Supply Chain

To create a well-functioning contraceptives market, FHM Engage facilitated market actors through tailored interventions to address the key challenges faced by them. Key opportunities for market stewardship and engagement entry points to support market actors in developing the contraceptives market have been highlighted below

Engaging with many commercial partners and sharing market intel that's helping create market development partnerships: Large swathes of India's contraceptive manufacturers' production capacity are being deployed to serve viable commercial markets abroad but are underutilized at home. This is because a small domestic market dampens manufacturers' appetite to invest, in general, and potential opportunities are missed due to a lack of reliable market intelligence on product category volumes and demand. This lack of a clear line of sight to returns hinders informed business planning and lowers manufacturers' interest.

FHM Engage is co-developing a business plan with the women's health arm of Exeltis and Senador Laboratories to market and distribute newer generation oral and emergency contraceptives, and potentially their DMPA injectable, in urban areas in Karnataka and Maharashtra. This plan will be informed by market intelligence on product category volumes and markets, provided by FHM Engage. Additionally, to support market development and broaden access to contraceptives, FHM Engage has partnered with Pregna and Merill to supply hormonal intra-uterine devices (IUDs), and with Organon to improve implant access, to 300 doctors in Karnataka, Delhi, and the Northeast. Market development interventions include enabling Population Services International (PSI) and TTK Healthcare to look at distribution channel optimization, and tapping new geographic regions, to market and distribute oral contraceptives and condoms to 7,900 healthcare providers, including 1,200 modern and alternative medicine practitioners and 6,700 pharmacists in Maharashtra and Assam.

To explore new customer segments and increase market share, discussions with these manufacturers and marketing agencies have also focused on making contraceptives more affordable through better pricing strategies. The expansion of coverage for 10 newer brands will be supported to enhance the marketing and distribution efforts, thereby increasing the range of modern contraceptives available in the market.

Demand generation: Demand generation is critical to ensure that the product category volumes grow sufficiently to interest manufacturers in servicing domestic demand. Increased demand for innovative products will ensure that this burgeoning manufacturing capability is reflected in the domestic market.

- FHM Engage will take an innovative digital approach to demand generation by partnering with [askNivi](#), a WhatsApp-based chatbot that reaches out to potential users on social media platforms through digital marketing campaigns and educates them about contraceptive choices based on need and life stage. It also refers users to their nearest providers (pharmacists/health

service providers) based on the contraceptive option of interest. Nivi will reach out to 20 million 19 to 29-year-old women across five states, building on the principles of voluntarism, encouraging them to seek options for preventing pregnancy, and will connect them with 6500 pharmacists/clinicians within these five states. For the first time, social media and offline campaigns will be implemented in regional languages (i.e. Assamese, Kannada, and Marathi, in addition to English and Hindi). Additionally, Nivi is working with Tata Img, India's leading online pharmacy and healthcare platform, for provider linkage and medicine distribution. This will enable young customers to access contraceptives from anywhere and anytime, without having to visit a physical store or wait in long queues.

- Offline, FHM Engage aims to generate demand through skilling community champions within existing multi-sectoral platforms engaging youth cohorts to educate potential users on contraceptive choices and provide referrals to providers as appropriate. These platforms will be managed through our implementation partner and operate across common service centers (CSC), and non-governmental organizations (NGOs) working on social inclusion and women economic empowerment, under the banner of WOHLA. Partnerships are forming to bring together FP demand-mobilizing activities with services that bolster women's social inclusion; boost women's ability to earn a livelihood (such as through CSCs across the country which support local entrepreneurs to drive access to essential services like social security and healthcare information); increase women's access to credit through CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) for new-to-credit entrepreneurs (including healthcare); and enable women's access to digital markets (such as with the Open Network for Digital Commerce or ONDC), currently exploring the scope of supporting health and wellness entrepreneurs through the same. There is currently already a network of NGO partners focusing on women's empowerment, with strong regional or pan-India presence, including Digital Empowerment Foundation, Mann Deshi, TISSER, SESTA, SEWA, Spherule Foundation, and several others to source participants and deliver the reproductive health and /FP interventions. Funds to co-design market development interventions are being mobilized through private companies (such as Adidas, Bajaj Finserv, DXC Technologies, Google, JSW Foundation, Microsoft, S&P Global, Samsung), which could be cause-oriented, business-oriented, or community-oriented, supporting WOHLA's thematic areas.

These activities will enable FHM Engage to collect and disseminate vital intelligence on consumer demand and potential product category volumes. FHM Engage will also facilitate sensitization and learning sessions for manufacturers to address information gaps in the market and align their business planning with user needs.

As a market facilitator, FHM Engage will enable robust market stewardship in India by working with the government to facilitate policymaking that creates incentives for manufacturers. One example is coordination with regulatory authorities to address market distortions with clarification of rules and regulations that govern the introduction of new products, which better match the needs of young people and can be promoted and marketed to stimulate demand.

Distributors: Most distributors do not prioritize contraceptives as they are not considered a 'lucrative' product category. They carry these products mainly because contraceptives are a part of a larger product portfolio offered by marketers with which they have an agency contract, or because they have an established recurring demand. Contraceptives are products that require continuous, regular use, unlike one-time purchases. This steady demand makes contraceptives a necessary part of distributors' portfolios, despite not being seen as a high-profit category. Distributors are category-agnostic about future investments; if they receive more financing, they will invest it in purchasing more stock across categories. Distributors aim to optimize their resources across various product categories without specific bias, allowing for a diversified inventory that can meet broad market needs. Importantly, they

are also willing to be activation agents at points of sale to generate greater brand awareness but are not utilized by marketers for promotions. To complement demand creation efforts, FHM Engage is collaborating with financing intermediaries such as Appreciate to offer working capital loans and risk-tolerant credit to enable increases in contraceptive inventories. Appreciate is a corporate banking correspondent to Yes Bank, which allows them to source loans, enable lending and collect loan proceeds through a lending product co-developed with the bank. Loan pricing can be competitive to the extent the funds are used for loan loss provision. Digital biometric customer verification and an asset-lite model can bring participation from tier-2 and tier-3 cities.

We are enabling distributors for point-of-sale promotions targeted at pharmacists, for creating a resilient supply chain, and increasing market penetration for contraceptives. To strengthen the visibility on contraceptives trade within the supply chain, FHM Engage partnered with Pharmarack, a distributor aggregator platform. Pharmarack's is a digital platform aggregator with objective for expanding access to contraceptives through its extensive network of distributors and pharmacists. Poor market intelligence about demand by product category and geography is a vital gap that needs to be addressed for informed business planning and real-time logistics management. Pharmarack is supporting the generation of market intelligence at FHM Engage by sharing trade volumes data, to help forecast demand for contraceptives across product categories and geographies. FHM Engage will facilitate learning sessions with market actors to disseminate this information and help create a well-informed market.

Pharmacists: Pharmacists are often trusted sources of information for the community and the first point of contact for consumers, especially urban youth. However, they frequently lack information about the co-benefits and better side effect profiles of newer contraceptive methods and quality standards for proper storage, which present significant barriers to stocking these products. Pharmacists also lack access to affordable financing options, such as low interest loans, to maintain adequate stocks. FHM Engage will work with pharmacists to build their capacity on dispensing innovative contraceptive methods, such as next generation oral contraceptive pills (OCPs) and implants. FHM Engage will also connect them to affordable financing options. Furthermore, informed pharmacists can act as community evangelists for newer contraceptives if they receive adequate learning support, resulting in consumer loyalty, business growth, and higher social credibility. Effective market facilitation of pharmacists will help to ensure availability of a wide portfolio of contraceptive products, especially improving access to next generation OCPs. FHM Engage will address this by working with government and industry bodies to steward policymaking that builds the pharmacists' capacity through continuing training and education.

Service Providers: A variety of service providers offer contraceptive products and services in India, ranging from obstetricians/gynecologists (OB/GYNs); general physicians (GPs) (through hospitals and private GP clinics), to alternative medicine practitioners, collectively called AYUSH¹. Most providers get their information on newer contraceptives from manufacturer-appointed medical representatives, training conducted by industry associations such as Federation of Obstetric and Gynecological Societies of India (FOGSI), and some international non-profit organizations like Jhpiego and Pathfinder International. Access to information is not democratic and equitable as specialist providers such as OB/GYNs are often better informed than others, especially about the newer innovative contraceptive methods such as next generation oral contraceptives and implants. AYUSH practitioners and registered medical practitioners especially do not have access to information, infrastructure, and standard guidance towards provision of balanced FP services.

While continued engagement with modern medicine practitioners (OB/GYNs and GPs) is critical as they are well-positioned to offer the entire basket of contraceptive services in urban areas, engaging AYUSH

¹ AYUSH or Ayurvedic, Unani, Siddha, and Homeopathy is a blanket term used to refer to practitioners of alternative medicine systems (other than modern medicine) in India.

practitioners is vital for reaching rural and low-income consumers, especially in certain project geographies (e.g., Assam and Meghalaya) where there is a high density of alternative medicine practitioners. FHM Engage will work with service providers to build their capacity to administer innovative contraceptive methods, addressing the information gap. Furthermore, to build greater market stewardship, the activity's public sector engagement will include advocacy on increasing provider diversity by clarifying guidelines on which types of providers can offer which contraceptive products and services, and where (specifying points of delivery), especially with respect to AYUSH practitioners.

Conclusion

FHM Engage is spearheading a comprehensive strategy to invigorate the contraceptives market in India by addressing key challenges across the supply chain. By fostering collaborations with commercial partners, leveraging market intelligence, and implementing innovative demand generation tactics, FHM Engage is creating a well-functioning contraceptives market that serves both domestic and international needs.

Engaging with manufacturers, distributors, pharmacists, and service providers, FHM Engage ensures a balanced and sustained approach to market development. The partnerships and tailored interventions not only promote economic growth but also enhance access to a wider range of contraceptive options, ensuring that women and youth across India can make informed choices about their reproductive health.

Through a combination of digital and offline demand generation strategies, FHM Engage is effectively reaching potential users, providing education, and facilitating access to contraceptives. By integrating these efforts with economic empowerment initiatives, FHM Engage is supporting women's social inclusion and enhancing their ability to participate in the economy. Moreover, FHM Engage's role as a market facilitator, working with government and regulatory authorities, ensures robust market stewardship and the creation of incentives for manufacturers. This holistic approach addresses market distortions and aligns product offerings with the needs of young people, thereby driving sustainable growth in the contraceptives market.

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Frontier Health Markets (FHM) Engage works to improve the market environment for greater private sector participation in the delivery of health products and services and to improve equal access to and uptake of high-quality consumer driven health products, services, and information. FHM Engage is implemented by four core consortium partners: Chemonics International (prime and co-technical lead), Results for Development (co-technical lead), Pathfinder International, and Zenysis Technologies, and a host of Network Implementation Partners (NIPs).

In India, FHM Engage is partnering with Samhita's Collective Good Foundation (CGF) to initiate the Women's Health and Livelihood Alliance (WOHLA) as a health marketplace to mobilize resources and improve access for young girls and women to healthcare services and products and livelihood opportunities for economic empowerment. Additional partners for this activity include Access Health International, Nivi Inc. and Pharmarack Technologies

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