KPMG

The Indian pharma sector – Q1FY27

Sector snapshots

Highlights[1]

India's pharma growth is becoming more broad-based, with hospital and self-care demand expanding alongside government-led access to affordable generics, reducing reliance on the traditional prescription market alone

INR 12.4 tn

India's domestic pharmaceutical market is expected to reach by 2030

INR 17.9 tn

Indian hospital market projected to reach INR17.9 tn by FY32, growing at an 8 per cent compound annual growth rate (CAGR)

INR 980 bn

India's over-the-counter (OTC) medicines market projected to nearly double by 2030, driven by rising self-care demand

25K March 2027

Jan Aushadhi Kendras targeted to increase from 16,912 in June 2025 to 25,000 by March 2027, expanding access to affordable generic medicines

1. Indian Pharmaceuticals, IBEF, May 2026

Segmental performance

India's pharma growth is being reinforced by deeper capabilities across research, manufacturing and global supply, with *CRDMO scale-up, an **APIs trade surplus and leadership in formulations and vaccines strengthening India's position beyond domestic market expansion

**Contract research, development and manufacturing organisation* ***Active pharmaceutical Ingredients*

Pharmaceutical segment performance[1]

INR 1.2 tn
CRDMO industry projected by 2028

INR 414.9 bn
APIs exports in FY25, exceeding imports of INR392.2 bn

14%
India's share of global formulations exports by volume in FY25

55%
India supplies 55–60 per cent of ***UNICEF's vaccines, as of May 2025

****United Nations Children's Fund*

Key growth factors[1]

- Strong manufacturing capabilities and cost competitiveness
- Rising domestic healthcare needs and export demand
- Growing global outsourcing across research, development and manufacturing
- Skilled talent, established infrastructure and policy support
- Expanding capabilities in complex and high-value medicines

1. Indian Pharmaceuticals, IBEF, May 2026

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Performance snapshot

Key drivers[1]

Trade integration widening European market access

A prospective India–*EU trade agreement could reduce trade barriers and improve regulatory alignment, strengthening access to higher-value European pharmaceutical markets

*European union

Healthcare capacity expansion supporting medicine demand

Union budget 2025–26 plans for district-level day care cancer centres and 75,000 additional medical seats could expand treatment capacity and support long-term medicine demand

Liberalised **FDI mobilising pharmaceutical investment

Pharmaceuticals attracted ~INR1.6 tn in cumulative FDI from April 2000 - March 2026, supported by automatic-route access for greenfield and eligible brownfield investments

**Foreign direct investment

Policy incentives accelerating high-value manufacturing

INR150 bn production linked incentive (PLI) scheme outlay through FY29 likely to expand manufacturing, attract investment and diversify production towards high-value medicines, complex generics and APIs

Challenges

Export concentration amplifies market-specific risk[1]

***NAFTA accounts for 38.0 per cent of pharmaceutical exports, heightening exposure to regulatory changes and demand volatility

***North American free trade agreement

Scheme underutilisation delays capacity creation[2]

Underutilisation of pharmaceutical scheme allocations indicates execution bottlenecks across incentive claims, bulk-drug parks and related manufacturing initiatives

Clinical infrastructure constrains innovation-led growth[1]

Limited clinical-trial infrastructure could slow India's transition towards biologics, advanced therapies and innovation-led growth

1. Indian Pharmaceuticals, IBEF, May 2026
2. Underutilisation of fund allocations, PIB, 21 Jul 2026

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Outlook[1]

INR 856.9 bn

Opportunity for Indian pharmaceutical companies by 2029 as 15 blockbuster drugs lose patent protection

INR 170.0 bn

Pharmaceutical research and development (R&D) investment projected by FY28

INR 30.7 tn

Pharmaceutical exports projected by 2047 as India strengthens its global market presence

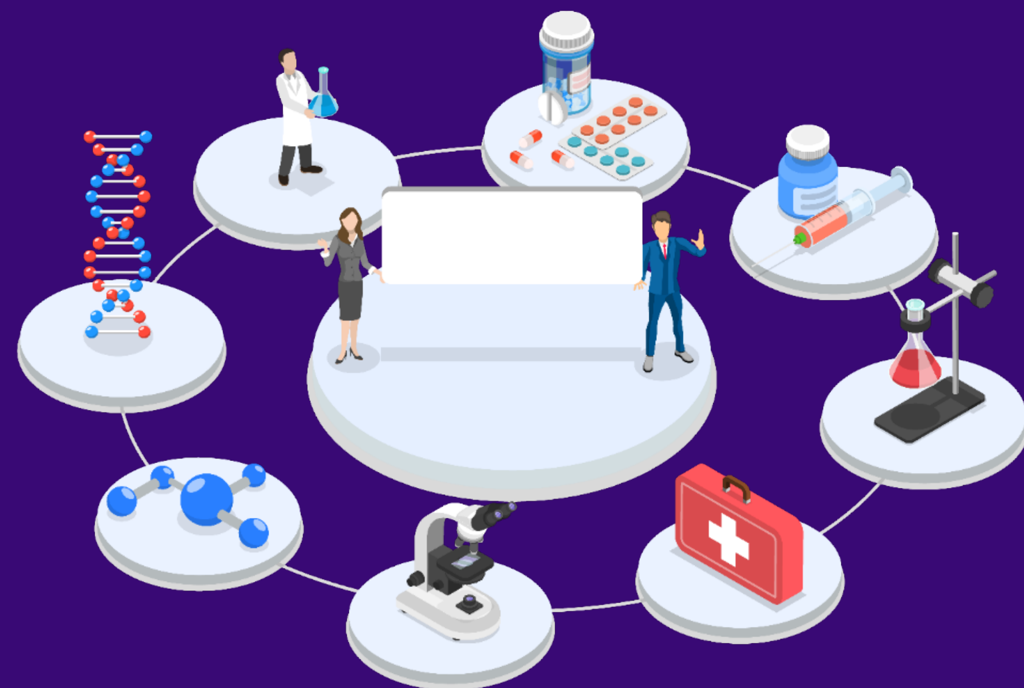
Double digit growth

Formulations segment expected to maintain double-digit growth over the next five years

1. Indian Pharmaceuticals, IBEF, May 2026

Key takeaways

- Institutional, consumer and public-access demand may require distinct portfolios, pricing approaches and distribution capabilities
- India's manufacturing strength must translate into greater participation in complex, differentiated and innovation-led pharmaceutical products
- Competitive advantage may increasingly require integration across research, clinical development, regulatory processes and commercial-scale manufacturing
- Converting investment, infrastructure and policy support into timely commercial output could differentiate sector participants



1. Indian Pharmaceuticals, IBEF, May 2026

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