



INDIA: THE WORLD'S PHARMACY

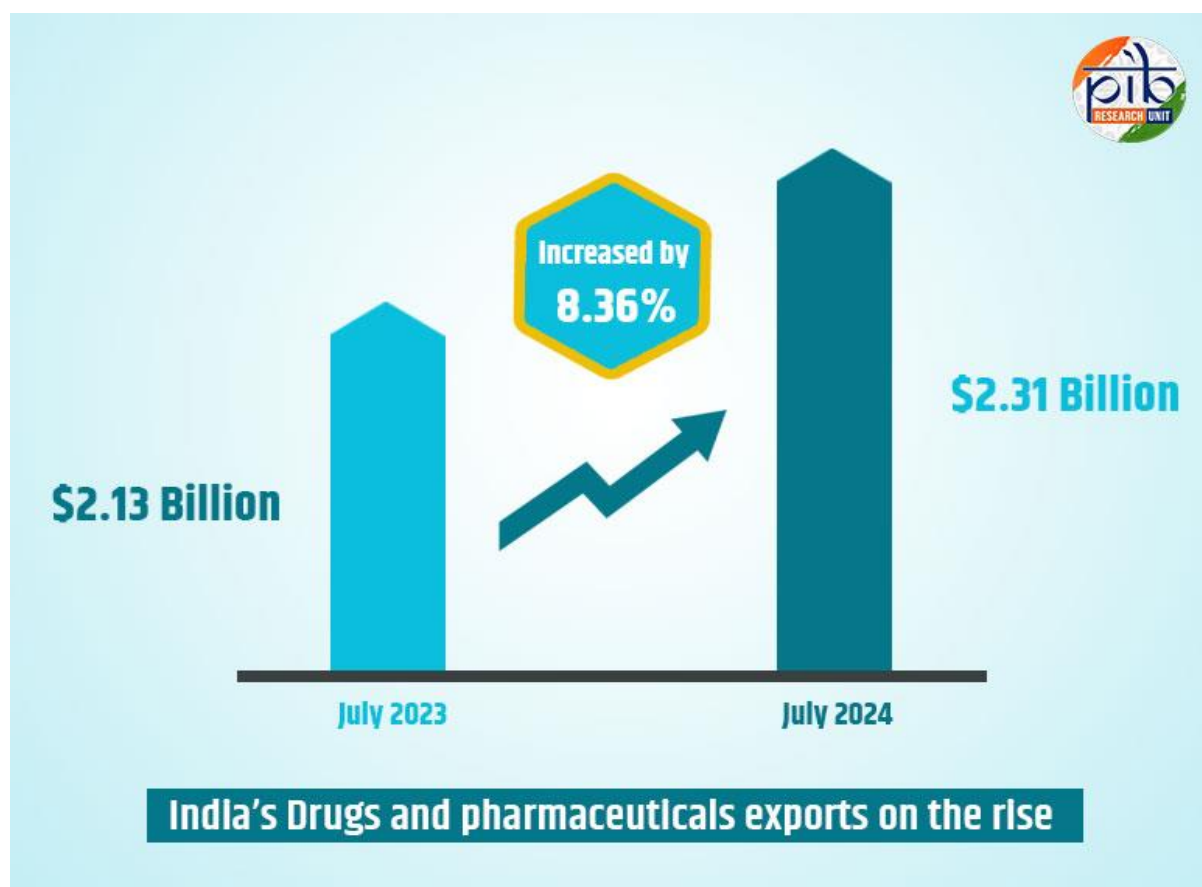
(Ministry of Chemicals and Fertilizers)

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"It is because of the efforts of the pharma industry that today India is identified as 'pharmacy of the world'."

-Prime Minister Narendra Modi

India's pharmaceutical industry has gained international recognition as the "Pharmacy of the World," particularly for its imperative role in supplying vaccines, essential medicines, and medical supplies during the COVID-19 pandemic and beyond. The sector has showcased its innovative capabilities and established itself as a crucial global pharmaceutical value chain member.



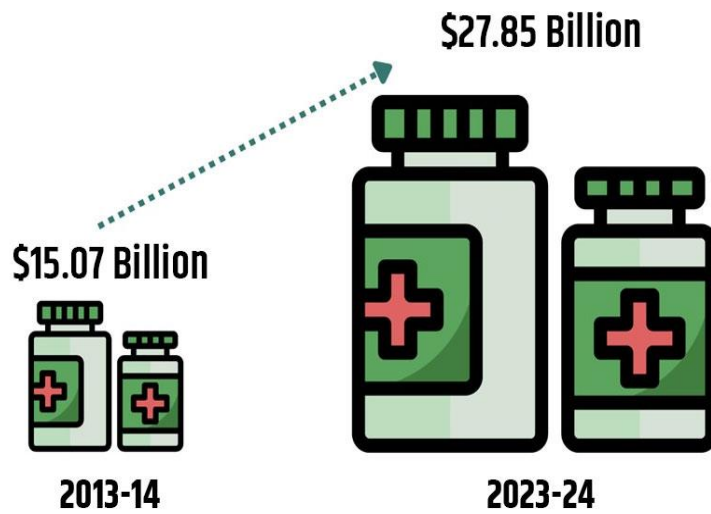
Riding on the back of various schemes and reforms, India's Drug and pharmaceutical exports increased by 8.36% from \$2.13 billion in July 2023 to \$2.31 billion in July 2024.¹

¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=2045238>

Notably, India's Drug and pharmaceutical exports soared from \$15.07 billion in 2013-14 to \$27.85 billion in FY 2023-24.

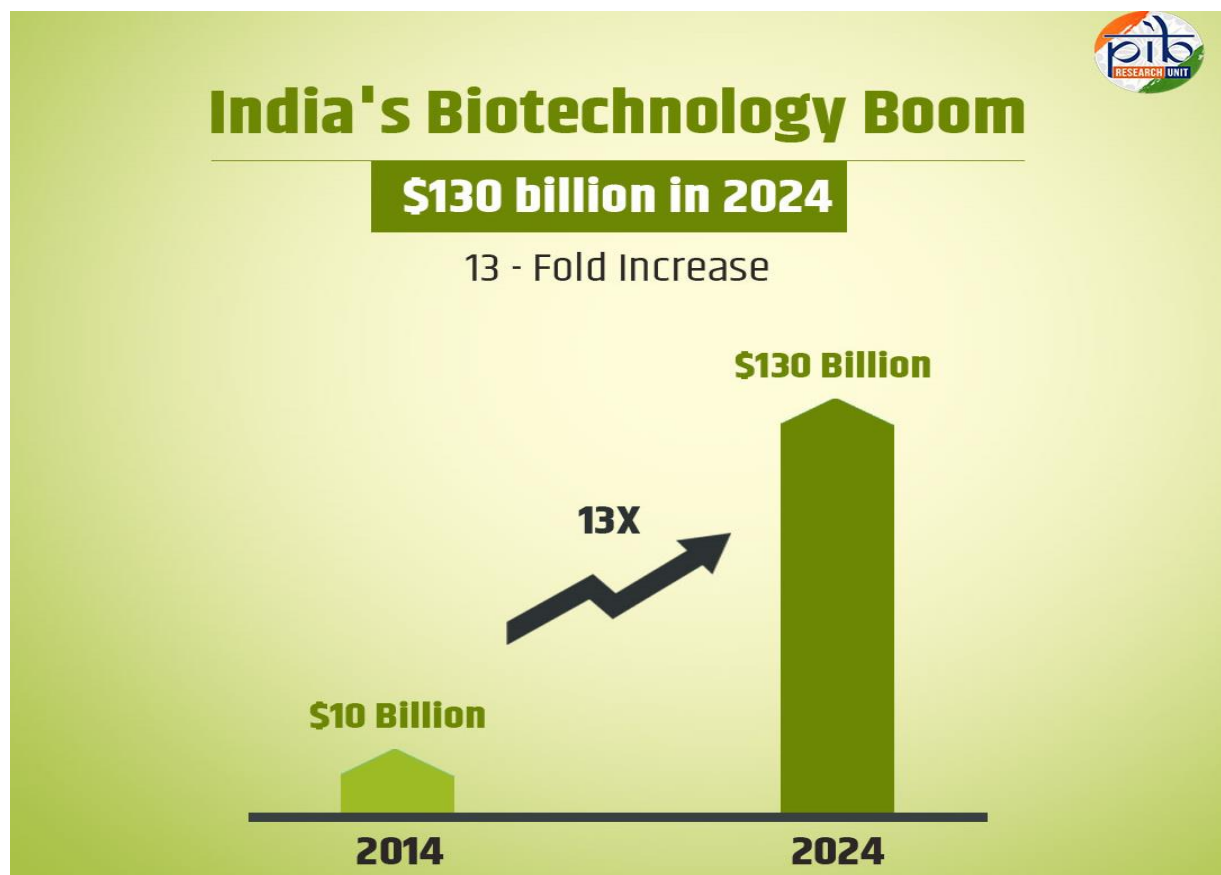
Ranking third globally in drug and pharmaceutical production by volume, India exports to approximately 200 countries and territories. The top five destinations for these exports are the USA, Belgium, South Africa, the UK, and Brazil.

Drug & Pharmaceuticals Exports



With a 10-12% growth rate, India's pharmaceutical sector is expected to reach \$100 billion by 2025, fuelled by its robust domestic manufacturing base.

INDIA'S BIOTECHNOLOGY BOOM



India's biotechnology sector has increased 13-fold over the past decade, from \$10 billion in 2014 to over \$130 billion in 2024. It is projected to reach \$300 billion by 2030². Growth in the Indian pharmaceutical industry is being driven by metropolitan cities, Tier I cities, and rural markets, each accounting for approximately 30% of the market share.

PLI SCHEMES TO BOLSTER PHARMA SECTOR

The Government of India has implemented several initiatives to promote the pharmaceutical sector and boost investment. In September 2020, the government introduced the Production Linked Incentive (PLI) scheme for the pharmaceutical sector under the Self-Reliant India initiative, with a financial outlay of worth Rs.15,000 Crore, and the scheme duration is from 2020-2021 to 2028-29³.

The scheme aims to enhance India's manufacturing capabilities, diversify product portfolios, and support domestic production. Additionally, the PLI schemes for Bulk Drugs and Medical Devices have achieved significant milestones in their first year of implementation.



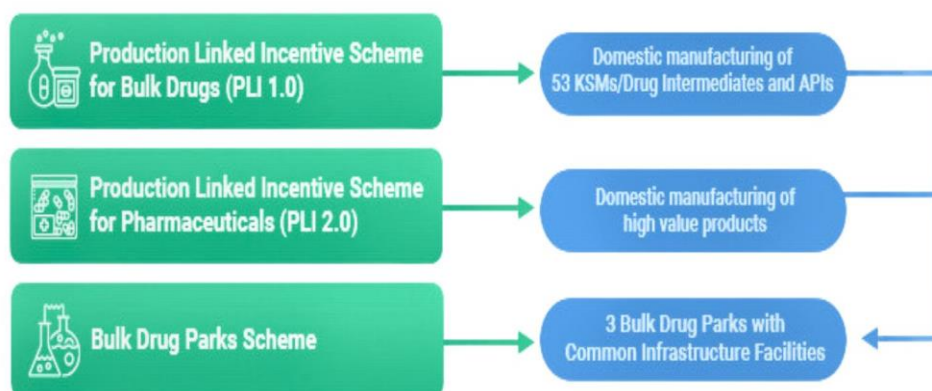
Scheme Outlay INR 15,000 Cr

PLI Scheme for Pharmaceuticals Manufacturing

The scheme provides financial incentives for the production of specified pharmaceutical products across three categories:

- Category 1 includes bio-pharmaceuticals and patented drugs
- Category 2 covers active pharmaceutical ingredients and drug intermediates
- Category 3 includes various therapeutic drugs and in-vitro diagnostic devices

Incentives are based on incremental sales, with rates of 10% for FY 2022-23 to FY 2025-26, 8% for FY 2026-27, and 6% for FY 2027-28 for Categories 1 and 2, and 5%, 4%, and 3% respectively for Category 3. The Small Industries Development Bank of India (SIDBI) manages the scheme. It is expected to stimulate innovation, R&D, and growth across the pharmaceutical sector, benefiting MSMEs through anchor industry investments.



² <https://pib.gov.in/PressReleasePage.aspx?PRID=2045256>

³ <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1991501>

The Department of Pharmaceuticals has introduced three supporting schemes to strengthen resilience against external shocks, enhance drug security, and increase domestic production of critical bulk drugs and high-value products.

These initiatives incentivise global and domestic players to boost investment and production in these key product categories. The schemes aim to fortify the Indian pharmaceutical industry's ability to withstand external pressures and contribute significantly to the broader goal of providing affordable healthcare both within India and globally over the long term.

WAY FORWARD

India's pharmaceutical exports extend to both developed and developing countries and with enhanced research and development efforts, the industry is poised to usher in a new era of drug manufacturing and testing.

Collaboration between public and private research institutions and increased funding and government support are essential for driving further growth and innovation. Further, initiatives such as the Production Linked Incentive Schemes and the Bulk Drug Park, in alignment with the "Make in India" campaign, foster an environment conducive to investment, innovation, and business development in the pharmaceutical sector.

REFERENCES:

- <https://www.investindia.gov.in/schemes-for-pharmaceuticals-manufacturing>, Invest India
- [First Release of Rs.166 Crores incentives under PLI scheme for Pharmaceuticals](#), PIB, Feb 2023
- [India's ascension to become Pharmacy of the World](#), MEA, Mar 2021

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