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Will 100% tariff by US actually matter for Indian pharma?

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The recent announcement by Donald Trump, US president, of imposing 100 per cent tariff seems to have had a minimal impact on Indiaâ??s pharma sector; however, pharma majors need to keep a close watch on what unfolds next



The US President is at it again and this time imposing new set of tariffs on imported products that includes the pharmaceutical sector. To come into effect from October 1, 2025, the move has sent some jittery among the pharma majors across India. It may be noted that India has been providing affordable, high-quality medicines, supplying nearly 47 per cent of the US' pharmaceutical requirements, more in the generic drug market.

Namit Joshi, Chairman, Pharmexcil mentions, "The proposed 100 per cent tariff on branded and patented pharmaceutical imports is unlikely to have an immediate impact on Indian exports, as the bulk of our contribution lies in simple generics and most large Indian companies already operate US manufacturing or repackaging units and are exploring further acquisitions. Current investigations under Section 232 appear focused elsewhere and have not taken a direct call on generics. Nonetheless, it is prudent to remain prepared for future policy shifts and to build risk-mitigation strategies."

Hari Kiran Chereddi, MD & CEO, HRV Pharma & NHG Pharma says, "The 100 per cent tariff might not find India's generic exports directly, but it issues a clear message that the US desires pharmaceutical manufacturing closer to home. For Indian pharma players venturing into complex generics, biosimilars, and patented products, this is a serious threat of margin compression as well as market access barriers. It emphasises the need to diversify markets, create resilience in supply chains, and also to adopt active diplomacy to secure India's pharma leadership."

According to **Girdhar Balwani, Director - Cadila Pharmaceuticals and Hypothalamus,** the move will not impact generics. He says, "While this will not affect generics which form the major proportion of Indian exports to the US, the branded products will be significantly affected. It is difficult to predict what will happen next. This may be a pressure tactic aimed at the ongoing trade negotiations."

Dr Ranjan Chakrabarti, Advisor-Drug Discovery and Biopharma, Ex VP-Drug Discovery, Dr Reddy's Laboratories and US Pharmacopeia, opines, "I believe this will mostly affect big pharma cos from Europe, Japan, even Chinese Cos who export innovative drugs to the US. This will not be applicable if manufacturing is done in the US. So, these companies might shift their production to the US to avoid tariffs. On the other hand, this will obviously increase drug prices in the US till production is shifted. Indian Generic drugs (~50 per cent of US supply) export will not be affected, at least for now. Indian companies who sell branded drugs in the US will be affected, if they cannot shift production to the US quickly. Most of our big companies have production facilities in the US, maybe they can quickly shift more products there. I believe it gives opportunities for Indian companies to diversify and an opportunity to grow globally."

Gaurav Soni, Founder and Managing Director, Botanic Healthcare is of the opinion that a short-sighted policy that weaponises healthcare in the name of trade. Soni mentions, "It punishes patients before it pressures governments, making life-saving drugs unaffordable and undermining decades of progress in global health access. Protectionist walls cannot safeguard public health; they only drive-up costs, deepen inequalities, and fracture supply chains already under strain. If anything, this move exposes the urgent need for international cooperation, not confrontation. In an interconnected world, restricting medicines is not just bad economics. It is morally indefensible."

"I think this is a blessing in disguise. We should immediately start exploring other markets and acquire small / midsize US Pharma cos. and also explore putting up plants in the US as Alkem has done inNew Jersy. Another opportunity is to invest in Global Capability Centres (GCCs) in India as many Pharma MNCs have done," says **Dr Ajit Dangi, President and CEO, Danssen Consulting.**

Chakravarthi AVPS, an International Trade & Business Relations Expert in Pharmaceuticals remarks, "The US tariff surge is more than a trade challenge—it is a wake-up call. For Indian pharma, it underscores the urgency of resilience, innovation, and strategic alignment. With coordinated action between government, industry associations, and companies, India can turn this moment of uncertainty into an opportunity to cement its global leadership in life-saving medicines. While the tariffs pose a genuine disruption, they also spotlight the need for strategic foresight and agility. Indian pharma leaders who proactively adapt to evolving rules, diversify their supply chains, embrace compliance-driven technology, and invest in innovation-led, high-value products will not only weather this storm but also enhance India's reputation as a trusted and reliable global supplier."

Rohit Bhat - Director, Research at Batlivala & Karani mentions, "Key players who could get impacted due to the tariff plan are Sun Pharma and Biocon. CDMO players who make API's / intermediates for their clients would be less impacted as their clients would already have their own or third party CMO manufacturing units in the US."

Dr Rashmi Chaturvedi Upadhyay, Pharma & Biotech Strategy Consultant, Dialectica says, "While the pharmaceutical industry focuses on Trump's 100 per cent tariff threat, a far more critical and overlooked angle emerges: the US is inadvertently creating the conditions that will make it completely dependent on the very countries it seeks to penalise. This

represents the most dangerous strategic miscalculation in modern pharmaceutical policy—one that no analyst has fully recognized yet will have catastrophic consequences. 87 per cent of manufacturing facilities registered with the FDA that make APIs used in generic products are located outside the US. This creates a triple dependency crisis: Total Foreign Dependency: 72 per cent of all API manufacturing facilities are foreign-controlled. The overlooked consequence of the 100 per cent tariff policy is that it incentivizes the exact opposite of what it intends to achieve."

According to ICRA, the recent imposition of 100 per cent tariffs by the US on branded and patented drug imports is not expected to have any material immediate impact on the Indian pharmaceutical industry. India's strength lies in generic drug exports, which are currently exempt from these tariffs.

Deepak Jotwani, Vice President & Sector Head, Corporate Ratings, ICRA adds, **"**A few Indian pharma companies with exposure to non-US domiciled branded formulation/ innovator drug companies, who in turn export to the US, by way of sales of APIs or intermediates to them or undertaking contract manufacturing, may face headwinds. Overall, this move by the US underscores the need for Indian pharma companies to diversify markets and innovate in complex generics and biosimilars to stay resilient in a changing global trade landscape."

Anuj Sethi, Senior Director, Crisil Ratings mentions, "The move may not significantly hurt Indian drug makers. That is because exports to the US—accounting for ~20 per cent of the Indian pharmaceuticals market—primarily comprise generic, off-patent medicines which may not come in ambit of these tariffs. Some domestic formulation makers have a niche presence in the branded and patented drugs space, but the contribution of those drugs to their revenue is modest. Moreover, given the largely non-discretionary nature of these products, the majority of the tariff cost is likely to be passed through. Some of these domestic companies also have manufacturing facilities in the US, which would make them exempt from the new levies. Strong balance sheets further support the credit quality of these companies. That said any imposition of further tariffs, pending outcome of the ongoing US Section 232 investigation, remains monitorable."

According to the Pharmaceuticals Export Promotion Council of India, in FY 24, India's pharma exports were $27.9 billion, 31 per cent or $8.7 billion (Rs 77,138 crore) went to the US. In another report, another $3.7 billion (Rs 32,505 crore) worth of pharma products were exported in just the first half of 2025. Hence, will these arm-twisting tactics actually have any impact on the Indian pharma sector remains to be seen.

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