Prabandh

AYURVEDA INDUSTRY OUTLOOK · NOVEMBER 2026

Compliance, not demand, will pick Ayurveda's winners

Where the growth is, why the revised Schedule T is the forcing event, and how a mid-size Indian manufacturer can turn compliance into credibility.

MARKET SIZING | 2×2 GROWTH MATRIX | SEVEN MOVES | PRABANDH CASE

EXECUTIVE SUMMARY

Demand is broad and durable. The 2026 rules decide who captures it.

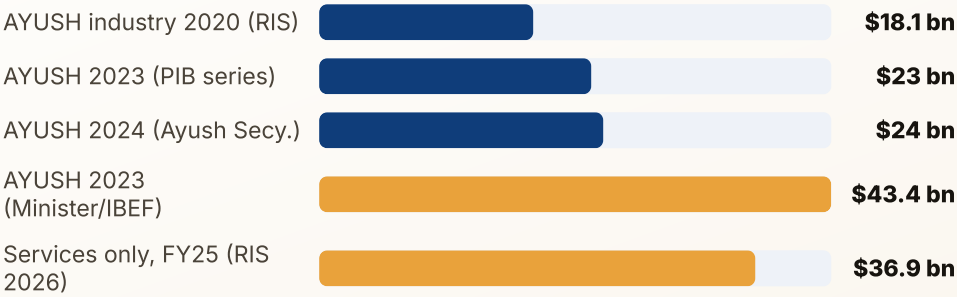
1. **Big, but definition-dependent.** AYUSH is USD 23–24 bn on one official series (2023–24) and USD 43.4 bn on another (2023). Services alone: USD 36.92 bn (FY25), +16.9% a year.
2. **Growth sits in nutraceuticals, extracts and services.** Nutraceuticals (42.3% of the domestic market) grew 20.5% a year and plant derivatives 21% (2014–20); mass OTC is flat.
3. **Exports are under-built.** USD 689 mn on the narrow series (FY25, +6%). Finished medicines are only 4.83% of exports to the US. India ingredients get branded by others.
4. **The forcing event is the revised Schedule T.** Existing units must comply by 31 July 2029. Of ~9,000 licensed units, ~7,500 turn over under ₹1 cr. Expect a shake-out.
5. **Winners turn compliance into credibility.** One batch-level record, from herb to invoice, satisfies the inspector, the US importer and the D2C brand's auditor.

Sources: RIS (2021, 2026); Minister of AYUSH / IBEF (2024–26); DGCI&S via Rajya Sabha & IANS; NITI Aayog; Drugs (Eleventh Amendment) Rules 2026 as reported by Corpseed/Lexplosion. Full citations in the report.

1 · HOW BIG IS IT?

Two official series, one 80% gap. Always quote the definition.

The jump from USD 24 bn to USD 43 bn in a single year is a change of scope (most plausibly adding services), not growth.



OUR READING

$20–25 bn

Products and manufacturing. The $43 bn figure is the whole ecosystem, services included.

DEMAND BASE

48.1%

of Indians used an AYUSH system in the year to mid-2023 (NSS 79th round). IRDAI parity cover since 1 Apr 2024.

Sources: RIS (2021) for Ministry of AYUSH; New India Samachar (Sep 2025); IANS (Mar 2025); IBTimes/All India Radio (Dec 2024); IBEF infographic (May 2026); RIS services study via PSU Connect/IBEF (Sep 2026); FLAME University analysis of NSS 79th round; AIIA consumer guide.

2 · WHERE IS IT GROWING?

Growth migrated from immunity OTC to supplements, extracts and services

Segment CAGR, India, 2014–20 (the only rigorous official split):



IMMUNITY BOOM NORMALISED

Dabur healthcare **₹2,631 cr** in FY25, roughly flat to down; chyawanprash and honey hit by short winters, while health juices grew **25%+**.

FOCUSED PLAYERS AND CAPITAL

Kerala Ayurveda revenue **+22%** (FY25). Kapiva raised **USD 57–60 m** (Sep 2025). Dabur bought 51% of Sesa Care at **₹315–325 cr** EV.

Sources: RIS (2021); RIS services study (2026); Dabur Q4 FY25 investor presentation; HDFC Sky; Vertex Ventures / Avendus; Business Standard; ICRA. Rates are pre-COVID-tail and read against recent company results.

India exports the ingredients. Others build the brands.

NARROW SERIES (DGCI&S)

$689 mn

AYUSH & herbal exports, FY2024-25, +6%. Only ~4% a year since FY22.

BROAD SERIES (MINISTRY/NITI)

$2.16 bn

2023, doubled from $1.09 bn in 2014. Never mix with the narrow series.

FINISHED MEDICINES

4.83%

of AYUSH exports to the US. Psyllium is 86%+ of medicinal-plant exports there.

GLOBAL MEDICINAL-PLANT TRADE

17.3% vs 25.7%

India against China, 2021.

THE CREDIBILITY TAX

JAMA (2008) found lead, mercury or arsenic in **20.7%** of 193 Ayurvedic products sold online (**40.6%** of rasa shastra). US FDA import alerts 66-41 and 99-42 still apply. Denmark banned ashwagandha in supplements (2023); the EU is weighing a review in 2026.

Sources: Rajya Sabha reply (Feb 2025); IANS (Jan 2026); NITI Aayog via Organiser (2026); RIS (2021); Saper et al., JAMA 2008; US FDA; NutraIngredients (2026).

Invest in supplements, extracts and classicals

MARKET GROWTH (CITED CAGR)

PARTNER, DON'T BUILD

Wellness services

$36.9 bn, +16.9% (FY23–25). Clinics earn 71%+. Be the preferred supplier of classical formulations to clinic chains and insurer-covered care.

INVEST TO LEAD

Nutraceuticals: 42.3% share, +20.5%; global herbal supplements +8.9%.

Standardised extracts: derivatives +21%; extract exports $438 mn, +11.6%.

Classical medicines: 30% share, +15.8%; protected know-how.

HARVEST OR REPOSITION

Mass OTC: flat, weather-led, incumbents.

Raw-herb exports: +6% (2017–21), price-taking.

Finished-brand exports: ~+4%; a credibility problem, and the cell most likely to move up-right.

BE SELECTIVE

Ayurvedic personal care

Natural cosmetics +5.4% globally, crowded. But niche brands build value: Sesa Care at ₹315–325 cr EV in a ₹900 cr hair-oil niche.

LOWER ← ATTRACTIVENESS FOR A MID-SIZE MAKER → HIGHER

Growth line at 10% a year (our threshold). Periods and scopes differ by cell, so placement is directional. Attractiveness = profit pool, India's right to win, and regulatory barrier vs what a compliant mid-size firm can clear.
Sources: RIS 2021/2026, NITI Aayog, Grand View Research, GMI, ICRA.

5 · THE FORCING EVENT

Revised Schedule T turns a long tail into a shake-out

Drugs (Eleventh Amendment) Rules, 2026: rewritten GMP for Ayurveda, Siddha and Unani units.

Jul/Aug 2026	Rules notified (sources differ on the date). Colour-coded status labels, expanded batch records, a QC section of at least 150 sq ft, a Paragraph D for mercury, lead and arsenic handling. Licences become perpetual; inspections risk-based.
~Jul 2028	Specific Product Code on every label. Shelf life must rest on stability data (3 months accelerated = 1 year).
31 Jul 2029	Every existing unit must comply.

ALREADY VISIBLE

135 of 434

Maharashtra Ayurvedic units given show-cause notices on Schedule T.

THE PRECEDENT

26%

of MSME pharma units expected ready for revised Schedule M by its extended deadline.

Sources: Corpseed; Lexplosion; Asianet Newsable; Vision IAS / Business Standard (Dec 2025); RIS (2021). Check the Gazette notification before relying on the dates.

You cannot prove the batch if you cannot prove the herb

WILD-COLLECTED

72%

of 242 high-trade medicinal species (173). Demand ~5.12 lakh tonnes a year.

ADULTERATED SAMPLES

12–80%+

DNA barcoding: ~12% of South Indian trade samples; 80%+ of Ashoka; 21% of pharmacopoeial raw drugs.

PRICE SWINGS

$3.5→8/kg

Ashwagandha root, 2020. India restricted it to root-only in April 2026 (under court stays).

CLAIMS SCRUTINY

65,000+

misleading ads flagged since 2018; AyushSuraksha portal logged 10,269 ad reports and 216 ADRs by Mar 2026.

Schedule T now asks for the evidence a premium buyer has always wanted: identity-tested inputs, lot-level origin, batch records and stability data.

Sources: PIB (NMPB data); ATREE; BMC Complementary & Alternative Medicine (2016); NutraIngredients-USA (2020, 2026); ThePrint (Mar 2026); IMPRI.

7 · WHAT TO DO

Seven moves, sequenced against 31 July 2029

1. **Close the Schedule T gap.** QC lab, status labelling, batch records, self-inspection, stability, Specific Product Code on labels.
2. **Make batch-wise heavy-metal testing the export passport.** ICP-MS per batch for US/EU lines; design to the ~0.5 µg/day Prop 65 lead trigger.
3. **Secure GACP-traced supply for the top 10 herbs.** Collection lots, identity testing at intake, buffer stock.
4. **Lead exports with standardised extracts,** then build finished brands selectively via US D2C ($7.5 bn channel), not the EU THMPD route.
5. **Diversify beyond ashwagandha** so one herb's regulatory fate cannot sink the export book.
6. **Grow D2C and contract making** in functional daily-use formats; funded D2C brands need a compliant maker.
7. **Install claims discipline now.** Legal review of every label and ad against the Drugs and Magic Remedies Act.

The common thread: one auditable record from field to invoice. Only **12%** of Indian MSMEs use ERP today (58% are aware of it), so building it now is a real differentiator.

Sources: as in the report; FICCI MSME survey (2022); CA Attorney General Prop 65 settlements; ABC HerbalGram via NutraIngredients (2025).

One record from the farm to the invoice

How Prabandh's Ayurveda edition maps to the seven moves. Every capability is in the product today and shown live in our process-map films.

Schedule T	Line clearance on a GMP checklist, performed and QA-approved; electronic batch record reviewed by exception; QA release from quarantine; deviations and CAPA; FEFO picking.
Heavy metals	AYUSH formula check for Pb, As, Hg, Cd from CoA results, Schedule E1 and endangered herbs; incoming QC with CoA.
GACP supply	GACP farmers and collection lots with harvest date and place, tied to the received stock lot and traced into each batch.
Export	Per-market rules (US, UK, EU, GCC, Malaysia) with a scorecard and per-language labels.
Channels	Distributor orders and invoices with batch, mfg and expiry on every line; retail counter, online store, tenders, MRP.
Post-market	Versioned, maker-checker labels and artwork; Form 25-D permissions and licence alerts; pharmacovigilance with Naranjo/WHO-UMC causality; recall traced to every customer.

Illustrative, not a customer reference. The demo company "Shuddhi Ayurveda" is fictional.

9 · WHAT TO EXPECT, HONESTLY

Benchmarks, not promises

BATCH-RECORD REVIEW

~60% faster

Ferring eBR, plus 25–40% less documentation time (vendor case study, Körber).

REVIEW EFFORT

~70% less

Electronic batch records at Sharp Packaging (vendor case study, Körber).

ROUGH SIZING (ASSUMPTION: 600 BATCHES A YEAR)

At 4–6 QA review hours per paper batch, that is 2,400–3,600 hours. A 60% cut frees **~1,440–2,160 QA hours a year**, about one QA person, and releases batches from quarantine faster. Batch-bearing invoices shrink a recall to the customers who actually hold the lot.

WHERE PRABANDH FALLS SHORT TODAY

- No automatic advertising-claim checker: labels and ads still need legal review.
- Labels print the Sanskrit name in Latin script only (no Devanagari yet).
- Schedule T premises, personnel and medical clauses remain management work.
- No published Ayurveda customer results yet: pilot one product line first.

Sources: Körber (Ferring, Sharp Packaging); Lonza (Nephron); Keyence; Deloitte. Vendor figures, labelled as such.

THE BOTTOM LINE

Firms that build the record before mid-2028 will be the buyers. Those that wait until 2029 will be the sellers.

Whether Indian Ayurveda is a USD 24 bn or a USD 43 bn industry matters less than this: the 2026 rules have turned quality evidence from a cost into the price of staying in business. Move toward supplements, extracts and export-grade classicals, and treat finished-brand exports as an option that heavy-metal credibility can unlock.

▶ Watch every step live: **youtube.com/playlist?list=PLYabh54GqDK0**

▶ Overview (2 min): **youtu.be/WnLn9EDf5bM**

▶ End to end (18 min): **youtu.be/iTtAAvb43gE**

✉ Talk to us: **prabandh.in**

Figures as published by the cited sources at 1 November 2026. The full report with every source link is available on request.