INTERVIEWS | INTERVIEW

â€œWe need to create positive actions to move forwardâ€

Interview with Sandeep Gupta, Chief Founder , RCON - Royal Club Of NewtraceutiX, Chief Advisor - Nutra Industry Development Advisory Committee (NIDAG); Task Force Member for Nutraceuticals, Federation of Indian Chambers of Commerce & Industry (FICCI)

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What is the current nutraceuticals market in India?

The Indian Nutraceutical market valued at $1480 million in 2011, with dietary supplements being the largest category accounting for 64% of the Nutraceutical market, driven primarily by vitamin and mineral supplements.

"The nutraceutical market in India is estimated to grow to $2,731 million in 2016 at a CAGR of 13%" according to Frost & Sullivan 2012 report. Functional foods will be the quickest growing category till 2015 followed by Dietary Supplements. However, Dietary supplements will be the greatest opportunity area for Nutraceutical manufacturers, driven by a growing demand from

an evolving consumer base.

As per the study, the global nutraceutical market was estimated to be $ 149.5 billion in 2011 with US, Europe and Japan being the largest regional markets, accounting for nearly 93% of the global nutraceutical demand.

As these markets are nearing maturity, with exceedingly high per capita spends on nutraceutical products (Japan has a per capita spend of $51/ person/ year, while US and Europe have $ 40 and $25 each. The global average spend is only $21 / person / year) Thus forcing nutraceutical manufacturers to look at developing countries such as India and China , which have considerably less per capita spends on Nutraceutical Products, as key growth regions for Nutraceutical Portfolio.

Apart from the current low per capita spend on these products in India, other factors that could support the growth of nutraceuticals in India are increasing obesity in the population and rising instances of diabetes and cardiovascular diseases.

The government is also chipping in by funding vitamin fortification initiatives due to increasing food security concerns in India and need for additional nutrition. With increasing sophistication among nutraceuticals, consumer demand for products with specific health benefits has been on the rise.

Growth of Nutraceutical Products:

The nutraceutical market consists of two major segments –

a. Food supplements: Constituting of 60% of the market - Marketed and distributed like FMGC’s, as the general awareness level still low.
b. Vitamins and Mineral supplements: Constituting of 40% of the market – Marketed and distributed like the prescription drugs in India, as the general awareness level still low.

For nutraceuticals, marketers follow end user demographic market segmentation (like infants, children, youngsters, women, men, senior citizens etc) and the products are positioned for each

of these segments and the marketing messages revolve around addressing the health concern markers & benefits to the end users (like boosting energy, body health – bones, joints, weight management).

Who are major players in different sectors like nutrition, nutraceuticals, functional foods and beverages and dietary supplements, ingredients? And there market share?

GSK Consumer Healthcare is an industry leader with an estimated 7% of world's Pharmaceutical market. GSK has two products: Nutritionals and OTC. Recently GSK has successfully extended brand Horlicks into Food categories such as biscuits, noodles, cereal bars and oats. Consumer Healthcare Sales in 2011 were £5.2 billion, 16 % of Group turnover.

Amway is one of the world's largest direct selling companies. Amway operates in more than 80 countries and territories in six continents. More than 450 unique, high quality products carry the Amway name in the areas of Nutrition, wellness, beauty, and home. In addition, Amway distributors in selected markets sell additional brand- name goods through local merchandise catalogues, plus a variety services and educational products. The Indian arm of Amway Corporation, has posted a 19 % rise in turnover to Rs 21 billion, as against Rs. 17 billion last year. Amways turnover is expected to touch Rs. 25 billion mark this year.
Abbott Nutrition is a division of Abbott, the global, broad –based healthcare company . It offers a range of products for children, infants, adults, people with diabetes, etc. The global turnover rose by 10.5% to $38.8 billion in 2011 for a net result rose by 2.2% to $4.7 billion.

Baidyanath : One of the most respected companies, Shree Baidyanath Ayurved Bhawan (p)Ltd. Kolkatta, popularly known as Baidyanath is the acknowledge leader of ayurvedic know how.

Other than above mentioned existing players, some major emerging players with its strong foot hold in pharmaceutical marketing, sales and distribution with its experience, capability and competencies backed by science and innovation are Ranbaxy, IPCA, Pfizer, Sanofi, Apex,

Piramal etc. who have flaunted their nutraceutical set up and would be the influencer and play a pivotal role to expand the nutraceutical market in India. It would be important to mention that the current re-structuring of business model through merger and acquisitions in healthcare set up globally will evolve new set of players in this market very soon.

The trend towards preventive healthcare has also been seen from pharma companies such as Novartis and Cadila Healthcare those have diversified into the production of nutraceuticals. Then there are fast moving companies like Cadbury India and Dabur that have had a presence in the market with a slew of supplements and additives. On the other end of spectrum companies that specialize in ayurvedic / herbal healthcare products like the Himalaya Drug Company.

What are the major challenges the nutraceutical industry is facing in India?

1. Lack of establish rules and regulations for nutraceutical products, current governance have no clarity of operating segment in Healthcare sector under Section 22 (PROPRIETARY FOOD)
2. Ingredient standardization will help create good standards and safety control rather asking for Product Approval which is making chaos and delaying execution of rules and regulations affecting the whole food industry.
3. Exorbitant application fees for approval, no rationalization which is unpractical affair this percolates down and impact the operational economy especially for Micro and Small companies.
4. Referral of product for Scientific Committee assessment (with additional equal fees paid extra) for simple nutraceutical ingredients which are already in market overseas, even in India since years and having ample documentation on net. This system not forming specific rules under section 22 by itself will defeat the purpose for process. FBOs inclusive of all streams needs final rules to comply will lead to challenges for both the government and industry.

5. Site approval “dependant” on Product Approval.
6. Exorbitant repeated cost incurred by the FBOs travelling to Central Office for application filings. Lack of State/Zonal interface for PA applications
7. Variable advisories without established rules causing phenomenal confusions and uncertainties - resulting filing or re-filing of the dossier already with duplication of fees.
8. New Business Opportunities/New Entrants/Innovation has become stand still impacting the complete sector under such ambiguous law with no clarity. Segregation of Proprietary Food rules are a must or else would be death of Nutraceuticals sector in India as such we are invisible on the global graph.
9. Product rejection done without scientific reasoning when Section 22 has not been framed.
10. Lack of healthy dialogue with Industry Bodies to form co-operation by Government and industry by understanding practical experiences, difficulties, limitations impacting ultimate to consumers with such uncertainties causing confusions and also considering the situation when future disease risk is very high if not supported with good and right supplements at the right time.
11. RDA for nutrients imposed rather than upper tolerable limits which is the Global Norms to have better control of safety parameters and offer appropriate benefits of supplements in specific conditions/needs of individuals for good health. Early conclusions without evaluation and healthy dialogue will be the loss of good health for Indian Population.
12. As middle class purchasing power increases, manufacturers need to focus on a traditional brand identity allowing consumers to connect with the brand on a cultural level. The industry needs to focus on the inclusion of natural extracts (with proven health benefits) for their products.

Your suggestions to overcome these issues.

Looking pragmatically at the opportunities and challenges, the industry bodies and government should form a platform to have common consensus in order to prevent and repair damages rather evolves ideas to build the strength of this sector .

We need to take up positive initiatives and quick actions to foster nation’s objective to arrest further Malnutrition, under nutrition and meeting Adequate/Appropriate Nutrition through awareness of nutrition through various routes and facilitate good health together for better tomorrow and rise up on to the global map. Food Industry is one such platform and medium, which would help attain such status.

Earlier the better we come together before these ambiguous regulations/governance turns up to just debate and then finally in to legal battle, which will affect our people’s health. We need to create positive actions to move forward.

Sandeep Gupta

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