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Indian nutraceutical industry to cross $2 billion in 2014

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Over 40 % of deaths and 30% of overall disease burden in developing countries including India are due to imbalance in nutrition, a fundamental need of all human beings. Eight of the top 15 risk factors of these deaths are related to nutrition. In India, nearly 20% of the total population and 44% of young children (below 5 years of age) are undernourished, numbers which are significantly higher than even the poorer sub-Saharan African countries.

Iron deficiency anemia during pregnancy accounts for one –fifth of maternal deaths in India and the prevalence of this deficiency in women has alarming increased from 52% in 1998 to 56% in 2006. Iodine and vitamin A deficiencies in India are still above the World Health Organisation (WHO) specified desired levels. Annually as many as 3 lakh million children succumb to vitamin

A deficiency related diseases. The impact of these deficiencies is a productivity loss of around one percentage point of India’s Gross Domestic Product (GDP) and so improvement in nutrition status is a critical part of the country’s agenda for economic growth, according to Federation of Indian Chambers of Commerce and Industry (FICCI) and Ernst & Young report 2012.

To overcome these risk factors, both multinationals and local companies, who have been offering solutions to the nutritional problems, are keen on entering and expanding their operations in nutraceuticals and nutritionals space in the country. Last couple of years witnessed a significant rise in Indian nutraceuticals market. According to recent survey there are more than 8000 registered and non-registered nutraceuticals, herbs and related companies in India but most of them are Small and Medium Enterprises. Increasing need for additional nutrition and food security concerns in India has resulted in government to introduce schemes for vitamin fortification.

The Indian nutraceuticals market has grown from $ 1 billion in 2008 to $1,820 billion in 2013. With the passage of time and due to many international and local players in this segment the percentage share rose with a steady speed. The market is expected to cross $2 billion by 2014. According to a report by business research and consulting firm Frost & Sullivan, the Indian nutraceuticals market valued at $ 1,480 million in 2011 could grow to $ 2,731 million in 2016.

Commenting on the market trends, Dr R K Sanghavi, Chairman - Nutraceutical Subcommittee, Indian Drug Manufacturers Association (IDMA) said, “ Indian nutraceutical market is approx $1,700 million in 2012 and growing at a rate of 13%. Dietary supplements, Functional foods, Functional beverages are three major components of the nutraceutical industry with market share accounting to 64%, 24% and 12% respectively.”

Sharing his thoughts, Dr Baidyanath Mishra, Vice Prident, Product Development, Regulatory and Medical affairs, Katra Phytochem said,” There is no doubt for an excellent market potential for the nutraceuticals in India. The market is showing a continuous growth since 2006 with a

compound annual growth rate (CAGR) of 18.90 % till 2010 and after that its growth is showing an upward movement with 26.95% when compared between 2009 and 2010. Sports nutrition is showing a big demand for last couple of years".

According to Frost & Sullivan report, Dietary supplements were the largest category accounting for 64% of the nutraceuticals market, driven primarily by the pharmaceutical sector in the form of Vitamin and Mineral supplements. Functional foods will be the quickest growing category until 2015 followed by Dietary Supplements. However, dietary supplements, specifically herbal and dietetic supplements, will form the greatest opportunity areas for nutraceutical manufacturers, driven by growing demand from an evolving consumer base.

"Combination dietary supplement sector is leading the industry now and would be largest growth in coming years. Multi-herbs therapy for disease prevention and control is also a new area where Indian natural medicine industries are focussing now," said Dr Dilip Ghosh, director at Nutriconnect, Sydney, who has been tracking the Indian industry for some time now. Major health platforms are: Gut health, Anti-ageing, Weight management, Energy & endurance and Anxiety & depression.

It is also observed from various market research communications that, in food supplement category, the majority share is held by herbal food products and supplements, closely following functional digestives. "It is very difficult to conform about the market shares at this point because of lack of proper channel search," adds Dr Mishra.

Says Dr. Villoo Morawala-Patell, Chairman and Managing Director, Avesthagen, "While there has been significant recognition that nutraceuticals is an important market that potentially exists in the country, we are still groping in the dark as a good science driven product is yet to hit the market. There are a number of large and small players. And there are multinationals. I think there has been significant growth over the last few years and its still tip of the iceberg".

There are many multinationals investing in nutraceuticals in India and there are reasons for

popularity of these supplemented foods. These include Monsanto, American Home Products, DuPont, BioCorrex, Abbott Laboratories, Warner-Lambert, GlaxoSmithKline Consumer Healthcare, Johnson & Johnson, Nestle, Novartis, Metabolex, Yakult-Danone India, Herbalife etc. These players provide major resources for the discovery of nutraceuticals and related dietary supplements. Besides, India has many local players such as Dabur India, Cadila Healthcare, British Biologicals, Himalaya Global Holdings, Sami Labs, Sami Direct, Parry Nutraceuticals, Wockhardt etc.

The pharmaceutical and fast-moving consumer goods (FMCG) giants dominate the Indian nutraceutical market. While dietary supplements such as vitamin and mineral supplements have been captured by pharmaceutical companies, FMCG companies are now bringing functional food and beverages to the market. However, certain segments like dietetic supplements are now being catered to by pure-play nutraceutical companies, apart from their pharmaceutical and FMCG counterparts.

Most of the leading pharmaceuticals companies have ventured into nutrition and nutraceuticals space and have a growing portfolio of such products which targets various therapeutic segments. This trend is increasingly on the rise and will continue to grow to large extent in turn adding to the growth of the nutraceuticals industry.
Sharing her thoughts, Neeraja Shetty, Director and President – Strategy and Business Development, Sami Labs said, “While the Indian nutraceutical industry is currently nascent, it has great potential and is expected to grow at a growth rate of 16 % year on year for the next five years. This makes it one of the key markets for entry for nutraceutical product and ingredient manufacturers.”

Looking a head

During the early 2000, when companies started introducing nutraceuticals in India, most of the industry captains wondered if nutritional supplements would gain acceptability in the Indian

prescription driven health and wellness industry. Contrary to their concern, nutraceuticals were well accepted, particularly by the upper-middle segment of the Indian population. However, the industry is still in a nascent stage and holds ample opportunity to grow in future.

The industry has been witnessing increasing awareness among the rising affluent middle class about health and wellness. Nearly 400 million people in India belong to the middle class and have the disposable income which made them capable to buy nutraceuticals and dietary supplements. It is an inevitable fact that affluence is one of the causes of lifestyle diseases, which nutraceuticals and dietary supplements often address. The above facts support the double digit growth of the industry in the coming few years. The industry is estimated to cross $ 4 billion by 2018.

Says Dr Ghosh, “Clinically proven nutraceutical and natural medicines with clinical evidence on Indian patients and latest innovative products with proven health benefits with high premium are very attractive to overseas companies. The awareness about the positive impact of using nutraceuticals and dietary supplements is the new phenomenon among the young Indians. Because of the awareness, the market size will increase by five folds and consumers for nutraceuticals will double the coming years”.

Overall, the Indian nutraceutical market is emerging with strong growth potential. With increasing health awareness, and the shift towards preventative health care and increased regulatory clarity, India’s future in nutraceuticals industry looks promising, for both manufacturers and consumers. And there is a strong need of developing customized products, affordable pricing and distribution strategy.

Read online: https://nuffoodsspectrum.in/features/27/10067/indian-nutraceutical-industry-to-cross-2-billion-in-2014.html
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