



Chasing green

India
Industry

India's organic and herbal products manufacturers are competing for shelf space in foreign groceries and pharmacies on their own terms

By **Shalini Seth** | Specialist Writer

A tiny capsule prescribed for infertility holds within it a microcosm of India's organic and herbal products industry today. Created at Progen Research Lab, its base ingredients are listed in legally recognised ancient Ayurveda texts. The key ingredient comes from Shalmali or the silk-cotton tree, found in abundance in Belgaum in the Western Ghats or in the Sahyadri mountain ranges in India, a Unesco World Heritage site known to be one of the eight hotspots of biological diversity in the world. The lab uses the services of forest dwellers who have rights to minor forest produce to procure roots of the tree from nearby forests. Additionally, using organic methods, saplings are planted on the 25 acres of land avail-

able to the company, which are then distributed to farmers under a contract farming agreement.

Most importantly, clinical data from a pilot study on the efficacy of the medicine is readily available. Dr Shrinivas M. Patil, the lab's managing partner and a qualified Ayurvedic doctor, is keen to change the way herbal medicine makes its way into the market.

"We are carrying out four-step tests as specified by the World Health Organisation (WHO) – evaluating our medicine for safety, conducting a pharmacological evaluation, clinical trials on human beings and post-market evaluation," Dr Patil tells *GN Focus*. The company is foregoing the easier route to an international market by labelling a medicine a dietary

supplement to bypass stringent laws governing medicine.

Numerous herbal and organic products from India make their way into the international marketplace. At the Middle East Natural and Organic Products Expo 2013, held in Dubai in December last year, Indian companies far outnumbered those from other countries. Everything from organic extracts to herbal medicine and nutraceutical products were available from companies that have been supplying these to manufacturers in countries as varied as the US, Japan, the UK, Nigeria and other nations in Africa for about 30 years.

Having been at the forefront of the first Green Revolution in the 1960s, which allowed food production to

ORGANIC GROWTH: India's 100 million forest dwellers have the right to access its 3.4 million hectares of wild forest areas. In August last year, the government approved a minimum support price for listed products, which enables them to collect and sell forest produce



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keep pace with population growth, India is going through a quieter, greener movement this time around. According to research conducted in 2013 by business research and advisory company IS Advisors, the Indian organic food industry, pegged at \$189 million (around Dh694 million) in 2011, is set to reach \$1.73 billion by 2017. According to the Indian ministry of agriculture, with the launch of the National Project on Organic Farming (NPOF) in 2004-05, the total area for organic farming increased 25 times from 42,000 hectares to 1.08 million hectares by March 2010.

Branding

Supportive government policies governing raw materials and finished products, coupled with increased research that is building on a traditionally strong base, are contributing to advancements in the sector. Now suppliers are turning into manufacturers, keen to market what they make, to the consumer,

BERRY HEALTHY: *Ashwagandha* or *Withania somnifera* is an Indian ginseng. With the launch of the National Project on Organic Farming, the total area for organic farming increased from 42,000 hectares to 1.08 million hectares by March 2010

Growth prospects

\$189m
Worth of the Indian organic food industry in 2011

\$1.73b
Expected worth of the organic food industry by 2017

Organic to sell 80 organic food products including cereals, pulses, spices and fruit juices at its stores.

“I will continue to manufacture extracts, but I will stop selling them to other companies,” says Milind Jilhewar of Pukhraj Herbal, based in the town of Mandsaur in Madhya Pradesh, one of the states known for extensive organic farming. “Instead of giving raw materials to others who create their brands with them, we will consume our own raw materials. There is a good market throughout the world for them.”

Under the brand name Garlico, Jilhewar is now retailing formulations containing ingredients such as powdered forms of garlic, onion and spinach along with black seed oil and other herbal extracts. >

leading to visibility for Indian brands. In December, UAE supermarket chain Choithrams signed an agreement with Indian organic food producer, 24 Mantra



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IN FULL BLOOM: Olive Lifesciences sells extracts of herbs, including the marigold (above). The company is also creating patented medicine using its own formulations

Shifting its strategy from manufacturing to retail in the past couple of years has allowed the company to register 100 per cent growth, he claims.

Many of these products have been listed in officially recognised ancient texts of Ayurveda, Siddha and Unani practices and find a place in rules concerning regulation of these systems.

It's official

There is policy-level activity across the value chain. Farmers using organic techniques, companies making bio-fertilisers and others in the sector receive financial assistance. Collection of forest produce is being regulated in favour of forest dwellers. New licensing rules for clinical and safety studies for the proprietary and patented Ayurveda products have been put in place, bringing Indian products on a par with international standards. The National Medicinal Plant Board (NMPB) works closely with farmers and pharma majors.

Entrepreneurs are making use of these to make steady progress. "Our company, supplying standardised herbal extracts with 95 per cent active molecules, has reached a turnover of Rs1.5 billion (around Dh89 million) last year, we are expecting Rs2.1 billion this year with our expansion in Germany, Europe and the US," Dr Shiva Prasad, Vice-President, Research and Technical Affairs, Olive Lifesciences, tells *GN Focus*. Apart from selling extracts of herbs such as turmeric and marigold, Olive Lifesciences is also creating patented medicine using its own formulations.

To ensure that the raw material meets the highest standards, many companies work with farmers on the basis of a buy-back agreement, where the buyer may even supply saplings and organic

pesticides and contract the farmer to buy the entire produce. "Last year we had done 18,000 acres of cultivation. This year, we will add at least 8,000 acres more and add many more crops," says Dr Prasad.

Forest produce

Not all organic trade is cultivated. Ayush Herbs, an organic products company based in Himachal Pradesh, enlists villagers and tribal people to harvest 116 organic-certified herbs from forests in the state. "The demand is going up since our products are all harvested from the wild where they are abundantly available. We collect them according to the guidelines for organic produce, such as leaving 10 per cent of the produce on the tree. The people collecting have pre-existing knowledge," says Sachin Thakur, Marketing Manager, Ayush Herbs.

India already has stringent laws to safeguard its forests and indigenous

people who live in and around them, carrying generations of knowledge. The Forest Rights Act recognises their right over the produce. Official estimates put the number of forest dwellers to 100 million, who have rights to access 3.4 million hectares of wild forest areas. In August last year, the government approved a minimum support price for listed products. In December 2013, the NMPB facilitated an agreement between Koraput Forest Development Agency and pharma major, Dabur India, to procure minor forest produces from forest dwellers.

Standardisation

Suppliers of herbal extracts for larger manufacturers are conversant with guidelines for exports of herbal or organic foods in most parts of the world. They can rattle off materials classified on the WHO list as food supplements and tell you the difference between 25 per cent organic or 50 per cent organic, depending on how many years it has been since the farmer switched to organic.

Says Jilhewar, "Most Asian countries only specify that the material be 100 per cent genuine. But in the US or in Japan, for instance, the material, with all its components, should be standardised. Sometimes this means that the herbs need to mature to reach what they consider a standard element of a particular element. We work with them. We cannot teach them, so we follow them."

Not for long. As Dr Patil says, "Food supplements or nutritional supplements are different from Ayurvedic medicine. Our licensing in India is under that name, not as a supplement. We are a herbal medicine company.

"We are trying to get it registered as a medicine wherever we go because we want to do justice to our brand." ■



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BASKETFUL OF HERBS: An assortment of healing herbs and plants. To ensure that the raw material meets the highest standards, many companies are working with farmers on buy-back agreements