8.1 Current status of probiotics in India:

In India, probiotics are often used as animal feed supplements for cattle, poultry and piggery. This requirement is also met by importing probiotics from other countries. It is rarely used for human beings – Sporolac, Saccharomyces boulardii and yogurt (L. bulgaricus + L. thermophilus) are the most common ones. Sporolac is manufactured using Sporolactobacilli. Lactobacilli solution is an example of a probiotic, usually given to paediatric patients in India. The latest and recent addition to the list of probiotics in India is ViBact (which is made up of genetically modified Bacillus mesentricus), which acts as an alternate to B-complex capsules. In India, only sporulating lactobacilli are produced and they are sold with some of the antibiotic preparations.

India is a challenging market as it has not been exposed to probiotic products as have Western & other Asian countries. Countries like Japan, UK and some other countries in Asia have been part of the growing probiotic market since the early 1980s. But, in India, commercial probiotic foods only started cropping up on store shelves around 2007. Hence, it will be a while before we are able to overcome hurdles such as lack of awareness, retail mind set, lack of cold chain and such facilities. The global probiotic market today is $17 billion, whereas the market size in India is just about Rs 100 crores with a handful of players. While probiotics in the form of drugs
are widely accepted, probiotic foods are still viewed with scepticism. Acceptance is growing slowly, but it will be a long while before people start consuming bacteria for breakfast.

8.2 Factors favouring Indian probiotic market and its players:

With India undergoing a rapid economic growth at a pace and with increasing number of Indian middle class population, there is a steady, increasing shift towards preventive therapies which did not exist before. People were spending only for post disease conditions out of compulsion. Increased money flow in the hands of Indian people is making to take a paradigm shift towards preventive therapies in which probiotics play a prominent role. Increase in disposable income of Indian population is another driving force which acts in favour of probiotic industry. Indian per capita income has risen to Rs.48,856 from Rs.22,792 in 1991 (Indian economic survey, 2010). When there is an increase in per capita income, it usually increases the dispensability of people’s money in health benefiting sectors. Increasing shift towards self-medication is a factor which has a positive impact on Indian probiotic industry prospects. As probiotics are not purviewed under any health related law in India and with ICMR (Indian Council of Medical Research) still framing the guidelines for probiotic sales (ICMR status report on probiotics, 2009), probiotics face no hindrance from government health officials on its sales. Many elite and upper middle Indians view probiotics as self medication and their tendency to self medicate helps in the growth of Indian probiotic industry.
Increase in healthcare spending is an associated factor with increase in per capita income and ease of money dispensability. Increase in healthcare expenditure also creates the scenario for an inclusive growth in Indian probiotic market. Next important factor is the ageing population of India. It is estimated that in India, there will be an increase of 18% in the number of people in the above 60 years category by the end of this decade (Indian bureau of statistics, 2008). Ageing population with increased income at hand will have an ideal setting for Indian probiotic companies which produce and market specialized probiotic products meant for geriatric patients.

Pharma retail growth is the next factor touted to advance the probiotic market in India. Indian pharmaceutical industry is growing at a steadfast rate and is looking to diversify its products for catering domestic, foreign needs. Indian pharma industry is in compelling need to diversify due to the strict patent regime which came in to force on January 1st, 2005. The loss in the generic drug business has to be compensated in functional food business in which probiotics is the major class of products. With retail growth in pharma field going at a brisk pace, the ease of access in case of probiotics will also grow along with it. Favorable pricing environment is also becoming possible due to number of Indian and global players entering the probiotic market. As the field is nascent, the pricing is extremely competitive taking in to consideration the fact that every player in the market is trying to consolidate their consumer market base and build brand value. Any fluctuation in prices may turn away the first time consumers who are crucial for the sustained growth of the industry in a flourishing market like India where pricing plays an important role. These factors contribute to the
competitive pricing which again is a factor working for Indian probiotic industry as a whole.

8.3 **Challenges to be considered:**

Lack of standardization is a major challenge for the Indian probiotic industry. As the industry is in its initial stage, there is not a proper standardization parameters present. This scenario will improve with the entry of more established players entering the Indian market and bringing standardization along with them. Lack of awareness from the lower middle class population in urban areas and rural masses may provide a rocky platform for the companies in their expansion plans. A sustained television advertisement campaign with prominent faces being roped in to promote the product may help to counter this challenge to the farthest extent since the same strategy has proved to be useful for other products which were in the same league before. Marketing and distribution challenges exist in a country like India which is very diverse and presents a topography which requires specific case studies and temperaments. Region specific marketing strategies with local sales team being involved in the decision making process will help the business cause. Involving defined strategies with positive outlook can make a difference as far as this challenge is concerned. Launching the products with Indian consumer interests in mind and forming a team of Indian sales experts by the companies will reduce this challenge in a very effective way.