



Review Article

www.ijrap.net

(ISSN Online:2229-3566, ISSN Print:2277-4343)



A REVIEW ON HERBAL MEDICINE IN INDIA: CURRENT MARKET TRENDS AND OPPORTUNITIES

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Received on: 16/06/23 Accepted on: 12/07/23

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DOI: 10.7897/2277-4343.1404131

ABSTRACT:

Herbal medicines have been integral to India's traditional health care systems, especially *Ayurveda*, for centuries. In recent years, there has been a significant resurgence of interest in herbal medicine both domestically and globally, driven by the growing demand for natural and alternative healthcare solutions. In this study, we are trying to analyse the current market trends and opportunities in India's herbal medicine field. This study aims to have a preliminary understanding of the Indian herbal medicine market, market size, growth prospects, key players, and regulatory framework and also highlights the significant efforts of government ministries towards promoting the Herbal medicine market in India and Abroad. By analysing market trends and consumer preferences, this study offers valuable insights for entrepreneurs, investors, and policymakers looking to tap into the potential of herbal medicine in India.

Keywords: *Ayurveda*, Herbal Medicine, Market trends and size, Growth prospects, Key players.

INTRODUCTION

Herbal medicine has been integral to India's traditional health care systems, especially *Ayurveda*, for centuries. In the recent era, about 80% of the world population is dependent on medicinal plants for healthcare, and 20% of the Pharmacological drugs are of plant origin, either extracted from the plants or synthetic derivatives of these plant species. In the last decade, there has been a growing trend towards herbal medicines, with consumers becoming more aware of the benefits of natural remedies as an alternative to conventional drugs. In this article, we will discuss the current market trends and opportunities for herbal medicines with reference to various reports and studies.

Market Overview

Increasing awareness about the adverse effects of synthetic drugs, such as steroids, antibiotics, painkillers, etc., has boosted the demand for medicinal herbs in domestic and export markets. As per the Market Research Report of Fortune Business Insights, the global herbal medicine market is projected to grow from \$165.66 billion in 2017 to \$347.50 billion by 2029, at a CAGR of 11.16% in the forecast period.¹

As we know, India has enormous biodiversity and is endowed with 45,000 plant species, of which about 15,000-20,000 plants are known to have medicinal properties.² The domestic market for medicinal plants in India stood at Rs. 4.2 billion (US\$ 56.6 million) in 2019 and is expected to increase at a CAGR of 38.5% to Rs. 14 billion (US\$ 188.6 million) by 2026.³ As we talk about the export market, India is the second largest exporter of medicinal plants in the world. With 6,600 medicinal plants, India is second to China in this ranking, and together they produce over 70 percent of the herbal medicine's demand across the globe.⁴ The export value of Ayurvedic and herbal products amounted to about

628 million US dollars from India in fiscal year 2023, and there was a consistent increase in the value of these exports.⁵

Segment of the market: As per the report on global research and markets, the herbal medicine market is poised to grow by \$36636.05 million from 2023-2027, accelerating at a CAGR of 5.96% during the forecast period.⁶ The herbal medicine market in India is segmented into various categories, including *Ayurvedic* medicines, *Unani* medicines, *Siddha* medicines, and Homoeopathic medicines. *Ayurvedic* medicines are the most popular segment in India, accounting for a significant share of the herbal medicine market. The India *Ayurvedic* Goods Market Study by IMARC Group includes forecasts for the national and regional markets for 2023-2028 and an analysis of the critical trends in each sub-segment. This study has segmented the market based on product type and organised or unorganised status. According to the report, healthcare products represented the largest segment. Insights on the product type.⁷

Healthcare Products

Ayurvedic medicines
Ayurvedic nutraceuticals and Dietary Supplements

Personal Care Products

Skin Care
Oral Care
Hair care
Fragrances

Ayurvedic medicine: *Ayurveda* is a traditional system of medicine practised in India for over 5,000 years, and Ayurvedic medicines are based on the principles of this system. Ayurvedic medicines are widely used in India to treat various health conditions, i.e., physical, mental, and social health. One of the key segments within the Indian herbal medicine market is Ayurvedic medicine. According to a report, the Ayurvedic medicines market

in India was valued at \$1.5 billion in 2018 and is expected to grow at a CAGR of 15% during the forecast period from 2019 to 2025.⁸ According to a report by Research and Markets the Indian Ayurvedic products market size reached INR 626 Billion in 2022. The publisher expects the market to reach INR 1,824 Billion by 2028, exhibiting a CAGR of 19.51% from 2022–2028.⁹

Ayurvedic nutraceuticals and dietary supplements are the fastest-growing segment of the Indian herbal medicine market. These supplements support overall health and well-being and are available in various forms, including capsules, powders, and teas.

The Indian nutraceuticals market is estimated to be worth more than \$4 billion and to increase at a CAGR of more than 18% between 2017–18 and 2022–23. The dietary supplement segment comprises more than 60% of the nutraceuticals market, with functional foods and drinks coming in second. With more than 460 participants, the market for dietary supplements has the most significant market share.¹⁰

Natural personal care products

These products are also gaining popularity in India as consumers become increasingly concerned about traditional personal care products' safety and environmental impact. Natural products free from synthetic chemicals and preservatives are in high demand, with herbal soaps, shampoos, and skin creams becoming increasingly popular. The global natural skin care products market was valued at USD 6.7 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 6.6% from 2022 to 2030.¹¹ According to a report by Tech Sci Research, the Indian natural personal care products market was valued at \$1.5 billion in 2020 and is expected to grow at a CAGR of 9.6% during the forecast period from 2021 to 2026.¹²

A section of baby and mother-care herbal items may also be added to these segments. The market for plant-based baby care products was estimated to be worth \$24.5 billion globally in 2021 and is anticipated to increase to \$80.2 billion by 2031, with a predicted CAGR of 12.9% from 2022 to 2031.¹³ In addition to these segments, there are also opportunities in other areas of the Indian herbal medicine market, such as herbal teas, herbal oils, and herbal cosmetics. Overall, the Indian herbal medicine market presents exciting opportunities for businesses and entrepreneurs, with a large and rapidly growing market, a rich tradition of herbal medicine, and increasing demand for natural and organic products.

Opportunities for growth

As per the WHO, about 10–15% of the population in developed countries uses herbal products. Traditional herbs, natural ingredients, and traditional Eastern medicines have a lot of room for growth, and with increasing awareness, the industry is estimated to witness an uptrend in demand ahead. This article discusses the growth opportunity in the herbal market globally and at the national level.

Global scenario, Increasing demand

In April 2022, the Prime Minister of India, Mr Narendra Modi, laid the foundation stone for the WHO Global Centre for Traditional Medicine (GCTM) in Jamnagar, Gujarat. The centre is a collaborative project of the Ministry of Ayush (Govt. of India) and the World Health Organisation (WHO) and is the only centre for traditional medicine globally. The main goal of the WHO GCTM Centre is to harness the potential contribution of traditional medicines to health and wellness by promoting the safe

and effective use of traditional medicine by regulating, researching, and integrating traditional medicine products, practitioners, etc. It helps grow the herbal medicine market with safety.

Different MOUs sign

- The Ministry has signed 24 Country-to-Country memoranda of Understanding for International Cooperation in Traditional Medicine and Homoeopathy.
- To conduct collaborative research and academic partnerships, 40 MoUs have been signed with foreign institutions.
- To establish Ayush Academic Chairs internationally, 15 Memorandums of Understanding have been signed with international institutes.
- The Ministry of Ayush has supported the opening 39 Ayush Information Cells in 35 other countries.
- MoUs have been signed with the London School of Hygiene and Tropical Medicine (LSH&TM), UK, and Frankfurter Innovationszentrum Biotechnologie GmbH (FIZ), Frankfurt, Germany, for clinical research studies on the mitigation of COVID-19 through *Ayurveda*.
- WHO-GMP (COPP) has been given to 31 Ayurvedic Drug manufacturers to facilitate the export of *Ayurveda*, *Siddha*, *Unani*, and Homoeopathy Drugs.¹⁴

Scenario in India

Different institutes: In addition, the Indian Government has been promoting the use of herbal medicines through various initiatives, such as establishing national institutes for Ayurvedic and other traditional medicines.

Major initiatives by the Ministry of Ayush

- WHO Global Centre for Traditional Medicine
- AYUSH Export Promotion Council (AEPC)
- Draught Food Safety and Standards (*Ayurveda Aahar*) Regulations, 2021
- NABH Accreditation and Insurance Coverage
- National AYUSH Mission (NAM)
- AYUSH Medical Tourism
- E- Aushdhi,
- E-Charak: The National Medicinal Plants Board (NMPB), Ministry of AYUSH, and Centre for Development of Advanced Computing (C-DAC) have jointly developed the "e-CHARAK" mobile application as well as a web portal for the promotion and marketing of medicinal plants and herbs. The "e-CHARAK" application supports different local languages and provides fortnightly market prices for 100 Medicinal Plants from 25 herbal markets across India.

Demand after COVID in India

After COVID-19, demand for *Ayurvedic* drugs increased drastically. The revenue of prominent AYUSH pharmaceutical companies increased considerably. It also stated that the sales of *Ayurvedic* medicines such as *Guduchi Ghan Vati*, *Anu Taila*, *Mahasudarshan Ghan Vati*, *Ashwagandha (Withania somnifera* Linn.), *Tulsi (Ocimum sanctum* Linn.), and others increased by 400%. Moreover, the demand for *Tribhuvankirti Rasa*, *Mahalaxmi Vilas Rasa*, *Laghmalini Vasant Rasa*, *Suvarnamalini Vasant Rasa*, and those listed in the MoA's guidelines for respiratory problems have also seen growth in sales.¹⁵ A consumer market research group reported 283% growth in the sales of *Chyawanprash* across the industry during April–June 2020.¹⁶

One of the top exporters

India is currently one of the top exporters of alternative medicines worldwide. According to a report by Nielsen, since March, the demand for honey, *chyawanprash*, and turmeric in *Ayurvedic* stores has increased by 45%, 85%, and 40%, respectively.¹⁷ In terms of overall exports, the total Ayush exports of India have increased from US\$ 1.09 billion (INR 9,000 Crore as per the current INR-Dollar rate) in 2014 to US\$ 1.54 billion (INR 12,715 Crore as per the current INR-Dollar rate) in 2020.¹⁶

To increase exports of *Ayurvedic* medicines, the "Ayush Export Promotion Council" was registered under Section 8(4) of the Companies Act 2013 on January 4, 2022, under the Ministry of Ayush in support of the Ministry of Corporate Affairs to tackle the obstacles to the registration of Ayush products abroad and undertake market studies and research activities abroad.¹⁸

Growth of new start-ups

There are several reasons why *Ayurvedic* start-ups are flourishing. First and foremost, the Government has set up the Ministry of *Ayurveda* to promote the research and development of alternative medicines in India, including *Ayurveda*. A budget of Rs 3,400 crore has been set aside for the next 5 years for the development of *Ayurveda*. Second is the growing demand for herbal products and supplements, especially after COVID-19. In the *Ayurvedic* industry, franchising has been another positive factor for growth. Unlike Western biomedicine, *Ayurvedic* medicines can be manufactured by small and medium-sized companies. As such, the franchise model has been a favourite among *Ayurvedic* entrepreneurs since it is accessible on the pocket and is a great business model for young entrepreneurs. All these factors make *Ayurvedic* start-ups the hottest trending topic in medicine.

Investor

With the increasing global demand for natural and organic products, the herbal market in India is expected to continue attracting both domestic and foreign investment, contributing to the country's economic growth. Furthermore, foreign investors have recognised the vast opportunities presented by India's herbal sector and have been actively investing in various segments, including cultivation, processing, research, and development.

Furthermore, the Indian Government's initiatives, like the *Ayushman Bharat* and AYUSH Ministry, have created a favourable environment for domestic and foreign companies to invest in the herbal market.

Cultivation

Moreover, the income of farmers who cultivated medicinal plants increased during this period, as the National Medicinal Plants Board (NMPB), the Government of India suggested. The NMPB marketing report indicates a 3-fold increase in the price of herbal raw materials in eight months.¹⁹

The Ministry of Ayush is a Centrally Sponsored Scheme (CSS) of the National Ayush Mission (NAM). Under the 'Medicinal Plants' component of the NAM scheme, market-driven cultivation of prioritised medicinal plants is supported in identified clusters or zones within selected districts of States and deployed in a mission mode across the country.²⁰ Under this scheme, subsidies at 75%, 50%, and 30% of the cost of cultivation are offered to cultivate 140 prioritised medicinal plants on farmer's land.²¹ The National Medicinal Plants Board (NMPB),

Ministry of Ayush, and Government of India launched a "Voluntary Certification Scheme for Medicinal Plant Produce (VCSMPP)" on November 22, 2017, to boost the Good Agricultural Practices (GAPs) and Good Field Collection Practices (GFCPs) in medicinal plants. The VCSMPP will expand the availability of certified-quality raw materials for medicinal plants within the country, solidify their export, and amplify India's share in the global export of herbs.²²

Challenges and Limitations

Despite the growth opportunities in the herbal medicine market in India, several challenges and limitations need to be addressed.

1. One of the significant challenges is the lack of standardisation and regulation of herbal medicines, which can lead to quality and safety issues.
2. In addition, there is a lack of scientific evidence and clinical trials to support the efficacy of herbal medicines, which can limit their acceptance by consumers and healthcare professionals.
3. Tight rules about how herbal medicines can be used as ingredients in cosmetics will slow the market's growth.
4. Every country has its own rules about how to bring in herbal and natural products and how to use them. According to the WHO, many nations lack the following: political will, a legal framework, the capacity to monitor product safety and usage, mechanisms for referring patients between herbal and conventional medical practitioners, information systems, analysis of herbal ingredients, and integration of herbal products into health systems.²³ Because of the above, it is hard for companies that sell or make herbal products to enter new product markets.
5. The supply and demand of medicinal plants used to produce *Ayurvedic* medicines in India are significantly out of balance. The need for high-value medicinal plants surged by 50%, while supply decreased by 26%, according to the "All India Trade Survey of Prioritised Medicinal Plants, CII". This resulted in higher levels of habitat degradation due to the overuse of medicinal plants by the pharmaceutical industry. As a result, 65 species (or 10% of all species) were classified as critically endangered, endangered, vulnerable, or nearly threatened.²⁴

Steps taken by the Indian Government:

The Government of India has also played a significant role in promoting the use of herbal medicines in the country. It has established a separate department for the promotion and development of *Ayurveda*, *Yoga*, Naturopathy, *Unani*, *Siddha*, and Homoeopathy (AYUSH) and has also taken several measures to regulate the herbal medicine industry.

In April 2022, The Global AYUSH Investment and Innovation Summit was inaugurated by the Prime Minister in Gandhinagar, and the prime objective was to encourage new investment opportunities and innovation in R&D, start-up environments, and the wellness industry. It will act as a venue for upcoming partnerships by bringing together business executives, academicians, and researchers. In April 2022, our Prime Minister launched the AYUSH mark, providing genuine and high-quality AYUSH products.

In March 2022, the World Health Organisation established the Global Centre for Traditional Medicine in India to maximise its potential by fusing traditional methods with modern research.

For instance, in February 2022, Amazon India announced the launch of an *Ayurvedic* product storefront on its online marketplace (Amazon.in).

CONCLUSION

India's herbal medicine sector demonstrates immense growth potential domestically and internationally. The market is projected to expand due to the increasing demand for natural treatments and growing public awareness of the benefits of herbal medicines. However, several challenges and limitations must be addressed to capitalise on this potential fully. These include the lack of standardisation and regulation and the need for scientific evidence supporting the efficacy of herbal medicines. Despite these challenges, the market presents favourable trends and opportunities, driven by consumer demand for sustainable healthcare products and the Government's support for traditional medicine systems.

By leveraging its traditional knowledge, research capabilities, and market potential, India can position itself as a prominent player in the global herbal medicine market while contributing to the preservation of traditional knowledge and sustainable healthcare practices. Addressing quality control, standardisation, and regulatory issues will be crucial for ensuring the safety and efficacy of herbal medicines. Overall, the future of herbal medicines in India holds promising prospects for economic growth and improved healthcare outcomes

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Cite this article as:

Pooja Rohilla and Jay Prakash Gupta. A review on herbal medicine in India: Current market trends and opportunities. *Int. J. Res. Ayurveda Pharm.* 2023;14(4):141-145

DOI: <http://dx.doi.org/10.7897/2277-4343.1404131>

Source of support: Nil, Conflict of interest: None Declared

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