Ayurveda Sector in India
Challenges, Potential & Way Forward

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IL&FS | Clusters

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AYUSH Industry: A Profile

- Composition: Ayurveda, Sidha, Unani and Homeopathy (ASU&H) units
- Number of Units: 9228 (mostly Micro and small)
- Total turnover: Rs. 8800 Cr
- Total Exports: Rs. 1000 Cr 9 including medicinal plants & extracts)
- Located in around 26 clusters pan India
- Over 20,000 Ayurvedic proprietary formulations and 1000 classical formulations in use

AYUSH Industry: SWOT Analysis

Strengths	Weaknesses
•Traditional sector being practised over ages •Strong manufacturing base •India is recognised world over as alternate medicine source •Strong support system- 484 educational institutions and 25,861 hospitals/ dispensaries	• Low scale of operations • Low on Technology • Lack of globally accepted standards • Formulations don't qualify for certifications • Not fully integrated with mainstream markets • No efforts for new market access and branding • Low level of entrepreneurial aggressiveness • Irregular supply of inputs/ raw material
Opportunities ……	**Threats** •Sector might become irrelevant to issues of health care for wont of innovation/ R&D •Brand recognition of alternate medicinal systems like Chinese, Latin & South American, African etc rising •Non documentation of traditional skills might lead to dissipation of knowledge •Criticism for non- standard, unsafe and harmful formulations

Constraints at various levels

At cultivation level

- Sourcing of raw drugs from wild/ traders
- Farmers don't get adequate value for their produce hence hesitation to cultivate medicinal plants
- Lack of awareness on pre harvest and post harvest activities (GAP) on the part of cultivators

At manufacturing level

- Testing requirement at raw material, online/WIP, final product stage
- Technology constraints
- Lack of documentation on processes, products and benefits
- IPR related issues

At Marketing level

- Integration with mainstream markets
- New market access
- New Product development
- Visibility and branding

Policy constraints

- Regulations/ tax implications on value added processes outside manufacturer' premises
- Use of animal sources for some generic drugs
- Extension of insurance benefits for treatment under AYUSH

Opportunities/ Potential

- World over natural and traditional approaches being welcomed
- Increased scope for innovation and change in approach for AYUSH therapies
- Estimated global market size: US$ 65 bn
- Nutraceuticals: Global market size is Rs. 5148 bn and Indian share 0.9%
- Ayurveda coupled with medical and experiential tourism (potential for 1bn tourists annually)
- Exports of medicinal plants (3500 out of 45,000 species are of medicinal value)
- Strong thrust on promotion of the sector by GoI

Way Forward : Policy Support

- Encouraging private investment including incentives for large healthcare companies
- Liberal tax incentives for promotion of R&D
- Establish an accreditation mechanism for wellness/ treatment centres
- Support for digitization/ IT based database management:
  - for documenting traditional medicines
  - tracing of raw material/ medicinal plant species
- Emphasis on organic cultivation of raw materials
- Thrust on market development and branding for Ayurveda drugs/ therapies

Way Forward: Clustering

Ideal solution for unorganised MSME dominated sector

- Collaborating while competing
- Offers critical mass for customization of interventions
- Economies of scale in operation
- Better access to technology, information
- Greater access to customers, channels
- Cheaper/ improved access to inputs, raw materials
- Marshallian Trinity (labour mkt pooling, supplier specialization and knowledge spillovers)

Holistic Cluster Development:
The Components

Supply chain mgmt

Standardisation of quality and supply of raw materials

Common infrastructure

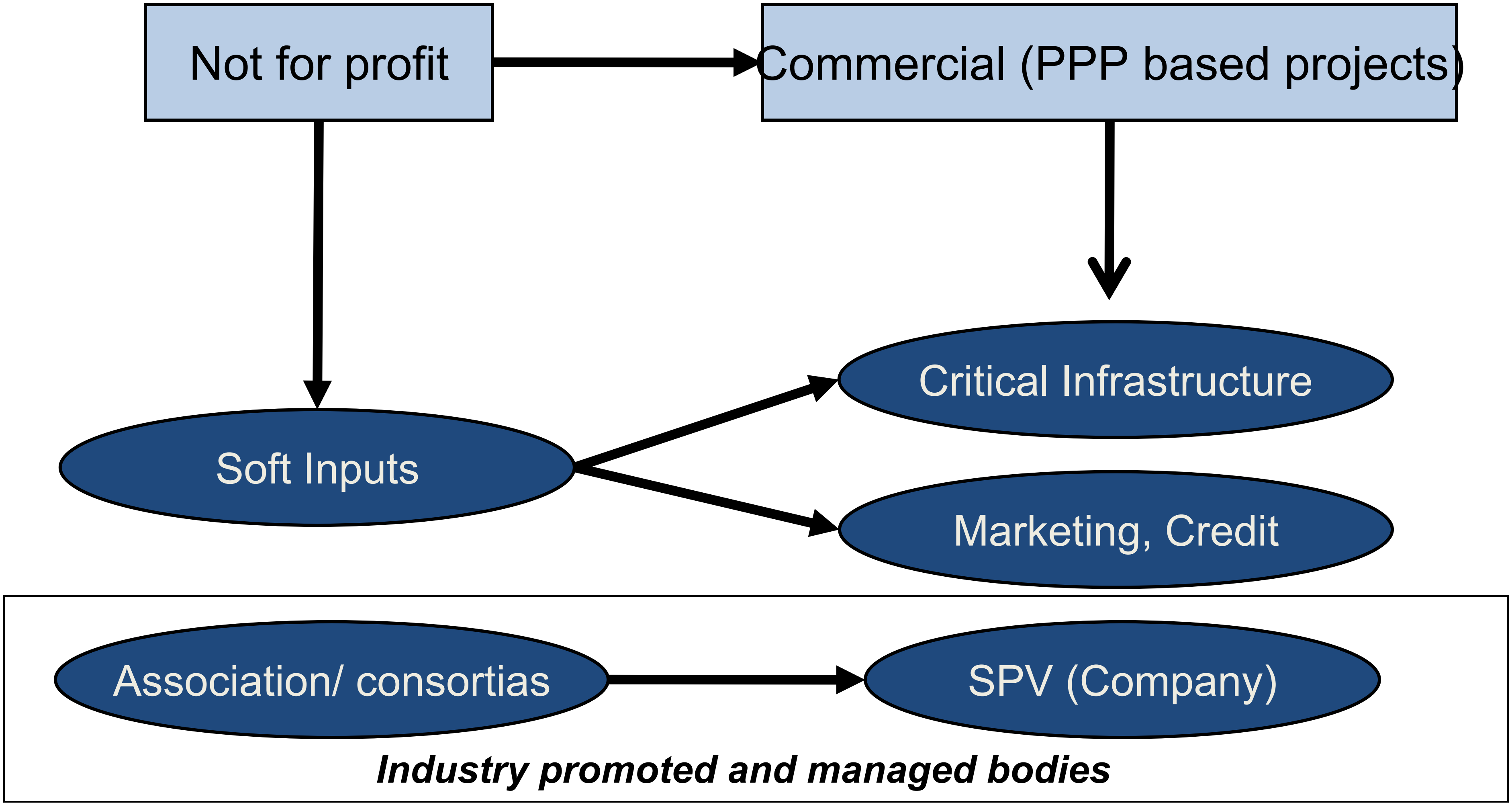
- Improvement in existing clusters
- Development of CFCs for testing, skill upgradation, R&D etc
- New Cluster parks

Capacity building

•Social capital creation
•Quality and compliance awareness
•Access to technology
•Access to institutional cred
•Certification and standardisation etc

Evolving Approach to Cluster Development

Graduation to Commercial Sustainability



Scheme for Development of AYUSH Clusters: *A beginning well made*

The Scheme:

- A central sector scheme aimed at setting up of CFCs for filling the critical gaps in the sector especially related to standardization, quality assurance and control, productivity, marketing, infrastructure and capacity building through a cluster based approach.
- 10 clusters during pilot phase
- Rs.100 cr for 11th five year plan
- Assistance of 60% of project cost or Rs. 10 Cr whichever is lower is provided as one time grant in aid to AYUSH SPVs to

Role of IL&FS Clusters

- Appointed as Project Management Consultants (PMC)
- Link between the industry and the Department appointed to handhold projects from concept to commissioning.
- Role play includes providing technical, legal, financial advise to SPV
- Assisting the Department in formulating implementation strategy, ensuring proper reporting and monitoring

Takeaways

– Additional Business Generation – Higher turnover
– Access to Credit – Collective borrowing possibility
– Cost Savings – Shared expenses on common facilities
– Better Bargaining Power – For buying raw material and selling finished products
– Productivity Enhancement – Improved efficiency & productivity
– Quality Enhancement – Better quality products
– Market Development – Creating new markets and expanding existing ones

…………and many more

Projects Approved so far

S No	Project Name	Location
1	Care Keralam Limited	Thrissur, Kerala
2	Maharashtra AYUSH Cluster Pvt Limited	Pune, Maharashtra
3	Herbal Health Research Consortium Pvt Ltd	Amritsar, Punjab
4	Konkan Ayurpharma Private Ltd	Sangameshwar, Maharashtra
5	AYURPARK Healthcare Limited	Bengaluru, Karnataka
6	Traditional AYUSH Cluster of Tamil Nadu Private Limited	Chennai, Tamil nadu
7	Rushikulya Ayurvedic Cluster Private Limited	Ganjam, Orissa
8	Lepakshi AYUR Park Pvt Ltd	Anantpur, Andhra Pradesh

Care Keralam Limited: A case

- **Location:** Koratty, Thrissur District, 35 Kms from Cochin International Airport - Kerala
- **No. of Promoter Units : 53**
- **Land:** 5 Acres
- **Project Cost:** Rs 1692 Lacs
- **Employment:** 100 (Direct), 150 ~ 175 (Indirect)
- **Raw material linkages: A**greement with Cochin airport authority, Farmers' federations and Wayanad missionary for cultivation and buy back arrangements

- **Core Interventions**
  - Testing Facilities
  - Common Dosage Form Making Facilities
  - Raw Material Sourcing & Storing Facilities
  - IT, Marketing & Product Display Center
  - Capacity Building Initiatives
- **Add-On Interventions**
  - Common Marketing Initiatives

Way Forward: AYUSH parks

- Industrial parks in the vicinity of existing cluster
- Overcoming disabilities arising due to isolation and size
- Reasonably self-sufficient clusters
  - Product specific with units covering the value chain
  - Need based supporting infrastructure
  - Strong thrust on backward & forward linkages
- Public-private partnership-SPV owned by entrepreneurs
- Making the MSMEs bankable
- Providing critical mass for customization of services
- Capacity building of entrepreneurs to create social capital
- Handholding from concept to commissioning

Pochampally Handloom Cluster, AP: A case

Background of Pochampally

- Pochampally is a natural handloom-weaving cluster
- 30,000 weavers in Nalgonda District
- Woven by using tie & dye technique of yarn
- Traditional Ikat design with diversified product range

Empowering handloom weavers to

- reach a level of organisation
- overcome constraints to scale up operations
- reach out to new markets

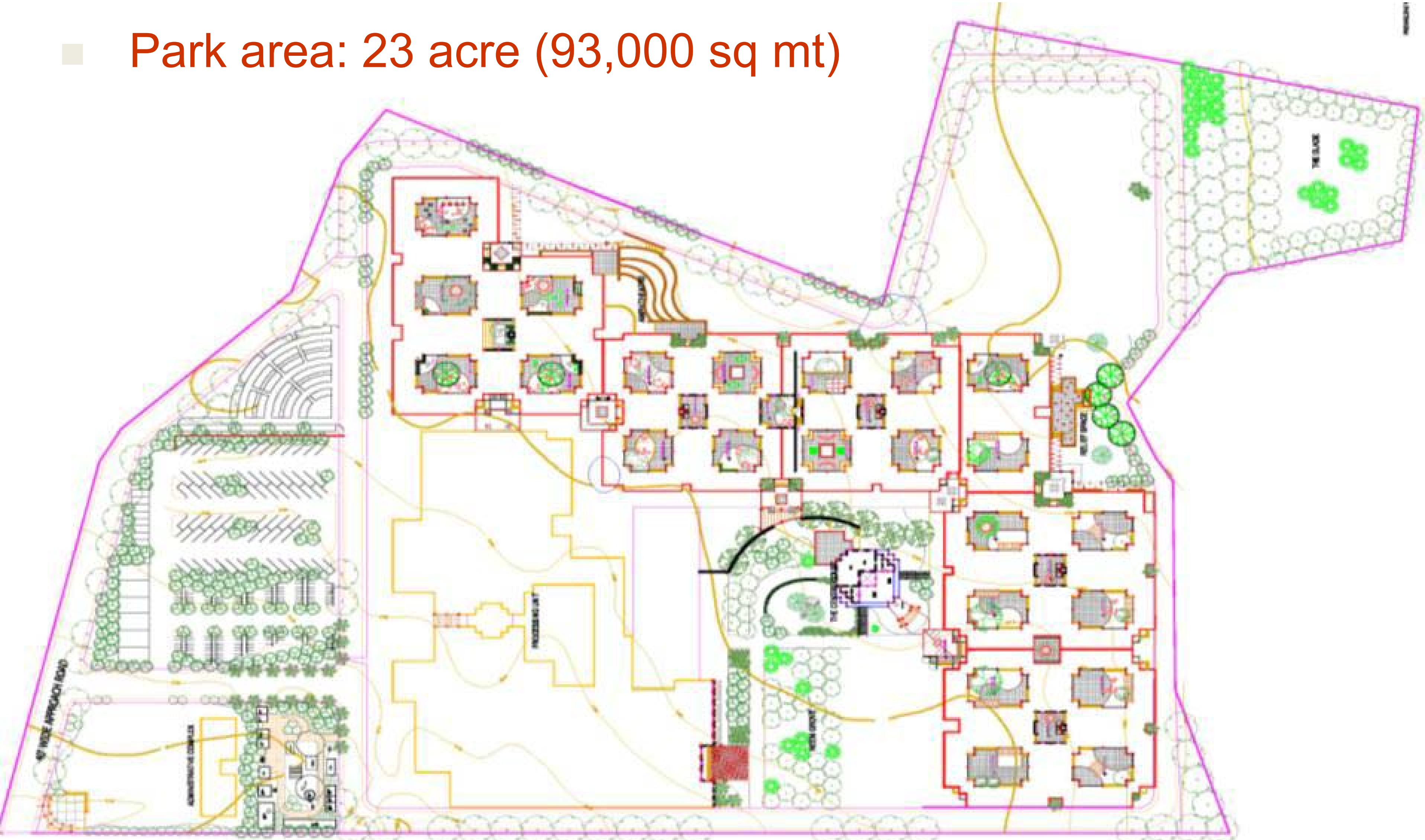
Pochampally Handloom Park: Concept

- 35 Entrepreneurs from traditional Ikat weaving background
- Activities
  - Handloom Weaving
  - Yarn Processing (dyeing & weaving preparatory)
  - Fabric Processing
  - Made-ups conversion
  - Surface Beautification
  - Stitching

- Project cost: 34 cr
- Member contribution: 3 cr
- Grant for MoT: 13.60 cr
- Grant from MORD: 4 cr
- Grant from GoAP: 1 cr
- Term loans: 12.4 cr

Pochampally Park: Infrastructure

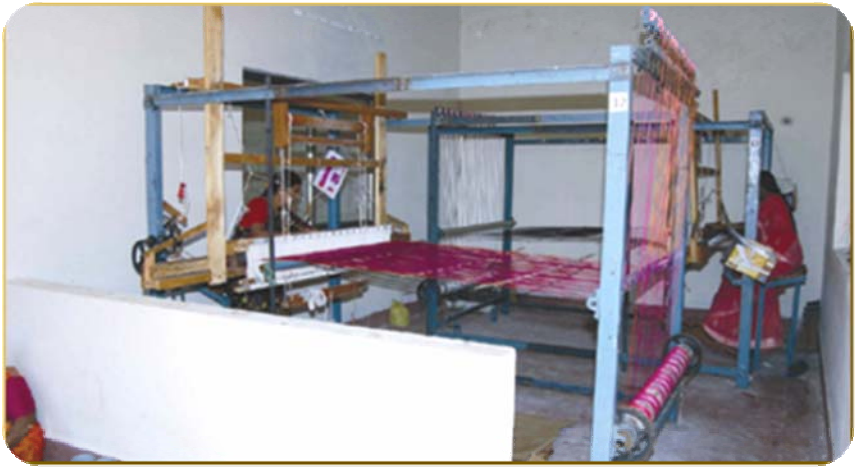
- Park area: 23 acre (93,000 sq mt)



Pochampally Park: Infrastructure

Big shift from traditional home based weaving to a structured Handloom Park

Traditional Vs Modern Loom



Traditional pit loom → Mechanised loom

- Presently 500 looms functional, to be scaled up to 2,000 over next 8 months

Traditional Vs Modern Dyeing

Bucket dyeing → Cabinet dyeing

- Shift from traditional business through 'middlemen' to a professionally run company

Before and After…..

TRADITIONAL SIZING

IMPROVED SIZING MACHINE

TRADITIONAL STREET SIZING

IMPROVED INDOOR SIZING

Before and After…..

TRADITIONAL YARN WINDING

IMPROVED YARN WINDING

TRADITIONAL REEDS

IMPROVED STEEL REEDS

Before and After…..

TRADITIONAL BOBBIN WINDING

IMPROVED BOBBIN WINDING

Traditional Looms

Modern Looms

Weaving on technologically up graded

Jaquard Loom

Visual of Looms

Competitive Advantage

- Distinction in the Indian Industry to receive first Geographical Indication Certificate, next only to Darjeeling Tea
- Tie-up with a leading Designer
- 4 million meters per annum capacity
- Product offering
  - Home Furnishing (bed cover, pillow cover, quilts, duvet, kitchen linen)
  - Sarees
  - Shirting
  - Ladies Dress material
  - Scarfs & Stoles

Market Linkages

- Domestic Retailers: Shoppers Stop, B R Enterprise & Fabindia
- Product development: Reliance Retail, Fabindia, ITC (Wills Lifestyle), Radisson Hotels
- Export orders: Vossberg, Germany, Cinerama, Brazil and Haftazim, Israel
- Participated in Heimtextil, Frankfurt

Product Design & Development

POCHAMPALLY
HANDLOOM PARK LTD.

POCHAMPALLY
HANDLOOM PARK LTD.

Presents

IKAT Bedding & Table Collections
F W 2009

Designed by: Chelna Desai

Marketed by: IL&FS

Bedding Collection : Twilight Zone   Colorway: Warm - Cool

Products: Bedcover, Shams, Quilt, Dec pillow 18 x 18,Dec pillow: 12 x 12

Designed by: Chelna Desai   Produced by: Pochampally Handloom Park   Marketed by: IL&FS





Sober, Monochromatic, Restfull..




Bedding Collection : Moments   Colorway: Blue - White

Products: Bedcover, Shams, Lumbar, Dec pillow 18 x 18,Dec pillow: 12 x 12

Designed by: Chelna Desai   Produced by: Pochampally Handloom Park   Marketed by: IL&FS

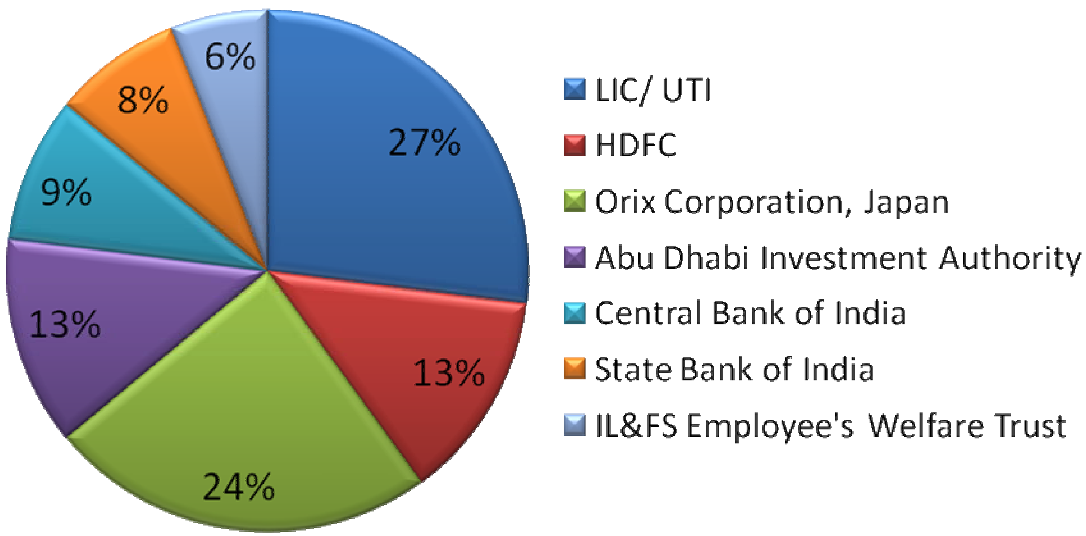
About IL&FS Clusters

IL&FS : An Overview

- **Infrastructure Leasing & Financial Services Ltd. (IL&FS)**

……..a Financial Institution

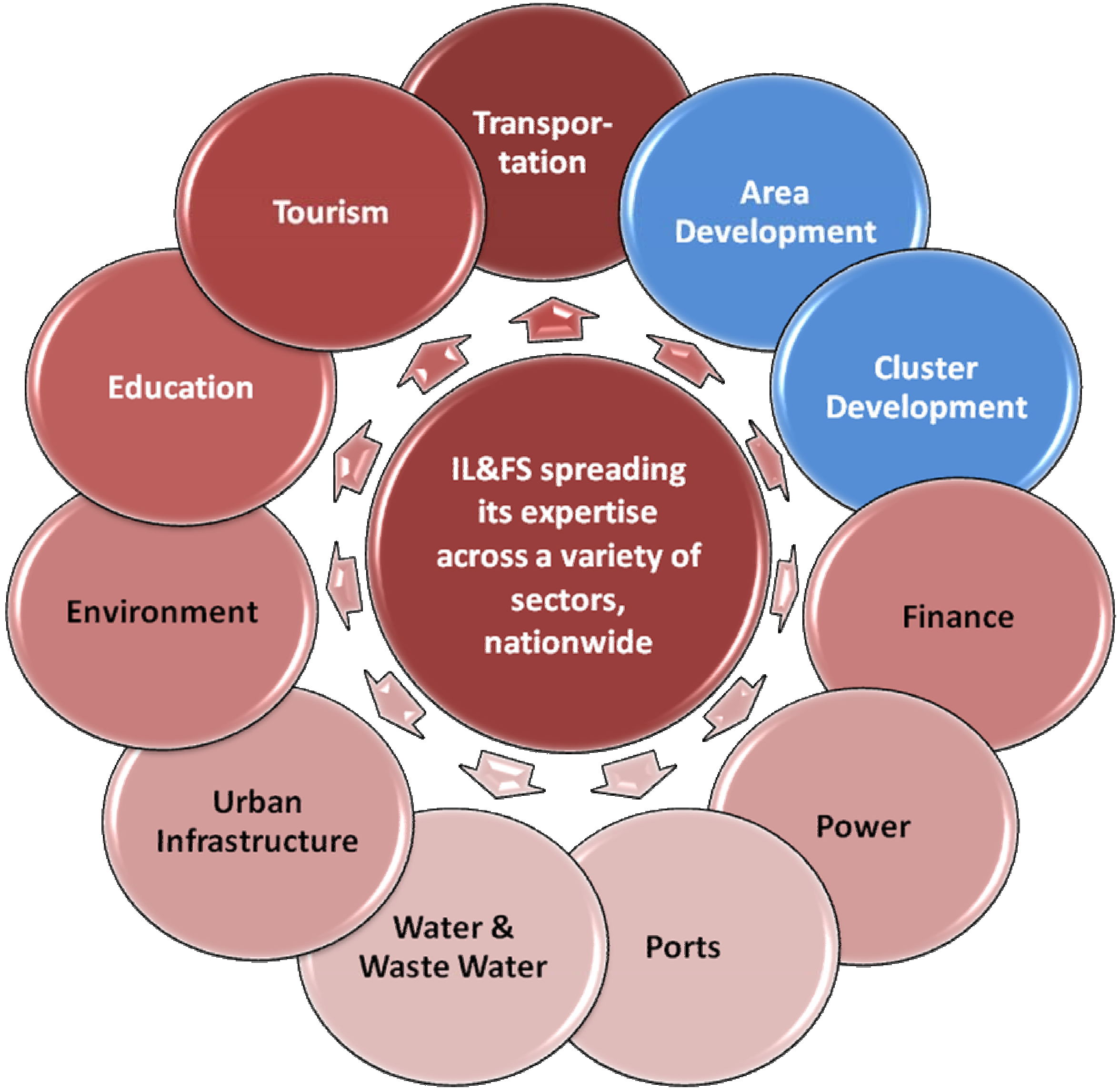
- Promoted by the CBI, HDFC and UTI
- Shareholding pattern



IL&FS | Clusters

IL&FS : An Overview

- **Infrastructure Leasing & Financial Services Ltd. (IL&FS)**
  - Evolved along routes perfectly configured to business requirements
  - Technical support and service groups provide specialized expertise
  - Project development and sectoral companies house the ability to seed initiatives and carry them through to completion
  - Strong core skills - key to successful project development and project financing across sectors - have been developed within the Group



IL&FS Clusters : Genesis

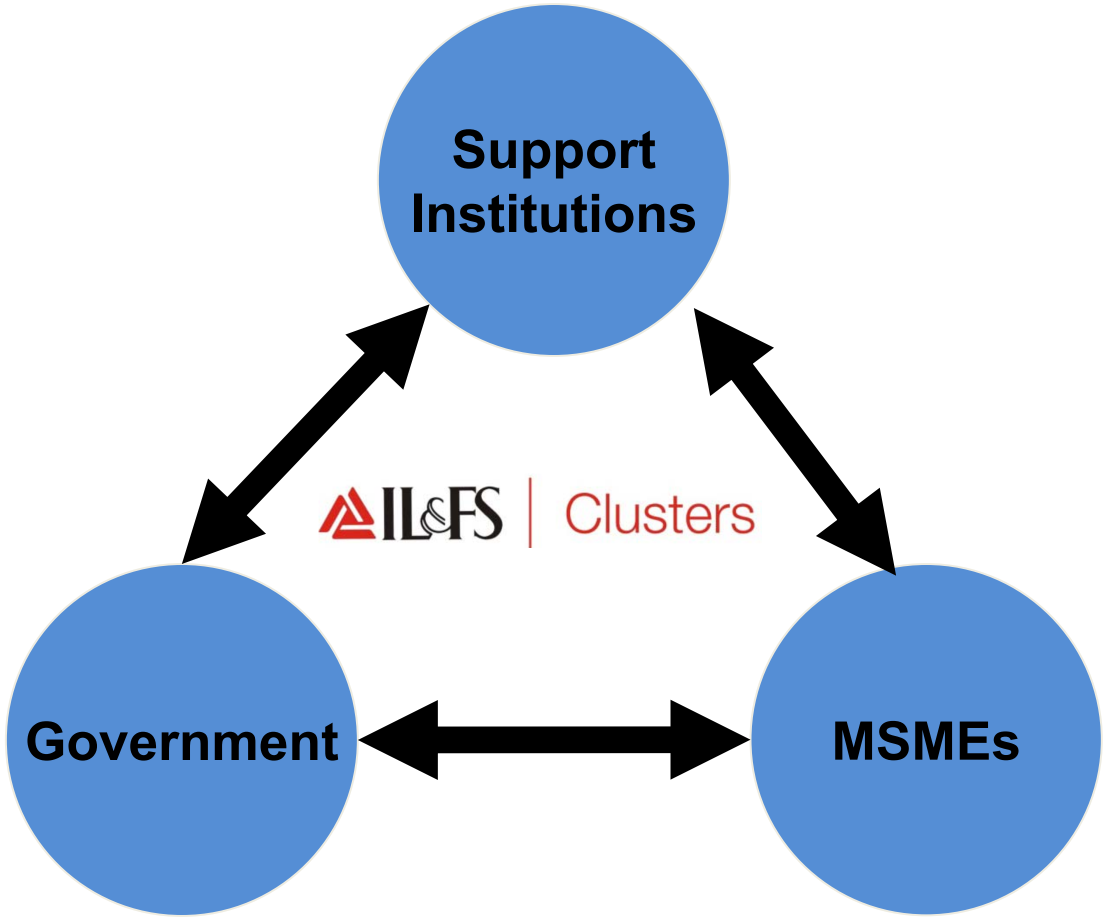
An initiative of IL&FS, hived off into a separate entity in 2007

Wide presence in the country (15 locations)

Set up to provide cluster and PPP based integrated solutions for competitiveness enhancement of enterprises

Working in diverse areas across a wide range of sectors

IL&FS Clusters as the Networking Agency



Comprehensive role-play and ability to bring key stakeholders together strongly positions IL&FS Clusters to make a purposeful intervention in the MSME segment

Role play across project cycle

Policy advisory

Conceptualization

Commissioning

Commercialization

Need Assessment and capacity building
- Sensitization and awareness programmes
- Diagnostic studies
- Value chain analysis
- Institutional structuring
- Exposure visits
- Trainings

Project Planning
- Preparation of detailed project reports
- Project structuring
- Developing implementation frameworks

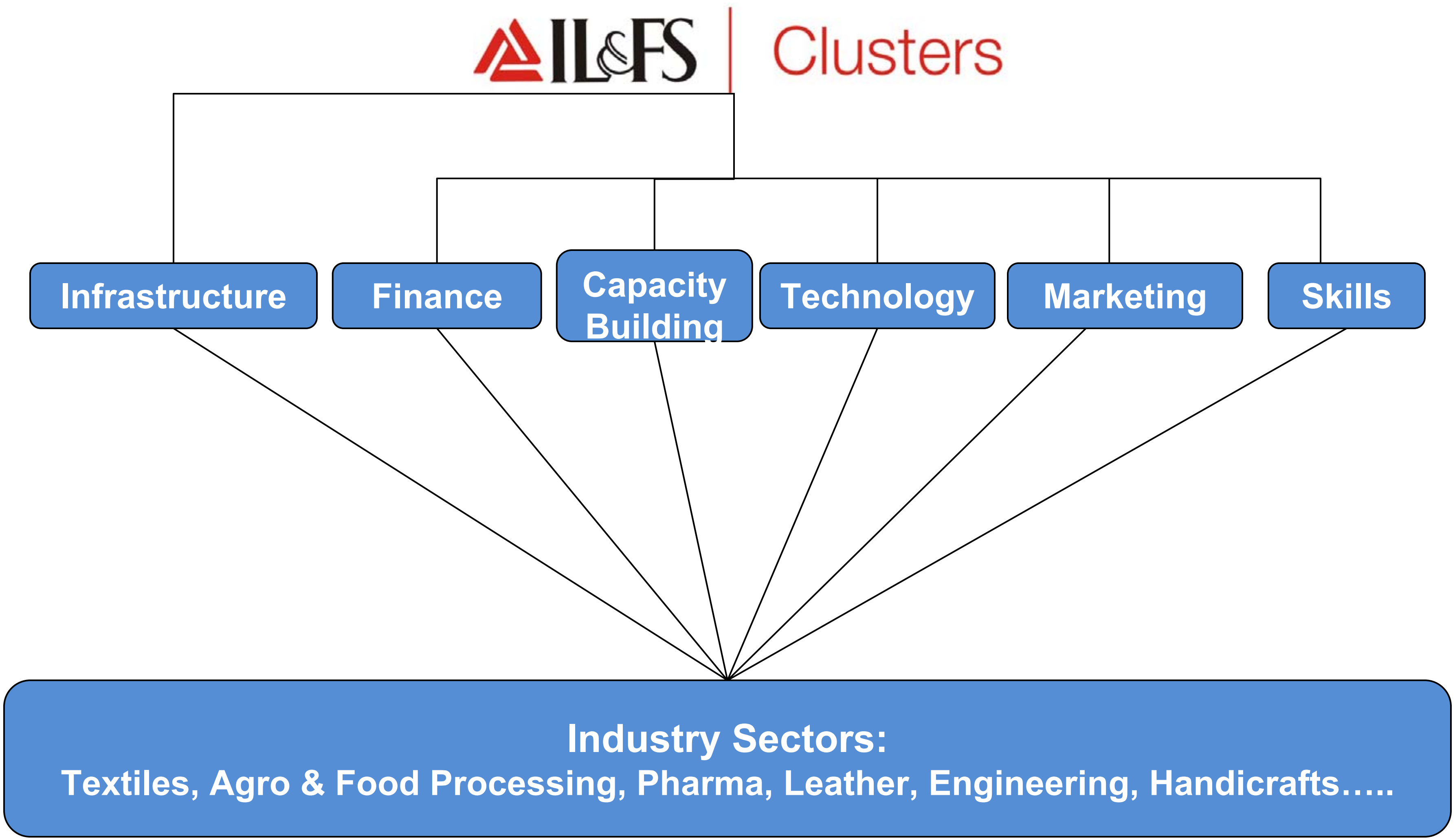
Project Financing
- Financial Appraisal
- Tying up debt/equity from financial institutions/ banks

Project Implementation
- Detailed design and engineering
- Project management
- Bid process management
- Frameworks for operations and maintenance

Value Added Services
- Technology linkages
- Skill development
- Marketing tie - ups

Services and Target Sectors

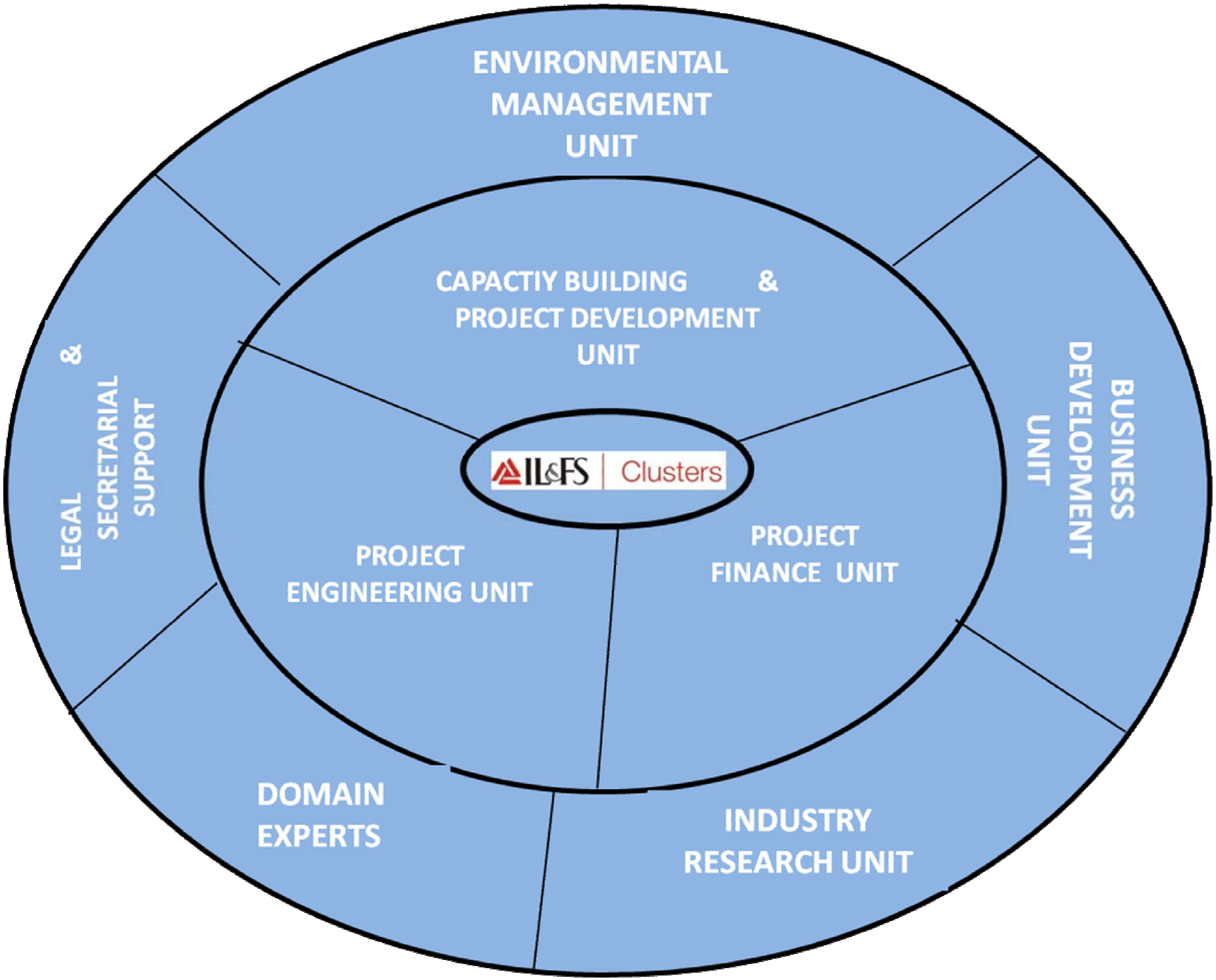
focusing on employment intensive sectors and providing services under one roof



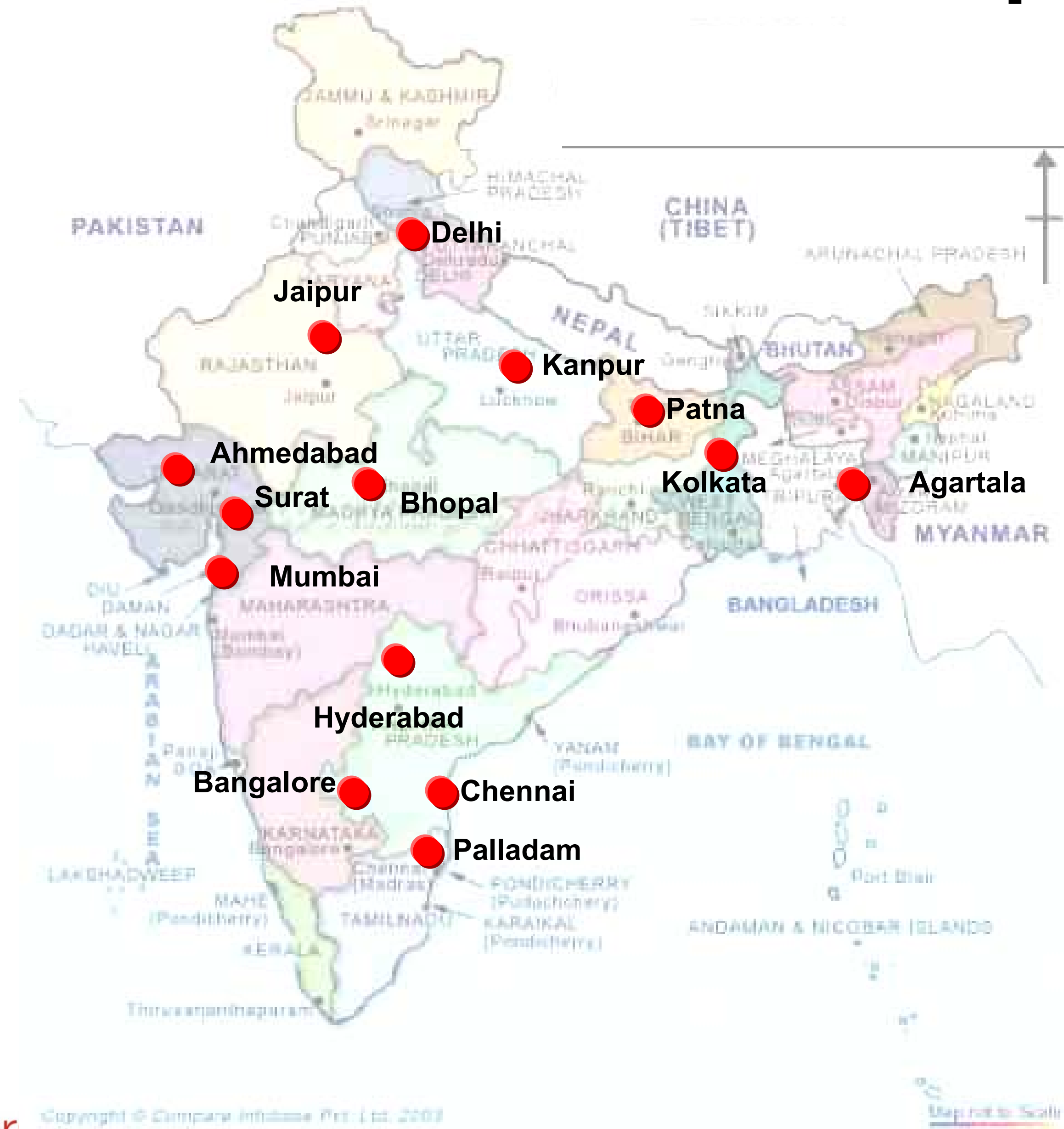
IL&FS Clusters: Clients

- **Government of India**; Ministry of Textiles, Ministry of Food Processing, Ministry of Rural development, Department of AYUSH, Development Commissioner Handicrafts, Department of Heavy Industries etc
- **State Governments**; Rajasthan, Tripura, Bihar, Uttar Pradesh, Gujarat, Karnataka, Orissa, Andhra Pradesh etc
- **National/ regional/ local level Industry chambers & associations**; FICCI, CII, IMTMA, FISME etc
- Anchor entrepreneurs/ consortiums
- **Bank**s/ **Financial Institutions**; SIDBI, PNB etc
- **Bilateral/ Multilateral and Donor Organisations**; UNDP, GTZ, World Bank, ADB, IFC etc
- Technical and other support institutions

Multi-Disciplinary Skill Sets
(about 170 in 15 locations)



IL&FS Clusters: Geographical Presence



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