

India Food Additives Market Assessment, By Functional Utility [Preservatives, Artificial Sweeteners, Colouring Agents, Emulsifiers, Antioxidants, Stabilizers, Thickeners, Others], By Source [Natural, Synthetic], By Application [Beverages, Bakery Products, Dairy Products, Confectionery, Convenience Foods, Sauces and Dressings, Meat Products], By Region, Opportunities, and Forecast, FY2017-FY2031F

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Report description:

With a projected market size of USD 10.58 billion in FY2031 and the industry expected to increase at a CAGR of 6.7% between FY2024 and FY2031, India is one of the quickly growing markets for food additives that is expanding globally. The versatile functionality of ingredients like starches and hydrocolloids fuels the market demand for food additives. These additives find application across multiple stages of the food manufacturing process, ranging from improving texture and nutritional composition to enhancing flavor.

As a result, food companies highly value these additives for their ability to address various needs and requirements in the industry. Food additives are vital in enhancing the flavor, aroma, preservation, shelf life, and appearance of food. These synthetic or natural additives are incorporated into food products to improve their taste, texture, and visual appeal. In April 2023, International Flavors & Fragrances (IFF) introduced its ice cream stabilizer and flavour-modulating solution, known as Cremodan Greenpro 101 Modulator Enhanced System, across Europe, the Middle East, Africa, Turkey, and India. This innovative solution from IFF offered ice cream producers the opportunity to decrease expenses associated with milk and fat, both of which were crucial components constituting more than 40% of ice cream manufacturing expenses. This advancement was likely to have a notable impact on enhancing cost efficiency within the ice cream production sector.

The introduction of the General Standard for Food Additives (GSFA) by organizations like the Food and Drug Administration (FDA) and the World Health Organization (WHO) has led to the adoption of uniform safety regulations. Consequently, this has boosted the acceptance and prevalence of food additives within the country. The market was estimated at USD 6.3 billion in FY2023.

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Growing Market Demand for Natural Flavours

As consumers in India become more health-conscious and mindful of food safety issues, the demand for natural food additives has risen significantly. This shift in consumer preferences has generated a heightened interest in products derived from natural sources, including fruits and vegetables. The country's vegetable production has also increased, providing a fertile ground for manufacturers to extract natural food additives like colorants. For instance, as per the data provided by the Ministry of Agriculture and Farmers' Welfare, India's horticulture output for the fiscal year 2022-23 is projected to reach 350.87 million tonnes (MT), reflecting a one percent increase compared to the preceding year. The horticultural yield in 2021-22 stood at 347.18 million tonnes. Consumers now prefer straightforward and transparent labels, prompting food companies to incorporate natural additives. Many superfoods, such as black rice, acai berries, and maqui berry powder, contain anthocyanins that serve as natural food dyes. The country's growing demand for natural food additives can be attributed to the favorable association with the term "natural" and the impressive functionality of superfoods.

Beverage Applications Hold a Significant Portion

The escalating interest in tropical flavours within non-alcoholic beverages, encompassing carbonated beverages, juices, and flavoured water, has resulted in a notable increase in the utilization of food additives within the nation. Carbonated drinks constituted over 40% of India's soft drink market share in 2022. The Indian beverage industry incorporates food additives such as flavours, colours, sweeteners, and enzymes. Notably, enzymes like cellulase, alpha-amylase, and beta-glucanase are harnessed within the brewing sector to enhance malt separation, bolster extraction yield, facilitate beer filtration, and ensure stabilization. The utilization of these additives has greatly elevated the efficacy of these products within the beverage industry, thus propelling their market performance. The use of natural sweeteners in beverages is also on the rise. For instance, in November 2022, Lakanto, a prominent international brand under Saraya Japan, introduced the advantages of Monkfruit-derived sweeteners to the Indian market. This sweetener was particularly suitable for culinary use and baking, as it replicated the sweetness of sugar through a blend of fruit extract and erythritol.

Surge in Demand for Processed Foods Driving the Food Additives Market

The surging appetite for processed foods in India has emerged as a pivotal catalyst propelling the food additives market. This shift in dietary habits has increased demand for products with extended shelf life and consistent quality. Here, food additives play a pivotal role by ensuring not only enhanced flavours, textures, and appearances but also by extending the preservation of processed items. Manufacturers rely on these additives to uphold the integrity of products during storage and transportation, thus meeting the expectations of both convenience-seeking consumers and the industry's stringent quality standards. The symbiotic relationship between the burgeoning demand for processed foods and the use of additives underscores their indispensable role in shaping the modern food landscape in India. In fact, many companies are even developing additives to help people with poor health conditions. For instance, in January 2023, ThickenUp Clear, a food and beverage thickener designed to aid individuals with swallowing challenges, particularly those facing oropharyngeal dysphagia, was introduced by Nestle India.

Influx of International Dining Trends

The globalization of cuisines has emerged as a driving force behind the expansion of food additives market. As culinary boundaries blur and international flavours become accessible, consumers are seeking diverse and exotic taste experiences. This demand for novel flavours and textures has prompted manufacturers to employ food additives to replicate and enhance the authenticity of these global dishes. The influx of international dining trends has not only broadened consumers' palates but also spurred the innovation and development of additives that can faithfully recreate traditional flavours from around the world. As consumers' appetites for international dishes continue to grow, the role of food additives in capturing these global tastes remains integral to shaping India's vibrant and evolving culinary landscape. In September 2022, Kerry, a global leader in taste and nutrition, introduced Puremul, a label-friendly non-GMO inventive texture system, which was designed to replace sunflower lecithin and mono- and diglycerides in various applications like baked goods and plant-based beverages, presenting a versatile solution for diverse development endeavours.

Impact of COVID-19

The COVID-19 pandemic has exerted notable impacts on food additives market in India. The initial disruptions in supply chains, lockdowns, and shifts in consumer behaviour led to fluctuations in demand and production. With the closure of restaurants and hotels during lockdowns, the demand for certain food additives used in commercial food service experienced a downturn.

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However, the rise in home cooking and packaged foods led to a surge in demand for preservatives, flavours, and shelf-life extenders. The increased health consciousness among consumers prompted a preference for natural and clean-label additives. Despite these challenges, the market adapted by prioritizing essential products, embracing e-commerce, and incorporating hygiene-oriented additives. As the situation evolves, the food additives market continues to reshape, emphasizing safety, convenience, and alignment with changing consumer preferences.

Key Players Landscape and Outlook

The market is characterized by a diverse landscape of key players spanning local, regional, and international levels. Multinational corporations such as Kerry Group PLC and Cargill, Incorporated contribute to innovation and technological advancements. The market is also enriched by emerging players offering niche and specialized additives. Looking forward, the outlook for the market is positive. Evolving consumer preferences towards natural, clean-label, and health-conscious products are driving the demand for additive solutions aligned with these trends. Regulatory shifts and increased awareness of food safety further elevate the need for innovative additives. As the market matures, companies are expected to focus on R&D, sustainable sourcing, and strategic partnerships to capture the growing demand while addressing consumer expectations for quality, safety, and sustainable practices.

In July 2022, Oterra, a provider of natural colorants, successfully acquired Akay Group, a Kerala-based manufacturer of natural ingredients. Through this acquisition, Oterra aimed to bolster its presence in the natural colours sector, while also gaining access to a product pipeline supported by robust manufacturing facilities and advanced research and development capabilities.

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