

# Isabgol up Sharply on Fall in Acreage

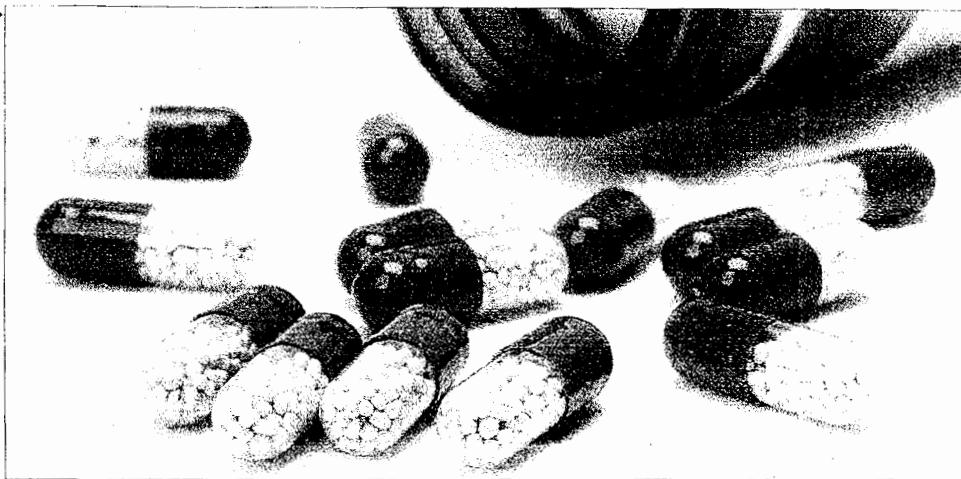
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Pharma majors such as Organon, Abbott, Dabur, Elder, Glaxo, Lupin and top buyer by volume, Proctor & Gamble, are preparing this year's procurement strategy for psyllium, whose water-soluble husk — isabgol — is an important remedy for treating constipation and heart disease both in India and overseas.

A fall in acreage has led to an increase in prices by 26% in the past one year. India is the world's top producer of isabgol, with most of the crop planted in northern Gujarat and western Rajasthan.

"The prices of the raw material are increasing but there will be no major impact on the pricing and procurement strategy," said Elder Pharmaceuticals director Alok Saxena. The company is a prominent player in the export segment and sells its products to Singapore, Malaysia and African countries.

Currently, isabgol prices in the Unjha mandi of Gujarat was being quoted at ₹1,050 to ₹1,150 per 20 kg. In February, the prices had touched ₹1,250 per 20 kg owing to a



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fall in supply and an increase in demand from industries and exporters. In the beginning of the harvesting season in April 2010, prices were at ₹850 per 20 kg.

"Acreage has fallen by more than 25% in Rajasthan and Gujarat with farmers sowing remunerative crops like cumin, castor and safflower this year. We expect market to be bullish from June when export picks up and an immediate

increase in prices by 10% when new crop arrives at the mandi," said Satnam Psyllium Industries managing director Chirag Patel. The company exports 70% of its 2,000-tonne annual production to Proctor & Gamble, Reckitt Benckiser and others. Patel added that the export orders were increasing down the year.

Industry sources said companies might absorb the price rise and not pass it on to the consumer in the immediate future. Dabur India head (procurement) Somit

Mukherjee said, "There are no immediate plans to rework pricing strategies. Pricing is always driven by market conditions. Dabur usually goes in for a longer view on prices and thereby procurement of raw materials. The new season updates are still awaited." New export orders were being quoted at \$4.5-\$5 per kg compared to \$3.75-\$4 per kg in the previous year. A few exporters have not even taken new orders with a hope that prices will reach ₹1,400 to ₹1,500 per 20 kg in the next two months.

Industry