

Modern Food Processing

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V N Dalmia
Chairman, Dalmia Continental,
and President, Indian Olive Association
On changing consumption
pattern of edible oils in the country

“Olive oil is likely to penetrate larger sections of the market in the future”

...believes **V N Dalmia**, Chairman, Dalmia Continental Pvt Ltd (DCPL) and President, Indian Olive Association. He was conferred the Italian knighthood titled 'Order of the Star of Italian Solidarity' in recognition of his pioneering work in promoting the use and popularity of Italian olive oil on a commercial scale, in India. In an interview with **Rakesh Rao**, Dalmia offers valuable insights on the types of olive oil, their health benefits and the market scenario in India.

Edible olive oil variants and their demand scenario in India

There are mainly three types of edible olive oil available in India: Extra Virgin (EV) olive oil; olive oils (also known as pure olive oils); and olive pomace oil (OPO). DCPL pioneered product segmentation in the Indian olive oil market by introducing three different grades of olive oil. *Leonardo Gold* and *Leonardo Extra Virgin Olive Oil* comprise the highest grade virgin oils with perfect aroma and flavour. They are best suited for dressing, flavouring, condiments and dips. *Leonardo Olive Oil* is the intermediate grade oil most suitable for western cuisines and *Leonardo Olive Pomace Oil* is the main cooking grade oil. Also, since it is flavourless, it is most suited for Indian cuisines.

EV olive oil is the raw juice of the fruit resulting from the first press of the olive fruit and is the only oil in the world that is extracted from fresh fruit. Olive oil is a combination of refined olive oil and EV. OPO is obtained by solvent extraction, refining and then blending with EV.

The total demand for olive oil in India grew from about 3,000 MT in 2009 to 4,500 MT in 2010. Currently, Spain is the leading exporter of olive oil to India, followed closely by Italy.

Performance of Dalmia Continental's olive oil business

Leonardo Olive Oil is the flagship product of DCPL and is the first Indian brand of olive oil. Ever since the product was launched in 2003, it has grown at 100 per cent compounded





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annual growth rate. Today, Leonardo is a pioneer in establishing the popularity, image and use of olive oil in India. As the owners of the brand and not simply importers, DCPL invests, educates, advertises, promotes, distributes and sells olive oils.]

Healthy offerings of olive oil

Though olive oil is not widely used as a cooking medium, given the backdrop of the national health situation, I expect olive oil to penetrate larger sections of the market in the future. Heart disease, to a large extent, is a lifestyle disease as are diabetes and hypertension. As the national health situation is deteriorating, the need of the hour is to a promote preventive lifestyle, which includes healthy diet and exercise. Among all oils, olive oil has the highest content of mono-unsaturated fat (MUFA), which reduce bad cholesterol (LDL) and triglycerides. Olive oil is thus the healthiest edible oil for the prevention of heart diseases.

Most importantly, virgin olive oil has a range of protective features against cancer. It is rich in antioxidants, which fight cancer and increase life expectancy. It also assists in preventing diabetes and high blood pressure. Olive oil improves metabolic functions & digestion, reduces constipation, prevents diabetes & formation of gallstones, reduces dementia, relieves pain, reduces inflammation and protects skin & hair, among other health benefits.

As the top-end of the population has already adopted olive oil as a cooking medium, we expect to see a trickledown effect. There are large-scale promotions of olive oil in India right now. Awareness will definitely

increase as a result. The upper middle income segment is beginning to adopt it now. As affluence, living standards and awareness improve, its adoption will increase. The consumer needs to be made aware that there are different grades of olive oil available at different prices and that the most economical grade – OPO – which is half the price or less of EV is perfectly suitable for use as a cooking medium.

Steps taken by Indian Olive Association (IOA) to popularise olive oil in India

The IOA is the national umbrella organisation of table olive and olive oil producers, growers, distributors, importers, users & consumers. It is a signatory to the Quality Control Agreement of the International Olive Council (IOC). The Association is aiming to devise a suitable, cost-effective campaign to further promote and popularise olive oil in India. The aim of IOA includes:

- To promote the consumption of olives & olive oil and expand the market
- To increase awareness about olives & olive oil among the general population, especially its nutritional and health aspects
- To introduce standardisation in the industry and the market. Specifications and definitions for olive oil, under the Indian law, are not the same as those of the IOC or the EU. We have already taken up the matter of updating the law with the government. An inspection and enforcement mechanism will thereafter need to be established to check the

products available in the market to make sure that they abide by the new specifications

- To establish procedures to ensure accurate labelling for the various grades & types of olives & olive oil and to lay down quality standards, thus encouraging their adoption
- To obtain, analyse, compile and circulate statistical information on the consumption, import, production & other aspects of olives & olive oil in India

As a result of the IOA's efforts, import duties were reduced from 45 per cent to 7.5 per cent on olive oil and OPO; and from 40 per cent to 0 per cent on EV olive oil. Earlier, the government did not think of olive oil as an edible oil, but as a luxury, cosmetic product. IOA has been successful in creating awareness about olive oil as edible oil with many health benefits.

The trade standards of olive oil under Indian law are not aligned with the trade standards of IOC, CODEX or the EU. India's trade standards are old, outdated and create problems for importers & producers, as the products do not match with the Indian law. IOA began pursuing this matter actively with the government in 2009 and has submitted draft amendments to the Food Safety & Standards Authority of India (FSSAI). The FSSAI is in an advanced stage of consideration for amending India's Olive Oil Trade Standards.

Measures to promote olive oil

The IOC, a UNDP promoted organisation, conducted two major campaigns to promote the use of olive oil during 2007 and 2009. During 2010-11, three major campaigns to promote olive oil are underway in India, funded by the European Union along with partner-state Italy. Members of the IOA have also been promoting the consumption of olive oil through the promotion of their individual brands.

The Consortium of Guarantee of Quality Extra Virgin Olive Oil has, this year, launched a three-year campaign financed by the EU and Italy, with a budget of Euro 2 million. Two other campaigns financed by the EU and Italy are currently running in India – one sponsored by the Italian association UNAPROL and the other titled European Art of Taste (EAT).

Efficient use balances high price

The basic cost of olive oil is not likely to come down in the near future, as it is dependent on producer prices in the Mediterranean countries, production quantities in those countries, demand-supply scenario in the world, the rupee's exchange rate and duty rates. In the long term, increased production is expected in several countries, but these may be matched by a demand rise, especially in China and India. Even when olive oil is produced in India, we do not know if the oil will be cheaper as we may not be able to match the vast economies of scale in the Mediterranean countries.

Olive oil is viscous at room temperature and loosens up considerably when heated. Hence, it only needs to be used in 1/3rd the quantity of a regular cooking oil. Further, olive pomace oil has a high smoking point (238°C) and can hence be reused 3-4 times when frying. Hence, the effective cost of olive oil is 1/9th of its actual MRP. Thus, with sufficient education on the efficient usage of olive oil and its cost-effectiveness, we expect its price to be less of a deterrent to consumers.

Scope of olive cultivation in India

There is one project ongoing in Rajasthan with Israeli collaboration, which commenced in 2008. At present, it is only a pilot project on 180 hectare of land where the State Government of Rajasthan has provided the land; the Israelis have provided the technical expertise and an Indian firm has provided the seed capital. So far the project is successful. Flowering has taken place this year and fruiting is expected. Planting has taken place under the intensive cultivation method.

Olive cultivation is now slowly catching attention with a few enterprising entrepreneurs investing in it. It will be 2013 or later that their investments will begin to provide returns. Previous projects in Himachal Pradesh and Jammu & Kashmir with Italian collaboration were not commercially successful. The Rajasthan project is a pioneering project and the first-of-its-kind in India. The high and low temperatures of Rajasthan are conducive to olive growing; the soil is suitable and sufficient water is provided through drip irrigation. Recently, there has been an announcement about a similar project in Gujarat, again with Israeli collaboration. ■


















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