

**Market Research
Report
On
Incense Stick
Manufacturing Industry
in
India in 2024**



Rao's Business Marketing

INTRODUCTION

Incense sticks, or agarbattis, hold a special place in Indian households, temples, and spiritual practices. As a blend of cultural heritage and modern innovation, the incense industry has transformed from small-scale cottage enterprises into a dynamic sector catering to both domestic and global markets. In 2024, this industry is poised to grow, driven by rising consumer demand for spiritual, wellness, and home fragrance products.

This report delves deeper into the current trends, challenges, opportunities, and the future outlook for the incense stick manufacturing industry in India.

Industry Overview

Historical Context:

- The use of incense in India dates back to the Vedic period, where it was an integral part of rituals and ceremonies.
- Traditional methods of making agarbattis involved handmade processes using natural ingredients like sandalwood, flowers, and herbs.

Current Scenario:

- India is the world's largest producer and exporter of incense sticks, supplying to more than 90 countries.
- The sector is divided into organized players focusing on branded products and unorganized manufacturers catering to local and rural markets.

Economic Significance:

- The incense industry contributes significantly to the rural economy by employing a large workforce, particularly women.
- The sector is supported by micro, small, and medium enterprises (MSMEs) as well as large companies.

Market Size and Dynamics

Market Value:

- The incense stick industry in India was valued at approximately **INR 9,000 crore (USD 1.1 billion)** in 2023.
- It is projected to grow at a **CAGR of 8-10%** between 2024 and 2028, driven by domestic consumption and export opportunities.

Domestic Demand:

- **70-75%** of the market revenue comes from domestic consumption, where agarbattis are used for religious, spiritual, and personal purposes.
- Urban areas are witnessing a surge in demand for premium and scented incense sticks.

Export Growth:

- Export revenue contributes to about **15-20%** of the total market.
- Major export destinations include the **USA, UK, UAE, and Southeast Asia**.
- Rising global interest in Indian fragrances and natural products is boosting exports.

Key Segments

By Type of Incense:

1. Traditional Incense Sticks:

- Handmade and infused with natural ingredients like sandalwood, rose, and jasmine.
- Popular in rural areas and for religious purposes.

2. Flavored and Scented Sticks:

- Include lavender, lemongrass, and vanilla scents.
- Cater to urban and international markets.

3. Eco-Friendly Incense:

- Made without charcoal and using biodegradable materials.
- Gaining traction among environmentally conscious consumers.

4. Dhoop and Cones:

- Primarily used in temples and households for specific rituals.
- Growing demand due to their long-lasting fragrance.

5. Aromatherapy and Wellness Products:

- Designed for stress relief, relaxation, and mental well-being.
- Often sold in spa and wellness centers.

By Distribution Channel

1. Traditional Retail:

- Small local stores dominate the market, especially in rural areas.
- Unbranded products form a significant portion of sales.

2. Modern Retail:

- Supermarkets and branded outlets offer a wide variety of products for urban consumers.

3. E-commerce:

- Online platforms like Amazon, Flipkart, and niche sites have become important channels for branded incense sticks.
- Growth in sales is driven by urban consumers and export orders.

Market Drivers

1. Cultural and Religious Practices:

- Daily rituals and festivals in India ensure consistent demand for agarbattis.
- Temples, households, and spiritual centers are the primary consumers.

2. Urbanization and Lifestyle Changes:

- Urban consumers increasingly use incense sticks for home fragrance and relaxation.

3. Health and Wellness Trends:

- The popularity of aromatherapy and yoga has boosted the demand for scented and therapeutic incense sticks.

4. **Export Potential:**

- Indian agarbattis are renowned for their quality and variety, leading to growing international demand.

5. **Government Initiatives:**

- Programs like **Khadi and Village Industries Commission (KVIC)** support small-scale manufacturers.
- Import duty on raw agarbattis from countries like China has helped domestic manufacturers.

Challenges

1. **Raw Material Supply:**

- Dependence on natural resources like bamboo, essential oils, and resins can lead to supply chain disruptions.
- Price volatility in raw materials affects profitability.

2. **Fragmented Market:**

- The industry is dominated by unorganized players, leading to inconsistent quality.

3. **Environmental Concerns:**

- Traditional agarbattis often use charcoal, which poses health and environmental risks.
- Regulatory pressures are pushing for more sustainable practices.

4. **Competition:**

- Intense competition from local and international manufacturers makes it challenging for new entrants.

Competitive Landscape

Key Players:

1. **Cycle Pure Agarbathies:**
 - Market leader with a wide range of premium and traditional products.
2. **ITC Mangaldeep:**
 - Known for its innovative products and strong distribution network.
3. **Zed Black:**
 - Focused on affordable products with a growing presence in rural areas.
4. **Hari Darshan:**
 - Popular for dhoop sticks and traditional offerings.

Small-Scale Manufacturers:

- Account for over **60%** of the market, especially in rural regions.
- Play a crucial role in providing affordable options for the mass market.

Consumer Trends

1. **Health and Sustainability:**
 - Increasing preference for charcoal-free, herbal, and organic incense sticks.
2. **Premiumization:**
 - Demand for long-lasting, exotic fragrances is rising in urban and export markets.
3. **Innovative Packaging:**
 - Attractive, eco-friendly packaging is becoming a key differentiator for brands.
4. **E-commerce Growth:**
 - Tech-savvy consumers are increasingly buying incense products online.

Future Outlook

Growth Opportunities:

1. Product Innovation:

- Development of smokeless incense, customized fragrances, and stickless diffusers.

2. Market Expansion:

- Tapping into unexplored regions within India and expanding into new export markets.

3. Collaborations:

- Partnering with wellness centers, spas, and yoga institutes to promote aromatherapy products.

Challenges to Overcome:

- Addressing raw material shortages and ensuring sustainable sourcing.
- Competing with international players and unorganized sectors.

Conclusion

The incense stick manufacturing industry in India is poised for significant growth in 2024, supported by cultural significance, export potential, and evolving consumer preferences. Manufacturers who focus on sustainability, innovation, and quality can capitalize on emerging opportunities and expand their market share. With a blend of tradition and modernity, the Indian agarbatti industry is well-positioned to thrive in the years ahead.

