

Indian Organic Food: Opportunities and Challenges

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1. Abstract —

With many farmers or producers, the market for organic products appears to be a niche one. However, this is the diet that our ancestors followed to stay healthy. Right now,

Government support is required to encourage farmers to engage in large-scale organic farming. So that farmers may earn a fair price for their organic food, the government should certify farmers' produce through organic certification with low fees. However, today's customer is well aware of the urgent need to change their eating habits from consuming non-organic food items to organic food goods. However, most people do not know about organic food or do not have easy access to it.

This is a result of reduced organic food production and an absence of stores that carry organic food, which is another obstacle. The primary reason why organic food is not particularly popular with consumers is because of its high market price, which was caused by lower output. Land that is farmed organically must be nurtured and preserved for future generations. The utilization of renewable resources, the necessity of energy conservation, the preservation of soil and water resources, and the upkeep of environmental quality are all emphasized. When a product is classified as organic, it suggests two key things: To begin with, it is devoid of growth hormones, antibiotics, industrial fertilizers, hazardous persistent insecticides, and genetically modified organisms (GMOs). Understanding and analyzing organic products as well as the opportunities and difficulties associated with selling organic food in India are the aims of this study.

Keywords — Organic Products, Organic Farming, Organic Food, Opportunities, Challenges.

2. Introduction

Over the past 20 years, decision-makers, the government, and business have all paid more attention to organic agriculture due to the numerous advantages that are thought to come with it. This is true in many regions of the world. In terms of productivity, it is thought to provide some relief from the environmental issues linked to traditional agricultural methods in developed nations. A number of governments have actively supported organic farming. This has led to a notable increase in the number of farmers switching to organic farming, especially in European nations. Because organic agriculture opens up export markets to the rest of the globe, it is also thought to have potential benefits for developing nations.

India is a country with a large number of small farmers that still employ traditional farming practices with little agricultural inputs, making it an ideal fit for organic production. Due to their inability to purchase conventional pesticides and fertilizers, small farmers are projected to have 65% of the nation's cultivated land in an organic state by default. The potential to cultivate a wide range of products organically is created by this default status in conjunction with India's inherent advantages, which include its varied agro-climatic regions, local self-sustaining agro-systems, a sizable population of progressive farmers, and the ready availability of inexpensive manpower.

The Indian market for organic Food
The food and beverage, health and wellness, beauty and

personal care, and textile sectors make up the majority of India's organic markets. The organic food market is seeing the fastest development, followed by the textile, cosmetic, and personal care industries. Based on comparable growth in exports, the anticipated value of India's domestic market by 2020 is expected to rise from INR40,000 million to INR100,000 million.

2.1 Objectives of Study

1. To explore the potential of organic food in the domestic Indian market
2. To analyze challenges regarding organic products in India
3. To determine consumer awareness and degree of understanding regarding organic food.
4. To determine how much consumers are willing to spend on organic food.

3. Literature Review

1. (Vindigni et. al, 2002) - Comparison of Organic and Conventionally Produced Food

For the most part, customers buy organic products because they believe they offer special qualities (and sometimes even superior qualities) over conventionally grown alternatives, even if the qualities associated with organic foods may be hard to discern from appearance alone.

2. (Grossman, 1972) - Willingness-To- Pay for Organic Products

The fact that customers trade off enhanced characteristics associated with consuming specific goods is connected to the willingness to pay (WTP) for specific dietary features. A WTP also takes into account the fact that every person has different tastes. Consumer willingness to pay a premium for organic products is a significant factor in determining the profitability and long-term financial sustainability of organic farms.

3. (Woese et al.1997) – Organic consumers demand and market issues

Concerns about traditional farming methods, food safety, and human health have led to a global increase in interest in organic food production. Important issues related to organic consumer demand and marketing include: (i) the impact of an economic definition of organically grown food on consumer demand; (ii) the characteristics that shoppers look for most when comparing organic to conventionally grown products; (iii) the degree and nature of consumer knowledge and awareness about organic food.

4. (MacEachern 1990) - Consumer Awareness and Knowledge about Organic Food

One of one's personal obligations is to make wise consumer decisions. This calls for customer awareness of rival items and product understanding.

5. (Gunter and Furnham, 1992) - Production, Producer Price, and Profitability Comparison

For customers who have a "external orientation" and are more likely to respond to the societal advantages or effects of increasing organic production, such as environmentalists and humanists, a supply-side evaluation of the distinctions between organic and conventional products is crucial.

4. *Statement of the Problem*

Globally, there is currently a growing interest in organic farming and organic goods. Another significant change in the food industry is the rise in environmental consciousness. Soil degradation, river and drinking water pollution, greenhouse effect, ozone layer depletion, and loss of natural resources and biodiversity are among the issues that need to be addressed. Once more, industrialized mainstream agriculture is held mostly accountable for these environmental issues due to its large-scale production and dependence on artificial chemicals. These problems cast question on the effectiveness of the traditional food system and its effects on people's health and well-being. Additionally, they have reduced public confidence in and faith in agricultural production systems, the government, was meant to offer protections. Therefore, one of the biggest challenges facing the agro-food sector is regaining the trust of consumers.

The Indian government has launched a number of legislative efforts in the last few years to support organic food exports and production. These actions are anticipated to improve soil quality, meet sustainable development

objectives, safeguard consumer health and food safety, boost farmer income and connect them to international markets, boost investment in organic food production and distribution, and generate jobs.

5. *ANALYSIS AND DISCUSSION*

5.1 *Opportunities in the Organic Sector:*

- The Indian market for organic food is expanding rapidly at the moment. An important aspect fueling the nation's growing health consciousness is the increased desire for organic food. Demand for organic food is growing as a result of Indian consumers becoming more conscious of the nutrients and quality of the food they eat. Furthermore, there has been a notable surge in consumer spending on health and wellness items due to many causes such urbanization, robust economic growth, and growing income levels. The government's strong backing is also driving increasing demand for organic food in India.
- The Mission for Integrated Development of Horticulture (MIDH), the National Food Security Mission (NFSM), the National Mission for Sustainable Agriculture (NMSA), the Rashtriya Krishi Vikas Yojana (RKVY), and other government programs are just a few of the initiatives the Indian government is using to encourage organic farming. As we look ahead, we project that the Indian organic food industry will expand at a CAGR of 20% and reach US\$ 2,091 million in value by 2024.

5.2 *Challenges in the organic Sector in India*

Due to a surge in new businesses bringing unique products to the market, India's organic agricultural industry is about to undergo a metamorphosis. These companies are making a significant contribution to the movement for a better living by giving customers access to nutritious organic products. Given that the Indian organic food market is still in its infancy, it is imperative that the public and commercial sectors create robust legislative frameworks that will serve the interests of all parties. India's organic agricultural sector has enormous growth potential as long as it receives consistent funding and gains from both new and current programs, such as tax breaks and regulatory easing, food processing, certification, and incentives for organic farming.

Three main categories may be used to classify some of the current issues facing the organic sector:

5.2.1 *Issues at the producer level:*

- The procedure of certification:
The certification process for pursuing organic farming is riddled with problems, including exorbitant certification charges, drawn-out procedures, international validity, inadequate certifying bodies, and inadequate supporting infrastructural facilities for verification. The

annual cost of certification for farmer's ranges from INR50 to INR500, while the cost of internal audits and paperwork is around INR2,500 per farmer. Even if the cost of certification has decreased, many small farms or individual farmers still find it to be exorbitant.

- Certification standards:

There is also a knowledge gap about labeling specifications and certification standards. Furthermore, there has historically been a lack of desire on the part of important trading partners to sign equivalency agreements.

- Lack of market for pre-certification produce: Because the farm or crop does not have an organic certificate, harvests made before or during the certification procedure are not eligible for placement in the organic niche market. The farmer loses money since this produce is marketed as traditional crops.

- Lack of uniformity in the certification process for various products:

Meat and dairy products are certified according to separate standards. The standardization method for organic coconut will differ from that for coconut products with added value. As a result, in order to comply with the relevant regulations, a business that sells numerous commodities must also get several certificates and keep different records. heavy reliance on agriculture

5.2.2 Processor level Challenges

- Supply chain concerns:

Because organic farming entails significant production expenses, many farmers are wary of it. Fresh organic vegetable collection, transportation, and storage are given a lot of attention. Organic food items have generally low quantities, which makes the marketing and distribution chain inefficient and expensive.

- Global competitiveness:

Rather than focusing on becoming globally competitive, India must increase its share of the world market for organic food exports. Indian product is at a disadvantage because to the frequent discrepancy between worldwide quality and safety standards and Indian organic standing.

- Insufficient branding and packaging:

To effectively promote and sell organic products, they need unique packaging made of natural materials and branding that sets them apart from conventional items. There are currently no laws governing labeling requirements. Additionally, there are no guidelines or norms for labeling and certification requirements for the import and domestic markets, which encourages unethical activities such combining organic and conventional food.

5.2.3. Consumer-level challenges

- Lack of knowledge among customers:

The health advantages of eating organic food items are largely unknown to many Indian consumers. The situation is direr in non-metropolitan areas because the general public is unaware of the distinctions between conventional and organic farming practices. They are purchasing natural items on the mistaken belief that they

are organic. Natural food simply refers to food items that are not chemically changed or synthesized in any way, whereas organic food products are produced, processed, and handled using organic processes as defined by certifying agencies. As a result, businesses can only grow their clientele by raising consumer awareness in non-metropolitan areas.

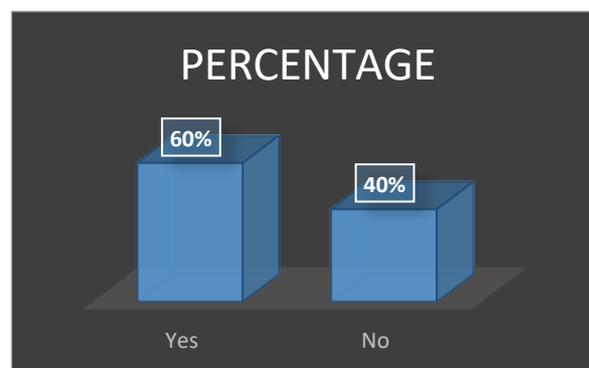
- The premium price of organic food goods:

In India, the price of organic food products is now more than that of regular food items. The high cost of organic food items is caused by specialized farmer training, processing and inventory holding costs (without chemical additions), and additional packaging, shipping, and distribution costs (due to low quantities). A household will probably have to pay an extra INR 1,200–1,500 a month to convert to organic food. As a result, only wealthy people who live in big cities are able to afford organic food.

- Limited availability of foodstuffs that are organic:

The market's restricted selection of organic food items is another significant obstacle to the expansion of India's organic food sector.

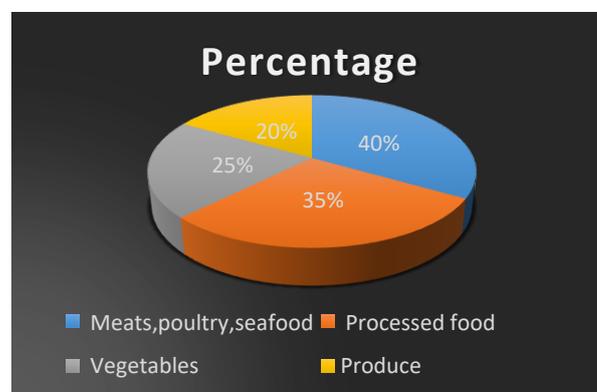
5.3. Awareness about organic Food



INTERPRETATION –

Based on the results of this survey, the researchers discovered that 60% of people had heard of organic food, whereas 40% have not. According to researchers, most people have heard of organic food.

5.4. Type of organic food purchased



INTERPRETATION -

According to this survey, 40% of people buy organic meats, poultry, and seafood, 35% buy processed

food, 25% buy organic veggies, and 20% produce organic food. In total, the researchers have concluded that 40% of people buy processed organic food.

6. Conclusion

Due to customer views that organic products are clean, safe, and ethical, the demand for organic food items appears to have increased rapidly globally in recent years. Furthermore, there are a lot of health and environmental benefits that organic farming may offer.

As a result, advancements in alternative farming methods and their possible dangers to organic farming should be closely watched, and their possible effects on the organic sector should be evaluated. Furthermore, lower-cost imports might pose a challenge even though India may be well-positioned to benefit from the rising demand for organic products both domestically and internationally.

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Furthermore, lower-cost imports might pose a challenge even though India may be well-positioned to benefit from the rising demand for organic products both domestically and internationally. For several individuals, safeguarding their health is vital.

Recent research suggests that consuming food contaminated with pesticides and other chemicals may be the cause of a number of ailments, including cancer, skin conditions, and lifestyle problems. Customers are being compelled to seek for safer options by this understanding. People are looking for knowledge about the origins and farming practices of the food they eat as they become more conscious of the substantial influence nutrition has on health. As a result, the market for organic food items is expanding; in only the past three years, it has almost doubled in size in India.

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