

Market Influences on Organic Farming Industry in India

Shilpa kaushal¹, Jatin Aggarwal¹

¹University Institute of Agricultural Sciences, Chandigarh University, Gharuan, Mohali- 140413, Punjab, India.

Corresponding Author: aggarwaljatin312@gmail.com

Abstract: - Organic farming is the future of agriculture, as the people are moving towards healthy lifestyle. Organic agriculture is going to be practice everywhere to produce healthy and nutritious food. But on the same side it comes with a great challenge which should be taken care as soon as possible, because if we have to move on the organic farming over conventional farming farmers have to face problems in production as it takes long period of time to produce yield in same amount as it is in conventional farming. The market for organic is going to be big issue in India. Since India is one of the largest contributors in field of agriculture at the world market. As India is also switching to organic practices but the market for the organic products is a niche market. Because the initial input is very high in the organic agriculture the price of product is also high as compare to normal products. Which will be a great disadvantage from the market point of view. In future if we work on minimising the manufacturing cost of organic products and sell them on the same or may be at little higher price from the inorganic products, then we can say that organic farming will become the future of world market in agricultural sector.

Key Words: — *Organic, Conventional, Market, Healthy, Production.*

I. INTRODUCTION

India has long practised organic agriculture, but the modernization process, notably the green revolution technology, has resulted in a greater usage of chemicals. However, in recent years, the limitations of agriculture based on chemical use and heavy irrigation have become obvious, and organic agriculture has seen a resurgence of interest. Falling agricultural production in some places as a result of excessive use of chemical inputs, diminished soil fertility, and increased environmental consciousness have reignited interest in organic agriculture. Exports played a part as well, but probably to a smaller extent than in other countries (Reddy 2010).

The Permaculture Association of India popularised the concept of 'Permaculture' (permanent agriculture) in AP in the early 1980s. Permaculture is the intentional creation and maintenance of agriculturally productive ecosystems that mimic natural ecosystems in terms of diversity, stability, and resilience (Mollison 1990).

Manuscript revised May 30, 2022; accepted May 31, 2022. Date of publication June 02, 2022.

This paper available online at www.ijprse.com

ISSN (Online): 2582-7898; SJIF: 5.59

Organic agriculture is just one of the many environmentally friendly producing options available. Organic production methods are based on specified food-production standards and strive to create agro-ecosystems that are both socially and environmentally sustainable. In comparison to industrial agriculture, it is predicated on limiting the usage of external inputs by efficiently utilising on-farm resources. As a result, synthetic fertilisers and pesticides are not used.

1.1 Overview of India's organic status

Organic producers thrive in India, and farming is the primary source of income for 60% of the population. India covers around 2.4 percent of the globe's land area and is home to about 17% of the world's people population and 15% of the world's cattle. (Welfare et al 2018) Continuous advancements in the agriculture and agri-based industries have contributed significantly to India's economy's long-term growth and development. The country's total geographical area is 328.73 million hectares, including 142.02 million hectares of net sown land. (karla et al 2018) Organic farming is a state of the art in India, and farmers have practised it since ancient times. (Patle, Badyopadhyay KK, Kumar M 2014) Small and marginal farmers in India cultivate 44% of the land, yet they make a huge contribution to national food security. (Wani S, Chand S, Najar G, Teli M 2013).

1.2 Agricultural Land holding pattern in India

The average size of active land holdings in India has decreased dramatically during the previous four decades. This reflects the enormous population pressure on the limited amount of arable land available. Farmers are divided into three categories by NABARD: marginal, medium, and small. Marginal farmers are those that own, rent, share crop, or hold agriculture land of up to one hectare (2.5 acres). Small farmers are those who own 5 acres of land. The graph below shows the average land holding size of Indian farmers. It demonstrates that land ownership has decreased in all states during the last few years. In the last four decades, the number of marginal farmers has climbed from 9 percent to 22 percent. The medium and big farmer's pie, on the other hand, is diminishing. The average size of a holding has shrunk by more than three times in Bihar and Kerala over the last four decades, while it has shrunk by half in Andhra Pradesh, Karnataka, Madhya Pradesh, and Maharashtra. Surprisingly, the amount of acreage used for organic farming has risen in these states. As a result, we can conclude that the transition from conventional to organic farming is gaining traction (Azam and Banumathi 2015).

II. ORGANIC FOOD AND CONSUMER

Organic farming and organic goods are misunderstood by consumers, despite the fact that they are not new to them. Organic farming is not a new concept; it has been practised by mankind for thousands of years. People have become more aware of healthy food practises through organic food as health issues and carcinogenic risks have become more prevalent. Organically grown food is often considered to be healthier than conventionally grown food. However, several researchers disagree with this assertion, claiming that there is no significant difference between organic and conventional foods. The nutritional organically cultivated food, which contains free radicals, antioxidants, and minerals, can treat and protect humans from a variety of ailments, including cancer. The level of polyphenol, minerals, vitamins, and antioxidants in food may increase with the adoption of organic farming, according to scientific studies focusing on nutritional balances of organic foods and their various products (Patle et al 2020).

2.1 Indian Organic Products

Roughly 1426 farms in India have been recognised as organic farms by February 2002, covering a total area of around 2,775 hectares (Source: data adapted from the report "The Real

Green Revolution" and FAO statistics). Given that Indian agriculture covers over 180 million hectares, the total land under certified organic farming represents for just 0.0015 percent of the total (Gariba and Jyoti 2003).

Table.1. Major products produced in India by organic farming (Gariba and Jyoti 2003)

S.no	Type	Products
1.	Commodity	Tea, coffee, rice , wheat
2.	Spices	Cardamom, black pepper, white pepper, ginger, turmeric, vanilla, mustard, tamarind ,Clove, cinnamon, nutmeg, mace, chili
3.	Pulses	Red gram, black gram
4.	Fruits	Mango, banana, pineapple, passion fruit, sugarcane, orange, cashew nut, walnut
5.	Vegetables	Okra, brinjal, garlic, onion, tomato, potato
6.	Oil Seeds	Sesame, castor, sunflower
7.	Others	Cotton, herbal extracts

2.2 Market

It's crucial to look at a market from the perspective of the consumer rather than the maker. When a client views products as alternatives, they may come from a variety of product fields. The viewpoint of the manufacturer is taken into consideration. On the one hand, consumers on the one hand, her product area concept may be pretty broad, and on the other hand, she could be highly specific. not all brands in a given industry are necessarily suitable for a certain need (or group of needs). (Tynan & Drayton 1987).

2.3 Market concept of Organic products

Organic items may be purchased or considered for a number of reasons by consumers. Organics' perceived environmental impact, flavour, sustainability, prestige, exclusivity, support of local farmers, lifestyle, animal welfare, worker safety, nutritional value, or decreased pesticide and herbicide exposure are just a few examples.

Organic foods include no pesticides, herbicides, or hormones, which is why consumers choose them for health reasons. Those who purchase for these reasons are mostly concerned with improving their health and extending their lives. Consumers purchasing for environmental reasons, on the other hand, may do so for more abstract reasons such as being environmentally conscious, peace of mind, simplicity, values and beliefs, or community (Hall et al 2008).

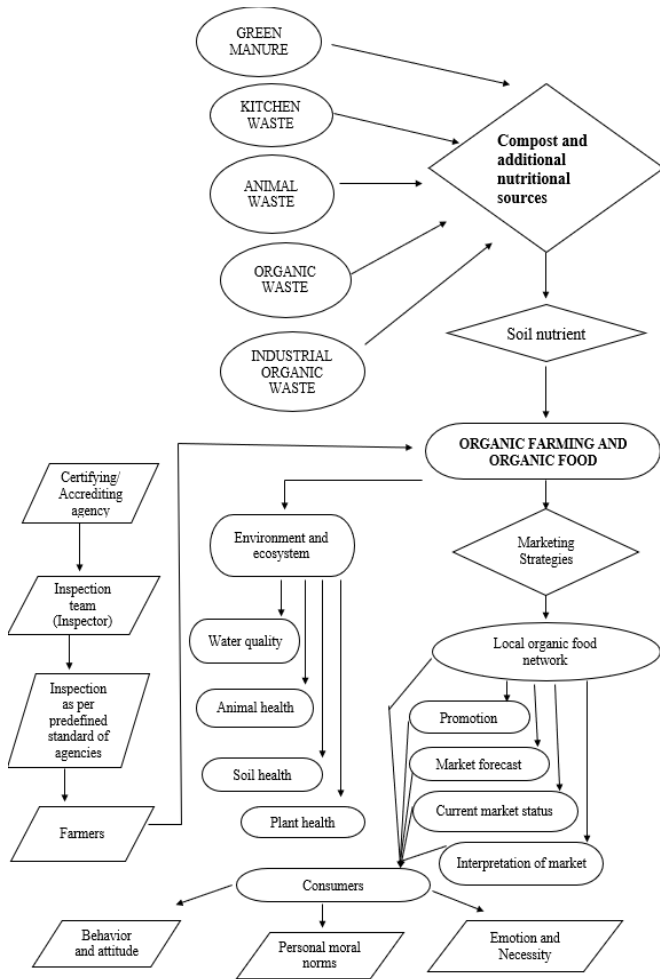


Fig.1. Simple route for marketing of organic commodity including production, marketing, processing and impact on ecosystem

2.4 Marketing of organically produced commodity

Knowledge about organic food, customer perceptions, and cost acceptability of organic commodities all play important roles in the purchasing of organic food. Organic food is in high demand, thanks to customer perceptions of its quality and safety, as well as its favourable environmental impact. (Rigby D, Cáceres D 2001; Wier M, Calverley C 2002; Baker P, Friel S 2016) The organic food industry is growing at a faster rate than other product markets, which might be attributed to a number of illness outbreaks caused by conventional food, such as the foot-and-mouth pandemic, the Belgian dioxin crisis, and mad cow diseases, among others, in various parts of the world. (Siderer Y, Maquet A, Anklam E 2005; Elumalai SD 2016) The absence of organic product branding and certification is a major barrier in organic marketing. (Kumar V, Patle GT, Kumar R 2017).

2.5 Market influences

The absence of branding and certification of organic products is a major barrier in organic marketing. According to result presented by (Kumar et al 2017) Sikkim is India's only 100 percent organic state, however only 19.9% of customers can tell the difference between organic and inorganic meals, and 75 percent prefer organically grown items. (Singh AB; Verma N, Panwar AS) Psychological factors, socio-cultural influences, and situational effects are three influences of consumer behaviour that must be carefully addressed in order for organic food and products to be successfully marketed. (Asioli D, et al 2017; Oyserman D. 2009) Aside from the reasons stated above, customers' choices and preferences are influenced by the location and types of food goods accessible in the market. Furthermore, in the majority of industrialised and emerging nations, the supermarket trend has dominated the distribution of organic food. (Pearson D 2011; Justin P and Jyoti R 2012; Asioli D et al 2017).

2.6 Building Consumer Confidence - Monitoring and Verification of Standards

Establishing standards is just the beginning of gaining consumer trust. Customers want assurances that the organic goods they buy are made in accordance with process and product standards. As a result, dependable monitoring and verification mechanisms are required in order to confirm the organic nature of the goods.

Many developing nations do not have a certification system in place, or if they have, the importing countries do not always recognise it. As a result, manufacturers and exporters usually have to pay for overseas certifying bodies' inspection services, which can be costly. It's no surprise, therefore, that advocates of impoverished farmers frequently cite the high cost of certification as the biggest barrier to organic farming acceptance. Clearly, reliable, effective, and low-cost national certification systems based on acceptable rules are required (De Haen, 1999).

III. GEOGRAPHY OF ORGANIC FAILURE

Individually, an organic grower can reduce buffer costs by geographically concentrating farm output, farming parcels with a low border-to-area ratio, locating near nonorganic but compatible land uses, and securing the assistance of surrounding conventional farms in avoiding drift. There is also the possibility of organic farms cooperating more in the future. When organic growers farm parcels close to those

cultivated by other organic growers, each grower benefits from a border without the need for a buffer zone. As a result, there are potential positive externalities between growers that can only be captured by sharing borders between organic farms that are individually managed. (Parker and Munroe 2020).

IV. CONCLUSION

India has long practised organic agriculture, but the modernization process, notably the green revolution technology, has resulted in a greater usage of chemicals. The Permaculture Association of India popularized the concept of 'Permaculture' (permanent agriculture) in AP in the early 1980s. Permaculture is the intentional creation and maintenance of agriculturally productive ecosystems that mimic natural ecosystems in terms of diversity, stability, and resilience (Mollison 1990). Organic production methods are based on specified food-production standards and strive to create agro-ecosystems that are both socially and environmentally sustainable. In comparison to industrial agriculture, it is predicated on limiting the usage of external inputs by efficiently utilising on-farm resources. Organic producers thrive in India, and farming is the primary source of income for 60% of the population. The average size of active land holdings in India has decreased dramatically during the previous four decades. It demonstrates that land ownership has decreased in all states during the last few years. Organic farming and organic goods are misunderstood by consumers, despite the fact that they are not new to them. However, several researchers disagree with this assertion, claiming that there is no significant difference between organic and conventional foods. Roughly 1426 farms in India have been recognised as organic farms by February 2002, covering a total area of around 2,775 hectares (Source: data adapted from the report "The Real Green Revolution" and FAO statistics). Given that Indian agriculture covers over 180 million hectares, the total land under certified organic farming represents for just 0.0015 percent of the total (Gariba and Jyoti 2003). It's crucial to look at a market from the perspective of the consumer rather than the maker. Organic items may be purchased or considered for a number of reasons by consumers. Organic foods include no pesticides, herbicides, or hormones, which is why consumers choose them for health reasons. Those who purchase for these reasons are mostly concerned with improving their health and extending their lives. Knowledge about organic food, customer perceptions, and cost acceptability of organic commodities all play

important roles in the purchasing of organic food. Customers want assurances that the organic goods they buy are made in accordance with process and product standards. As a result, dependable monitoring and verification mechanisms are required in order to confirm the organic nature of the goods. Many developing nations do not have a certification system in place, or if they have, the importing countries do not always recognise it. As a result, manufacturers and exporters usually have to pay for overseas certifying bodies' inspection services, which can be costly. The absence of branding and certification of organic products is a major barrier in organic marketing. (2009) Aside from the reasons stated above, customers' choices and preferences are influenced by the location and types of food goods accessible in the market. Individually, an organic grower can reduce buffer costs by geographically concentrating farm output, farming parcels with a low border-to-area ratio, locating near nonorganic but compatible land uses, and securing the assistance of surrounding conventional farms in avoiding drift. When organic growers farm parcels close to those cultivated by other organic growers, each grower benefits from a border without the need for a buffer zone.

REFERENCES

- [1]. Reddy, B. S. (2010). Organic farming: status, issues and prospects—a review. *Agricultural Economics Research Review*, 23(347-2016-16927), 343-358.
- [2]. Mollison, B. (1988). *Permaculture: a designer's manual*. Permaculture: a designer's manual.
- [3]. Patle, G. T., Kharpude, S. N., Dabral, P. P., & Kumar, V. (2020). Impact of organic farming on sustainable agriculture system and marketing potential: A review. *International Journal of Environment and Climate Change*, 10(11), 100-120.
- [4]. Patle, G. T., Kharpude, S. N., Dabral, P. P., & Kumar, V. (2020). Impact of organic farming on sustainable agriculture system and marketing potential: A review. *International Journal of Environment and Climate Change*, 10(11), 100-120.
- [5]. Azam, M. S., & Banumathi, M. J. I. J. (2015). The role of demographic factors in adopting organic farming: A logistic model approach. *Int. J. Adv. Res*, 3, 713-720.
- [6]. Garibay, S. V., & Jyoti, K. (2003). Market opportunities and challenges for Indian organic products.
- [7]. Hall, M. C. (2008). The marketing of organic products: an instrumental/symbolic perspective. *Journal of Food Products Marketing*, 14(3), 1-11.
- [8]. De Haen, H. (1999, October). Producing and marketing quality organic products: opportunities and challenges. In

- Sixth IFOAM Trade Conference: Quality and communication for the organic market, Florence (Vol. 23).
- [9]. Tynan, A. C., & Drayton, J. (1987). Market segmentation. *Journal of marketing management*, 2(3), 301-335.
- [10]. Welfare F. Sub-mission on Agricultural Mechanization Government of India. 2018;11000.
- [11]. Kalra S. A Study of Land Utilization in Different Areas of India. 2018; 4:631–6.
- [12]. Patle GT, Badyopadhyay KK, Kumar M. An overview of organic agriculture: A potential strategy for climate change mitigation; 2014.
- [13]. Wani S, Chand S, Najar G, Teli M. Organic farming: As a climate change adaptation and mitigation strategy. *Curr Agric Res J*. 2013; 1:45–50.
- [14]. Rigby D, Cáceres D. Organic farming and the sustainability of agricultural systems. *Agric Syst*. 2001; 68:21–40.
- [15]. Baker P, Friel S. Food systems transformations, ultra-processed food markets and the nutrition transition in Asia. *Global Health*. 2016;12.
- [16]. Wier M, Calverley C. Market potential for organic foods in Europe. *Br Food J*. 2002; 104:45–62.
- [17]. Elumalai SD. Evaluating the microbial safety status of products from sustainable organic agriculture. 2016:1–154.
- [18]. Siderer Y, Maquet A, Anklam E. Need for research to support consumer confidence in the growing organic food market. *Trends Food Sci Technol*. 2005; 16:332– 43.
- [19]. Kumar V, Patle GT, Kumar R. Overview on Sikkim Organic Agriculture and Strategies for Future Market Potential. 2017;4: 2–9.
- [20]. Singh AB. Quality parameters and biochemical characteristics of produces under organic farming. *Mod Concepts Pract Org Farming Safe Secur Sustain Food Prod* n.d.:461.
- [21]. Verma N, Panwar AS. GENDER ROLE IN ORGANIC FARMING. *Mod Concepts Pract Org Farming Safe Secur Sustain Food Prod* n.d.:488.
- [22]. Asioli D, Aschemann-Witzel J, Caputo V, Vecchio R, Annunziata A, Næs T, et al. Making sense of the “clean label” trends: A review of consumer food choice behaviour and discussion of industry implications. *Food Res Int*. 2017; 99:58–71.
- [23]. Oyserman D. Identity-based motivation: Implications for action-readiness, procedural-readiness, and consumer behaviour. *J Consum Psychol*. 2009; 19:250–60.
- [24]. Pearson D, Henryks J, Jones H. Organic food: What we know (and do not know) about consumers. *Renew Agric Food Syst*. 2011; 26:171–7.
- [25]. Justin P, Jyoti R. Consumer behaviour and purchase intention for organic food. *J Consum Mark*. 2012; 29:412–22.