

A STUDY ON ECO-FRIENDLY ORGANIC AGRICULTURAL PRODUCTS IN INDIA

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Abstract

Increasing consciousness on the environmental problems has led a shift in the way consumers go about their life. There has been a change in consumer attitudes towards a green lifestyle. People are actively trying to diminish their impact on the environment. Nevertheless, this is not widespread and is still evolving. Organizations and business however have seen this change in consumer attitudes and are trying to gain an edge in the competitive market by exploiting the potential in the green market industry. In the modern era of globalization, it has become a challenge to keep the consumers in fold and even keep our natural environment safe and that is the biggest need of the time. Green or eco-friendly marketing is a phenomenon which has developed particular importance in the modern market and has emerged as an important concept in India as in other parts of the developing and developed world, and is seen as an important strategy of facilitating sustainable development. This study has been made of need and importance of green marketing. Data were collected from multiple sources of evidence, in addition to books, journals, websites and newspapers. It explores the main issues in adoption of green products. The present study explains the contemporary situation of Indian organic agricultural market and explores the challenges have with green marketing.

Key words: Green marketing, sustainable development, green products, environmental sustainability, eco-friendly marketing, organic food, etc.

1. Introduction

Increasing consciousness towards healthy lifestyle has seen organic farm production and trade emerging as an important sector in India as in other parts of the developing world. Organic food is grown with nil or minimal use of chemical fertilizers and pesticides and in its processing no chemical, artificial colour or flavoring is used either as processing aid or as additive. This food is cultivated using organic manures, bio-fertilizers and bio-pesticides. Organic products are being seen as a natural choice by consumers and producers. Consumers are consciously opting for healthy eating habits which are driving entrepreneurship in organic foods. According to ASSOCHAM and TechSci Research, the size of the Indian organic food market, which is highly unorganized, was \$0.36 billion in 2014, and organic pulses and food grains took the lion's share of the market. Further, India's organic food market has potential to grow more than 25 per cent annually to touch \$1.36 billion by 2020, provided there is more awareness about these products and the government incentivizes region-specific organic farming to ensure consistent growth in future. Increasing awareness towards nutritious, tasty and healthy food and changing lifestyle are surging the demand for organic food, particularly across the metro cities which has nearly quadrupled the size of organic foods in India in the last

few years. Majority of the demand for organic food is being contributed by major cities such as Mumbai, Chennai, Delhi, Gurgaon, Bengaluru and Pune.

2. Global green agricultural market

World's biggest organic agriculture organization namely 'International Forum for Organic Agriculture Movements, along with Research Institute for Organic Agriculture had published their latest study on the World of Organic Agriculture 2018. Surpassing Mexico and Uganda, India had become world's largest country in terms of number of organic producers. India, as per the authenticate data by study for 2016 had 835000 number of organic agriculture producers. This number is even higher than the total number of the other two nations in the list where Mexico has 210000 and Uganda has 210252 number of organic commodity producers. The study also finds that the positive trend seen in the past years on organic production continues to be global. Few interesting aspects of the report are: rising consumer demand for organic products, more farmers cultivate organically, more land is certified organic, and some 178 countries report organic farming activities. The study is supported by the Swiss State Secretariat for Economic Affairs, the International Trade Centre, and came right in the middle of BIOFACH in Germany are world's most renowned organic agriculture show. A total of 57.8 million hectares were organically managed at the end of 2016, representing a growth of 7.5 million hectares over 2015, the largest growth ever recorded. Australia is the country with the largest organic agricultural area (27.2 million hectares), followed by Argentina (3 million hectares), and China (2.3 million hectares). Almost half of the global organic agricultural land is in Oceania (27.3 million hectares), followed by Europe (23 per cent; 13.5 million hectares), and Latin America (12 per cent; 7.1 million hectares). A Study has given reference of market research company Ecovia Intelligence. This group has estimated that the global market for organic food reached 89.7 billion US dollars in 2016. The United States is the leading market with 38.9 billion Euros, followed by Germany (9.5 billion Euros), France (6.7 billion Euros), and China (5.9 billion Euros). In 2016, most of the major markets continued to show double-digit growth rates, and the French organic market grew by 22 per cent.

3. Exports of green agricultural products

Exports of organic products from India have risen over 20 per cent in the fiscal just ended owing to the growing global appetite for healthy food that is free from chemical and pesticide residues. This is also a leg-up for the government's plans to expand the area under eco friendly and sustainable farming. As per the Agricultural and Processed Food Products Export Development Authority, India exported organic products worth Rs. 30 billion in 2017-18, from Rs. 24.77 billion in 2016-17. APEDA has pointed out that the major demands under the organic product category are for flax seeds, sesame and soybean; pulses such as red gram, pigeon pea, and rice, along with tea and medicinal plants. People around the globe are getting more

conscious of what they are eating. They are switching to organic products as they do not want chemicals in their food. Compared to the overall agriculture export, the share of organic products is less. But the rate of growth is quite impressive. In 2016-17, India exported 21.27 million tonnes of agricultural products worth Rs.1.084 trillion, including substantial amounts of rice, animal products and fresh vegetables and fruits. In the same year, 309766 tonnes of organic products worth Rs. 24.77 billion were exported. Looking at the growing demand, we expect the export of organic products would be around Rs. 300-500 billion in the next 10 years. As per the Agriculture Ministry, farmers are encouraged to adopt eco-friendly farming techniques under Paramparagat Krishi Vikas Yojana, which not only improve soil health but also give better returns. Further, over 200000 hectares of land has been brought under organic farming by forming over 10000 clusters of 20 hectares each in the past three years. There is a rising awareness among farmers about maintaining soil fertility. In addition, organic products fetch better remuneration. Government has achieved the target of 200000 hectares of land under the PKVY. Now, we have to bring over 400000 hectares by 2019-20. Farmers are given financial assistance of Rs. 50000 under the PKVY. As per the ministry's data, farmers have received 20 per cent higher prices for their organic produce.

European Union member-countries were the biggest buyers of organic products from India in 2016-17 with imports of 124398 tonnes, followed by the U.S. with 116595 tonnes. There is a growing demand from Canada, Taiwan and South Korea in recent years. Germany is one of the biggest importers of Indian organic products. Now, many new countries are taking interest. However, there is no demand for organic products in the Gulf countries including the UAE which are otherwise major destinations for Indian agricultural commodities, especially fresh vegetables and fruits. According to APEDA, around 399717 tonnes of oil seeds and 195552 tonnes of cereals and millet were produced in the country using organic farm techniques in 2016-17. The number is 62329 tonnes for pulses and 39129 tonnes for tea and 155136 tonnes for cotton. Other organic products grown include spice and condiments, medicinal and aromatic plants, fruits, vegetables, dry fruits, coffee, ornamental plants, flowers and potatoes. The organic products market in India has been growing at a CAGR of 25 per cent and it is expected to touch Rs.10000-12000 crore by 2020 from the current market size of Rs.4000 crore, according to a report produced jointly by ASSOCHAM and Ernst and Young. Even though India has the highest number of farmers currently engaged in organic farming at 835000, the country accounts for less than 1 per cent the global organic market pie which is valued at \$90 billion in 2016. In terms of total area under organic cultivation, India ranks at 9th position with 1.49 million hectares. Australia, which tops the list, has more than 27 million hectares under organic farming. Inaugurating a national conference on organic farming organized by ASSOCHAM along with others, Union Agriculture Minister said organic farming should be promoted with the same spirit as Green Revolution as India was the country with maximum number of organic farmers.

4. Certification process of green products

There is a limit what the government can do to promote organic farming. The government cannot promote organic farming alone. There are many NGOs and organizations that have a crucial role to play. One of the major challenges faced by consumers who buy organic products by paying so much premium is that whether they can trust the product to be authentic or not. At the farmer level, getting certification and auditing done was still a cumbersome process, which takes up to 3-4 years. A farmer who is switching from conventional farming to organic farming has to bear a huge cost in the initial years and there is very little support available to him to make that switch. Talking in the similar vein, organic products are currently sold in the country completely on the basis of trust and consumer has almost no way to check the authenticity of the claim.

5. Packaged green food market

Currently, Indian organic market is retailer-driven and aggregator-powered and there is a need to make it consumer-driven and farmer-powered. The ASSOCHAM-EY joint study estimated that the market size for Indian organic packaged food is expected to cross Rs. 87.1 crore by 2021 from Rs. 53.3 crore in 2016, growing at a rate of 17 per cent. The substantial growth of this sector is attributed to an expanding urban population base, rising health concerns, growing consumer spending on food products and deterioration of food quality.

6. Conclusion

Eco- friendly agricultural practices will help to strike a balance between maximizing crop yield and economic growth. The application of green technology in the pursuit of sustainable agriculture can provide opportunities to increase yield, improving product quality, retention of soil fertility, and adoption of eco-friendly techniques. This will bring challenges and paradigm shift in the research field and related policies of the developing countries. Hence, there should be an integration of research, awareness and application of the green technologies in order to strive towards attaining sustainable development in the agricultural sector.

7. Reference

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