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Export opportunity and challenges in organic farming

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Abstract

Organic farming has emerged as a sustainable and economically viable alternative to conventional agriculture, offering significant export opportunities for countries like India. India ranks among the top countries in terms of area under organic cultivation and number of organic producers, with certified production exceeding 2.6 million tonnes and exports crossing ₹5,000 crore in recent years. Major organic export commodities include oilseeds (particularly sesame and flaxseed), cereals and millets, tea, coffee, spices, pulses, medicinal plants, cotton, fruits, and vegetables. Key export destinations comprise the United States, European Union countries, Canada, Japan, Australia, and Middle Eastern nations.

The global organic market continues to expand steadily, driven by increasing consumer awareness regarding health, nutrition, environmental sustainability, and food safety. Emerging segments such as organic dairy, meat, beverages, cosmetics, textiles, and functional foods further widen the export scope. Government initiatives such as the National Programme for Organic Production (NPOP), Mission Organic Value Chain Development for North Eastern Region (MOVCDNER), Paramparagat Krishi Vikas Yojana (PKVY), and export credit support through ECGC have strengthened the organic export ecosystem.

Despite the growing demand and premium prices in international markets, several challenges hinder the full realization of export potential. These include high production and certification costs, inadequate market information, fragmented supply chains, limited awareness among small and marginal farmers, price volatility, and compliance with stringent international quality standards. Strengthening market intelligence systems, improving certification processes, enhancing value addition, and promoting farmer-producer organizations are essential to overcoming these constraints.

Overall, organic farming presents immense opportunities for enhancing farmers' incomes, promoting sustainable agriculture, and expanding India's footprint in global markets, provided that institutional, infrastructural, and policy challenges are effectively addressed.

Keywords: Organic farming, organic exports, global organic market, India

Introduction

Traditional organic farming is a relative advantage in a country like India. Organic farming holds opportunity for the growers to seize organic market, which is growing tremendously in the global market. India is among the top ten (7th rank) in area under organic cultivation and an area of one million hectares is certified by organic certification. In terms of organic growers, India is also the second-largest country in the world, producing 9,76,000 MT of certified organic products, which include all varieties of edible and non-edible products. As per the report of APEDA, over eighty products were exported from India in 2007-08 and total volume of 37,500 MT (4.00% of total organic produce) was exported from India in 2007-08 and in the present scenario the number of products increased to more than twenty.

Organic trading offers global opportunities for organic producers in the world. Organic global markets look forward to rise from 25 to 30% in the coming years. The growth of organic global markets helps the farmer, producers, or agripreneurs to get premium profits but very

few stakeholders in organic production are aware of global market opportunities especially in developing countries like India. Information about organic market is not readily available to producers in economically poor countries. Lack of enough situational, technological and global current prices and financial aid to producers also root cause for few producers to go for conventional methods of production.

In underdeveloped nations, it is accordingly vital key players (e.g., Non-Governmental Organizations, producer associations, traders, exporters, etc.) that promote business to update details on the situational opportunities (market demand) and organic global market structure of the exported products. One such example India is a country with a greater number of small and marginal producers, who currently follow the use of conventional methods and do agriculture. Voluntary organization and other institutions are encouraging, promoting and supporting the production technologies of organic agriculture. Organic producer's renaissance has come into light in India at various levels, i.e., producer groups, skill providers, service providers, certification bodies, and manufacturers and businessmen.

Therefore, transfer of agricultural market information about the trends of organic labeled produce on world is major concern in interest of continuous scaling up of certified produce export process in country like India.

Global scenario of organic farming

As per the latest reports of FiBL survey on organic farming (Willeret *et al.*, 2020) ^[12] global scenario, organic farmland expanded by two million hectares and organic produce sales were also constantly growing, reaching another all-time high, as published by the data from 184 countries (FiBL and IFOAM, 2018). As per the Associated Chambers of Commerce and Industry of India (ASSOCHAM) study, the Indian Organic market stood at over ₹1,200 crore in 2019 and the market is expected to cross ₹2,000 crore in 2020. Fifty per cent, *i.e.*, 5,151 crores organic exports rose in the year 2019 (APEDA, 2018) ^[1]. Taking into account this Compound Annual Growth Rate (CAGR) of fifty per cent in organic exports, the exports double to ₹10,000 crore by 2021-22. Northeast regions account for the produce of 15 to 20% of total organic produce in nation, and enormous scope is there to improve their contribution. Over US \$757 million (₹5151 crores) worth organic produce was exported from India in the year 2018-19, with the growth of 49% as compared to 2017-18 (US \$515 million).

Flax seed (*Linum usitatissimum*), sesame (*Sesamum indicum*) and soya bean (*Glycine max*) are major oilseed crops have major sales in organic produce. Red gram (*Cajanus cajan*), channa (*Cicer arietinum*) among pulses, rice (*Oryza sativa*) among cereals and other medicinal plants are getting major sales in organic markets. United States of America and the countries of European Union were hotspots for organic buyers. Rapid increase is observed in orders from Canada, South Korea and Taiwan in recent years. Germany is major importer of organic produce from Indian subcontinent. The market potential of Indian organic produce is about ₹8500 crores. Export alone covers 60% at ₹5150 crores and Indian national market is valued about ₹2500 crores. Even though, the Indian market is small when compared to US \$97 billion but is one among the most rapid growing markets in world.

Production

Production in India, which includes various types of food products *viz.*, sugar cane, oil seeds millets and cereals, cotton, pulses, tea, fruits, spices, dry fruits, vegetables, coffee, medicinal plants, *etc.*, is over and above 1.7 MT (2017-18) of certified organic products. The organic production in India is not merely restricted to the edible sector but also fiber (cotton), functional food products, *etc.* In context of commodities, edible oil seeds are the single largest category followed by sugar crops, millets and cereals, fiber crops, medicinal, herbal and aromatic plants, pulses and spices and condiments.

Current trading of Indian organic products in the export market

In the year 2010-11, eighty-six products with total volume of 6987 MT were exported from India and the exports were performed around 157.22 million US dollars. Traders from the countries like the United States of America, Germany, Holland, United Kingdom, Switzerland and Japan show

preferred Indian organic products. The major products such as spices, fruits, tea and nuts are imported by Dutch and German traders. Sesame is major organic product imported by traders from the Netherlands and tea was imported by German traders. Tea, cotton and very small quantity of organic spices were imported by Swiss traders.

Sesame is imported in higher volume, followed by fruits (frozen mango puree and pineapple juice). Spices, such as black and white pepper, ginger, *etc.* ranked third. Higher amount of black tea than green tea is imported among tea varieties. The organic products traded in selected markets of Indian organic products are shown below in Table:

Table 1: Export volume and percentage share of major indian organic product categories in selected international markets

Product categories	Export volume (MT)	Percent share
Oil crops (except sesame)	17966	25.73
Cotton and textiles	17363	24.86
Processed food	8752	12.53
Basmati rice	5243	7.51
Tea	2928	4.19
Sesame	2409	3.45
Honey	2409	3.45
Rice	1634	2.34
Dry fruits	1472	2.11
Cereals	1348	1.93
Spices and condiments	1174	1.68
Medicinal and herbal plants or products	627	0.90
Coffee	320	0.46
Vegetables	167	0.24
Aromatic oil	39	0.06

Demand for Indian organic products in the domestic and export markets

Indian domestic market

Rise in consumption of organic products is seen in India. Even though, the half of the organic produce in India is focused towards exports, still there are many traders who focused towards the domestic consumption market. Health of children is most important reason for buying organic food as reported by 66% of parents (IFOAM, 2010) ^[6]. Many parents are willing to buy the organic produce even though organic produce cost is 25% more than the non-organic produce. Boosting up many organic stores in India is major evidence in growth of organic consumption by Indian population. Organic products can be seen everywhere in super markets, and demand for organic dishes is increasing in restaurants in major metropolitan cities of India.

Export markets

Growth in exports and high remuneration for Indian organic produce at global markets are one of the major reasons for farmers shift from traditional to organic farming. India is one among top supplier of organic spices, organic herbs, organic basmati rice, *etc.* Government support and increasing demand in developed countries are major drivers for Organic Industry in India. In general, the organic produce is priced 20 to 30% more than the non-organic produce, and consumption is restricted to high and rich economic conditioned families in India is also one of major reasons for exports.

Developed countries are the major hotspots for the demand,

and the producers of organic produce are aware of these opportunities. Rice, tea, coffee, wheat, pulses, spices, cashew nuts, cotton, oil seeds, fruits and vegetables and medicinal herbs are majorly products that are exported. Exports companies are major means for exports of these produce, except tea. Tea Estates are directly exporting organic tea. Small farmers are involved in producing other products, and this is the main reason for depending on export companies during exporting the organic products. Netherlands, Sweden, Belgium, Switzerland, United Kingdom, Germany, Spain, Italy and France are the major hotspots for exporting produce in European continent. United States of America and Canada are the countries from North American continent having huge demand for the organic products. Saudi Arabia, United Arab Emirates from Middle East, Japan and Singapore from Asia, Australia and South Africa are the major global markets for exporting the organic products.

Current trading of Indian organic produce in the export market

About 4.58 lakh MT was exported during the year 2018-19. Exports of organic food alone was around 515 million USD (₹3453.48 crores). Oilseeds (47.60%) leading among exports followed by cereals and millets (10.4%), plantation crop products such as tea and coffee (8.96%), dry fruits (8.88%), spices and condiments (7.76%). India has seen nearly half of the organic products exports. According to estimates of APEDA, sesame, tea, flax seeds, medicinal plants, soybean, rice and pulses such as pigeon pea (arhar) and chickpea (chana) are the key organic food products that drove this growth. India produced around 2.67 million tonnes of certified organic products including oilseeds, sugarcane, cereals and millets, cotton, pulses, medicinal plants, tea, fruits, spices, dry fruits, vegetables and coffee. Cotton fiber and functional foodstuffs are also being produced in India organically. Total volume of 6.14 lakh tonnes was exported during year 2018-19. The total volume of export during 2018-19 was 6.14 lakh tonnes, as on March 31, 2019, the total area under organic certification process registered under National Programme for Organic Production stood at 3.56 million hectares. This includes 1.94 million ha cultivable area and another 1.49 million Hectare for wild harvest collection, APEDA stated. In terms of production, United States and Brazil acquire majority of proportion in oilseeds. Japan, China, Russia and countries of European Union are the major importer nations in the world for organic oilseeds.

Major companies in market of organic oilseeds

There are few major companies, which play vital role in marketing of organically produced oilseeds. Oilseeds International Limited, Bungee, Cargill Incorporated, Cootamundra Oilseeds, Burrus Seed, Hatti Food, JDG Seed Company, Archer Daniels Midland, Fedio land Louis Dreyfus are few major companies that deal with the marketing of organic oil seeds.

Potential organic products

Organic dairy and meat registered the strongest growth in all the major international and dairy and meat of organic products valued the share of 21 and 12%, respectively in

global organic markets. Markets for organic live stock products are increasing in developed countries, and there are growing markets also in the developing countries (of the Middle East, Africa, Latin America and Asia regions) such as Brazil, Argentina, China, South Africa and India. In the European Union, Austria, Denmark, Germany and United Kingdom are the largest consumers of organic livestock produce. Besides European Union, among other developed countries, United States of America and Japan are major markets for organic livestock products.

Organic dairy

Decent growth has been observed in organic dairy products, particularly in the sales of milk, yoghurts and desserts.

Organic meat

In retail markets, average growth sale is seen in organic meat products. According to Organic Monitor, beef is the rapid growing food item among all but the beef only contributes 25% of the total organic market along with pork and lamb, and remaining 75% of market is covered by organic poultry.

Organic beverages

The organic beverage market covers products such as organic tea, organic coffee, organic wine, organic beer, organic juice and organic soda. The continent America is the largest region for organic beverages in the world (32.50%) followed by Asia (30.70%) and Europe (26.30%).

Organic cosmetics

Markets for the organic cosmetics are gaining importance in recent years. The available data show that the European market alone accounts 30% of the total global organic cosmetic market and its value is almost about 2 billion Euros (US \$3.01 billion). United States of America, United Kingdom, France, Japan and Canada are the top five markets for certified organic cosmetics and personal care products.

Organic textiles

United Kingdom is the hotspot for market regarding the organic textiles and cotton, by accounting the share of 8 to 10% of total global share. It was also estimated that the markets for organic products are estimated to increase by 24 to 34% every year.

Organic fruits and vegetables

The market of organic fruits and vegetables alone have 34% share of total organic markets in the world. Globally, there is very huge demand for organic fruits and their juice. It is estimated that US \$55.84 billion dollars market will be there for the organic vegetables and non-alcoholic drinks by year 2020 globally. Europe reported top consumption of organic fruits and their juice with the annual growth rate of 20% and the market of Middle East is also coming into light regarding the organic fruits and vegetables.

Functional foods and food ingredients

Alternatives to organic dairy are gaining popularity in recent years. Soya milk is one such product gained importance alternate to dairy. Another alternative was oat based dairy

products, which are also gaining importance in recent years. Globalization made supply chains is predicted to continue in this sector and large integrated companies are trying to spread their production basis.

Export opportunities for india

Organic tea

Indian subcontinent is one among the largest producers and exporters of organic tea. Almost 90% of the organic tea produced is exported to Australia, Japan, United Kingdom, Germany and the United States. Darjeeling has the largest number of estates under organic cultivation, followed by Assam and Sothern parts of India. In tenth five-year plan, the main focus was on organic tea cultivation, which is one of the highly potential areas.

Organic coffee

Developed countries like Germany, United States of America, Italy, France and Japan are the top few organic coffee consumed nations in the globe. Over 90% of the market is concentrated at United States, Japan and European United but only 1% of the global market of organic coffee is seen in India. Karnataka (60%), Kerala (27%) and Tamil Nadu (13%) are the three major region of cultivating organic coffee.

Livestock

India ranked top among all the countries in live stock population and also fourth largest exporter of beef. In total production of milk, India is one among the top nations. The developing countries more importantly India have very large scope to capture organic livestock market.

Organic spices

India captures 11and > 5% of global market of spices in terms of quantity and value, respectively. Germany, United Kingdom, France, Japan and United States of America are one of the main consumers of organic spices. However, organic spices in India represent a very negligible part when compared with total spice production. Pepper, turmeric, ginger, mace, cloves, nutmeg, cardamom, vanilla, mustard, hot pepper, tamarind, thyme, cabbage, oregano, rosemary, marjoram, parsley and sage (fresh, dehydrated and oil) are the major exported products from India. Indian subcontinent is one among the certified suppliers of organic cosmetic and health industry, herbal and aromatic plants and essential oils to global markets.

According to World Health Organization, the total global organic food market valued around \$37 billion and among this \$14 billion market is for herbal plants and medicines, which is expected to reach \$5 trillion by the year 2050. According to the International Funds for Agriculture and Development reported, India has more than 15,000 certified organic farms (Das *et al.*, 2020)^[1].

High market price for the organic products over the conventional products is one of the major means that drastically affecting the sales of organic produce. On the other hand, the high price is because of the cost associated with production technologies of organic produce (Prashanth *et al.*, 2015)^[8].

Organic food for health and nutrition

The growth of organic farming is increasing not only in India but also globally. In a world affected by the COVID pandemic, the demand for healthy and safe food is scaling up trend and hence this is an opportune moment to be captured for a win-win situation for our farmers, consumers and the environment.

With main objective of farmers to adopt organic farming and improve their economic standards due to premium prices for organic produce, two important programs were launched by the government *i.e.*, (i) Mission organic value chain development for Northeast region and (ii) Paraphragmata Krishi Vikas Yojana to promote organic and chemical free farming in the year 2015.

Flax seeds, sesame, soybean, tea, medicinal plants, rice and pulses, which are the major organic exports from India, were driving an increase of nearly 50% inorganic exports in 2018-19and touching ₹5151 crore.

Consignment exports (Global Entity) policy by export credit guarantee corporation of india limited (ECGC)

ECGC is a policy to provide export credit insurance support to the Indian exporters and this is working under Ministry of commerce and Industry, Government of India.

Major functions of ECGC

1. Provision of credit risk insurance to Indian exporters against loss in exports of goods and services.
2. Enables exporters obtain better facilities from finical institutions and banks.
3. Provides overseas investment insurance.

ECGC provides

1. Guidance in export related activities.
2. Insurance protection to exporter against payment risks.
3. Assistance to exporters in recovering bad debts.
4. Information on credit worthiness of overseas buyers.
5. Guidance in export related activities.
6. Facilities that make easy obtain of export finance from financial institutions.

Consignment exports (Global Entity) Policy: DO'S

1. **Maximum liability:** Make sure the maximum liability under the policy and is adequate to cover the buyers at any given time.
2. **Validity of the policy:** Always ensure validity and coverage of policy for your shipment.
3. **E-connectivity:** Acquire customer ID and password for online access to ECGC database available for policy holders.
4. **Advance premium**
 - Remit advance premium on projected turnover and terms of payment.
 - Exporter must deposit premium amount before making the shipment.
 - In case of unexpected, the exports premium amount is to be deposited.
5. **Credit limit on ultimate buyers:** Exporter must maintain adequate limit on relevant terms of payment by the buyer or through bank to cover the effected shipments.
6. **Prepare list of buyers:** Make sure that the buyers name

should not be there in list of buyers whom ECGC had faced adverse experience.

7. **Shipment statements:** All the shipment details need to be submitted on or before 15th of each month, and in case of no shipment, *NIL* declaration needs to be submitted.
8. **Overdue statement:** Make sure that all the overdue statements need to be submitted on or before 15th of each month.
9. **Prior approval of extension:** Prior approval of extension needed for due date beyond 360 days and remit additional premium by the buyer through online or banking.
10. **Loss minimization:** Take required action steps to minimize the loss as advised by concerned authorities from time to time and follow guidance of ECGC.
11. **Lodgment of claim:** File the claim within two years from the due date for the realization of sales proceeds in India.
12. **Recovery action:** Always take prompt and effective steps for the recovery of debt and remember timely actions ensure better recovery prospects.

Consignment exports (Global Entity) Policy: Don'ts

1. Do not fail to get the customer ID and password for access to the database of ECGC.
2. Do not fail to maintain premium in accounts with ECGC to cover the premium dues for the shipments.
3. Do not fail to submit the monthly shipment statements within dates.
4. Do not fail to declare the statements related to all shipments that are covered under the policy in the monthly statements.
5. Do not commit errors in monetary declarations.
6. Do not fail to verify the list of buyers, who made adverse experience to ECGC on website.
7. Do not fail to get approval regarding shipments.
8. Do not fail in submission of reports of overdue in time.
9. Do not fail to capture debt collection for recovery when advised by ECGC.
10. Do not make shipments to defaulted buyers.
11. Do not fail to get approval for the extension of due dates.
12. Do not fail to take prior approval of ECGC for the abandonment of goods.
13. Never enter into compromise agreements without approval of ECGC.
14. Do not fail to file the claim within the limited time stipulated under the ECGC policy.
15. Never fail to initiate recovery actions.

From the above, it is learnt that there is so much of wider scope for exporting organic products from Indian subcontinent and farmers, APEDA, Departments related to Agriculture, Horticulture, Sericulture, Veterinary and Animal Husbandry. Various boards like silk board, spices and condiments and organic products certified agencies should be alert in capturing global opportunities to Indian farmers. It is also concluded that organic products market is very much favorable for small and marginal producers definitely boost the economical levels of Indian farmers.

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