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TechSci Research

India Organic Food Market 2020

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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- Competitors Profiling
- Competitive Benchmarking

What do clients say about TechSci Research?

It was indeed a very good experience .TechSci was able to provide us with all the details that we were looking in the study. A special thanks to the team for the strong support throughout the entire product launch journey.

Mr. Vivek Chopra
Product Development Team
Panasonic India Pvt. Ltd.

I am satisfied with overall performance of TechSci Research. Weekly updates before the final report were especially helpful and reassuring. Additional requests on the content of the interim and/or final reports were handled in a swift and professional manner.

Mr. Shin Dosho,
Member Board of Directors,
Osaka Gas Co. Ltd

I admit that TechSci's in-depth knowledge on the market and also cooperation with face-to-face meeting was very helpful.

Mr. Eugene Kim
Financial Planning Division
LG Electronics

D.S. Rawat
Secretary General
ASSOCHAM

ACKNOWLEDGEMENT

The organic food market in India has grown at a healthy pace during 2010-14, on account ofrising health consciousness, changing lifestyles and increasing disposable spending among Indian consumers. Growing availability of organic food products in shopping malls, retail outlets and ecommerce portals has also been a vital factor increasing consumer adoption. Over the last few years, the shelf space of organic food products has been increasing across major retail outlets.

Rising government support in the form of subsidies, availability of easy financing schemes from financial institutions, increasing number of organic food growers and area under organic food cultivation are expected to further boost the industry prospects. Retention of the soil nutrients is yet another reason encouraging farmers to shift towards organic farming.

I am pleased to present ASSOCHAM's Publication **"India Organic Food Market 2020" on the occasion of 5th National Conference on Organic World: Advantage India; Production-Certification-Marketing.**

I extend my heartiest thanks to all the stakeholders including Agricultural and Processed Food Export Development Authority of India, Government of India, 24 Mantra Organic, International Panaacea Ltd., Jain Irrigation Systems Ltd., YES Bank and others for lending their support to this Conference. I also thank our Knowledge Partner of this Conference **"TechSci Research"** for its wonderful efforts in putting up this report on organic agriculture.

I appreciate the efforts and contribution of Dr Om S Tyagi, Ms Purnima Dhingra, Ms Shikha Dutta and Mr Nitesh Sinha for organizing this Conference.

India has been on a steady rise over the last few years, and the export opportunity for domestic players appears to be huge with global organic food consumption on a long-term growth trend. I believe this publication will serve as an invaluable resource, providing the necessary framework to inform various stakeholders to promote organic agriculture in India.

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1 Executive Summery

1. Executive Summery

Rising concerns about the harmful effects of fertilizers and pesticides used in conventional food products has led to growing acceptance of the organic foods in India over the last five years. The organic food market in India is forecast to grow at a CAGR of more than 25% during 2015-20.

Organic food products are available in form of pulses & food grains, processed foods, fruits & vegetables, dairy products, and other organic food products, which consist of products such as beverages, sweeteners, honey, jaggery, meat, fish, poultry products, etc. Organic pulses and food grains segment occupied the lion's share of the market in 2014, and is also expected to show significant growth over the next five years.

Exports of organic food products has been a major driver of organic food production in India. The market has also been growing on the heels of rapidly rising purchasing power of domestic consumers.

In 2014, the country's western region had the highest revenue share in India's organic food market. The region has the highest area under organic farming. Presence of major IT hubs and high number of HNWIs are major factors boosting organic food consumption in the region.

A major trend witnessed over the last few years in India's organic food market is increasing land area under organic farming. Rising exports of organic food products and increasing profit margins over the last five years, are the major factors that have been increasing farmers' interest towards organic farming in the country.

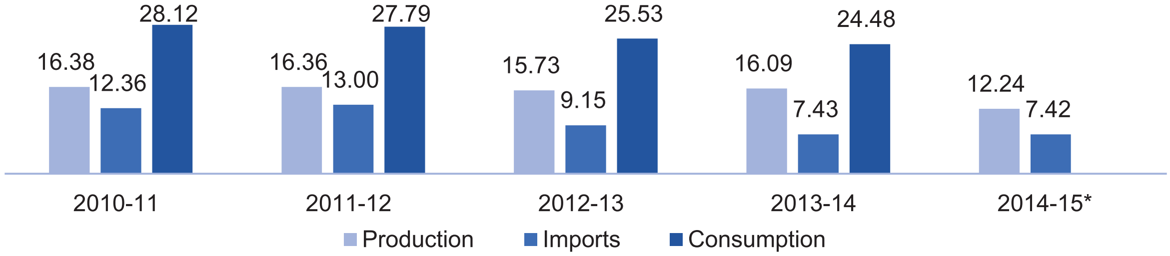
Organic farming also helps in retaining the nutrients present in soil, which is yet another reason encouraging farmers to shift towards organic farming. Increasing land area under organic farming, has been boosting production of organic foods in India, thereby supporting the upsurge of organic food market in the country.

2 Market Overview

2. Market Overview

Agricultural productivity in India witnessed an increase over the last decade, primarily due to gradual improvements in irrigation network and higher usage of fertilizers. With rising demand for agricultural food products, growers have emphasized on usage of fertilizers to stimulate productivity during 2000-12. In addition, the usage of fertilizers per hectare touched 281.81 kg per hectare in 2012. However, consumption of fertilizers exhibited a slow decline during 2011-14, due to rising awareness among consumers regarding health hazards associated with use of chemical fertilizers. This is consequently fuelled the demand for organic food products.

India Fertilizer Production, Imports and Consumption, 2010-2015E (Million Tonnes)

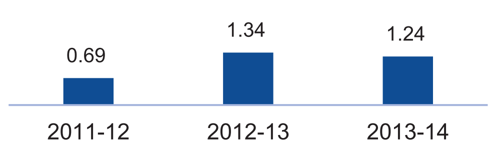


Source: Annual Budget 2014 -15

2.1. Area under Farming

Organic food market in India is exhibiting an uptrend on the heels of rising area under organic farming, growing inclination of consumers in urban areas towards chemical free foods and natural products, and increasing disposable income levels. According to the Ministry of Agriculture, organic farming Is practiced primarily in 12 states across the country. The area under organic farming was recorded at 4.72 million hectares in 2013-14. However, certified area under organic farming was around 0.723 million hectares. In 2013-14, Madhya Pradesh had the largest certified area under organic cultivation in the country, followed by Himachal Pradesh and Rajasthan. Driven by high margins, exports of organic food products are demonstrating an upsurge. India features among the leading organic cotton growers across the globe. In addition to organic food products, the country exported 16,322 MT organic textiles in 2013-14. The major export destinations for organic food products from India during 2013-14 include the US, European Union, Canada, Switzerland, Australia and Middle East.

Organic Produce In India (Million Tonnes)



Area Under Organic Farming (Million Hectares)

Source: APEDA

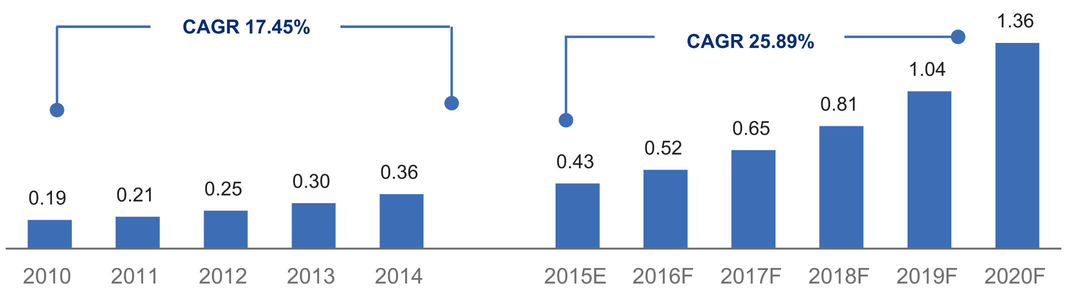
3 India Organic Food Market Overview

3. India Organic Food Market Overview

3.1. Market Share & Forecast

Organic food market in India is highly unorganized. Though the number of organic food growers and area under organic food cultivation is increasing, the farm size is small. The land under organic farming consists of wild harvest and area sown by farmers for cultivation of organic crops. The area under wild harvest is witnessing a decline, while the net sown area under organic farming is exhibiting a slow increase.

India Organic Food Market Size, By Value, 2010 -2020F (USD Billion)



Source: TechSci Research

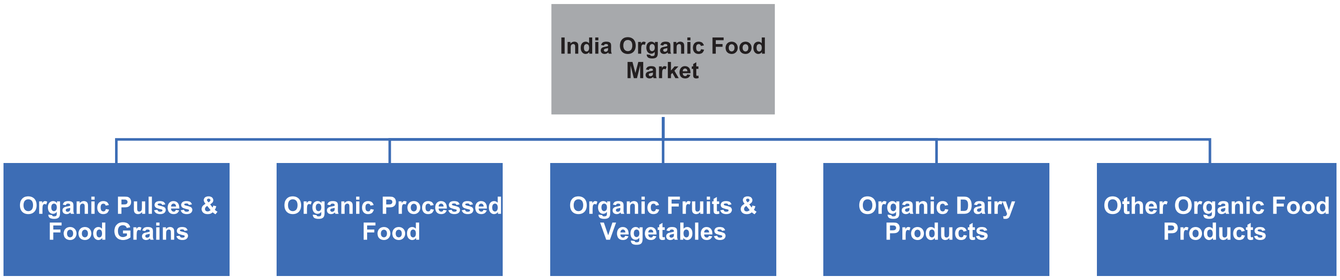
The organic food market in India grew at a healthy pace during 2010-14, due to rising health consciousness, changing lifestyles, mounting disposable spending, and growing availability of organic food products in shopping malls, retail outlets and ecommerce portals. The shelf space of organic food products is increasing across major retail outlets such as Spencer's, Nilgiri's, and Nature's Basket, etc.

Further, organic food market in India is projected to exhibit an exponential growth, on account of rising government support in the form of subsidies, availability of easy financing schemes from financial institutions, etc. Himalayan states such as Himachal Pradesh and Uttarakhand are focusing on cultivation of organic fruits & vegetables.

In addition, the central government is increasing its focus on expanding availability of organic products through public distribution shops, hospitals, army cantonments, railways, etc.

Further, the government is also planning to roll out a comprehensive policy on organic farming. The government also launched three agricultural portals aimed at inducing transparency and accountability in the process of organic farming certification, quality check and issuance of soil health cards. In 2014, organic food grains and pulses dominated the organic food market in India.

High net worth individuals and high income section of society, based in metros and Tier I cities are gradually shifting towards organic food products. In addition, organic beverages such as tea and coffee are marking their presence in Tier II cities.



3.1.1. By Product Type

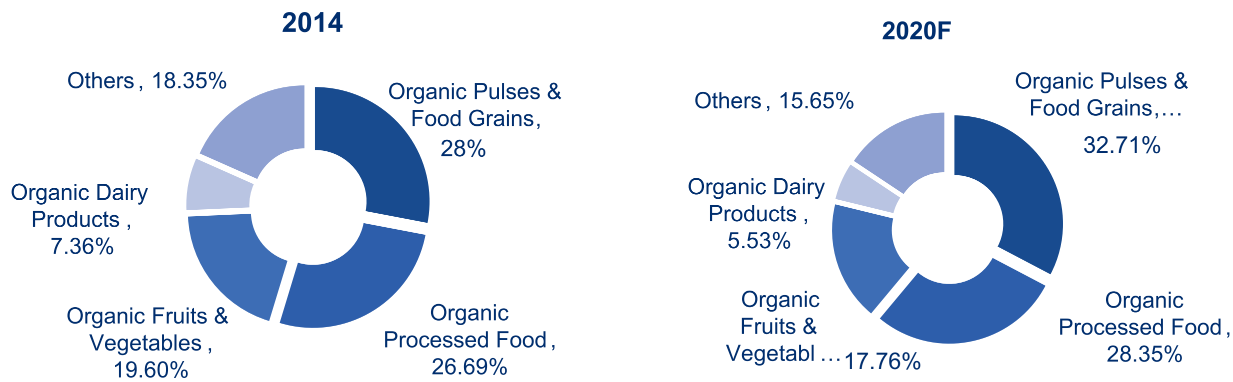
<u>Organic pulses and food grains:</u> Organic pulses and food grains is the largest segment in India organic food market. Products in this segment are mainly consumed in urban areas due to their higher nutrient content, and longer shelf life without the use of preservatives. Rising awareness among consumers regarding harmful effects of chemical residues in food crops is expected to catalyse demand for organic pulses and food grains in the country, thereby increasing its market share by 2020.

<u>Organic processed foods:</u> Organic processed foods include a wide range of products such as ready-to-eat breakfast, snacks, flakes, etc. This segment is the second largest revenue generating segment in India organic food market. Rising focus of companies on packaged and processed food products, coupled with growing popularity of ready-to-eat foods is driving the market for organic processed food products in India. Another factor driving growth of this segment is better availability of these products in organized retail sector, when compared to products in other segments.

<u>Organic fruits and vegetables:</u> Organic fruits and vegetables accounted for only a small share in the organic food market, when compared to other segments, due to their shorter shelf life and poor logistics and supply dynamics for organic products in India. The share of this segment in India organic food market is expected to decline over the next five years.

<u>Organic dairy products:</u> Organic dairy products include milk, ghee, cheese, curd and other dairy products. Organic dairy products are mostly consumed in Tier I and II cities. Inefficient supply chain network is hindering the high growth potential of this segment.

India Organic Food Market Share, By Product Type, By Value, 2014 & 2020F

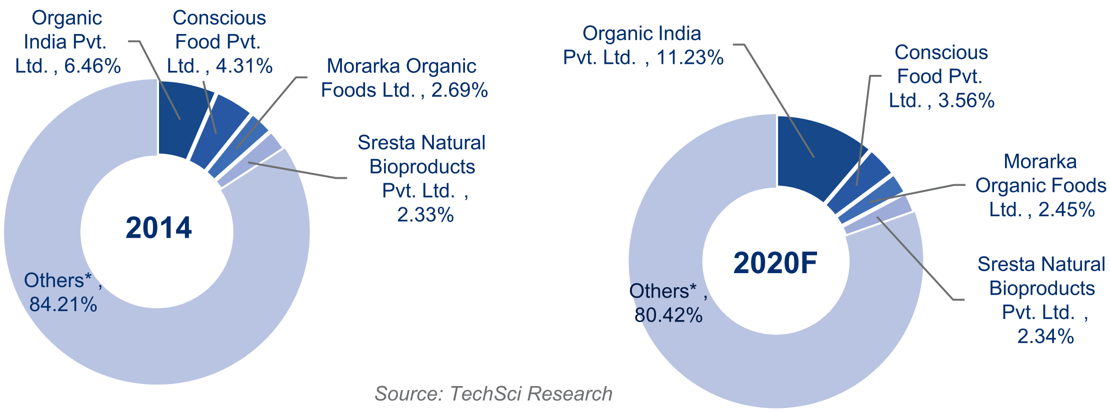


Source: TechSci Research

3.1.2. By Company

Organic food market in India is highly fragmented, due the presence of large number of small players in the market. However, the revenue share of these players is expected to decline in the coming years due to minimal innovation and lack of diversification in the offered products. Another factor leading to the decline in share of small players is the robust expansion of product portfolios of large players and its increasing accessibility in retail stores across the country.

India Organic Food Market Share, By Company, 2014 & 2020F



Source: TechSci Research

Organic India is the leading player in India organic food market. The share of the company is projected to touch 11.23% by 2020, due to gradual diversification in products offerings across various retail stores. Fabindia also pumped USD2.5 million in Organic India's operation expenditure. Fabindia, has around 180 retail stores across the globe, out of which, around 175 are located in India, acquired 40% stake in Organic India.

These events are also expected to contribute significantly towards revenue growth of Organic India over the next five years, resulting in increase in the company's market share by 2020. The company was started in 1997, with the purpose of establishing a business model to support the livelihood of underprivileged farmers by educating and training them to become self-sufficient. It offers over 50 premium, high potency herbal teas, supplements and personal products with Tulsi, as a key ingredient. The company has farms in Jammu & Kashmir, Uttar Pradesh, Gujarat and Andhra Pradesh that produce beverages and other herbal supplements. The company also produces organic ghee in its dairy products segment. The company has offices in the USA, Australia and Israel. Around 60% of the company's revenues are generated from exports to 35 countries, primarily the European Union and USA. Conscious Food, a Mumbai-based natural and organic food preparation and export company, was the second largest company operating in India organic food market, in terms of revenue generated in 2014. The company offers products through its workshop and ecommerce website. The company also has a subsidiary in the UK, which procures organic food products from Indian farmers. Further, the company sources its products from producers such as Timbaktu Collective in Andhra Pradesh and the Cooperation of Organic Farmers of India (COFI), and Yusuf Maharally Centre in Maharashtra. The company started Farmer's Market, an agency which promotes chemical-free products. The products of the company are sold through retail outlets in Mumbai, further it also offers organic product through online channel.

Morarka Organic Foods offers an extensive product portfolio that includes a wide variety of pulses, rice and grains, and processed foods. The company is also involved in cotton cultivation, along with innovating new yarns and weaving techniques to manufacture ready-to-wear products. In 2006, the company launched India's first organic retail store in Mumbai, under the brand Down to Earth.

Sresta Natural, which owns 24 Letter Mantra brand, operates retail stores in metro cities. The company also sells its products through online channels. Sresta Natural is primarily targeting IT hubs in the country and working on strategic alliances with different IT companies to create global access network for its products. The production volume of the company is also expected to rise, due to the anticipated increase in its certified land under organic farming. The company works on contract farming model with farmers in various states such as Rajasthan, Orissa, Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Uttarakhand. The company's farming projects are certified by various government and foreign agencies.

EcoFarms India Ltd., founded in 1995, offers products such as organic cereals, pulses, oil seeds, spices, fruits and vegetables, and processed foods. EcoFarm has important tieups with retail chains such as Spencer's across India. The company works in association with 20,000 farmers and cultivates around 40 different crops on 600,000 hectares' land. The company also operates in the ready to eat food segment. The company has represented India in international events such as BioFach Nuremberg, Germany and domestic events such as India Organic.

Other companies operating in India organic food market include Navdanya Foods Pvt. Ltd., Suminter India Organics Pvt. Ltd., Fabindia Overseas Pvt. Ltd., Pristine Organics Pvt. Ltd., Gayatri Organic Foods Pvt. Ltd., Nature Land Organics, Sahaja Samrudha, Eaternal Health and Organic Foods, MPS Food Products, etc. Revenues of the companies in Others segment are forecast to decrease over the next five years, as leading players are focusing on aggressive expansion of their production and increase focus on the domestic market.

Supply Chain Network of India Organic Food Market Players

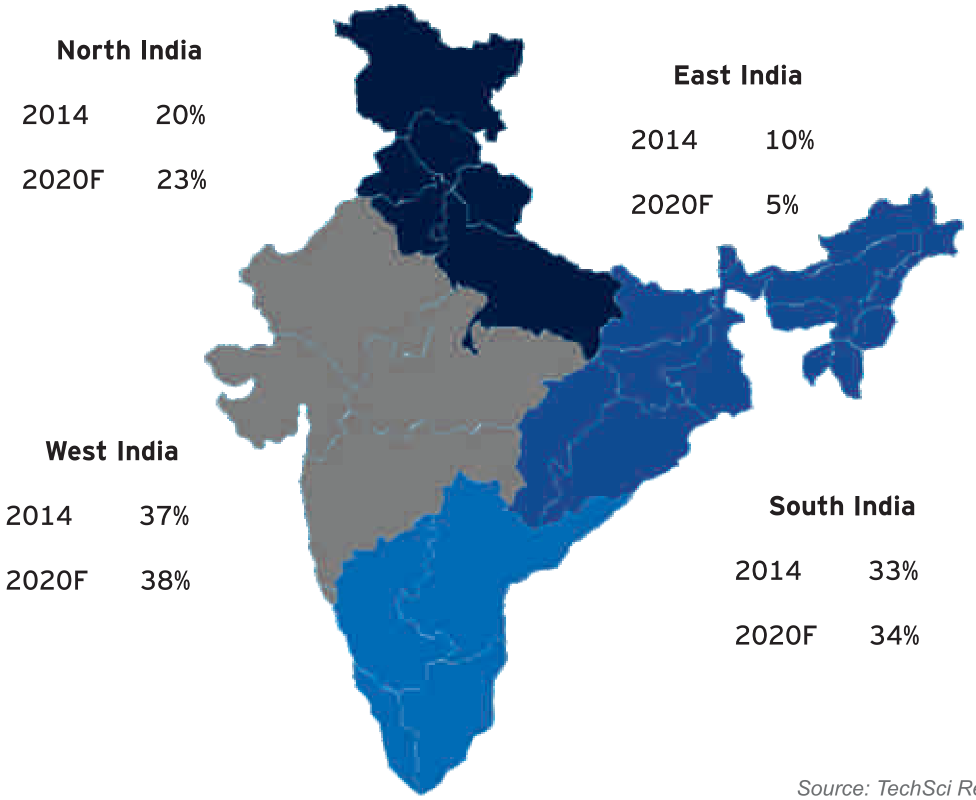
Company	Farmers Network	Land Under Farming (Hectares)	Distribution Network	Modes of Selling	Tie-ups	Brands Owned
Sresta Natural	10,000	30,000	Retail stores in Hyderabad, Pune, Bangalore, Chennai. Around 500 distributors	Online via natural mantra.com	Spencer's retail, Future group, Spar, Godrej Nature's Basket	24 Natural Mantra
Morarka Organic Foods	100,000	250,000		cs.com Downtoearth.com	Francorp India	Down to Earth Back to Basics
Organic India	20,000	50,000	1,500 franchise retail stores Around 10 exclusive retail in metros and Tier 1 cities	Ecommerce websites	Big Bazaar, Spencer's, Reliance Fresh, Metro Cash & Carry	-
Eco Farms	20,000	60,000	Networked to 300 retail stores	-	Big Bazaar, Reliance, Aditya Birla (More), Shoprite, Le Marche, Piramyds (Tru Mart), Apna Bazaar, Metro Cash & Carry	-
Suminter	15,000	50,000	No domestic sales Only Export	-	-	-
Fab India	80,000		170 exclusive retail stores			
Navdanya	100,000	500,000	Exclusive outlets			
Amira Group	7500	29652	Exports	-	-	-
Rapid Organic	(4000) Organically Certified)		Exports to Japan			
Natureland	32000	106000	Exports			

Source: Company Websites, News Articles, TechSci Research

3.2.3. By Region

Western region was the largest contributor of revenues generated in India organic food market in 2014. A major portion of the demand for organic food from this region emanates from tier I and II cities such as Mumbai, Pune, Navi Mumbai, Ahmedabad, etc.

India Organic Food Market Share, By Region, 2014 & 2020F



Source: TechSci Research

In 2014, western region accounted for more than 55% of the total land area under organic farming in India. Madhya Pradesh accounting for the largest land area under organic farming in the country. Western region's share in the organic food market is projected to increase during the next five years, due to high per capita income of consumers in the region when compared to other parts of the country, and a large population of HNWIs (High Net Worth Individuals) in the region.

Rising health consciousness among HNWIs and growing awareness regarding benefits of organic food products over traditional products is projected to drive demand for organic foods from Western India.

Southern region accounted for the second highest revenues in India organic food market in 2014. High demand for organic products was registered in urban areas such as Bangalore, Hyderabad and Pondicherry. Bangalore, the IT hub of India, has the maximum number of organic food retail stores in the country. After Western India, southern region accounted for the highest number of HNWIs in India.

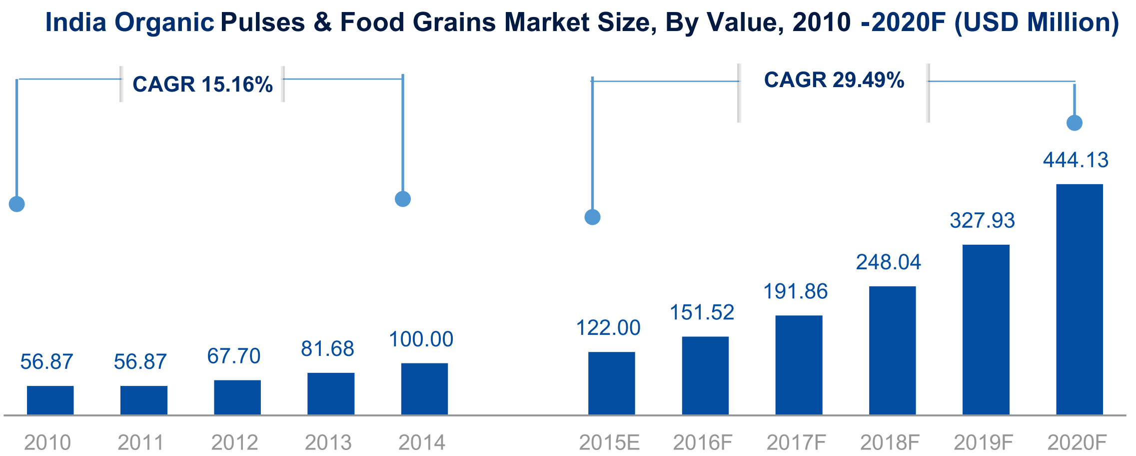
Around 58% of HNWIs in Bangalore, and 52% of HNWIs in Hyderabad have been actively consuming organic food products and are willing to pay 10-40% extra for organic food products. Northern region is expected to emerge as the fastest growing regional market for organic food products in India, over the next five years. Key reasons for the growth in demand for organic food from Northern India can be attributed to rising per capita income levels and expanding urban population base. Around 61% of HNWIs in Delhi/NCR, were consuming organic food products during 2012-13, and this is forecast to increase further over the next five years. Apart from Delhi/NCR, Chandigarh is another major market for organic food products in Northern India. The region is also a major contributor of organic food grains, which addresses demand from key export markets. Jammu & Kashmir, Himachal Pradesh and Uttarakhand are leading producers of organic fruits, vegetables and beverages (tea, coffee and fruit juices). In addition, demand for organic food is also growing from Tier II cities. Chandigarh, Ludhiana and Dehradun feature among the major emerging markets for organic foods in Northern India, due to growing income levels and rising purchasing power of consumers.

Eastern region, accounted for the lowest share in the overall market revenues in 2014. The per capita income of consumers in this region is lower in comparison to rest of India. Although the market for organic food products is increasing, which can be reflected from increasing land area under organic farming, growth in certified organic land is marginal. The revenue share of this region in India organic food market is expected to witness a steep decline over the next five years, due to higher growth in demand for organic foods from other regions.

4 India Organic Pulses & Food Grains Market

4. India Organic Pulses & Food Grains Market

Various state governments are encouraging organic farming in their respective states. In the Union Budget 2014-15, the finance minister allocated USD16.67 million for development of organic farming in North Eastern states.



Source: TechSci Research

Organic pulses and food grains segment includes products such as rice, wheat, maize, pulses, oil seeds, etc. In 2014, the market for organic pulses and food grains in India stood at USD100 million. Growth in organic pulses and food grains market can be attributed to rising domestic consumption coupled with increasing exports to Europe and North America. Demand for organic pulses and grains is increasing due to rising awareness about the harmful effects of chemical pesticides and fertilizers. There has been an increase in area under organic cultivation in India, when compared to the previous decade. A major part of the land under organic farming is used for production of organic food grains and pulses. Longer shelf life of organic pulses and good grains without the use of preservatives is another major benefit associated with organic pulses and grains. Urban areas, especially Tier I and II cities, are the major demand generators for these products in India. High demand for organic pulses and food grains in urban areas can be attributed to increased awareness regarding health risks associated with chemical contaminated food.

Drivers

1. Export demand for organic pulses and food grains is relatively high compared to other products, as this segment accounted for a 75% share in the overall export revenue generated.
2. Better distribution channels when compared to other market segements .

Challenges

1. High cost of organic cereals and pulses compared to non organic pulses and food grains.
2. Changing consumer preference towards ready to eat organic food products.

Trends

1. High diversification in product offerings
2. Large number of companies foraying into the segment

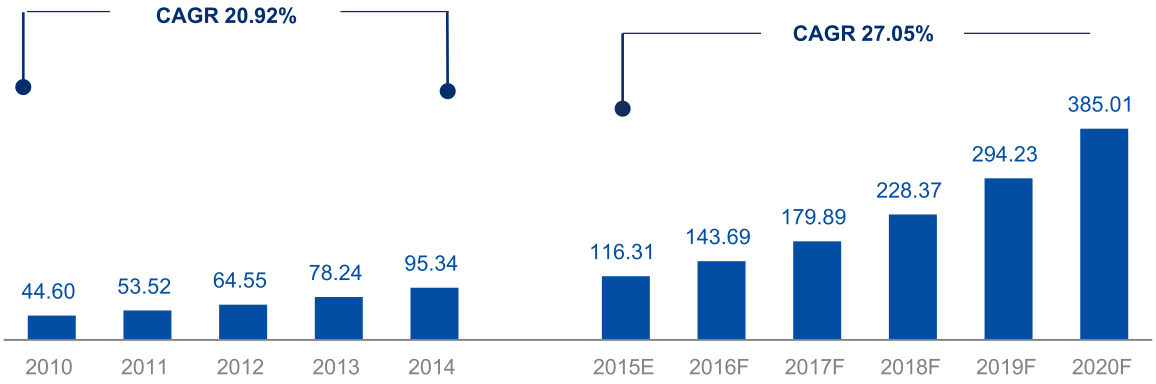
5 India Organic Processed Food Market Overview

5. India Organic Processed Food Market Overview

5.1. Market Size & Forecast

Organic processed food includes ready to cook and ready to eat products such as baked foods, dry fruits, pickles and snacks. Organic processed food segment is the second largest revenue contributor, and one of the fastest growing segments in India organic food market. In 2013-14, the segment accounted for a share of 5% in the overall exports of organic food products from India, in terms of volume. These products are easily available across all retail and online stores located in major Indian cities.

India Organic Processed Food Market Size, By Value, 2010 -2020F (USD Million)



Source: TechSci Research

Demand for organic processed foods is high among the working class population in metros and Tier I cities of India. The working class population and HNWIs are key demand generators for organic processed food in the country. During the last few years, the youth population in India has grown significantly. This age group prefers to spend less time on food preparation. Scarcity of time coupled with growing health consciousness amongst youngsters is driving demand for organic processed food products.

In 2011, the population of India was around 1.25 billion, of which, 60.30% was in the age group of 18-58 years. The share of this age group in the total population is poised to increase through 2020, consequently driving consumption of organic processed foods. Further, increasing employment rate in the country is also anticipated to fuel demand for organic processed food, during the forecast period.

Drivers

1. Easy availability of organic processed foods across retail stores in tier 1 & II cities.

2. Organic processed foods are becoming suitable substitutes for other organic food due to their ease of storing and usability.

Challenges

1. Competition from non-organic processed foods due to higher prices and lower market penetration of organic processed food.

2. The most important customer base for processed organic food comprises HNWIs, whose share is significantly less in India.

Trends

1. High demand for ready-to-eat food products from nuclear families in tier I & II cities across the country. This is mainly due to scarcity of time. Products such as organic canned food, organic frozen food, and instant products are quite popular among this consumer segment.

6

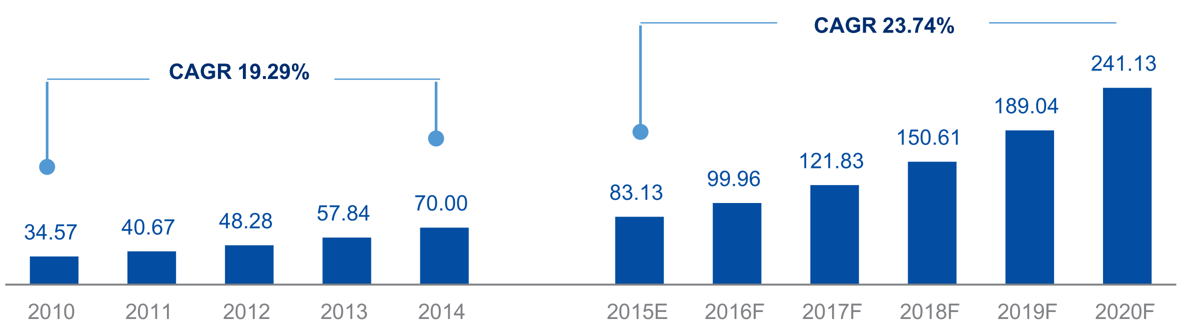
India Organic Fruits & Vegetables Market Overview

6. India Organic Fruits & Vegetables Market Overview

6.1. Market Size & Forecast

Organic fruits and vegetables market is expected to grow on the back of rising demand from Tier I and II cities. Implementation of Government policies such as National Horticulture Mission (NHM) and Horticulture Mission for North East and Himalayan States (HMNEH), is driving the cultivation of organic fruits and vegetables. In 2013, Apple, orange and banana, accounted for a majority share of about 75-80% in the overall market revenues from organic fruits.

India Organic Fruits and Vegetables Market Size, By Value, 2010 -2020F (USD Million)



Source: TechSci Research

Exports of organic fruits and vegetables are limited only to certain fruits, which have longer shelf life. Products such as apple, mango, and litchi are some of the main products exported. Major export destinations for organic fruits includes the Americas, Europe, Japan, Saudi Arabia and South Africa.

Domestic consumers, on the other hand prefer purchasing organic fruits and vegetables through organized stores.

However, the share of unorganized sector is very high in India organic fruits and vegetables market. Additionally, the costs involved in preserving fruits and vegetables during transportation are high. This forces producers and retailers to charge high premium on organic food items. Consequently, the retail prices of organic fruits and vegetables to end consumers is on the higher side. Poor supply chain in rural areas is a major challenge confronting India organic fruits and vegetables market.

Additionally, farmers would require continuous training to produce fruits and vegetables that meet specified organic standards.

Driver

1. Difference in average selling price of organic fruits & vegetable, and conventional organic fruits & vegetables is less when compared to other segments.

Challenge

1. Poor supply chain is a major constraint in India organic fruits and vegetables market

Trends

1. Restaurants especially in tier I & II cities are using organic vegetables and fruits to prepare food. Companies in this segment are targeting restaurants and food chains in order to increase sales.

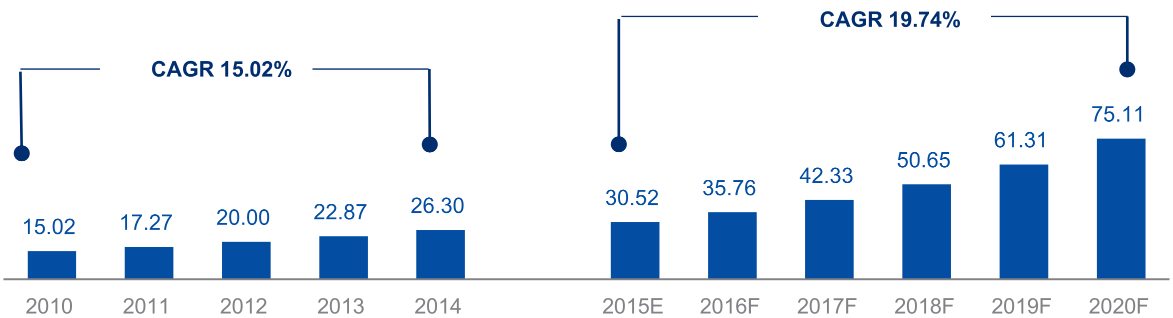
7 India Organic Dairy Products Market Overview

7. India Organic Dairy Products Market Overview

7.1. Market Size & Forecast

Organic dairy products include milk, ghee, cheese, curd and other dairy products. The organic dairy products market is projected to grow at a CAGR of around 19% during 2015-2020. However, this growth is lower in comparison to overall organic food market in India.

India Organic Dairy Products Market Size, By Value, 2010 -2020F (USD Million)



Source: TechSci Research

Major factors driving slower growth in organic dairy products market in India when compared to overall organic foods market include extremely high cost of organic dairy products in comparison to conventional dairy products, fewer certified dairy producers, and poor retail distribution system. To be fully recognized as a producer of organic dairy products, the company would be required to ensure that feed and fodder of livestock is free from pesticides, and the livestock should be reared in a healthy environment. Moreover, special care of the cattle is essential, such as providing food without chemicals. Other requirements include availability of large farms and better sanitation conditions to increase output. Another major constraint in India organic dairy products market is the significantly low yield of Indian cattle breeds, when compared to foreign breeds. This has resulted in a significant rise in overall prices of organic dairy products. A significant advantage for producers of organic dairy products is high consumption frequency, as compared to other products.

Drivers

1. Surging development of healthy milk products.
2. Increasing participation of private sector

Challenge

1. Consumers already using organic dairy products of a partcular brand tend to use the same products, providing a significant advantage to companies trying to establsih their hold in the market.

Trends

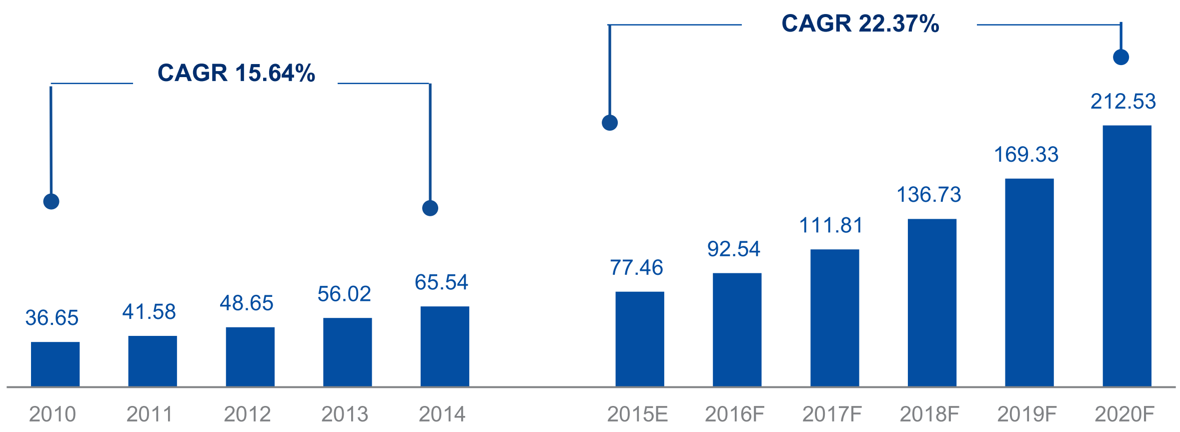
1. Significantly high costs compared to conventional dairy products.
2. High maintenance costs of farm animals.

8 India Other Organic Products Market

8. India Other Organic Products Market

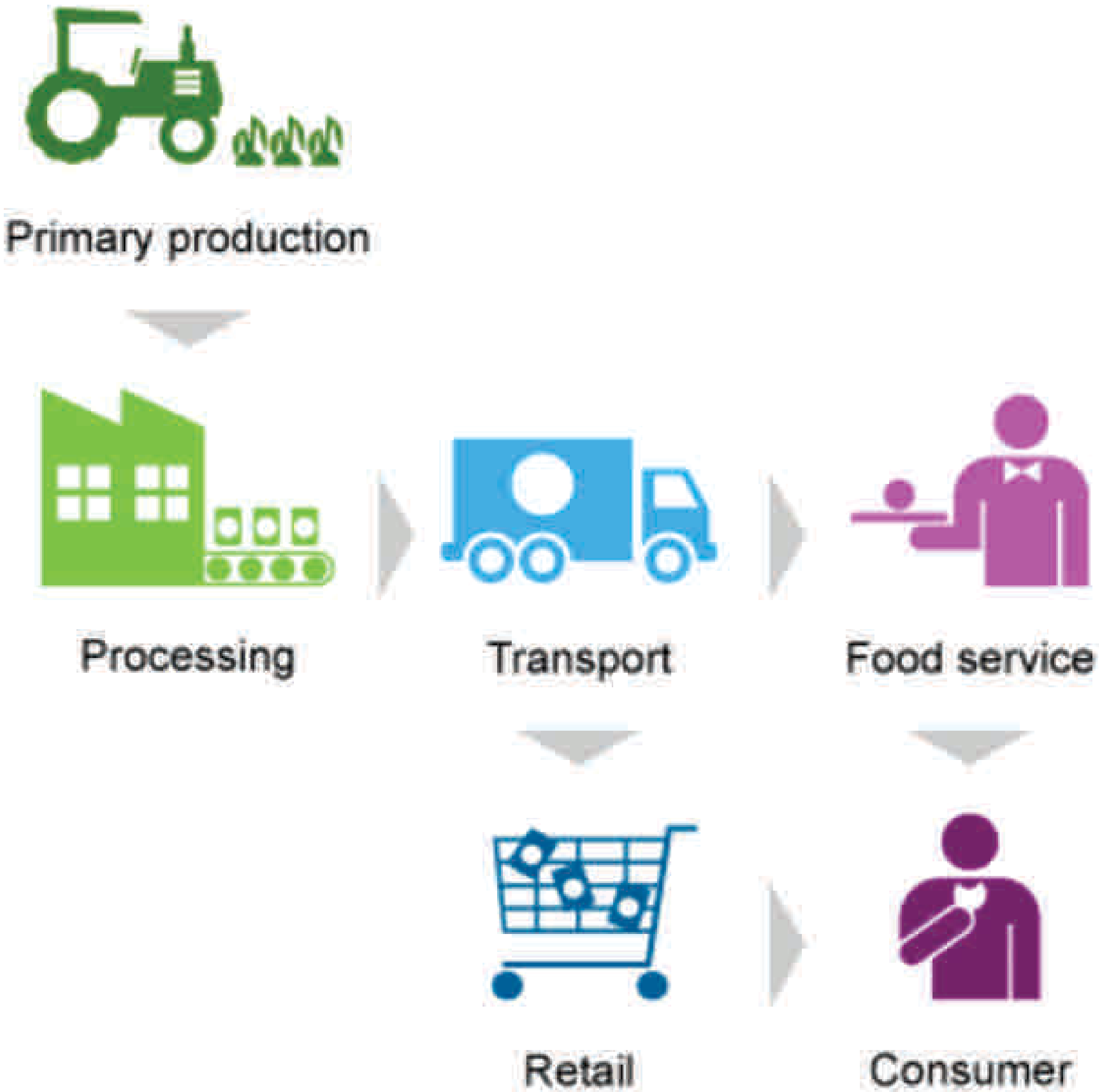
Others segment includes products such as beverages, sweeteners, honey, jaggery, meat, fish and poultry products. While, the market for beverages and poultry products is expected to grow at a significant rate, other sub segments such as meat and fish are forecast to witness a decline in market share due to low export volumes and low domestic consumption. This would result in an overall decrease in the segment's revenue share in India organic food market.

India Other Organic Products Market Size, By Value, 2010 -2020F (USD Million)

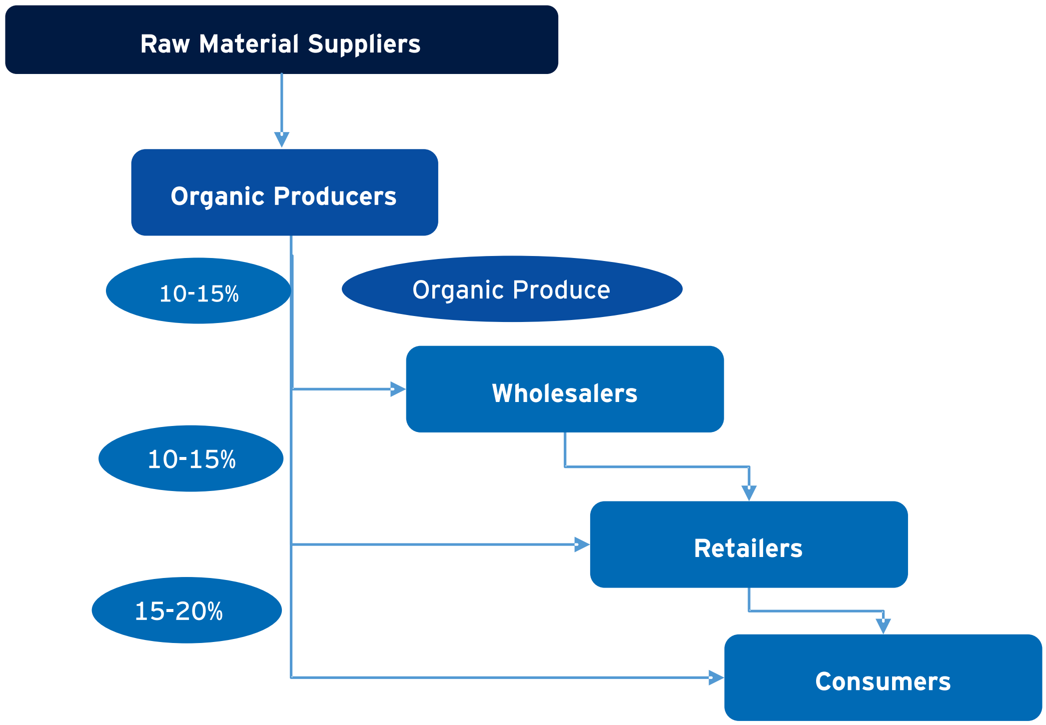


Source: TechSci Research

9 India Organic Food Supply Chain



9. India Organic Food Supply Chain



Supply chain of organic products in India is similar to conventional farm produce. The producer usually gains 10-15% margin on organic produce, which is significantly better than margins earned on conventional food products. The margins gained by the wholesaler or middle man for organic food products are usually around 15-20%.

However, these margins are lower than what can be gained for organic food products. Factors such as inconsistent supply, which increases overall lead time, insufficient production volumes, and lack of proper warehousing are major challenges confronting the industry. Retail sales of organic food accounted for less than 2.5% of the total food sales (organic + conventional) during 2012-13. Organic food contributed to only 0.6% of the total food sales of Spencer's Retail during 2012-13.

Retailers also frequently face issues related to the unavailability of products, which significantly impacts revenues. These supply chain problems have forced certain players such as ITC to exit the organic spices market.

10 Export-Import Dynamics

10. Export-Import Dynamics

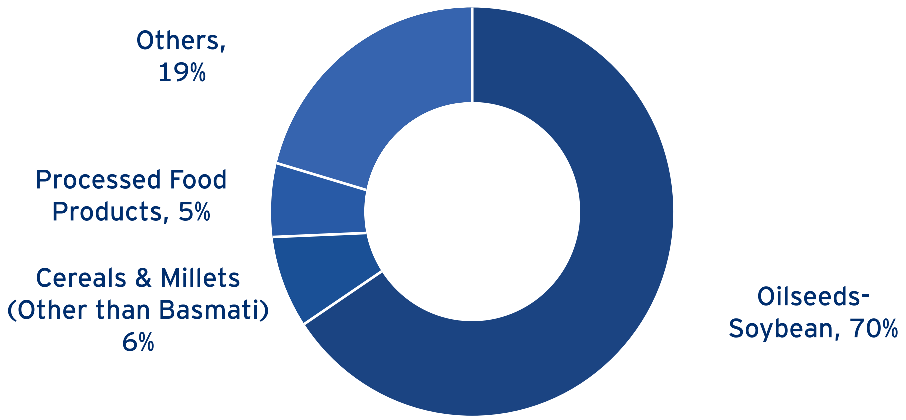
10.1. Export-Import Dynamics

Exports account for a major share in India organic food products market. In 2013-14, exports accounted for a share of around 75% in the total organic food products produced in India. Production of organic food products in India is largely export-oriented with primary focus on North America and European Union.

High margins gained through exports of organic food is a major factor encouraging farmers to grow organic crops. India is a leading exporter of organic oil seeds, soybean and cotton. The margins from exports of organic food to the Europe and North America is in the range of 40-100%.

Sresta Natural exports purees, juices and cereals to the UK, Italy, Germany and France. The company also address demands of few of the leading retail chains in Europe by supplying organic food products. Morarka Foundation is a leading exporter of cereals and pulses to the USA.

India Organic Food Export Share, By Product Type, 2013-2014



Note: Others Include (Basmati Rice (4%), Sugar (3%), Tea (2%), Pulses and Lentils (1%), Dry fruits (1%), Spices (1%), etc.

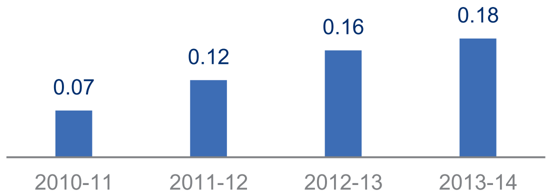
Source: APEDA

Exports of Organic Food Products to Leading Countries, By Volume (Metric Tons), By Value (USD Million), 2011 -12 to 2013 -14

Category	2013 -14		2012 -13		2011 -12	
	Volume (MT)	Value (USD Million)	Volume (MT)	Value (USD Million)	Volume (MT)	Value (USD Million)
Australia	749.95	2.41	468.26	1.09	349.14	0.85
Bangladesh	0.00	-	805.48	3.91	330.75	0.76
Brazil	0.00	-	0.50	0.00	0.02	-
Canada	38,545.57	30.26	33,645.80	24.23	19,848.91	11.06
Chile	6.75	0.023	5.00	0.03	0.26	0.00
China	76.35	0.26	4.42	0.02	327.59	0.85
Croatia	46.50	0.05	0.00	-	0.00	-
Dominican Republic	0.00	-	0.00	-	144	0.10
Egypt	12.00	0.051	7.00	0.03	1.5	0.01
European Union	56,946.72	91.88	82,835.37	112.56	51,138.86	83.82
Hong Kong	19.57	0.06	50.14	0.08	0.36	0.00
Indonesia	-	-	40.00	0.02	299.73	0.47
Iran	38.00	0.20	0.00	-	0.00	-
Israel	312.93	0.61	610.07	0.39	871.48	0.43
Jamaica	10.00	0.07	0.00	-	0.00	-
Japan	309.07	2.67	199.22	1.84	232.77	1.46
Kenya	1.02	0.003	4.40	0.02	10.06	0.03
Korea Dem. Rep.	14.4	0.013	14.62	0.02	50.7	0.05
Korea Republic	143.48	0.38	332.11	0.32	8.05	0.06
Kuwait	18.00	-	66.00	0.08	12	0.01
Lao Pd.Dem.Rep.	0.00	-	0.00	-	14.4	0.01

Source: APEDA

India Organic Food Export Volume, 2010-11 to 2013-14 (Million Tons)



India Organic Food Export Value, 2010-11 to 2013-14 (USD Million)

Source: APEDA

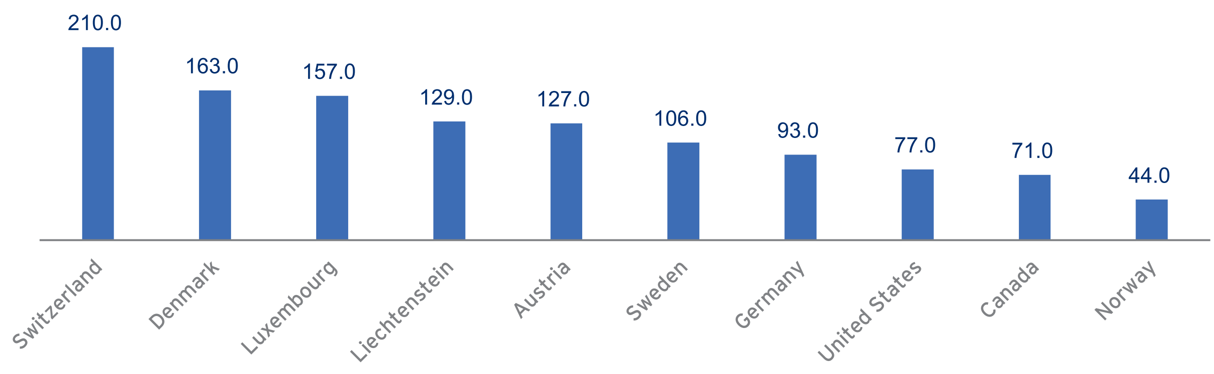
10.2. Potential Export Markets

United States organic food market was valued at USD27.24 billion in 2013-14, and accounted for the highest share in exports from India. India exported food products worth USD82.75 million to the USA in 2013-14. Major products exported to USA include organic fruits & vegetables, organic pulses and cereals and beverages. India was the leading exporter of organic soya bean (40%) to the USA in 2014. India is also the second largest exporter of organic rice and accounted for 30% of the overall organic rice imports to the country in 2014. The market for organic food in United States is projected to grow at a CAGR of around 14% annually.

European Union garnered the second highest share for organic food products exports from India and was valued at USD91.8 million in the region in 2013-14. The market for organic food in EU is expected to grow at a CAGR of 9% during 2015-20. In 2013, countries such as Switzerland and Denmark accounted for highest per capita organic food consumption, globally. These factors are the major drivers for rising organic food exports from India to EU.

Middle East: Despite the high standards of living in countries such as UAE and Qatar, the market for organic food products in the Middle East is in its nascent stage. As the market for organic food products in this region is mostly import oriented, the potential for organic food product exports from India is very high.

Countries with Highest Per Capita Organic Food Consumption, 2013-14 (USD)



Source: FiBL & IFOAM (2015)

11 Policy & Regulatory Landscape

11. Policy & Regulatory Landscape

11.1 Product Standards

The government approved National Program for Organic Production in 2001, which develops criteria for accreditation of certification agencies. Under this program various certification agencies are registered, which provide certifications to produce and sell organic products in India and abroad.

List of Accredited Certification Bodies under NPOP

Name of the Certification Agency	Location	Validity of Accreditation	Scope of Accreditation
IMO Control Pvt. Ltd.	Bangalore, Karnataka	28-09-2016	NPOP, USDA, NOP
Indian Organic Certification Agency (INDOCERT)	Kochi, Kerala	24-10-2017	NPOP, USDA, NOP
Bureau Veritas Certification India (BVCI) Pvt. Ltd.	Mumbai, Maharashtra	31-05-2016	NPOP, USDA, NOP
ECOCERT India Pvt. Ltd.	Auran gabad, Maharashtra	22-08-2017	NPOP, USDA, NOP
Lacon Quality Certification Pvt. Ltd.	Thiruvalla, Kerala	31-10-2017	NPOP, USDA, NOP
OneCert Asia Agri Certification (P) Ltd.	Jaipur, Rajasthan	26-10-2015	NPOP, USDA, NOP
SGS India Pvt. Ltd.	Gurgaon, Haryana	01- 05-2017	NPOP (not for EU), USDA, NOP
Control Union Certifications	Navi Mumbai, Maharashtra	28-05-2017	NPOP, USDA, NOP
Uttarakhand State Organic Certification Agency (USOCA)	Dehradun, Uttarakhand	13-11-2015	NPOP, USDA, NOP
APOF Organic Certification Agency (AOCA)	Bangalore, Karnataka	09-01-2016	NPOP
Rajasthan Organic Certification Agency (ROCA)	Jaipur, Rajasthan	09-10-2016	NPOP, USDA, NOP (w.e.f. 01 -07-2015)
Vedic Organic Certification Agency	Hyderabad, Telangana	30-09-2017	NPOP, USDA, NOP (w.e.f. 01 -10-2011)

Aditi Organic Certifications Pvt. Ltd	Bangalore, Karnataka	30-09-2017	NPOP, USDA, NOP (w.e.f. 1 -6-2010)
Chhattisgarh Certification Society, India (CGCERT)	Raipur, Chhattisgarh	15-09-2015	NPOP
Tamil Nadu Organic Certification Department (TNOCD)	Coimbatore, Tamil Nadu	30-09-2015	NPOP
Intertek India Pvt. Ltd.	New Delhi	19-05-2016	NPOP, USDA, NOP (w.e.f. 01-10-2011)
Madhya Pradesh State Organic Certification Agency	Bhopal, Madhya Pradesh	30-09-2017	NPOP, (w.e.f 01 -10-2011)
Biocert India Pvt. Ltd	Pune, Maharashtra	30-11-2014	NPOP, USDA, NOP (w.e.f. 01 - 12-2011)
Odisha State Organic Certification Agency (OSOCA)	Bhubaneswar, Odisha	31-5-2015	NPOP
Natural Organic Certification Agro Pvt. Ltd	Pune, Maharashtra	14-02-2017	NPOP
Fair Cert Certification Services Pvt. Ltd.	Khargone, Madhya Pradesh	14-02-2017	NPOP
Gujarat Organic Products Certification Agency (GOPCA)	Ahmedabad, Gujrat	19-06-2017	NPOP, (w.e.f. 20.06.2014)
Uttar Pradesh State Organic Certification Agency	Lucknow, Uttar Pradesh	19-06-2017	NPOP, (w.e.f. 20.06.2014)
ISCOP (Indian Society for Certification of Organic Products)	Coimbatore, Tamil Nadu	30-09-2017	NPOP
Food Cert India Pvt. Ltd	Secunderabad, Telangana	30-09-2017	NPOP, USDA, NOP (w.e.f. 1 6 2011)

Source: APEDA

11.2. Government Policies and norms

Various norms for a product to be organically certified are provided by the National Programme for Organic Production (NPOP), under Department of Commerce. These guidelines come under National Standards of Organic Production (NSOP). Some important policies and norms laid down by the NPOP for conversion of ordinary land to organic land and livestock are listed below in the table

Conversion of Ordinary Land to Organic Land

Conversion of Ordinary Land to Organic Land	
Conversion Requirement	• Annual & biennial plant products can be organically certified when requirements are met during the conversion period of at least 2 years. This period is 3 years for perennial plants. • The certification will decide cases for extension or reduction of conversion period.
Seed Requirement	• Seeds and plants should be organically certified. • The use of genetically engineered seeds, transgenic plants or plant material is prohibited.
Nutrient Management	• Required pH levels shall be maintained in the soil by the producer. • Nutrient losses must be prevented and ac cumulation of heavy metals and other pollutants shall also be prevented.
Pest, Disease and Weed Management	• Thermic weed control and physical methods for pest, disease and weed management are permitted. • Use of genetically en gineered organisms or products is prohibited.
Products used in Fertiliz ing and Soil Conditioning	• Matter produced from an organic farm unit such as farmyard & poultry manure, slurry, cow urine, crop residues and green manure, straw and other mulches are permitted. • Microbiological preparations like biofertilizers, biodynamic preparations, plant preparations and botanical extracts, vermiculate and peat are permitted. • Minerals such as magnesium sulphate, gypsum, silage and silage, sodium chloride and clay are permitted.

Source: APEDA, 2014

Livestock Conversion

Livestock Conversion	
Conversion Period	• Establishment of organic animal husbandry requires an interim period, the conversion period. The conversion period shall be for three years. • The conversion period shall be determined by accredited certification body and the conversion period shall be accounted from the day of registration.
Housing & Management	• Normal behaviour of livestock and poultry requires group living, animals shall not be kept in isolation, but shall have company of like kind. • Livestock and poultry shall be maintained under natural conditions as far as possible. • Sufficient space to ensure free movement and opportunity to express normal patterns of behaviour.
Breeding and Management	• Breeding techniques employing genetic engineering shall not be used. • Mutilation, such as, tail docking, cutting of teeth, trimming of beaks and dehorning are not permitted. • Breeds and strains which are most suited to local conditions are to be used.
Healthcare	• Stocking density of livestock & poultry should be limited to a certain number so as to avoid overcrowding and spread of infections or competition to feeding. • Good quality organic feed should be used along with regular exercise and access to fodder/roughages, and/or open-air runs, so as to have positive effects on natural immunological defence of the animal.

Source: APEDA, 2014

To promote organic farming in India, the government has launched various development programmes. Some of the major programmes which promote organic production in India are National Program on Organic Production (NPOP), National Accreditation Body and National Project on Organic Farming (NPOF).

National Program on Organic Production (NPOP) : In 2001, the government approved National Program on Organic Production (NPOP) under the Foreign Trade & Development Act. The mission of the program is to assist and regulate standards for organic farming in India. This body oversees accreditation for certification programmes, process of inspection during the conversion period of conventional farms to organic farms, encourage development of organic farming and organic processing across India. The standards developed by National Accreditation Policy and Program followed during verification are:

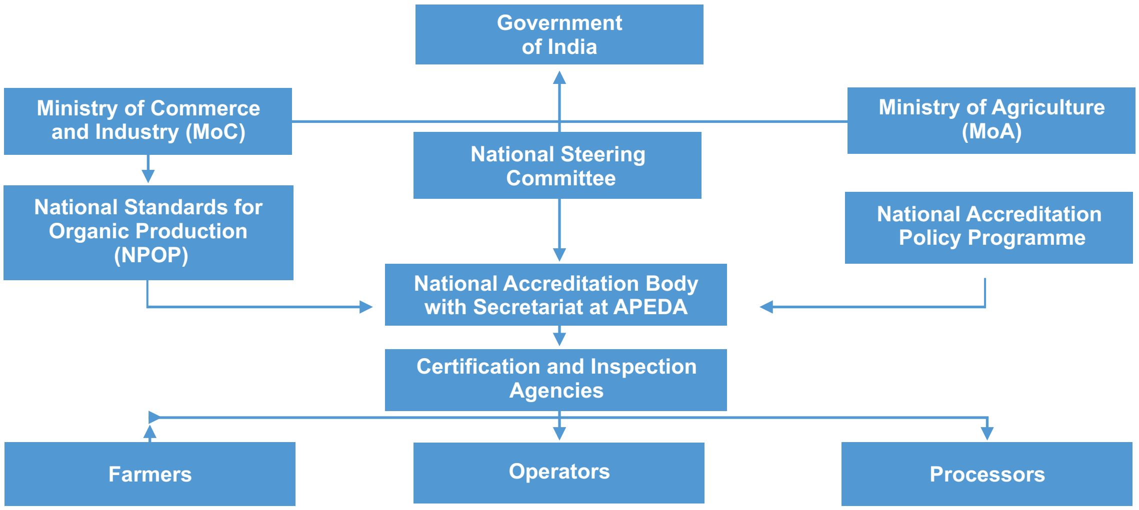
- A product would be exported only when it is processed under a valid certifying agency.
- The inspection agency must be a government body, which verifies the

processing and production of crops according to the standards laid down in National Accreditation Policy and Program.

- The entire process of conversion of non-organic to organic farm should not take more than three years, meeting all standards and requirements as per the certification program.

- There must be a clear separation between organic produce and conventional food products. For this, a buffer zone or a barrier must be maintained, the certification program will confirm whether the requirements are met or not.

Operational Structure of National Programme for Organic Production (NPOP)



Source: National Program for Organic Production

Apart from the certifications and regulations, government of India provides various subsidies for development of organic farming such as National Horticulture Mission (NHM), under which the government provides USD334/hectare for the adoption of organic farming, USD8334 for organic certifications and USD1000 for establishing vermi-compost units.

Horticulture Mission for North East and Himalayan States (HMNEH), National Project on Management of Soil Health and Fertility (NPMSHF), Rashtriya Krishi Vikas Yojana (RKVY), National Project on Organic Farming (NPOF), Network Project on Organic Farming under Indian Council of Agricultural Research (ICAR) and various schemes of Agricultural and Processed Food Products Export Development Authority (APEDA) provide assistance for organic farming activities such as establishing bio-fertilizer units, switching to organic farming, and obtaining certification.

National Project on Organic Farming (NPOF):
The programme was initiated in 2000, under the 10th five-year plan to promote organic farming in India. The project is implemented and monitored through NCOF, headquartered at Ghaziabad, and has six Regional Centers of Organic Farming (RCOF).

The objectives of the programme are development of human resource by organizing various training programmes on certification and inspection, production and quality control of organic inputs, training of extension officers/field functionaries, farmers, training on organic farming, etc. Setting up model organic farms, development of market for organic produce and creating awareness.

Some of the responsibilities which come under NCOF and RCOF are:

- To co-operate with all participants of organic farming in India and abroad, and act as an information source for organic farming.
- Provide both financial and technical support to production units involved in production of organic fertilizers and composts.
- Preparation of uniform and authentic literature and training coursecontents, and publication related to developments on organic fertilizers and newsletters on organic farming for national and international updates on quarterly and half yearly basis.

Up to 90% subsidy is provided for creating a greenhouse shed and 75% for setting up of a biogas plant, 50% subsidy is provided on biopesticides, while 90% on organic fertilizers. Incentive of USD133.33 per hectare is given to farmers practicing organic farming, which includes registration and certification fees. Around 75% subsidy is provided for implementation of technological equipment such as rotator, reapers, seed dressers and agro processing implement.

11.3 Issues/Challenges in the Regulatory Framework

Various issues/challenges associated with regulatory framework confronting organic food producers are:

1. Timely release of subsidies for production of organic food are required to increase process efficiency.
2. Lack of personnel with technical knowhow to help conversion of conventional farms to organic farms.
3. Absence of separate markets for organic food. Requirement of public private partnership (PPP) for production and marketing of organic food products.
4. Timely visits of monitoring persons, under JMC (Joint Monitoring Committe) are required to undergo the process of conersion and production of organic products

12 Industry SWOT Analysis

12. Industry SWOT Analysis

Strength

- High profit margins as compared to non-organic food products
- High availability of agricultural land
- Favourable government policies such as NPOP
- Expanding consumer base
- Favourable agro climatic conditions

Weekness

- Lack of established markets for organic food in India
- Unorganised supply chain leading to high losses during storage and transit
- Lower yield as compared to conventional farming

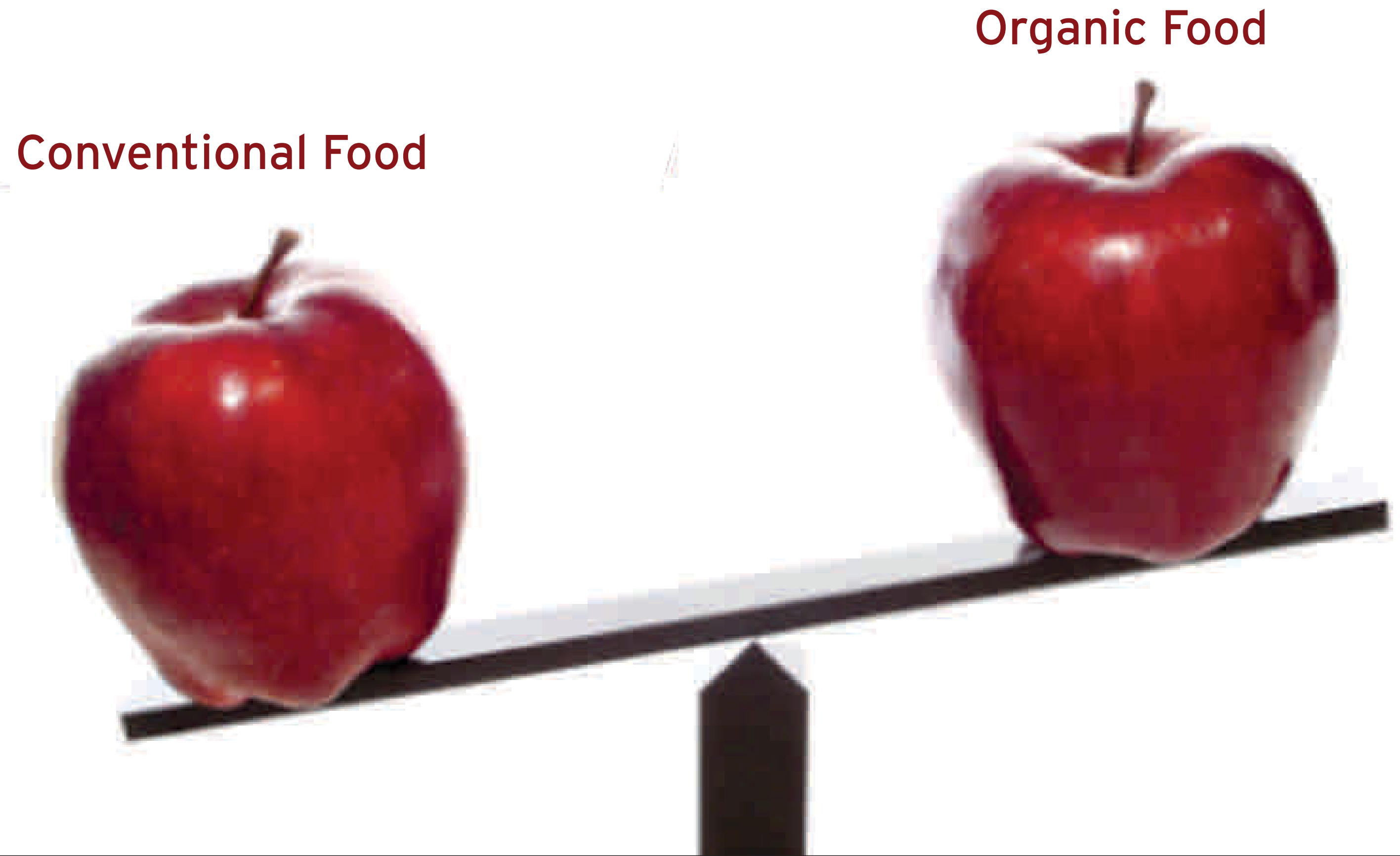
Opportunities

- Emergence of health conscious consumers in Tier II & III cities
- High export potential
- Increasing certified land area under organic farming
- Growing demand from Middle-East

Threat

- Lack of strong infrastructure.
- Lack of skilled labor.
- Contaminated fields due to excessive use of fertilizers.

13 Price Comparison



13. Price Comparison

Organic Pulses & food Grains (USD)

Organic Products	USD/Kg	Conventional Products	USD/Kg
24 mantra Organic Moong Dal	3.95	Tata Shakti Moong Dal Unpolished	2.21
Organic Tattva Moong Dal Whole	2.98	Tata Shakti Moong Dal Whole	2.15
Morarka Organic Urad Whole	4.16	Tirupati Urad Whole	2.12
Conscious Food Organic Urad Whole	3.60	Tata Shakti Urad Unpolished	2.44
Morarka Organic Chana Whole	2.56	Brown Chana Big - Healthy Alternatives	2.00
Conscious Food Organic Chana Whole	3.30	BB Royal Chana- Brown	1.50
Ecolife Organic Urad Split	3.10	Agropure – Urad Dhuli	2.33
24 mantra Organic Urad Black (Split)	3.80	Tirupati Urad -Dhuli	2.66
24 mantra Organic Whole Wheat flour	0.75	Aashirvaad Atta – Whole Wheat flour	0.43
Morarka Organic Regular Rice Basmati	3.00	Indiagate Basmati Rice	0.83
Organic Tattva Basmati Rice - Brown	2.69	Dawat Basmati Rice – Brown	2.58

Source: Big Basket, Company Websites

Organic Processed Food (USD)

Organic Products	USD	Conventional Products	USD
Organic Nation Forest honey – Wild 1 kg	11.67	Dabur Honey 1 Kg	5.97
Morarka Organic Foods cashew 100gm	3.42	Kalbavi Cashew Whole 100gm	1.43
Conscious Food Organic Cashew 100gm	3.60	BB Royal cashew whole 100 gm	1.50
Sresta Natural Organic Almonds	2.33	BB Royal Californian – Almond 100gm	1.83
Morarka Organic Foods Walnut 100gm	4.75	Hansraj Superia Walnut	3.33
Conscious Food organic walnut 100gm	4.66	Pure Mart Walnut Kernels	3.33

Source: Big Basket, Company Websites

Organic Fruits & Vegetables (USD)

Organic Products	USD	Conventional Products	USD
Fresho Organically Grown Onion 1 Kg	1.42	Fresho – Onion 1 Kg	1.09
Organic Capsicum Green 1 Kg	2.42	Capsicum Hybrid Green 1 Kg	0.95
Organic Cucumber 1 Kg	1.25	Cucumber Hybrid Grade – A 1 Kg	0.51
Organic Apples Shimla 1 Kg	3.31	Apple Shimla 1 Kg	1.81
Organic Tomato 1 Kg	1.33	Fresho – Tomato 1 Kg	0.51
Organic Watermelon 1pc	1.75	Fresho Watermelon 1pc	1.57
Organic Pumpkin 1 Kg	1.13	Fresho Pumpkin 1 Kg	0.40

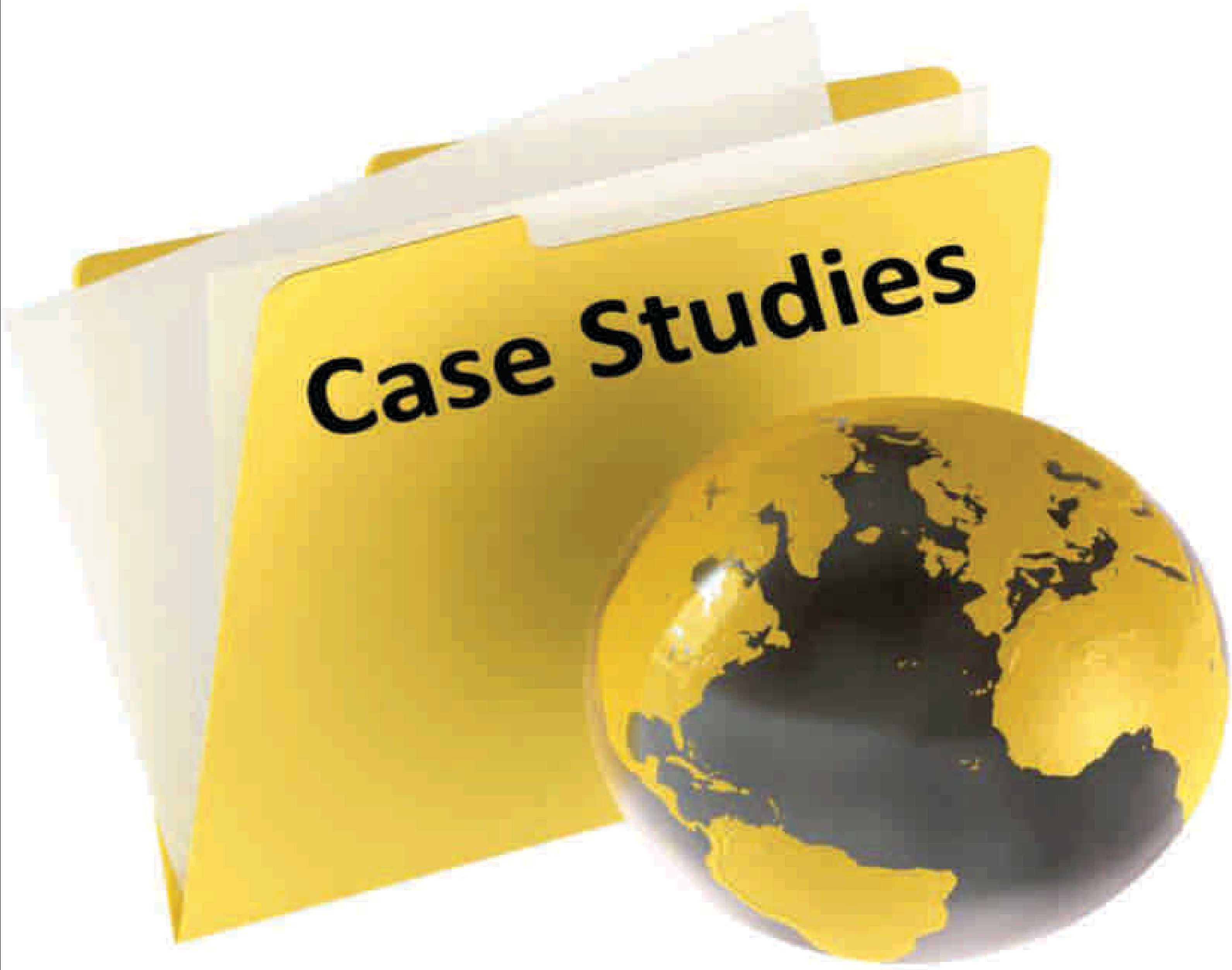
Source: Source: Big Basket, Company Websites

Organic Dairy Products (USD)

Organic Products	USD	Conventional Products	USD
Vedic Delite Organic Cow Ghee 1 Litre	18.16	Amul Pure Ghee 1 litre	6.33
Wholly Cow Organic Milk 1 Litre	1.32	Nestle Toned Milk 1 Litre	1.25
Doctor Moo Organic Milk 1 Litre	1.26	Mother Dairy Toned Milk 1 Litre	1.10

Source: Source: Big Basket, Company Websites

14 Case Studies



Madhya Pradesh

Madhya Pradesh is a pioneer in organic farming owing to its contribution of around 40% of the entire organic production of the country in 2012-13. The state lies under 11 agro climatic zones. The net cultivable area in 2013-14 was around 15.22 million hectares out of which the state had around 2.32 million hectares of land including wild harvest under certified organic cultivation which is highest in the country.

In 2012-13, the state recorded highest share of production of all certified organic products amounting to 425923.86 MT including wild harvest. Cotton has been a major organic crop produced in the state. Besides cotton, organic crops like wheat, pulses, oil seeds, spices, are also extensively produced in Madhya Pradesh.

Organic farming provides livelihood to around 1.7 lakh farmers in the state. The government has taken several measures to ensure the continuous growth of organic farming in Madhya Pradesh. The state government came up with a comprehensive policy on Organic Farming in 2009-2010 to support and promote organic farming in the state. The state's policy on organic farming is intended to create and strengthen the environment for developing the value chains of the organic farm produce encompassing the solutions for both primary producers and consumers. The policy focuses on "farm - to - fork" approach which reassures an abundant supply of "healthy food for all".

Madhya Pradesh has taken a leading role in adopting organic farming in India. In 2010-11, the State Government officially declared 1565 villages (five villages from each block) to have adopted organic farming. Farmers from as many as 3000 villages have adopted organic farming on their own initiative.

The state has also shown tremendous growth in the organic supplements sector, it has an established capacity of 49.5 lakh MT in rural compost units, 0.21 lakh MT of Farm Yard Manure, 21.3 lakh MT in city compost units and 1.02 lakh MT of vermi-compost units in 2013. The state also has 1 bio fertilizer unit, in 2013.

Due to the recent implementation of organic seeds programme in the state, the demand for organic seeds in Madhya Pradesh will be met within the state. The organic seed production programme is expected to be implemented on 8 farms which are owned by the department of agriculture while the two farms owned by Madhya Pradesh seeds Development Corporation will also implement this programme. Around 26,000 farmers across the state have registered under this programme.

Sikkim:

A major policy change towards organic farming in Sikkim took place when the state government in 2003 made a decision to transform Sikkim in to a wholly Organic State. The decision of the state government to promote organic farming was mainly due to topography of the state, the farming done in the state was traditionally organic which could benefit the sixty-two thousand families of the state who own an average of 1.9 hectares of farmland but also to maintain quality of environment of the state. In the year 2003, the government developed a Sikkim State Organic Board to effectively manage and develop organic production in the state, it also stopped the imports of chemical fertilizers in 2003. A seven-year plan was organised by the state government reduce the usage of inorganic fertilizers under this plan, massive awareness programmes were also carried out for farmers and panchayats. In 2004-05, organic farm manure production like, rural compost, vermi-compost was promoted and in 2007-08, two units of State seed testing and processing unit established.

Government of Sikkim has already set up a broad target of making Sikkim largely organic by the end of 2015. The government of Sikkim anticipates that 50,000 hectares of farmland out of the total 100,000 hectares will be converted to organic, which would employ 60,000 farming families in 2015. The target was expected to be achieved in a following manner:

Year	Area (in hectares)
2010-11	18,000
2011-12	18,000
2012-15	14,000

The Sikkim Organic mission was formally launched in 2010 with the objective to bring the entire agricultural land under certification as organic farming. The process of certifying the land as organic is planned to be completed by December, 2015. Till 2014, 43,215 ha of land is under organic farming and more than 30,000 ha of land is under conversion. Ministry of Agriculture which comes under Government of India, has released USD0.783 million under Soil Health Management and USD1.15 million under National Mission of Sustainable Agriculture to the State Department of Agriculture.

Mizoram:

Mizoram was the first Indian state to pass Organic Farming Act, in 2004. The total geographical area of Mizoram is about 21,087 sq. km, of which net sown area constitutes only 4.4%. Although, the certified area under organic production is currently zero, most of the area under organic production is currently under conversion.

Year	Fund Allocated (USD Million)
2009-10	0.210 million
2010-11	0.253 million
2011-12	0.026 million
2012-13	0.033 million

Source: NCOF

Organic farming bill in Mizoram was passed by the Mizoram Legislative Assembly in July 2004. Since then, some of the achievements made in this sector are Forming a state level committee on Organic Farming in June 2007, Developing the Organic Cell was formed at Directorate office in Nov. 2006. Conversion of all the departmental farms into model Organic farms. Some of the model organic farms currently running are listed below:

Thingdawl, Kolasib Dist.
Neihbawi, Aizawl Dist.
Serchhip, Serchhip Dist.
Rotlang, Lunglei District
Bualte, Lunglei Dist.
Sihtlangpui, Lawngtlai Dist.
Chemphai, Kolasib Dist.
Bualpui, Kolasib Dist.
Sairang, Aizawl Dist.
Dialdawk, Mamit Dist.

Source: TechSci Research

Rajasthan:

During 2013-14, the area under organic farming excluding the wild harvest was around 66,020.35 hectares. The state produced 95,949.28MT of organic produce in 2012-13 and 1,315MT of bio-fertilizers during 2013-14. Key products produced in the state are Cotton, turmeric, ginger and some variety of pulses.

The government has now started focusing on development of organic pulses in the region. Further the Government of Rajasthan will also provide a subsidy of USD333.33 per hectare to promote organic farming in the state. State Government also plans to bring more than 2,500 hectares of land under organic pulses farming within next five years. Furthermore, Rajasthan State Seed & Organic Production Certification Agency which was constituted in 1958 as Rajasthan State Seed Certification Agency and renamed in 2006.

The objectives of this agency to secure, maintain and make available certain prescribed standards of genetic identity, physical purity, physiological quality & Seed Health of notified kinds & varieties. Organic seeds production movement in the state was mainly led by Navdanya Organic, the company has seed banks in 16 states across India. The company promotes the movement of seed saving under its programme named Seed Sovereignty the company works for promoting ecological agriculture based on biodiversity, for economic and food security.

15 Ayurveda and Organic Medicinal Plants

15. Ayurveda and Organic Medicinal Plants

India has a rich heritage of plant based healthcare systems such as Ayurveda and Unani since ancient times. The officially documented plants with medicinal potential are 3000 but traditional practitioners use more than 6000. India is the largest producer of medicinal herbs and is known as the botanical garden of the world. However, during the recent times, there has been an increase in the demand for traditional systems of medicine globally, as these systems are safe with negligible side effects. This has created a huge demand of herbal products. However unsustainable use of land and increasing consumption of fertilizers has resulted in the damage of these species across the country.

In India, the Central Institute of Medicinal and Aromatic Plants (CIMAP) regulates the research and business of aromatic and medicinal plants. Another organisation named National Medicinal Plants Board (NMPB) under its contractual Farming Scheme provides subsidies for intensive cultivation of priority medicinal plant species. Around 90% of the medicinal plants are harvested from the wild which has resulted in continuous exploitation of several medicinal plant species from the wild and has consequently resulted in their population decline. Modern chemical agriculture can be harmful for the cultivation of medicinal plants as they should be free from harmful residues.

Pesticides and other harmful chemicals have been detected in some herbal products. Some of the companies present in this segment are Organic India, Sapthsathi organic Agriculture Project, Herbal Hills, Yogi Botanicals etc. Organic India is the leading player in this segment, the company has its own farms in Jammu & Kashmir, Uttar Pradesh, Gujarat and Andhra Pradesh that produces and export herbal supplements.

16 Strategic Recommendations

16. Strategic Recommendations

1. Need to Increase Focus on Region Specific Farming

Land in the North-Eastern region of India is rich in organic nutrients. In addition, climatic conditions in these regions are suitable for organic cultivation of beverages, fruits and vegetables. However, the Government has not been able to tap the topographical opportunities offered by the region. Further, the budget allocation towards developing organic farming in the region has been insignificant.

States such as Haryana and Punjab offers opportunities in rice production due to high land fertility as a result of alluvial soil. In addition, availability of irrigation facilities in the northern region of India present strong growth opportunities for organic farming in the future.

Thus, Government should focus on boosting and incentivizing region specific organic farming to ensure consistent growth of organic food market in India.

2. Focus on Organic Pulses & Food Grains

Organic pulses and food grains account for the largest revenue share in India organic food market. High demand for pulses and food grains in both domestic and export market has led to considerable increase in production levels of these organic products in the country.

Moreover, owing to longer shelf lives of these products, their export and storage is more feasible and convenient compared to other segments of organic food. This is because the extra costs that may be required for preservation of food products are eliminated.

Hence, on account of commercial viability and profitability, it is recommended that organic food producers should focus on this segment to maximise their earnings.

3. Increasing Awareness about the Certified Organic Food Products

In 2015, the level of awareness about organic food products in India is extremely low, and is limited to the consumers in metro cities. Further, the consumers in the Tier 1 cities are also unaware of the different certification bodies involved in certifying the organic food products, which acts as a major bottleneck to the purchase of organic food products. In addition, farmers engaged in organic food cultivation are largely unaware of new organic farming techniques and methods.

Consequently, companies, in collaboration with the government, should organize awareness and training programs for farmers as well as consumers. This would result in optimum utilization of resources, cultivation of better quality food products, and overall increase in productivity as well as consumption.

4. Tapping Export Potential

The export margins of organic industry margins vary between 10% to 100%. Further, the demand from North America and Europe for organic food products is continuously increasing. In addition, Middle-East & East Asia are rapidly emerging as a potential export markets. Being strategically located between the two regions, India offers an opportunity to organic food suppliers to expand their reach in these markets. Therefore, organic food producers are recommended to concentrate on the Middle East and South East Asian markets, which have high concentrations of high net worth individuals.

NOTES

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ASSOCHAM INDIA

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Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrierless technology driven global market and help them upscale, align and emerge as formidable player in respective business segments.

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Together, we can make a significant difference to the burden that our nation carries and bring in a bright, new tomorrow for our nation.

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