Organic Markets in India: From Exports to Domestic

‘Organic Asia-The Way Forward’

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Manoj Kumar Menon, Executive Director,

International Competence Centre for Organic Agriculture (ICCOA), Bangalore

manoj.menon@iccoa.org

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  > Problems of Indian farmers
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> **Markets**
  > An overview of Exports & Domestic markets
  > Domestic Market Survey
  > India Organic trade fairs- Best marketplace

> **Vision for the Future**

Conventional Agriculture- Contribution & 'Misses'

- **After Independence (1947) India struggled with 'Food to feed its growing population'**
- **This resulted in the "Green Revolution' in 1960s, with**
  - Hybrid varieties
  - High chemical use (fertilizers and pesticides)
- **Food production increased in 1970s and 1980s**
  - Production increase @ 100 MT per decade
  - Food secure to Food surplus

Problems in Conventional Agriculture

> Surprisingly in the 1990s, esp after 1996, agriculture growth has stagnated and is even declining.

> Its contribution to GDP dropped from 3.2 % (5.5 %) to 2 % (8 %)

> > Source: 11th Five-year plan documents (Approach Paper, Planning Commission)

> Farmers are impoverished, insecure and even pushed to the edge !!

> It this the development we need?

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Problems of Indian farmers

> **Farmers, conventionally are struggling with:-**

> Ever increasing cost of cultivations

(due to higher cost of chemicals to control pests that keeps on resurging!).

> The continual reduction in resource use efficiency

(soil, water, labour, etc), and

> The unpredictable monsoon/weather (climate change?)

> **The combined effect:**

> **Farming is becoming unsustainable, economically**.

Sustainability……Organic agriculture

> Sustainable farming is critical in the context of small and marginal farmers!!

> For SMFs: Net returns are more important that gross productions. India has 70 % SMFs

AND

> For Sustainability, the most relevant technology:-

  > **Organic agriculture: A new Opportunity**

    > **Linkage:** **Markets**

Exports **Domestic Markets**

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Developments in India's Organic sector

- National Program on Organic Production (NPOP), Govt of India, since 2001
- APEDA (Min. of Commerce) becomes the nodal agency for accreditation, NSOP for Exports.
- National Standards: NSOP- In 2006 acquired status of equivalence with EU and Accreditation system with USDA/NOP standards.
- Ministry of Agriculture (National Centre of Organic Farming)
  - Domestic standards getting notified soon
- International Competence Centre for Organic Agriculture (ICCOA) formed in 2004
  - India Organic Trade Fairs & Seminars-Annually since 2005

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India Organic Logo

Major products produced in India by Organic Farming

Type	Products
Commodity	Tea, Coffee, Basmati Rice, Wheat
Spices	Cardamom, black pepper, white pepper, ginger, turmeric, vanilla, mustard, tamarind, clove, cinnamon, nutmeg, mace, chilly
Pulses	Red Gram, Black Gram
Fruits	Mango, Banana, Pineapple, Grape, Passion fruit, Orange, Cashew nut, Walnut
Vegetables	Okra, Brinjal, Garlic, Onion, Tomato, Potato
Oilseeds	Sesame, castor, sunflower
Others	Cotton, MADP, herbal extract

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Total area under organic certification process

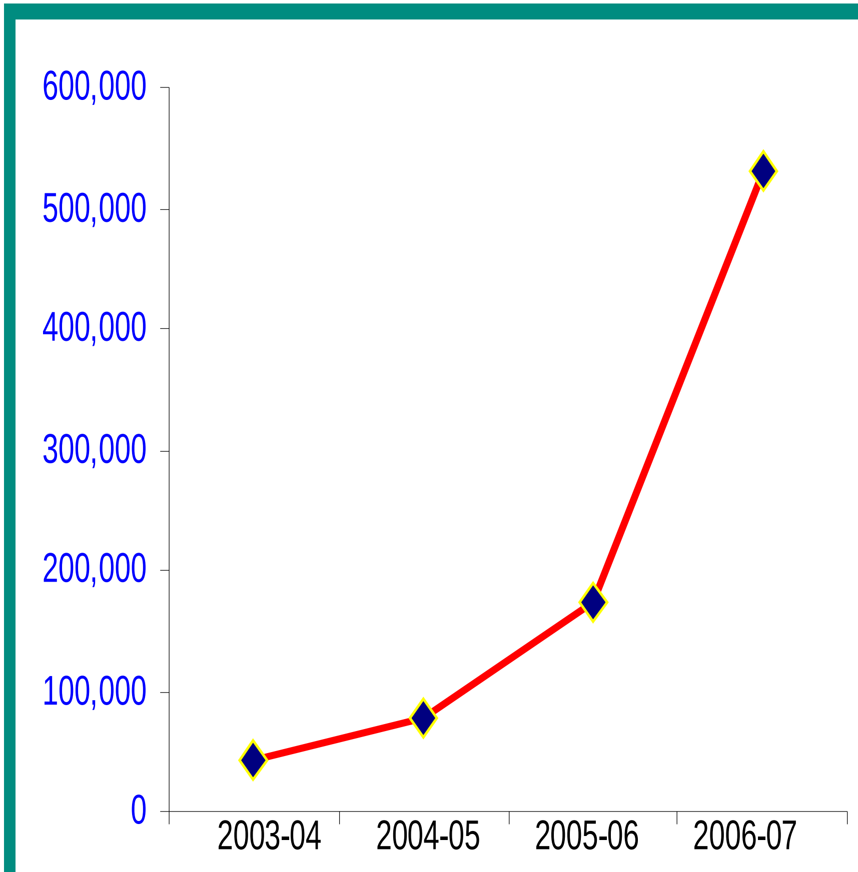
As in 2007

Certified organic: 3,11,000 ha
Under Conversion: 2,27,000 ha

Total 5,38,000 ha

India's net cultivated area =
142.5 million ha
= 0.35 % is ORGANIC

(Till 2003:
Certified organic = 73000 ha only)



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Global Market (2006)

Current market =38.6 Bn US$
(INR. 1740 billion)

Annual Growth =15-20%

USA =14-16 Bn US $
Europe =14-15 Bn US $

Japan (& others) = 4-6 Bn US $

India (2007)

> **Exports Present estimate (2008) =**
INR. 3400 million (= US $ 75 Million)
> **India's Market share in World trade**
Approx. 0.2 % of World Trade

Estimated Domestic market =
INR. 5000 million– Rs. 2300 million
(INR. 5-23 billion)

India (2003-06)

> **35 organic products exported**
> **No. of exporters = 69**
> **Organic value (2003): INR. 710 million**
= US $ 15.75 million

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NATIONAL MARKET SURVEY FOR ORGANIC FOODS

POTENTIAL, DEMAND & PERCEPTIONS

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International Competence Centre For Organic Agriculture

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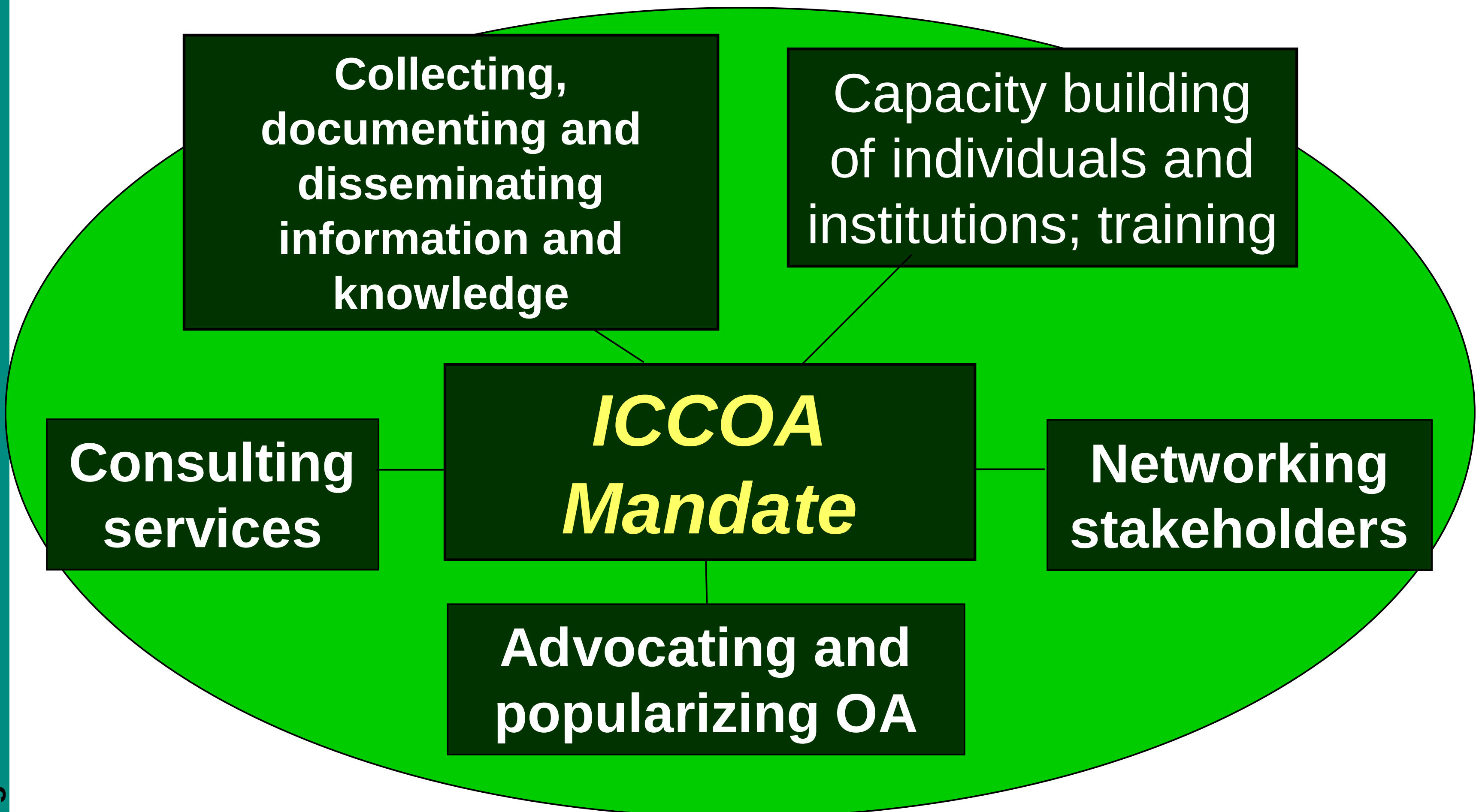
In Technical Cooperation with FiBL
Research Institute of Organic Agriculture, Switzerland

ICCOA

A knowledge and learning centre for organic agriculture



- A Service Provider to the Organic Agriculture Sector
- Owned and managed by the stakeholders (society)

- Projects and mandates from private sector and govt.
- Collaboration with existing institutions

ICCOA Works with Partners

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Commonality
in
Vision
Mission
and
Program

Govt of India

FiBL

IFOAM

Farmers/Farmer groups

State Govt /Institutions

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Background: Need for the Survey (in 2006)

> No data on organic domestic market available in India

> India is perhaps ready for organic foods (domestic mkts)

> All kinds guesstimates making rounds

> No direction for growers, marketers, consumers

> Who? Where? What? How? of organic market unknown

> What is the size? Perceptions? Potential?

Need for an authentic scientific market survey

Sample Size & Selection

Consumer Interviews			
Sl. No	**City**	**Target**	**Interviews Conducted**
1.	Chennai	500	670
2.	Hyderabad	325	450
3.	Bangalore	375	439
4.	Mumbai	500	486
5.	Pune	250	269
6.	Ahmedabad	250	253
	Total	**2200**	**2569**

Focus Group Discussions			
1.	South	Bangalore	1
		Hyderabad	1
1.	West	Mumbai	1
		Ahmedabad	1
	Total		**4**

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Foods Categories Studied

Commodities

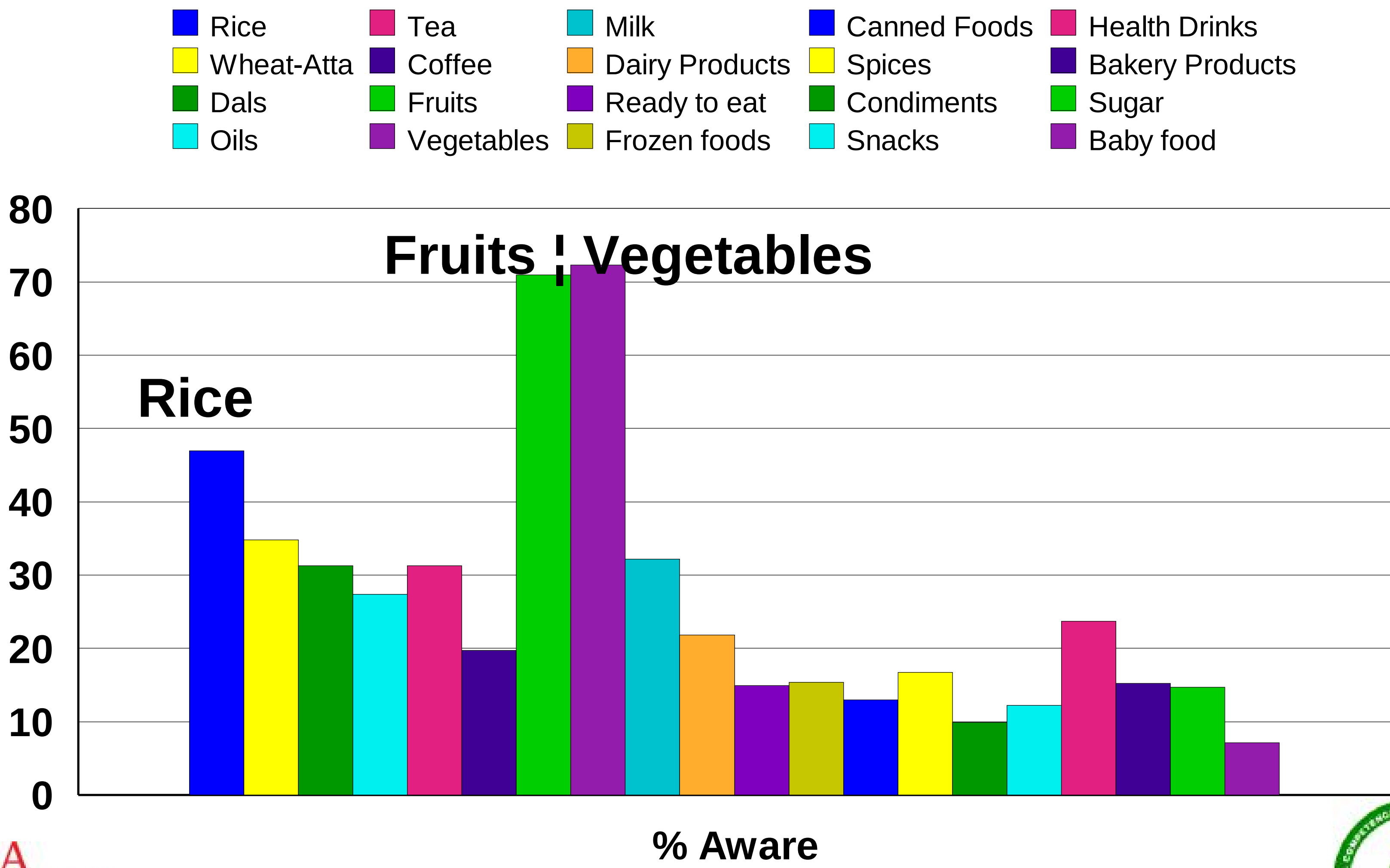
1. Rice
2. Wheat- Atta
3. Dals
4. Oils
5. Tea
6. Coffee
7. Sugar
8. Fruits
9. Vegetables
10. Milk

Processed Foods

1. Dairy Products
2. Ready To Eat
3. Frozen Foods
4. Canned Foods
5. Spices & Condiments
6. Snacks (Farsana/ Savories)
7. Health Drinks
8. Baby Foods
9. Bakery Products

Glimpses of Findings

% Awareness of Different Types of OF



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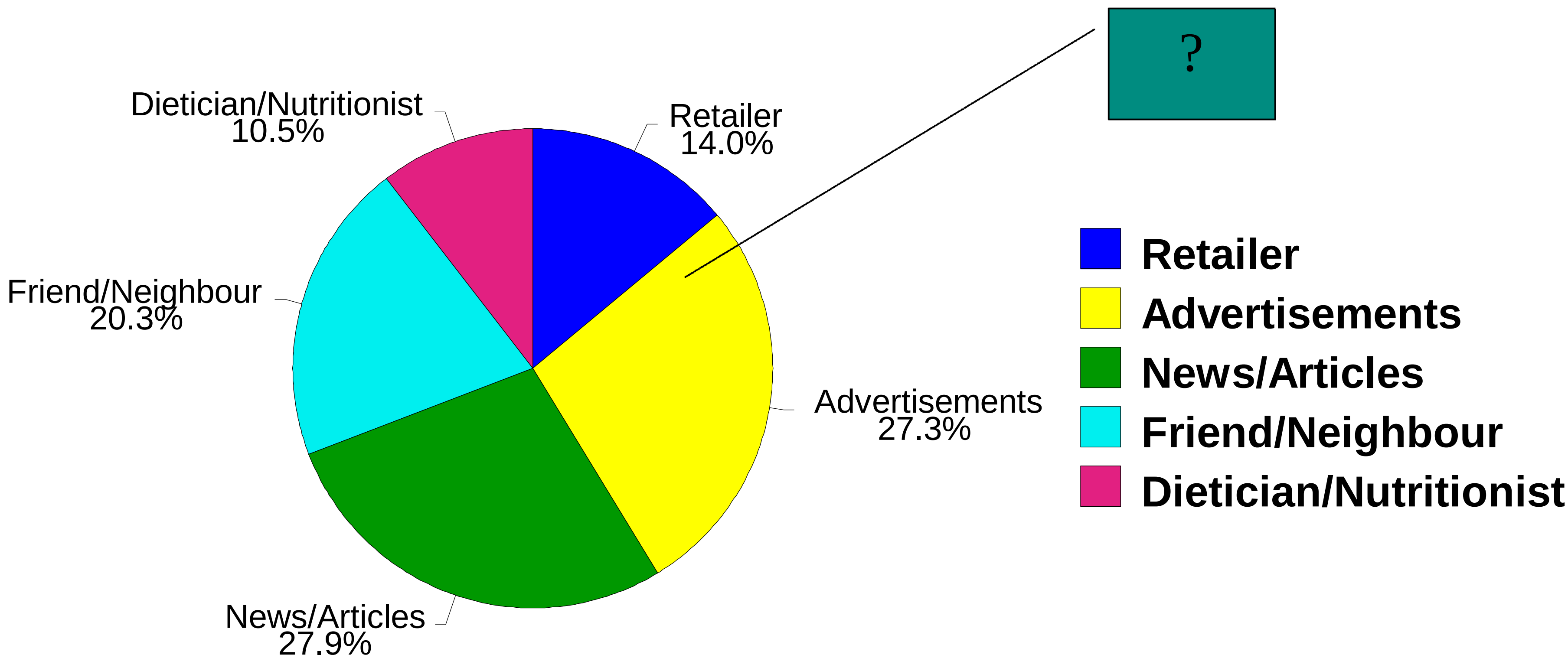
Organic sensitivity - conclusions

> In the the topmost sensitivity/ concern is for Vegetables, Fruits and Milk (79% - 69%) These are notably the daily items and that are demanded fresh.

> The next four categories consist of the Staples set viz. Rice, Wheat-Atta, Pulses and Oils (60% - 64%). These are again to be consumed daily though the purchase may be fortnightly or monthly.

> Canned Foods, Frozen foods, Ready to Eat, Spices and Snacks are the five product categories showing the lowest sensitivity.

Source of Awareness of OF



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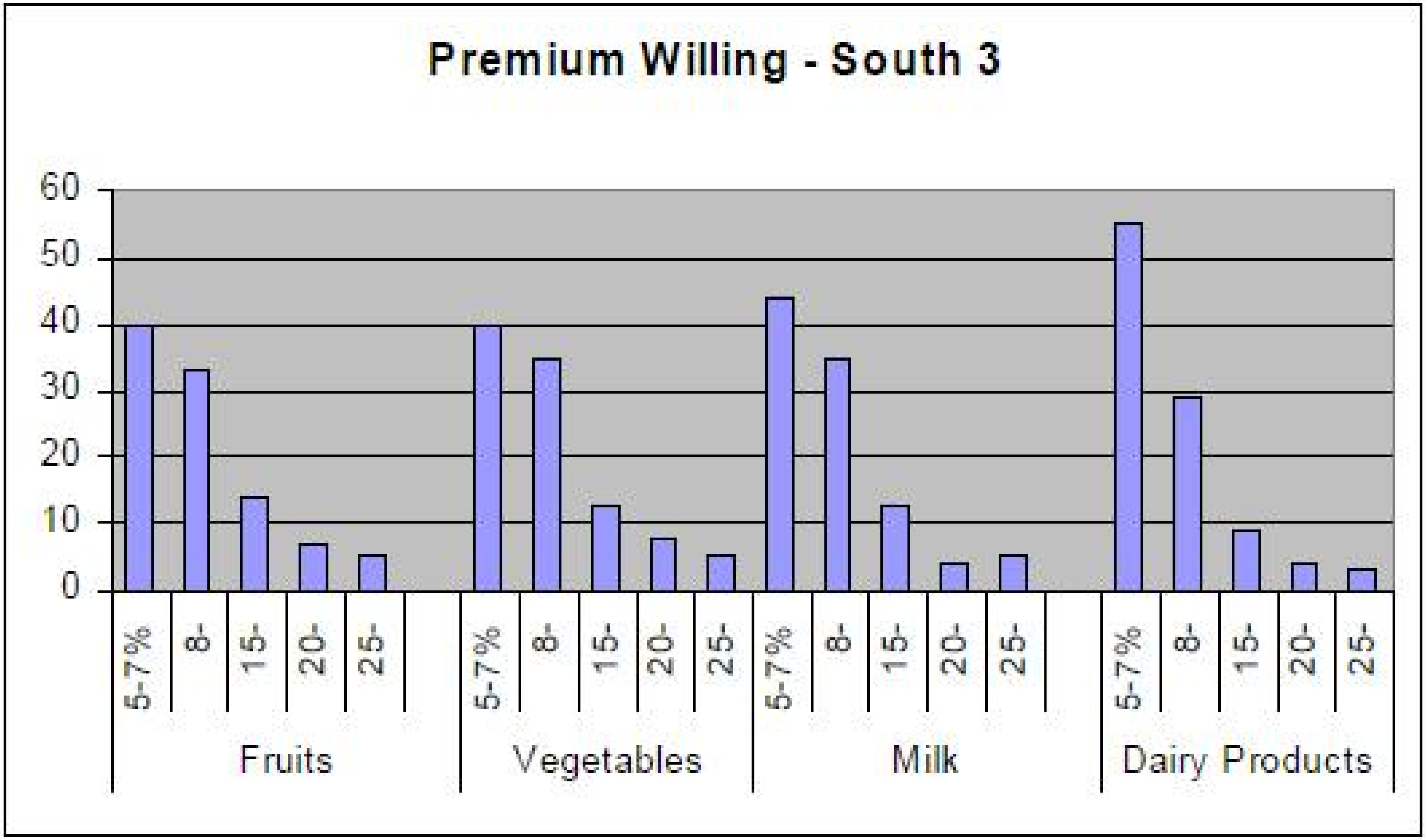
Willingness to Pay Premium



Results & Conclusions of the Market Survey

Potential Estimated* For Organic Foods in Top 8 Metros In India

(At Retail Level 2005/6 Prices - Considering Organic Premium 10-20%)

STUDY MARKETS	***In Rupees Million (Figures Rounded Off)***	
	Accessible * * Potential	**Market Potential**
Chennai	**840**	**1500**
Hyderabad	**330**	**740**
Bangalore	**690**	**1280**
Mumbai	**1480**	**5860**
Ahmedabad	**300**	**780**
Pune	**280**	**580**
Delhi	**1120**	**2230**
Calcutta	**570**	**1540**
TOP 8 METROS	**5620**	**14520**

** Thru Modern format retail

Market Potential for Organic Foods

> **Total Market Potential:** Rs 23 billion

> **In 8 metro cities:**
> **Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Ahmedabad, Pune and Kolkata**
> **:** Rs 14.52 billion

> Rs. 5.62 billion **is accessible through Modern Retail.**

INDIA ORGANIC-2008

India's Biggest Event on Organic Agribusiness

Trade Fair
Buyer-Seller meets
International Seminars
Organic Food Festival

Venue: IARI, PUSA, New Delhi
Date: 27-30 November 2008

VISION India Organic- 2012

Farming/Production	Markets
Area under Certified Organic Production 2 million ha (20,00,000 ha) i.e. India reaches 1.5 % area under organic management Presently 538000 ha (2007) (2008 estimate is 8,50,000 ha already)	Markets for Organic Products from India INR 40 billion (= USD 1 billion) > India's Market share in World trade reaches Approx. 2.5 % of World Trade (at present value)

Thank you!

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manoj.menon@iccoa.org