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ORGANIC FARMING AND PROFITABLE EXPORT BUSINESS OF ORGANIC PRODUCT: AN EVOLUTIONARY STUDY IN INDIAN CONTEXT

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ABSTRACT

Organic farming is not a modern technique of eco-friendly farming of India but it was popular from ancient time. Organic farming is the important part of sustainable agriculture development and their products are free from all type of chemical contamination. The production of the organic products depends on the some standard agricultural inputs like organic farming managed land and use of bio-fertilizers and no use of pesticide. India has achieved the status of single largest country in terms of arable cultivated land under organic management and total area under certified organic wild harvest collection. The consumption of the organic products are scanty in India because of mostly people believe that, it is the concept of developed countries and price of this type of products also high. Most of consumer of the organic products belongs to the developed countries. Developed countries are main markets of organic products and from India a large part of the organic products goes to the developed countries. Production of the organic cotton is more than 837293 MT in India had achieved the status of largest organic cotton grower in the world in 2009-10 and has been captured more than 50 percent of total world's organic cotton market. Other organic products like oil seeds, sugarcane, processed foods etc are also performing well in international market. India is an exporter of organic products and continuously improving year by year. This paper analyzes the development of the organic farming and performance organic products in international market.

KEYWORDS: *Organic farming, Sustainable Agriculture Development, Organic Products, International Market, Exports.*

INTRODUCTION

Agriculture is a non-point pollution source in environment. In farming lots of effective agriculture inputs are used for better productivity. No doubt, these inputs are beneficiary for more productivity but it creates negative externalities on natural resources and human health. In modern era, for achieving sustainable agriculture development in worldwide, public policies and interventions are promoting to organic farming because of organic farming is free from chemical fertilizers, pesticides and other harmful agricultural inputs. Organic products are hundred percent pure in terms of pesticides and other anti-bacterial diseases. According to the proposed Codex definition, "Organic agriculture is a holistic production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles, and soil Biological activity. It emphasizes the use of management practices in preference to the use of off-farm inputs, taking into account that regional conditions require locally adapted systems. This is accomplished by using, where possible, agronomic, biological, and mechanical methods, as opposed to using synthetic materials, to fulfill any specific function within the system." In another definition FAO suggested that "Organic agriculture is a unique production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles and soil biological activity, and this is accomplished by using on-farm agronomic, biological and mechanical methods in exclusion of all synthetic off-farm inputs". After green revolution, Indian farming had been fully changed, government facilitate subsidized chemical fertilizers, pesticides, HVY, promote irrigation facilities, in short time of period it

was very beneficiary for agriculture sector, production increased drastically but, in long term it is contaminating chemicals in crops and groundwater as well as appearing land degradation. These problems are not faced by Indian agriculture but also major part of the world. The trend of the organic farming is the best alternative of the usual farming in as well as worldwide.

CHARACTERISTIC OF ORGANIC FARMING

According to National Project on Organic farming (2010) the growth of organic agriculture in India has three dimensions and is being adopted by farmers for different reasons. First category of organic farmers are those which are situated in no-input or low-input use zones, for them organic is a way of life and they are doing it as a tradition. Second category of farmers are those which have recently adopted the organic in the wake of ill effects of conventional agriculture, may be in the form of reduced soil fertility, food toxicity or increasing cost and diminishing returns. The third category comprised of farmers and enterprises which have systematically adopted the commercial organic agriculture to capture emerging market opportunities and premium prices. While majority of farmers in first category are traditional organic they are not certified, second category farmers comprised of both certified and un-certified but majority of third category farmers are certified. These are the third category commercial farmers which are attracting most attention. The entire data available on organic agriculture today, relates to these commercial organic farmers. Organic farming systems and products are not always certified and are referred to as "Non-certified Organic agriculture or products".

- Certified Organic products are generally more expensive than their conventional counterparts for a number of reasons:
- Production cost for Organic food is typically higher because of greater labour inputs per unit of output.
- Post-harvest handling of relatively small quantities of Organic Food results in higher costs because of the mandatory segregation of Organic and conventional produce.
- Marketing and Distribution chain for Organic products is relatively inefficient and costs are higher because of relatively small volumes.

DEVELOPMENT OF THE ORGANIC FARMING IN INDIA

(1)- Traditional practices:-

Traditional agriculture in India dates back to the Neolithic Age of 7,500 - 6,500 BC. The farmers of Ancient India are well known to have evolved nature friendly farming systems and practices such as mixed farming, mixed cropping and crop rotation. Farmers' knowledge of plant life was highly advanced. They managed the health and fertility those were the main characteristics of society. The first "scientific" approach to organic farming can be quoted back to the Vedas of the "Later Vedic Period", 1000 BC to 600 BC (Pereira, 1993). Historical evidence indicates high yields in India comparable to today's highest levels which was a result of the careful husbanding of soil and well adapted seeds and crop varieties. In the past five decades, the traditional knowledge and organic principles were eroded because of the influx of modern conventional agriculture. However, this knowledge has been sustained by many Indian communities throughout the millennia and has gained renewed importance

recently for present agriculture, especially organic agriculture. Organic farming practices still are a part of the living tradition of most of the Indian communities in the Tribal and dry land areas. With organic production and trade fast increasing globally, there is a growing interest in organic agriculture in the country.

(2)- Modern developments:-

Kansara (1995) emphasizes the importance of the Vedas for present day agriculture and Deshpande (1996), among others, promotes these practices among the farmers of Maharashtra. Further recent case studies are given for Tamil Nadu and Andhra Pradesh. Pereira (1993) criticizes the Western approach to agriculture and stresses the importance of the traditional sustainable agricultural systems in India. Sir Albert Howard published his Agricultural Testament on 1 January 1940. He too criticizes the Western way of dealing with agriculture: "Nothing effective has been done to replace the loss of fertility involved in this vast increase in crop and animal production. The consequences have been disastrous. Agriculture has become unbalanced. The land is in revolt: diseases of all kind are on the increase". In 1983, the first training centre in organic agriculture was set up in Pondicherry under a project called agriculture, man and ecology (AME), implemented by Educational Training Consultants, Leusden, Netherlands and financed by the Government of the Netherlands. Since then, numerous farmers turned organic and important networks, such as ARISE (Agricultural Renewal in India for a Sustainable Environment), were established. In 1993, a directory of individuals and organizations involved in sustainable agriculture in India, called Green Farming was produced (Centre for Science and Environment 1993). The central

government set up a special cell for the export of certified organic products under APEDA of the Ministry of Commerce and Industries. In March 2000, the same Ministry launched the national programme of organic production. In October 2000, the Ministry of Agriculture constituted the task force on organic agriculture. In June 2001, under the national programme of organic production, a set of four volumes, concerning accreditation regulations, accreditation criteria, accreditation procedure

and application forms were published. On 12 June 2001, by Public Notice No.19 (RE- 2001/ 1997 - 2002) the government introduced regulations for the export of organic produce. It was stated that an agricultural product would be allowed to be exported as an “organic” product only if it was produced, processed or packed under a valid organic certificate issued by a certifying agency duly accredited by one of the following accreditation agencies: APEDA, the Coffee Board, the Tea Board and the Spices Board.

ORGANIC CROPS IN INDIA

Table 1 Organic Crops in India

Organic crop	Area	Producers
Tea (Orthodox, CTC, Green)	Darjeeling, Assam, Nilgiris	Dooar, Plantations
Coffee(Arabica, Robusta)	Western Ghats, Nilgiris	Plantations and individual small farmers
Spices:		
Pepper and cardamom	Western Ghats, Nilgiris	Plantations and individual small farmers
Cloves, nutmeg, mace,	Kerala, Tamil Nadu	Small farmers + farmers’ organizations
Garlic, ginger, turmeric	Throughout India	Small farmers + farmers’ organizations
Fenugreek, fennel, cumin, coriander	Throughout	India Small farmers + farmers’ organizations
Sesame	Gujarat	Contract farmers
Coconuts	Along all coasts	Small farmers
Fruits:		
Apples, pears, peaches,	Himachal Pradesh and Kumaon	Small and medium farmers
Mango, bananas, pineapple, papaya	Maharashtra, Madhya Pradesh	Small and medium farmers
Apricots	Himachal Pradesh and Kumaon	Small and medium farmers
Dry fruits:		
Chestnuts	Jammu and Kashmir	Small farmers, one processor
Pear, mango	Kodaikanal	One processor
Cashew nuts	Pondicherry, Tamil Nadu	Small farmers, few processors
Vegetables:		
Potatoes	Kumaon hills	Small farmers
Cabbage	Kumaon hills	Small farmers
Wheat, maize and sorghum	Haryana, Punjab, Madhya Pradesh, Uttar Pradesh, Maharashtra	Farmers and farmers’ groups
Rice:		
Basmati	Haryana	Medium and big farmers
Other varieties	Throughout	Small and medium farmers
Pulses	Throughout	Small farmers
Oilseeds	Madhya Pradesh	Medium and big farmers
Coarse grains	North-east, Gujarat, Orissa	Small farmers
Honey	Forest areas	Individual collectors
Cotton	Gujarat, Madhya Pradesh	Farmers’ organizations

Source: - United Nations (2002)

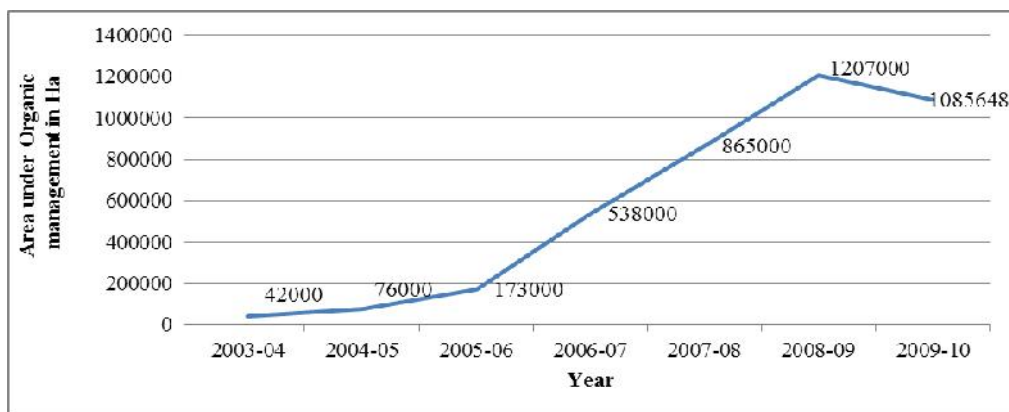


INDIAN SCENARIO OF ORGANIC PRODUCTS

The consumption of the organic products are very little in India because of mostly people believe that, it is the concept of developed countries and no need in India. Other important reason of the unfavorable market condition of the organic products in India is more prices and prices of organic products are near about 25 percent more expensive compared to conventional products. So in India scenario, most of the people cannot survive organic products. In present time, shopping malls and supermarkets are marketing the organic products but the consumers are limited to purchase these commodity. However, the

Indian organic food consumer needs education. There are many consumers who are unaware of the difference between natural and organic food. In physical quantity of organic products are based on area of cultivation and total quantity of products. With the phenomenal growth in area under organic management and growing demand for wild harvest products India has emerged as the single largest country with highest arable cultivated land under organic management. The total land area of organic farming is increasing rapidly. Figure 3 shows the growth of area under organic management from 2003-04 to 2009-10

Figure 1:- Growth of area under Organic Management



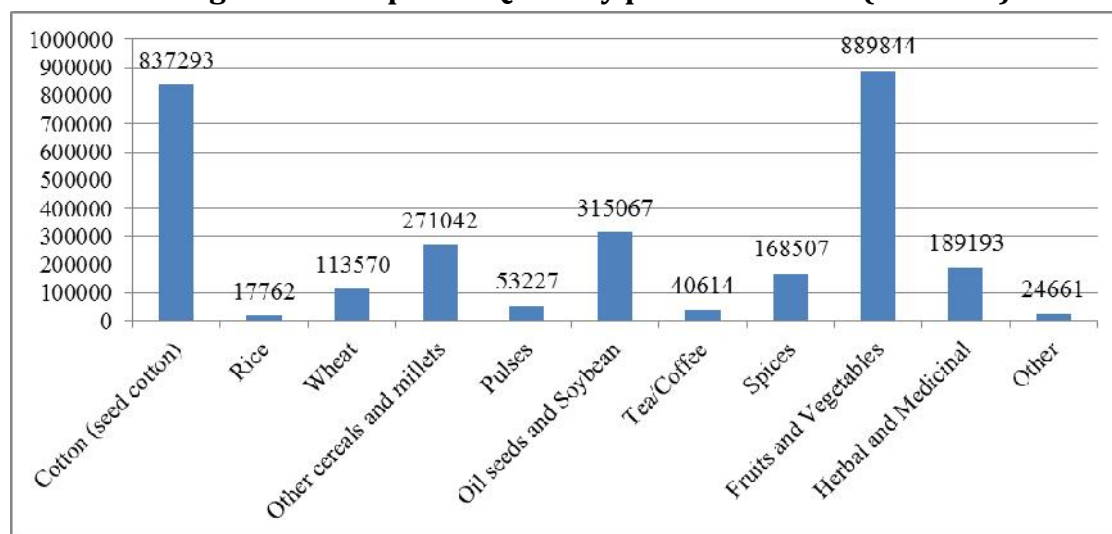
Source: - National Project on Organic farming, Deptt of Agriculture and Cooperation, Govt. of India (2010)

In above figure show the area of organic farming in 2003-04 was 4200 hectare and his expansion increased to 2009-10 became 1085648 hectare. During this period in 2008-09 the total area of organic farming was highest. Overall total area of farming is showing positivity.

India has also achieved the status of single largest country in terms of total area

under certified organic wild harvest collection. With the production of more than 837293 MT of organic cotton lint India had achieved the status of largest organic cotton grower in the world in 2009-10, with more than 50 percent of total world's organic cotton (Deptt of Agriculture and Cooperation, Govt. of India, 2010). Crop-wise production of organic products during 2009-10 are shoeing in figure 4.

Figure: - 2 Crop-wise Quantity produced in MT (2009-10)



Source: APEDA (2010)

According to APEDA, fruit and vegetables are higher producible organic product of India followed by cotton but most of part of this consumed by domestic market and cotton is in higher rank in terms of export to international market. India has been got successes for producing organic cotton in all over world. India produced around 1.34 million MT of certified organic products which includes all varieties of food products namely Sugarcane, Cotton, Basmati rice, Pulses, Tea, Spices, Coffee, Oil Seeds, Fruits and their value added products. The production is not limited to the edible sector but also produces organic cotton fiber, functional food products etc. Among all the states, Madhya Pradesh has covered largest area under organic certification followed by Rajasthan and Uttar Pradesh (APEDA, 2013).

DEMAND OF INDIAN ORGANIC PRODUCTS IN THE EXPORT MARKETS

India is fewer consumers of organic products and near about half quantity of organic products targeted towards exports. On the other hand Organic food exports from India are increasing with more farmers shifting to organic farming. With the domestic

consumption being low, the prime market for Indian organic food industry lies in the US and Europe. India has now become a leading supplier of organic herbs, organic spices, organic basmati rice, etc (Chandrashekar, 2010). The exports amount to 53 percent of the organic food produced in India. This is considerably high when compared to percentage of agricultural products exported. In 2003, only 6 to 7 percent of the total agricultural produce in India was exported (Food Processing Market in India, 2005). Indian organic producers and exporters are well aware of the demand for organic products in developed countries. Products available for the export market are rice, wheat, tea, spices, coffee, pulses, fruits and vegetables, cashew nuts, cotton, oil seeds and medicinal herbs. The channels adopted for the export of organic products, expect for tea, are mainly through export companies. Organic tea is produced by major well organized tea estates which are exporting tea directly. In the case of other organic products, predominantly small farmers are involved in producing organic products. Hence, these products are exports through exporters. Organic products are mainly exported to the following countries.

- ★ **In Europe:** Netherlands, United Kingdom, Germany, Belgium, Sweden, Switzerland, France, Italy, Spain
- ★ **In Americas:** USA, Canada
- ★ **Middle East:** Saudi Arabia, UAE
- ★ **Asia:** Japan, Singapore
- ★ **Australia**
- ★ **Africa:** South Africa

Most of consumer of the organic products belongs to the developed countries. Developed countries are main markets of

organic products and from India a large part of the organic products goes to the developed countries. India is an exporter of organic products and continuously improving year by year. During the tenth five year plan, for the sustainable agriculture development government of India had allocated 100 crore rupees. The Indian government is committed towards encouraging organic food production. Table 1 is showing export of organic products to international market.

Table 2:- Organic Products Exports to International Market

Product	Exports –MT
Oil Crops (except Sesame)	17966
Cotton & Textiles	17363
Processed Food	8752
Basmati Rice	5243
Tea	2928
Sesame	2409
Honey	2409
Rice	1634
Dry Fruits	1472
Cereals	1348
Spices-Condiments	1174
Medicinal & Herbal Plants/Products	627
Coffee	320
Vegetables	167

Source: Sec Research, YBL Research

According to table 2, the main exporter commodity is oil crops followed by cotton. The demand of organic cotton is more in international market and other thinks, production is also better in Indian scenario. Indian certified organic products are predominantly exported, mainly to Europe. The rapid growth in the European market (increasing 15 per cent annually) ensures an equal growth from the main producing countries, such as India. There is some export to Japan, but this market has not been explored sufficiently as yet. Moreover, export is inhibited by the fact that all products have to be re-certified by a Japanese certifier. Other Asian

countries have an extremely limited domestic market, with the possible exception of Singapore, which is picking up (United Nations, 2002). According to current data of APEDA, India exported 135 products last year (2012-13) with the total volume of 165262 MT including 4985 MT organic textiles. The organic agri-export realization was around 374 million US dollar including 160 US dollar organic textiles registering a 4.38 percent growth over the previous year. Organic products are exported to European Union, United State, Switzerland, Canada, South East Asian countries and South Africa.

CONCLUSION

No doubt, organic farming is leading concept of sustainable agriculture development and with better farming scientific techniques can improve the productivity of organic farming. Present time, chemical use in farming is creating various types of health problems and degradation in natural resources. In Indian context, Organic farming development is based on export oriented products because of developed countries are a good market for organic products. Cotton and oil seeds farming are performing very well in international export markets. The main reason of the organic products emerging as export oriented products is, unfriendly with use of organic products and higher price level of organic products in Indian. In future the expectation of the development of the organic will increase and consume effectively in international market as well as domestic market.

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