

Marketing of Organic Product in India

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ABSTRACT

In India, organic farming was practiced since thousands of years. In traditional India, where organic farming was the backbone of the economy, entire agriculture was practiced using organic techniques, where the fertilizers, pesticides etc. were obtained from plant and animal products. This paper discusses about the existing marketing practices and problems to identify the loopholes and plug them correctly. The study explores the marketing trends for organic food products and unveils the areas where more attention is needed which issues are to be further researched, resolved and improvised.

Thus, for boosting organic agriculture, marketing of organic products will be a main driving force.

INTRODUCTION

Organic production and trade has been emerged as an important sector in India and in other parts of developing world. An organic product is made from materials produced by organic agriculture, as organic India manufactures processes and markets certified organic herbal and ayurved products.

Organic India was founded in 1997 in Lucknow with the aim of setting up a sustainable business model to support the livelihood of thousands of impoverished farmers in India by providing training and education, enabling self – sufficiency and transferable skills.

Organic produce or products or produced and processed through environment friendly techniques, non – chemically treated, fresh or animally processed, non-pesticide, free from genetically modified organism, having organic certificates, traditional / indigenous products, herbal product and naturally grown. The market of organic products is growing as the number of people willing to eat organic food and attitude towards organic food is increasing.

ORGANIC PRODUCTION IN INDIA :-

The organic markets in India or largely spread areas the food and beverage, health and wellness, beauty and personal care, textile industries. The highest growth is observed in the organic food segment, followed by textile, beauty and personal care.

At the beginning of the 19th century, Sir Albert Howard one of the most important pioneers of organic farming, worked in India for many years.

“Currently, Indian organic market is retailer – driven and aggregator – powered and there is a need to make it consumer – driven and farmer – powered”, Agrawal said.

The current Indian organic product market has been growing at a CAGR of 25% and domestic market is estimated at INR 40,000 million which is likely to increase by INR 100,000 million – INR 120,000 million by 2020 with a similar increase in export.

OBJECTIVES :-

- To study the existing marketing practices and initiative of organic procedures.
- To identify the problems faced by the organic producers.
- To give suggestions to solve the above said problems.
- To study the market scenario of organic products in India.
- To study the SWOT analysis of organic products in India.

Benefits :- According to the research conducted by the office of Evaluation and Studies (O.E.), Int. Fund for Agriculture Development (IFAD), small farmers in India can benefit drastically from organic farming and will help in alerting poverty in those countries.

THE VARIOUS BENEFITS OF ORGANIC FARMING INCLUDES –

- **Organic food is GMO – free** :- Centrally Modified Organisms or Genetically Engineered (GE) foods are plants whose DNA has been altered in ways that cannot occur in nature or in traditional crossbreeding.

- **Nutrient – Dense Food** :- According to a state of science review done in 2008, organic food has more nutritional superiority than its non – organic counterparts.
- **Safe from other Crazy Shizz** :- Things tilse genetically engineered foods (trankenfoods, such as tomatoes spliced with fish genes for cold weather tolerance), food fertilized with sewer sludge, appetite enhances given to animals and synthetic hormones are just a few advantage of organic food.
- Safe from Dangerous Pesticides and scary chemicals.
- Creates healthy conditions.

PROBLEMS :-

- Organic food is more expensive – because farmers do not get as much out of their land as conventional farmers do. Organic products may cost up to 40% more.
- High Input Costs – production costs are higher because farmer needs more workers.
- Marketing Problem – Marketing and Distribution is not efficient because organic food is produced in smaller amounts from the need of world's population that needs to survive. This could lead to starvation in countries that produce enough food today.
- Inadequate Government support.
- Lack of awareness of consumers and producers.
- Shortage of Bio-Mass.
- Inadequate supportive infrastructure.
- Lack of financial support.
- Inability to meet the export demand.
- Market development for the organic products etc. are the major problems faced by the organic industry.

SUGGESTIONS :-

- **Certification (Quality Assurance)** – Certification enhances the credibility of the product and ensure the quality also. This will improve the customer’s confidence and trust will result in increased sales. The certification will help the domestic producers or their societies or groups to export their products.
- **Cost production leads to affordable pricing and increased consumption** – Large no. of exporter’s charges a premium 21-50% of domestic producers 6- 20%. The reason behind charging high premium by the exporters or mainly the production cost, certification cost, transportation cost, processing cost, quality assurance cost, storage cost, shipping cost, labor cost and input cost. If we can identify the high cost area of production & marketing process and can apply cost reduction techniques, the high price can be brought down and consumption can be increased.
- **Financial support during the gestation period** – Small and marginal farmers or facing the risk of low yields for the initial 3 years on the conversion to organic farming. There should be some schemes to support them and to compensate their loss during the gestation period.
- **Awareness creation** – the domestic producers need the help of state and central government to create awareness through more campaigns in the educational institutions government offices and media campaign which will help the organic producers to survive.
- **Organic Inputs at subsidized Rates** – To overcome the difficulty of unavailability and high cost of organic inputs, it can be distributed at subsidized rates through agriculture department.
- **System Approach** – A system approach is required to study, plan, implement, monitor and correct the organic management activities. Each sub-system or part should get individual attention and professional approach is needed.

SWOT ANALYSIS :

STRENGTH :-

- High profit margin as compared to non – organic food production.
- Safety goods.
- Farmers as well as Govt. interests or rising in organic.
- Favorable agro climatic conditions
- Expanding consumer base.

WEAKNESS :-

- Lower yield as compared to conventional farming.
- Lack of established markets for organic food in India.
- Inadequate post-harvest management and related specialized infrastructure to support organic food production.
- Price is higher than traditional markets.
- Lack of farmer awareness about agricultural practices, products and technology.
- Competitors or offering similar products.

OPPORTUNITIES :-

- Emergence of health conscious consumers in Tier 11 and 111 cities
- High export potential.
- Less competitors.
- Increasing certified land area under organic farming.
- Big retail stores / chains opening up.

THREAT :-

- Lack of strong infrastructure.
- Lack of skilled labor.
- Costly and complex organic certification process.

- Low awareness about organic inputs.
- Changing in regulations can impact the business.

CONCLUSION

India is a vast country with diverse consumption culture, which makes it a challenge for the marketers to segment the consumer for organic products. India can take advantage of growing opportunities in organic sector. The major challenges in market of organic product, quality and safety standards, certification and supply chain linkages.

The study enlightens the fact that there is awareness about the existence of organic products and the consumers or positive towards the approach. The government should also support the producers and the marketing agencies to implement and boost their production and marketing initiatives to capture the market for organic products. Thus, Organic India has committed to being a trustworthy and innovative global leader by providing true wellness products.

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