

Voluntary Report – Voluntary - Public Distribution

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Report Name: India's Organic Agriculture Sector Finds Markets At Home and Abroad

Country: India

Post: New Delhi

Report Category: Special Certification - Organic/Kosher/Halal

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Report Highlights:

FAS New Delhi projects India's organic agriculture sector to be valued at \$2.5 billion for the 2023/24 Marketing Year (MY). According to various sources, the domestic consumption of organic foods is trending upwards as the Indian consumer focus on health and wellness continues. However, challenges within India's organic certification process pose a threat to the credibility of the organic sector and its exports. To export to the United States, organic operations in India need to be certified by an USDA-accredited organic certifier. Currently there only eleven such operations in India. More generally, addressing the quality and certification challenges are crucial to maintaining the trust of consumers and international markets. By establishing dedicated platforms, enhancing testing and certification services, expanding product offerings, and supporting farmers through various initiatives, the government of India is laying the foundation for an export-oriented and sustainable organic ecosystem in the country.

GENERAL INFORMATION

Growing consciousness of wellness among Indian consumers is a major driver of the organic food business. The rise in spending power, increase in disposable income, and expansion of the post-COVID-19 health consciousness mindset in urban areas, have augmented the demand for organic products. The shift in food preference from conventional to organic foods is changing the landscape of consumer-oriented food sales. Following the COVID-19 lockdowns, the organic food sector in India saw significant demand increases, largely due to the growth of e-commerce and its convenience. Consumers looking for more sustainable and organic food options now have access to online platforms featuring organic items. One example is the *Jaivikkheti*¹ portal which was initiated by the Indian government to facilitate small farmers selling organic products directly to consumers. In January 2022, around 573 thousand farmers were registered on the *Jaivikkheti* portal; this increased to 609,000 by December 2022.

As noted, COVID-19 accelerated the awareness of sustainably grown and procured food items. This propelled the organic market by increasing investment in the agribusiness and health & wellness sectors. Organic farming techniques lessen dependency on chemical fertilizers and pesticides while promoting biodiversity, soil health, and water conservation. In order to ensure the long-term viability of agricultural land and the preservation of ecosystems, organic farmers place a high value on non-chemical and natural methods.

On November 8, 2023, the Indian government established the National Cooperative Organics Ltd (NCOL) and launched Bharat Organics, an India-based brand to facilitate a supportive ecosystem for marketing, testing, and certification services for organic products.² Bharat Organics launched an initial campaign focusing on organic pulses, rice, and sugar with an additional 20 more commodities to be added by December 2023. These products will be sold in 150 *Safal*³ outlets and online retail outlets. NCOL is a dedicated platform for selling organic products in India and

¹ *Jaivikkheti* portal (organic farming) is an all-encompassing resource that helps organic farmers market and sell their produce while highlighting the advantages of organic farming. This portal serves all the stakeholders in organic farming.

²“Coop minister Amit Shah launches 'Bharat Organics' brand of new cooperative body NCOL”, [Economic Times](#), Published on November 8, 2023.

³ Safal is the retail network of fruits and vegetables with 400 outlets in the National Capital Region of India.

eventually marketing in other countries. The Indian government also plans to establish labs in association with the Food Safety and Standards Authority of India (FSSAI) and other allied organizations to enhance the certification process of organic produce.

Further, the Indian government has introduced programs and schemes to promote export-oriented organic food production. According to the 2023 Indian Union Budget, 10,000 Bio-Input Resource Centers will be established to facilitate adoption of natural farming by approximately 10 million farmers over the course of the following three years.⁴ The establishment of bio-input resource centers aims to establish a nationwide network to produce bio-pesticides and micro-fertilizers to help farmers scale up organic and natural farming.

CERTIFICATION:

In 2006, the U.S. Department of Agriculture's (USDA) National Organic Program (NOP) and India's Agricultural and Processed Food Products Development Authority (APEDA) recognition agreement was terminated. The agreement allowed APEDA-accredited certifiers to provide USDA organic certification in India. Since the termination of the agreement, the Indian organics industry has experienced multiple challenges, despite the increased production and commercialization of organic foods.

As noted in GAIN report - [IN2021-0007 – USDA AMS Ends Organic Recognition Agreement with India](#), the United States began anti-dumping and countervailing duty investigations against Indian exports of organic soybean meal (OSBM) earlier in 2021. During surveillance audits, the Global Organic Textile Standards (GOTS) found 20,000 MT fraudulent cotton transaction organic certificates. In 2020, shipments of organic spices and sesame seeds bound for the European Union (EU) were found to have ethylene oxide residues above allowable limits which indicates a deviation from organic standards.

Since the above challenges, an alternative to third-party certification in India was initiated, the Participatory Guarantee Systems (PGS), which is a community-driven and locally accessible cost-effective alternative to the more conventional third-party organic certification programs. It

⁴ [Union Budget of India 2023-24](#)

supports local farmers. Further, PGS relies on the participation and collaboration of local farmers and communities in the certification process. The participatory nature of the system offers direct market access to the growers for a localized approach to certification. In 2022, there was a broader acceptance of PGS in the organic sector in India. By January 2022, 1.1 million small and marginal farmers were certified under PGS certification and 1.4 million farmers by December 2022.⁵

However, challenges on the international market remain. On March 31, 2021, a petition was filed by the Organic Soybean Processors of America, a U.S. industry association, with the U.S. Department of Commerce - U.S. International Trade Commission (USITC). The petition is against 19 Indian exporters and five U.S. importers, alleging that organic soybean meal (OSBM) from India is being imported into the United States at less than fair value. The calculated anti-dumping margin alleged in the petition is 154.12 percent *ad valorem*, and a countervailing duty margin above the *de minimis* (see, Federal Register). On May 14, 2021, The USITC's determination of "reasonable indication" suggests that the commission found evidence supporting the claim that the U.S. industry has suffered material injury due to the imports of OSBM from India.

POLICY

The National Program for Organic Production (NPOP), APEDA has been the primary management system for organic agriculture in India since 2002 which includes the National Standards of Organic Production (NSOP), which in the International Federation of Organic Production based on International Federation of Organic Agriculture Movements (IFOAM) standards. NPOP aims to establish a robust system for the production, certification, and export of organic products from India, to ensure consumer confidence in the authenticity of organic products and facilitating international trade.

On the governance side, the Indian government is promoting organic agriculture through initiatives like the *Paramparagat Krishi Vikas Yojana* (Traditional Agriculture Development

⁵ "Year-End Review -2022: Ministry of Agriculture & Farmers Welfare", [Press Information Bureau](#), Published on December 26, 2022

Scheme) as part of the National Mission of Sustainable Agriculture. The scheme includes technical best practices, quality assurance, and institutional cluster-based producer models. It also offers financial assistance to farmers amounting to \$671 per hectare (~INR 50,000/hectare) for three years.

Additionally, there is a Large Area Certification (LAC) program by the Indian government, which is a strategic initiative aimed at scaling up organic certification efforts, focusing on preserving traditional practices, and creating concentrated hubs for organic production. This emphasizes direct marketing by small farmers, bypassing the usual certification waiting period of 3 years. It also includes certification support to various regions to underscore the commitment to sustainable and organic agriculture practices in India.

Under [LAC](#) there have been the following accomplishments:

- Approximately 14,445 hectares in Car Nicobar Islands of the Andamans covered under LAC program for organic certification.
- 2,700 hectares in Lakshadweep has been certified as organic.
- Sikkim, the only 100% organic state in India, continues its commitment to organic farming via LAC support. Recently, 60,000 hectares have been supported for certification continuation.
- 5,000 hectares proposed for organic certification in Ladakh is under review.

On March 14, 2023, the Ministry of Agriculture and Farmer's Welfare stated from 2015/16 to 2021/22 area covered under organic farming is 835,441 ha through NOP, and 1,185,700 ha has been added to organic farming under Paramparagat Krishi Vikas Yojana (PKVY).⁶ Initiatives like Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) are typically aimed at promoting organic farming practices and developing the entire value chain associated with organic produce in the northeastern states of India.⁷

⁶ "Organic Farming", [Press Information Bureau](#), Published on March 24, 2023.

⁷ [MOVCDNER](#)

Additionally, On July 14, 2023, the Ministry of Agriculture and Farmer's Welfare reviewed the progress of MOVCDNER Phase III and roadmap for Phase IV.⁸ From 2015/16 till 2021/22, MOVCDNER contributed to bringing 173 thousand hectares of land under organic farming, and 180 thousand farmers were benefitted from this, including setting up of infrastructures.

PRODUCTION:

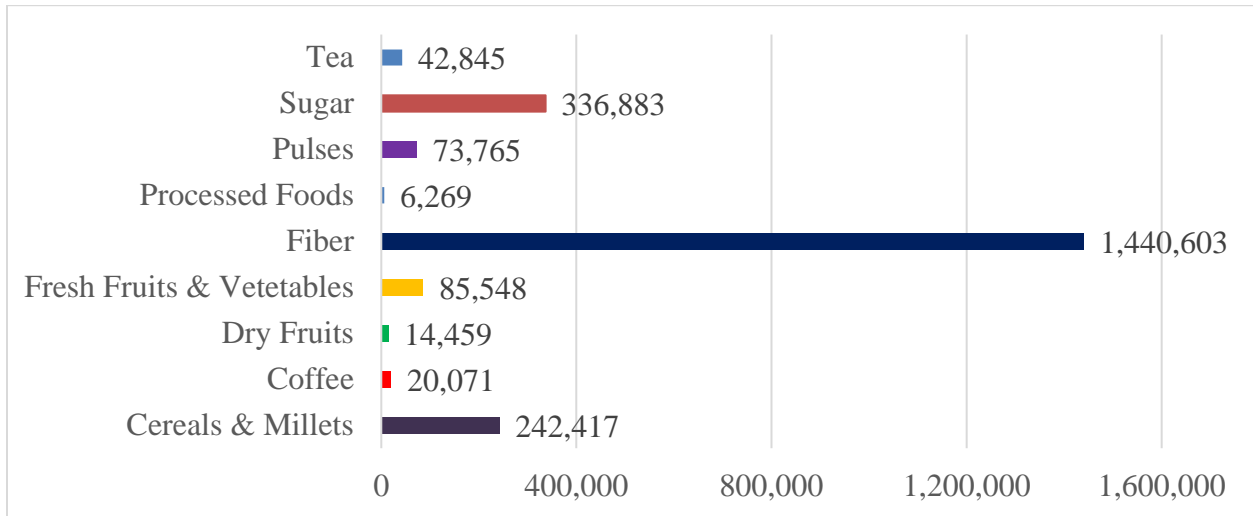
FAS New Delhi projects India's organic agriculture sector to be valued a \$2.5 billion for the 2023/24 Marketing Year (MY). According to IMARC Group, the Indian organic food market size has reached \$1.6 billion in 2023 and expected to experience significant growth, reaching \$8.9 billion by 2032⁹ at a projected CAGR of 21.19 percent for the period 2024-2032. For the MY 2021/22, India contributed 38 percent of the total 98 percent of global organic cotton production.¹⁰ Indian Oilcakes saw a rise in export by 18 percent in 2021. For MY 2021/22, organic production of fiber crops was highest, followed by oilseeds, sugar, cereals and millets, spices and condiments, fresh fruits and vegetables, pulses, tea, and coffee (**Figure 2**). India's APEDA reports that Madhya Pradesh, Maharashtra, and Rajasthan are the top producers of organic crops followed by Karnataka, Uttar Pradesh, and Gujarat for the aforementioned MY, India produced 2.9 MMT of certified edible organic products for MY 2022/23. **Figure 3**). According to [APEDA](#), India produced 2.9 MMT of certified edible organic products for MY 2022/23.

⁸ "Review progress of Phase-III of Mission Organic Value Chain Development for North-Eastern Region", [Press Information Bureau](#), Published on July 14, 2023.

⁹ India Organic Food Market Report by Product Type, and Region 2024-2032, Report ID: [SR112023A1208](#)

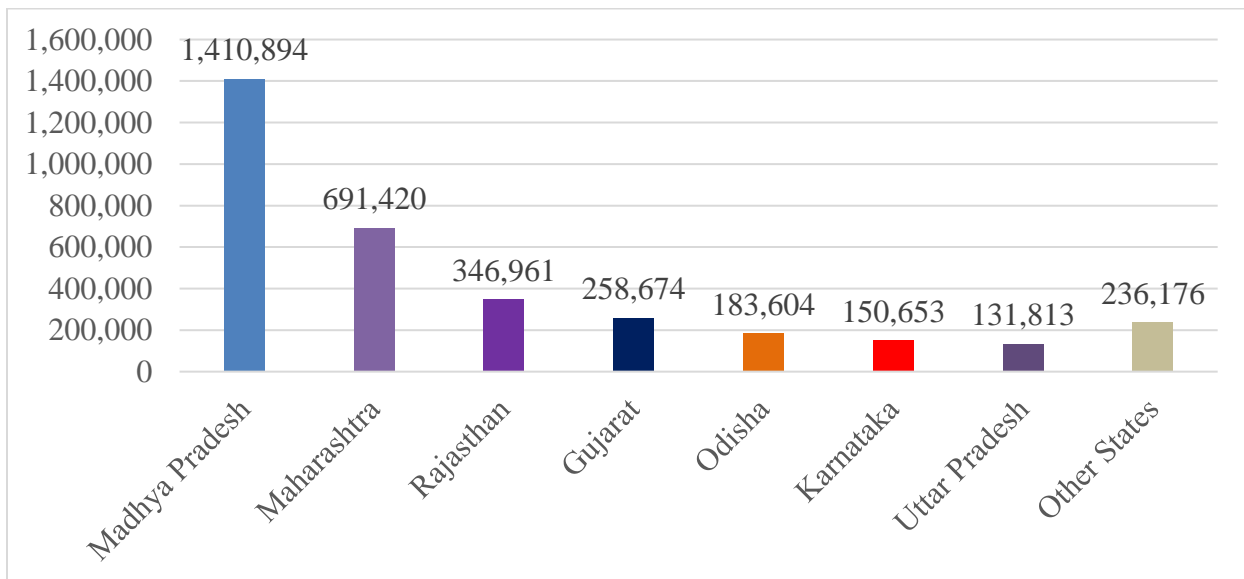
¹⁰ India Organic Food Market Report by Product Type, and Region 2024-2032, Report ID: [SR112023A1208](#)

Figure 2: Organic Production in India by Commodity for MY 2021/22 (Metric Tons)



Source: [APEDA](#)

Figure 3: Organic Production in India by State for MY 2021/22 (Metric Tons)



Source: [APEDA](#)

AREA:

As of March 31, 2023, India’s APEDA reports organic certification area in India under NPOP is 10.17 million hectares (mha), which includes 5.4 mha cultivable areas and 4.7 mha wild harvest collection. For the MY 2021/22, India had almost 1,599,010 producers and 1,703 processors. These statistics provide insights into the scale of organic certification efforts in India and the

diverse areas covered, including both traditional agricultural land and wild collection areas. According to Research Institute of Organic Agriculture, India had the highest number of organic producers in world and ranked 6th in world's organic agricultural land for the year 2021.¹¹

In 2021, India's organic agricultural land including conversion areas was 2,657,889 ha, which is 1.5 percent of global organic shares of total agricultural land. Although India is estimated to have one of the largest areas of organic agricultural land, which is followed by Argentina and China, the information on organic crop production is limited.

CONSUMPTION:

According to the World of Organic Agriculture Statistics and Emerging Trends 2023, the global organic market has grown at a compounded annual growth rate of 8.5 percent from 2015 to 2020, which was valued at \$123 billion in 2020.¹² India was one of the largest contributors to the global organic growth in 2021, alongside Turkey, Kazakhstan, and Tanzania.

The organic food market in India is divided into the following categories:

- Food grains and cereals
- Fruits and vegetables
- Meat, poultry, and dairy
- Plantation crops
- Processed food and beverages
- Pulses
- Spices

According to industry sources, organic fruits, and vegetables as well as organic food grains and cereals are most of the market due to plant-based food preferences among the urban population. There is also a rising demand for organic meat, poultry, and dairy products.

¹¹ "The World of Organic Agriculture Statistics and Emerging Trends 2023", [Research Institute of Organic Agriculture](#)

¹² "The World of Organic Agriculture 2023", [Organic World - Global organic farming statistics](#), Edited by Helga Willer, Bernhard Schlatter and Jan Trávníček

Healthy dietary choices and the income growth are the driving forces for behind the growth in the organic food products. Further, the availability in grocery stores or retail chains like hypermarket, supermarket, *mandis*, specialty stores and dedicated online portals are making the products accessible to the consumers.

TRADE:

For MY 2022/23, APEDA published that India exported 0.312 MMT of certified organic products amounting to foreign currency realization of \$708.33 million. The products are exported to diverse markets including the U.S, the EU, Oceania, and South Asian countries. For MY 2022/23, the largest export markets for Indian organic products were the U.S, the EU, Canada, and United Kingdoms. The global demand for organic and sustainably produced food appears to be contributing to the growth of India's domestic organic export sector.

With 42 percent of US imports of OSBM and raw organic soybean imports, India was the largest supplier of OSBM to the US in 2020; these exports grew by 35 percent from 2016-19.

Soybean cake, ground soybean chips, and soybean flakes are among India's top exports of organic soy products which are utilized as animal feed ingredients in organic dairy, poultry, and bird feed.

Attachments:

No Attachments.