

## OPPORTUNITIES AND CHALLENGES FACED BY THE SELECTED ORGANIC PRODUCT EXPORTERS IN INDIA- AN EMPIRICAL STUDY

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### *Abstract:*

Organic production and trade has been emerged as an important sector in India and in other parts of the developing world a country like India can enjoy a number of benefits from the adoption of organic production. Industry growth will inevitably lead to a change in industry structure. Major developments that have to bear on the future industry structure are the involvement of supermarkets and large scale production units in the supply chain. To increase the demand for organic products and to expand the organic industry, India should focus in new product and market development to meet the demand of quantity and varieties of product. This in turn will develop competitive advantages for the Indian organic product in the global market to explore opportunities.

*Keywords:* Organic products, organic exporters, organic production and conservation of the natural resources.

### **PREAMBLE OF THE STUDY**

Economic and social uplifting, ensuring the health of young generations, women house hold, poverty alleviation, social uplifting ensuring the health of young generation ,women empowerment sustainable development, prevention of disaster caused by the pesticides, improving the environmental conditions, conservation of the natural recourses, improved soil fertility, prevention of soil erosion, preservation of natural and agro-biodiversity are the major benefits. The threat posed by the conventional food products to the human health and the damage done to the ecology are being viewed seriously. Efforts are made to produce healthy foods and the demand for them is increasing.

Organic agriculture offers trade opportunities for farmers in the developing and developed countries. The market of organic products is expected to grow globally in the coming years and high growth rates over the medium term (from 10-15 to 25-30%) are expected. The organic market expansion makes it possible for farmers to reap the benefits of a trade with relatively high price premiums. However, this market is not very well known to most farmers, especially those living in the developing countries. In developing

countries it is therefore essential for major key players (e.g. farmer organizations, traders, exporters etc.) that promote organic farming to have up-to-date information on the available opportunities (market requirements) and trends of the organic market.

Although the movement is still regarded with some skepticism, the concept of organic farming has strong marketing appeal, growth forecasts are almost all positive and it has been suggested that the ‘movement’ is now an ‘industry’. Major domestic markets for organic products lie in metropolitan cities – Mumbai, Delhi, Kolkata, Chennai, Bangalore and Hyderabad and the export markets are Europe, America, Middle East, Asia, and Africa etc. Organic agriculture is one of the fastest growing agribusiness sectors in the world, with double-digit annual growth in land under organic cultivation, value of organic produce and number of organic farmers.

**INDIAN ORGANIC PRODUCTS DEMAND IN THE WORLD MARKET**

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 & vegetables, cashew nuts, cotton, oil seeds and medicinal herbs. The channels adopted for the export of organic products, except 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 exported through exporters. Organic products are mainly exported to the following countries (in order of priority):

Country	
Europe	* Netherlands * United Kingdom, * Germany * Belgium, * Sweden
Americas	* USA * Canada
Middle East	* Saudi Arabia *UAE
Asia	* Japan * Singapore
Africa	* South Africa

Source: [www.apeda.gov.in](http://www.apeda.gov.in)

**STATEMENT OF PROBLEM**

The organic product sector is the most important and one of the largest

manufacturing sectors in the country and also it played a major role in exporting the organic products. But now the economic condition of our country, the organic product export was highly affected. Few of the problems are Production process, financial shortage and quality maintenance problem, Non availability of commodities, Changing climate condition, Competition and consistency in supply, Marketing problems and marketing these are the problem faced by organic product exporters. Therefore this study attempts to find out the measures taken by organic product regarding challenges and opportunity and also at what extend government and APEDA support for Organic Product Export and how could avoid or overcome these problems in future and find the measures or remedies for the problems which could be eradicate in future.

#### **OBJECTIVE OF THE STUDY**

- To find out the market opportunities and challenges faced by the selected organic products exporters in Indian perspectives.
- To study about the role of APEDA in organic product export in Indian perspectives.
- To provide valuable suggestion to increase selected organic product Indian exporters as well policy makers.

#### **RESEARCH METHODOLOGY**

According to Robert Ross” research is essential and investigation, a recording and an analysis of evidence for the purpose of gaining knowledge.”Research always starts with question or a problem. It purposes is to find answer to questions through the application of the scientific method. It is a systematic and intensive study directed toward more complete knowledge of the subject studies.

#### **AREA, NATURE OF STUDY AND PERIOD OF THE STUDY:**

The research study was conducted in Coimbatore city, divided as Coimbatore (North, South, East and West). Further each area 15 questionnaire distributed collected as sample size 60 respondents. This descriptive study involves formulating the objectives of the study, defining the population and selecting a sample, designing the method of data collection and analysis of data and result. The Present studies are carried over the period of 5<sup>th</sup> May 2021 to 10<sup>th</sup> July 2021.

#### **NATURE AND SOURCES OF DATA:**

The study is based on questionnaire method; primary data has been collected from various proprietors doing export business in Coimbatore area. The first draft of the questionnaire was prepared bearing in mind of research problem and objectives of the

study. Secondary data was collected from journal, magazines and website. The data has been used which is collected through questionnaire, report and internet. The researcher has used both primary and secondary data for constructing this present study.

#### **STATISTICAL TOOLS USED FOR THE STUDY**

For analyzing the data and to know it more meaningful, few statistical tools been applied by the researchers like Simple Percentage Analysis, Weighted Average score analysis and Ranking Method.

#### **SHORT COMING OF THE STUDY**

The researcher has reduced the limitations of the present study in maximum, since, the researchers has observed the following short comings of the study like this sample was restricted to Coimbatore city alone as well as researchers are able to collect the primary data from the organic product exporters as sample size of present study only 60 respondents due to the organic product exporters working schedule are very busy nature. Therefore, if there is any bias in the primary data, the validity and reliability of data and results may affect the present study, results of the present study will not applicable to rest of India except the study area.

#### **RESULTS AND DISCUSSIONS OF THE STUDY**

**Table No. 1: Reason for unsold stock of organic products**

<b>Description</b>	<b>Frequency</b>	<b>Percentage</b>
Lack of information on availability and certification	13	21.6%
Price expectations too high in relation quality	26	43.3%
Low consistency of quality and contamination	4	6.6%
Slow shipment ,restrictions on importing Indian organic products	17	28.3%
<b>Total</b>	<b>60</b>	<b>100%</b>

Source: Primary data

Table number 02: Level of satisfaction towards APEDA schemes provided to organic exporters

S.N O	Government incentives	HB	B	N	NB	HNB	TOTAL		ARTHMETIC MEAN
		5	4	3	2	1			
1.	Allowances	49	5	6	0	0	6	283	4.71
		245	20	18	0	0	0		
2.	Inputs such seeds	19	32	4	5	0	6	245	4.08
		95	128	12	10	0	0		
3.	Training	21	23	11	0	5	6	235	3.91
		105	92	33	0	5	0		
4.	Fertilizer	14	18	20	8	0	6	218	3.63
		70	72	60	16	0	0		
5.	Potential storage	5	15	18	14	8	6	175	2.91
		25	60	54	28	8	0		
6.	Easier credit	21	23	10	6	0	6	239	3.98
		105	92	30	12	0	0		
7.	Foreign investors	23	15	9	7	6	6	222	3.7
		115	60	214	14	6	0		

				7					
8.		6	12	1 5	9	18	6 0	159	2.65
	High premium in the market	30	48	4 5	18	18			

**Source: Primary data**

**Table number. 03: Showing the challenges faced by the organic product exporters**

S.No.	Aspects	6	5	4	3	2	1	TOTAL	Arithmetic Mean	Rank
1.	Unstable of market price	8	1	7	1	6	7	60	3.71	IV
		48	8	2	4	1	7	223		
2	Storage and warehouse problem	21	9	3	1	7	5	60	4.31	I
		12	4	5	2	1	5	259		
3	Marketing problem	11	1	9	7	7	7	60	3.98	II
		66	9	3	2	1	4	239		
4	Government slandered and certification	8	7	2	2	8	7	60	3.63	III
		48	3	8	2	1	6	218		
5	Quality and standards of products	6	9	6	1	1	9	60	3.80	V
		36	4	2	3	3	8	185		
6.	Documentation process	2	4	5	9	1	2	60	2.3	VI
		12	2	2	2	3	2	138		

Source: Primary data

### **MAJOR OBSERVATIONS OF THE STUDY**

Most of the exporters 51.8% are doing merchant exporters in the study areas. The 31.6% of exporters are used borrowed capital for running their business. Many organic exporters are storing their product nearly 35 days after packing the products. The cereals and pulses are major organic exporting products in India. 35 percentage of exporter are involving with shipment once in a six month in the study area, further 51 percentages of organic exporters are doing business with European countries. The respondents 51.6% are have exporting European country. The day by day organic product awareness and demand are increasing all over the world. Meanwhile, the organic exporters are facing countless challenges like financial problems, logistics problems, climate conditions changes and price fluctuation in the study area. The 36.6% of organic product exporters are using INDOCERT for exporting their products.

### **RECOMMENDATIONS OF THE STUDY**

The organic products exporters face numerous problems one of the major problem faced by them are organic production process. To overcome this problem the exporters have to focus on the supply chain management. If so the problem can be solving. The proper supply chain management helps the exporters to solve the problem and increase the volume of export. The respondents are highly satisfied with the allowances provided by the government and some of the respondents are dissatisfied with the potential storage, Incentives given by the government. So the APEDA or government should focus more on the potential storage of the organic product export. A mechanism for adapting existing standards and practices in developing countries to international standards needs to be explored.

**Price** expectations are too high in relation to quality “so the export traders from India should have realistic prices Quality.

**Quality** "Low consistency of quality; contamination the quality must be consistent. For this reason, higher quality standards must be enforced to develop and maintain a good reputation. Post-harvest practices should be improved.

**Availability** Better understanding of the demands of buyers (small quantities). Suppliers must show financial stability.



**Logistics** "Slow shipment, restrictions for importing Indian organic products" The logistics must be better coordinated from the place of dispatch for shipment. Duty ports must reduce the time taken to complete the customs process. Enhance the infrastructure available to guarantee quality upon arrival (cool rooms).

**Certification** "Lack of national certification and accreditation Local certification bodies accredited by national and international organizations would enhance the acceptance of organic products from India.

**Export authorities** "Time consuming and complicated paper work." Develop a fast track for export.

**Information** "Lack of information on availability and certification" More promotion activities on the part of traders, farmers and governmental institutions (e.g. international fairs). Establish an internet portal to enable easy access to information on Indian organic products.

**Administration** "Inconvenient modus of payment (letters of credit); the governmental bank's system is too slow Indian traders must show more flexibility in modus of payment. The bank's systems must reach higher standards.

#### **CONCLUSION OF THE STUDY:**

Organic farming has emerged as one of the best known alternative farming systems developed in response to the short comings of mainstream agriculture. Many of the key benefits and opportunities for organic agriculture are suitable areas for the organic movement to show leadership and innovation, including assurance and auditing procedures, rural and regional development and low cost agricultural systems relying on biological and ecological processes. Organic farming has the potential to provide many benefits to the environment and human health, developments in alternative farming system and their potential threats to organic farming should be carefully monitored and their potential impacts on the organic sector assessed. From the findings it shown that consumers purchase organic products for a variety of reason and there are significance differences in consumer perceptions and attitudes towards organic products across socio-demographic group, across regions and across countries. Industry growth will inevitably lead to a change in industry structure. Major developments that have to bear on the future industry structure are the involvement of supermarkets and large scale

production units in the supply chain. To increase the demand for organic products and to expand the organic industry, India should focus in new product and market development to meet the demand of quantity as well as in term of product variety. This in turn will develop competitive advantages for the Indian organic product in the global market to explore opportunities.

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