CONFEDERATION OF ORGANIC FOOD PRODUCERS & MARKETING AGENCIES

COII ANNUAL REPORT 2022-23

The Confederation of Organic Food Producers and Marketing Agencies

www.organickheti.org

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India organic food market was worth USD 1013.14 million in 2021-22 and is further projected to reach USD 3594.0 million by the year 2028, growing at the CAGR of 19.90% in the forecast period of the Research Study brought out by the BlueWeave Consulting on India Organic Food Market. The market is growing at a high rate owing to the rising consumer shift towards healthy and nutritious food with zero chemicals and the rising penetration of organic food products.

Organic Food – Overview

Organic food is the type of food produced with the standards and methods of organic farming, which eliminates the use of chemical fertilizers, hormones, and pollutants. Organic food is largely driven by animal and plant wastes and nitrogen-fixing cover crops. Several studies have revealed that organic food may have more nutrients in quantity compared to non-organic foods and thus it is beneficial for health. Additionally, organic foods contain higher levels of micronutrients and antioxidants due to the absence of chemicals, hormones, and other substances.

India Organic Food Market Forecast and Trends

Growth Drivers

Launch of wide range of organic food products: With growing potential and demand for organic food within the Indian market, the companies are launching an extensive variety of products to cater to consumers' nutritional desires and tastes and to take advantage of market place possibilities. The increasing product launches are improving consumer access to organic food, driving the overall market growth.

Increasing health awareness among consumers: The growing health focus among consumers is rising as a main driving factor for the India organic food market in terms of nutrients, organic food contains no more vitamins than conventionally grown meals. They do, however, incorporate fewer chemicals and are beneficial to human fitness. Furthermore, organic food is more

energizing because it's far freed from preservatives and genetically modified organisms (GMO). Moreover, organic meals can frequently lessen the signs of allergies due to certain foods, chemicals, or preservatives. Such advantages appeal to health-aware clients, boosting its marketplace increase.

Restraints

High cost of organic food:

The price of organic food is one of the major constraints for the growth of the market since India is a highly price sensitive market. Organic food is costlier than regular food products. This is because the elimination of chemical fertilizers decreases the production output several fold. Along with this, the price of organic food also carries other factors such as environmental enhancement and protection costs. This limits the adoption of organic food among high and upper-middle-income groups, negatively impacting the market growth.

India Organic Food Market – by Product Type:

Based on product type, the India organic food market is segmented into dairy, bakery products, fruits & vegetables, snacks, meats/fish & poultry, sauce and condiments, processed food, packaged food, and others. The meats/fish & poultry segment accounts for the largest market share owing to the increasing consumer demand for pasture-raised eggs.

Furthermore, the organic meat/fish sellers offer natural, grass-fed and hormone free meats and poultry products that contain higher nutritional value compared to regular meat available in the market.

India Organic Food Market – by Distribution Channel:

Based on distribution channels, the India organic food market is segmented into online channels, offline channels. The online channels are the primary distribution channels for organic food in India. This is because organic food products are easily available through e-commerce platforms. The availability of a wide range of products on online stores acts as a major driving factor for the growth of the online sales channel segment.

Global Market

The fruits & vegetables segment dominates the global market by capturing high revenue. Rising demand for healthy lifestyles, better nutrients, and the adoption of fruits & vegetables fuel market growth. Consumers prefer rich vitamins, fibre, and minerals by consuming organic fruits and vegetables to maintain their fitness and diets. Several studies proved that consuming fruits & vegetables through organic farming is healthier and tastier. In addition, the increasing demand for dairy and clean-label packed food products in developing countries pushes market growth.

Unprocessed category

The market is segmented into processed and unprocessed foods. Unprocessed foods lead the global market by securing a maximum share. Rising consumer preferences for convenience and fresh products are fueling unprocessed food items.

It may be mentioned that high quality products such as vegetables, meat, dairy, grains, fruits, and cereal are rich in nutrients and are increasing the adoption of unprocessed foods. In addition, these products contain low sugar, maintain a healthy heart, and improve skin allergies are advancing the market size.

Distribution Channel

Currently, the supermarkets/hypermarkets secure a significant share of the global market. The availability of various food products of different brands attracts consumers' attention to visit supermarkets/hypermarkets. Moreover, many consumers prefer to visit there to buy vast products during weekends, expanding the revenue.

Online retail stores are another distributor channel that secures a better growth rate due to internet penetration all around the globe. The consumers or buyers are easy to engage by installing shopping applications and easy to enjoy home delivery products. The prominent vendor investment and collaborations with online retail stores such as Walmart, Flipkart Grocery, and Amazon are uplifting the sales of organic foods.

Outlook of Top Countries

The United Kingdom is anticipated to capture a significant global market share by 2033. Increasing consumer demand for healthy lifestyles and premium quality foods is driving the market. In addition, the rising consumption of fresh, natural foods due to increasing environmental and animal welfare concerns are advancing the United Kingdom organic food market. According to AgenceBio, France consume around 17% of organic foods at home and 31% from groceries.

The global organic food market grew from $259.06 billion in 2022 to $294.54 billion in 2023 at a compound annual growth rate (CAGR) of 13.7%. The Russia – Ukrain war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in short term. The war between the two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. The organic food market is expected to grow from $512.01 billion in 2027 at a CAGR of 14.8%.

National Programme For Organic Production (NPOP)

Organic products are grown under a system of agriculture without the use of chemical fertilizers and pesticides with an environmentally and socially responsible approach. This is a method of farming that works at grass root level preserving the reproductive and regenerative capacity of soil, good plant nutrition, and sound soil management, produces nutritious food rich in vitality which has resistance to diseases. India is bestowed with lot of potential to produce all varieties of organic products due to its various agro climatic conditions. In several parts of the country, the inherited tradition of organic farming is an added advantage. This holds promise for the organic producers to tap the market which is growing steadily in the domestic and export sector.

As per the available statistics, India's rank 5th in terms of World's Organic Agricultural land and 1st in terms of total number of producers as per 2021 data (Source FIBL & IFOAM Year Book 2020).

The APEDA, Ministry of Commerce & Industries, Government of India is implementing the National Programme for Organic Production (NPOP). The programme involves the accreditation of Certification Bodies, standards for organic production, promotion of organic farming and marketing etc.

The NPOP standards for production and accreditation system have been recognized by European Commission and Switzerland for unprocessed plant products as equivalent to their country standards. With these recognitions, Indian organic products duly certified by the accredited certification bodies of India are accepted by the importing countries. APEDA is also continuously in negation with various countries including with Australia, South Korea, Taiwan, Canada, Japan, etc.

Area

As on 31st March 2022, total area under organic certification process (registered under National Programme for Organic Production) is 9119865.91 ha. (2021-22). This includes 4726714.74 ha cultivable area and another 4393151.17 ha for wild harvest collection.

Among all the states, Madhya Pradesh has covered largest area under organic certification followed by Maharashtra, Gujarat, Rajasthan, Odisha, Karnataka, Uttarakhand, Sikkim, Chhattisgarh, Uttar Pradesh and Jharkhand.

Production

India produced around 3430735.65 MT (2021-22) of certified organic products which includes all varieties of food products namely oil seeds, fibre, sugar cane, cereals & millets, cotton, pulses, aromatic & medicinal plants, tea, coffee, fruits, spices, dry fruits, vegetables, processed foods etc. The production is not limited to the edible sector but also produces organic cotton fibre, functional food products etc.

Among different states, Madhya Pradesh is the largest producer followed by Maharashtra, Rajasthan, Karnataka, and Odisha. In terms of commodities, fibre crops are the single largest category followed by oil seeds, sugar crops, cereals and millets, medicinal/herbal and aromatic plants, spices & condiments, fresh fruits, vegetables, pulses, tea & coffee.

Exports

The total volume of export during 2021-22 was 460320.40 MT. The organic food export realization was around INR 5249.32 crore. Organic products are exported to USA, European Union, Canada, Great Britain, Switzerland, Turkey, Australia, Equador, Korea Republic, Vietnam, Japan etc.

In terms of export value realization, processed foods including soya meal (61%) lead among the products followed by oilseeds (12.85%), cereals and millets (12.71%), sugar (4.77%), plantation crop products such as tea & coffee (2.16%), spices and condiments (1.72%), pulses (1.1%) and others.

Impact of Pandemic on Organic Food Industry

COVID-19 has an enormous impact on people's everyday lives. Consumers' have intensified their search for healthy and clean food. As a consequence, organic food has become the most preferred choice for people and this had a dramatic impact on the organic sector.

A report by Research and Markets says that the organic food market in India is projected to grow to $553.87 million in FY 2026 from $177.14 million in FY2020, moving ahead with a CAGR of 21.00 per cent by FY2026.

However, COVID-19 pandemic had a devastating impact on the human health and global economy. The food and agriculture sectors have also felt these effects. In many countries, the measures taken to curb the spread of the virus were initiated to hinder the supply of agricultural products to markets and consumers inside and outside the borders. How this impacts the food safety, nutrition, and the livelihoods of farmers, fishermen, and others working in food supply chain depends mainly on short – medium – and long term policy responses. Epidemics pose severe challenges to the food system in the short term, but they also offer an opportunity and to face challenges and accelerate the transformation of the food and agricultural sectors to increase resilience.

Activities of The Confederation

Due to COVID-19, the office was closed for nearly two years and some of the activities were confined to WEBINARS etc.

The Confederation continued to produce knowledge Reports; notable among them:

1. Odisha

2. Madhya Pradesh

These reports were submitted to the Centre and State Governments and also simultaneously to the media at the press conferences organized at Bhubaneshwar and Bhopal. Some of the media reports are given in the following pages.

3. Impact of Climate Change on (i) Agriculture and (ii) Medicinal Plants in Himaliyan States. These reports are under finalization and likely to be submitted to the concerned departments and other stakeholders.

4. Medicinal Value of Vegetables, Fruits and Food Grains. This is a comprehensive Report and has been submitted to the Government.

Summit on Organic-Food Processing & Horticulture Odisha: Advantage Farmers

The Confederation organized a Summit on “organic food processing & horticulture Odisha: advantage farmers” on 29th July 2022 in Bhubaneshwar. The Summit received active support from APEDA, India Organic, NABARD, Orissa State Organic Certification Agency, SBI, MSDGs, Banosadhi Farmers Producer Company Ltd, and the State Government.

The Proceedings/highlights and recommendations were as under:

Summit on Ayurvedic Aahar & Organic Madhya Pradesh: Advantage Farmers

A day-long Summit on ayurvedic aahar & organic Madhya Pradesh: advantage farmers” was organized on 22 September 2022 in Bhopal.

Alongside, an exhibition was held. The summit was supported by the State Government, APEDA, India Organic, MP Organic, NABARD, SIDBI, MPSOCA, MSME EPC, Kasturi Krishi Farms, Eat Right India etc.

The proceedings/highlights and recommendations were as under:

Meetings with various authorities:

1. Shri Atul Bora, Hon'ble Minister of Agriculture, Assam on

2. Shri Conrad Sangma, Hon'ble Chief Minister of Meghalaya on

3. Shri James Sangma, Honble Minister of Meghalaya

4. Shri Alex Hek, MLA and former Health Minister of Meghalaya

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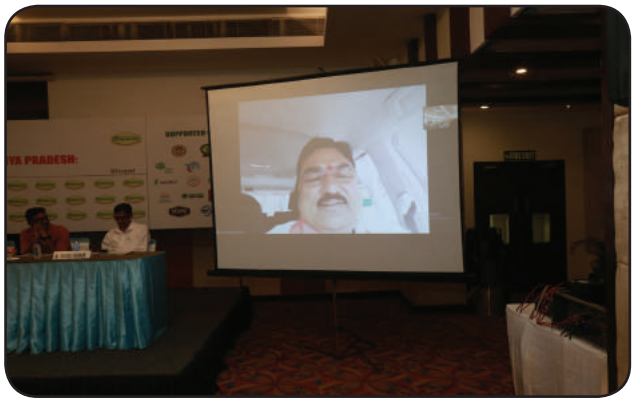

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