

# **A STUDY ON THE SIGNIFICANCE OF THE ORGANIC FOOD MARKET IN UTTARAKHAND**

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## **Abstract**

This study explores the burgeoning organic food sector in Uttarakhand, India, and its potential as a key driver of sustainable agricultural and economic growth. The research provides a comprehensive overview of the sector's dynamics by examining the current agrarian scenario, changing cropping patterns, and the challenges the organic food market faces. The study employs a descriptive research design, gathering data from secondary sources. The findings indicate that despite the high demand for organic products and government initiatives supporting organic farming, several barriers persist, including high certification costs, complex procedures, inadequate infrastructure, and premium pricing. The research highlights the importance of collaboration between the government and private sector to mitigate these challenges and suggests measures such as cost-free advertising campaigns for smallholders, training programs, and financial support initiatives. The study concludes that with enhanced policy support, education, and market development, Uttarakhand can capitalize on the growing organic food market, benefiting consumers, farmers, and the broader economy.

Keywords: Organic food, Uttarakhand, sustainable agriculture, economic growth, market dynamics.

## **Introduction**

Organic farming has emerged as an alternative to traditional agriculture, emphasizing sustainable practices such as green manure and biological pesticides, making crops healthier for consumption. It is not only eco-friendly but also beneficial for immunity. During the COVID-19 pandemic, the demand for organic food surged as people

believed it boosted immunity. The National Project on Organic Farming (NPOF), established in 2004-05, significantly promoted organic farming in India. States like Madhya Pradesh, Rajasthan, and Maharashtra lead in this area, accounting for half of the country's organic farmland. Himalayan states such as Uttarakhand, Mizoram, Nagaland, and Sikkim aim to become organic. Increased health awareness globally has led to a preference for organic over traditionally grown products, accelerating the growth of organic farming. Many countries have adopted this approach due to concerns about harmful chemicals from traditional farming practices. The COVID-19 pandemic reinforced the perception that organic products are safer and boost immunity. India is making significant strides in this direction, with consumers demanding higher food quality and nutrient content due to awareness of the negative effects of conventionally grown food. Economic and market reforms in India have spurred economic growth, increased incomes, and urbanization. The Indian government has also supported farmers in adopting organic farming, responding to the criticism of synthetic substances and fueling the global organic farming movement.

### **Organic food products**

Organic food refers to food produced through organic farming practices, which exclude synthetic fertilizers, pesticides, GMOs, antibiotics, and growth hormones. This type of food benefits consumers, farmers, and the economy by promoting sustainable and eco-friendly farming, reducing the carbon footprint, and enhancing biodiversity. Advantages of organic food include better taste, higher nutrient content, and less exposure to harmful chemicals. The organic food market has grown rapidly, presenting significant economic opportunities for farmers and stakeholders. The government of Uttarakhand has plans to develop the Pithoragarh District in the Kumaun region as an "Organic District." So far, 108,000 farmers have received organic certification. Since its formation in 2000, Uttarakhand has been exploring and enhancing organic farming as a significant employment generator. The state's landscape is favorable for cultivating medicinal herbs and plants. With the establishment of the Uttarakhand Organic Commodity Board, efforts to enhance organic farming have accelerated, aiming to improve soil quality and increase long-term production. Organic certification implies two main criteria: absence of toxic persistent pesticides, synthetic fertilizers, growth hormones, antibiotics, or GMOs, and adherence to strict organic cultivation standards

affecting soil, water, and air. Uttarakhand has become a significant hub for organic farming due to favorable climatic conditions and government initiatives. As of 2021, the state has 45,410 hectares of certified organic land and 9,879 farmers engaged in organic farming. Organic agriculture is in demand in developing nations like India because it promotes sustainable practices and improves farmers' livelihoods. This study examines the significance of the organic food market in Uttarakhand, noting that while it benefits consumers, growers and stakeholders face challenges. The study aims to address these challenges and suggest measures for improvement in the organic food sector.

### **Benefits of organic products**

Organic agriculture dictates the methods for growing and processing food. Research indicates that organic food has lower pesticide levels than conventionally grown food, suggesting that organic farming can reduce health risks. Organic products are the only ones that guarantee the absence of toxic persistent pesticides, synthetic fertilizers, and GMOs. The core of organic farming is eco-friendly agricultural practices, fostering a self-reliant system that boosts economic productivity.

### **Organic food companies**

**Sresta Natural Bioproducts:** Sresta Natural Bioproducts sources organic food products from farmers throughout India, involving 20,000 farmers across more than 30 projects over 120,000 acres. Sresta now has over 1,500 outlets both within India and internationally. The company educates farmers, protects them from middlemen and adverse weather impacts, and improves their understanding of profitable farming economics. Sresta's central storage and processing facility is in Hyderabad, offering convenient access to ports and good land connectivity. The company has also invested in R&D to better understand the organic food industry's product concepts, processes, and quality standards.

**Organic India:** Organic India, founded in 1997 in Lucknow, produces, processes, and markets certified organic herbal and Ayurveda products. The company cultivates fruits, vegetables, spices, and herbs like Tulsi to create a wide range of herbal supplements, medicines, spices, edible oils, and other food items. Organic India has

established numerous retail outlets across the country. The company was created to develop a sustainable business model that supports the livelihoods of thousands of impoverished farmers in India by offering training and education, promoting self-sufficiency, and imparting transferable skills.

**Himjoli:** Himjoli is a social enterprise operating in Uttarakhand, India, since 2009. Currently, it collaborates with 18 partners, including NGOs, self-help groups, and producer groups across Kumaon and Garhwal regions. The revenue generated by Himjoli is reinvested into these communities and producer groups to achieve its goal of creating sustainable employment, enhancing living standards in rural hill areas, and preventing youth migration to urban centers.

**Sanjeevani Organics:** Sanjeevani Organics is an organization based in Uttarakhand, specializing in organic food products, and has been producing organic items in India for the past decade. They are among the largest producers and suppliers of organic food products both within India and internationally.

### **Challenges in the organic sector in India**

As the organic food sector is still emerging in India, both the government and private entities must develop a robust policy framework to benefit all stakeholders. The sector faces several challenges, including high certification costs, lengthy procedures, issues with international validity, a lack of certifying agencies, and inadequate infrastructure for verification. There is also a gap in understanding certification standards and labeling requirements. Companies dealing with multiple commodities must obtain certifications and maintain records according to applicable standards. The high cost of organic manure makes transitioning to fully organic farming expensive. Commercially available bio-manure products may not always be completely organic, sometimes leading to disqualification at the certification stage. Promoting and selling organic products requires special natural packing materials and distinctive branding to differentiate them from conventional products. Currently, there are no regulations on labeling standards, and there is a lack of clarity regarding labeling and certification requirements for both the domestic and import markets, leading to malpractices like mixing organic with conventional produce. Organic food products in India are more expensive than conventional items, with an additional cost of INR 1,200–1,500 per

month for a family switching to organic food. Consequently, the purchase of organic food is mainly limited to affluent consumers in large cities. The limited market availability of organic food products also poses a significant challenge to the growth of the Indian organic food industry. Additionally, the presence of fake organic products in the market undermines the profits of genuine vendors.

### **Govt. Schemes related to organic farming**

The demand for organic food in India is also driven by strong government support, including implementing various schemes, subsidies, and incentives to encourage farmers to adopt organic farming practices. The government aids organic farmers through several financial schemes, including: -

**(i) The Paramparagat Krishi Vikas Yojana (PKVY):** This government scheme supports organic farming in India. PKVY aims to ensure sustainability, develop long-term soil fertility, and provide healthy food through organic farming practices. The scheme focuses on increasing domestic production and certification of organic produce by involving farmers. In 2015-16, the government allocated Rs. 300 crores for this initiative. Its objectives include promoting organic farming among rural youth, farmers, consumers, and traders; disseminating the latest organic farming technologies; utilizing expert services from India's public agricultural research system; and organizing cluster demonstrations in villages. To encourage the use of organic fertilizers, the government has increased the subsidy from Rs. 100 to Rs. 300 per hectare under the PKVY scheme.

**(ii) Rashtriya Krishi Vikas Yojana (RKVY):** This government scheme for organic farming in India was launched in August 2007. RKVY aims to promote organic farming and reduce reliance on chemical agricultural inputs. The scheme's objectives include incentivizing states to increase their investment in agriculture and allied sectors, providing states with flexibility in planning agricultural programs, ensuring agricultural plans are prepared for districts and the state, reducing yield gaps in important crops, maximizing returns to farmers, and addressing the agriculture sector in an integrated manner.

**(iii) National Program for Organic Production (NPOP):** Launched in 2001, NPOP is one of the Indian government's schemes for organic farming and the world's largest organic certification program. The scheme aims to expand into organic products, textiles, and cosmetics. It is implemented by the Agricultural and Processed Food Products Export Development Authority (APEDA) under the Ministry of Commerce and Industry. NPOP provides information on organic production standards and evaluates emerging trends, growth drivers, challenges, and opportunities in the organic sector. The program aims to offer insights into the sector, identifying it as a potential area for economic development for the state.

### **Review of Literature**

**Achileas and Anastasios (2008)** This paper examines the impact of quality assurance systems on business performance and their role in shaping marketing strategies, especially in the organic food sector. It explores the classification of goods by quality attributes, benefits of quality awards, effects of quality systems on firm performance, and factors influencing consumers' willingness to pay more for organic products. Findings suggest that better quality conformance leads to sales growth and higher profit margins. Quality certification helps increase market share and access new markets. Defining quality from a consumer perspective is essential. Factors like socio-demographics, perceived quality, and risks affect consumers' willingness to pay a premium for organic foods. The study provides insights for developing effective marketing strategies for certified organic products.

**S Chakrabarti (2010)** This paper documents the findings of an expert survey in the organic food category in India, aiming to underscore the importance experts place on key variables influencing consumers' purchase decisions. It also integrates recent consumer survey findings within the organic food sector in India. From July to October 2007, feedback was gathered from 33 senior experts through face-to-face and email surveys. The paper's novelty lies in addressing critical issues in India's organic food sector from the perspective of expert insights.

**S Kumar, J Ali (2011)** This study analyzes the factors influencing consumer awareness of organic food products. Understanding consumer awareness is essential, so a logit regression model was used to identify the socio-demographic and other key factors

affecting this awareness. The logistic analysis results show that factors like education, field of study, and use of ICTs significantly influence Indian consumers' awareness of organic food. In contrast, factors such as gender and income level have a minor impact. The findings have important implications for promoting organic food markets both domestically and globally.

**CS wee, MSBM Ariff, N Zakuan (2014):** This study examines the links between consumers' perceptions, purchase intentions, and actual purchase behaviors of organic food products. Using data from Kluang, Johor, Malaysia, it finds that consumers' intentions to buy organic food are significantly influenced by their perceptions of safety, health, environmental impact, and animal welfare. These perceptions shape behavioral intentions, leading to actual purchases. The findings offer valuable insights for marketers to develop strategies that encourage the purchase of organic foods and promote environmentally-friendly buying behaviors in Malaysia.

**B Xie, L Wang, H Yang, M Zhang (2015)** The purpose of this paper is to understand consumer behavior in purchasing organic food products and identify the main factors influencing this process. Using both quantitative and qualitative market survey approaches, the study aims to provide a comprehensive view of consumer perspectives. The primary motivator for purchasing organic food is the belief that it is healthier and safer. Consumers who buy organic food typically have higher education levels, higher disposable incomes, families with children, and are older compared to those who do not buy organic food. The main barriers to increasing the market share of organic food products are consumers' lack of knowledge, high price premiums, and limited availability. The research findings could help the organic food industry expand its market, enhance profitability, and improve reliability.

**A Singh, P Verma (2017)** This study explores the factors influencing consumers' actual buying behavior towards organic foods, based on survey data from 611 Indian consumers. Key factors identified include health consciousness, knowledge, subjective norms, and price. These factors affect consumer attitudes and actual buying behavior, with attitude and purchase intention acting as mediators. The findings provide valuable insights for companies, retailers, and regulatory agencies in the organic food industry, offering guidelines for market expansion.

**V Manaloor, D Srivastav, S Islam (2016)** Literature Review: This study presents findings from a survey targeting experts within India's organic food industry, aiming to gauge their perspectives on factors influencing consumer decisions to purchase organic products. Conducted between July and October 2007, the research collected responses from 33 senior experts through both face-to-face interviews and email surveys. Results highlight health motivation as the most highly rated factor, with one of the lowest standard deviations among explanatory variables in the expert survey. This paper contributes novelty by focusing on expert insights to address pivotal issues within India's organic food sector.

**Patnaik (2018)** This paper aims to explore the growing trend towards sustainability and its significant impact on consumer lifestyles, particularly through the consumption of organic food. It underscores corporate efforts towards environmental stewardship and innovative agricultural practices that influence both customer health and climate. The paper aims to enhance public perception of organic concepts, especially related to food and supports the green revolution in addressing escalating environmental and health challenges

**Chamoli and Rana (2019)** This review explores current trends in the restaurant sector, emphasizing Uttarakhand, and underscores the advantages of integrating local organic crops from the region. The study seeks to pinpoint food characteristics that shape customer perceptions, bolster retention rates, enrich guest experiences, and mitigate challenges linked to using locally sourced organic produce. Methodologically, the research incorporates participant interviews alongside secondary data analysis.

**Bazaluk, Yatsenko, Zakharchuk, and Ovcharenko (2020)** This study explores Ukraine's potential in the global organic food market. It analyzes market growth, regulatory factors, current trends, and future prospects. The research identifies key competitors, consumer segments, and initiatives supporting organic sector development. It concludes that Ukraine has significant export opportunities, recommending strategies like marketing initiatives, government support, and collaborative production approaches to enhance its position in the organic market.

**Verma, Kumar, Ram, and Bisht (2022)** analyze the current agricultural landscape of Uttarakhand, focusing on the evolving patterns of crop production and



landholdings. This paper addresses issues that are diminishing farmers' interest in agriculture. The study aims to examine the current state of agriculture in Uttarakhand and investigate the shifts in cropping patterns and crop production in the region.

**S. Saxena and S. Saxena (2023)** This review uses the Theory of Planned Behavior (TPB) to study consumer behavior towards organic food in Uttarakhand, India. It identifies factors influencing purchasing decisions and suggests strategies for promoting organic food consumption in the region. Data from 212 respondents in Garhwal district were analyzed using SEM and AMOS-22. Findings indicate attitudes, social norms, and perceived control significantly influence purchase intentions, which in turn affect actual buying behavior. The study offers insights for marketers to encourage organic food adoption in Uttarakhand.

### **Objectives**

- To assess the importance of the organic food market in Uttarakhand.
- To identify the challenges encountered by the organic food market.

### **Research Methodology**

**Research design:** The study adopts a descriptive design to depict the current state of the organic food sector at both national and state levels.

**Data collection:** Data is gathered from secondary sources, including published government reports from various departments, as well as national and state-level reports on organic food production.

### **Data analysis and interpretation:**

The study analyzes data to understand the significance of the organic food market and the challenges it faces. The growth is driven by increased health awareness, concerns about the hazards of chemical pesticides and fertilizers, and rising investments by Indian corporate firms. The demand for organic food has surged due to heightened health awareness among Indian consumers, who now prioritize nutrient content and food quality. The COVID-19 pandemic further accelerated this demand as consumers sought organic products to boost health and immunity. Cereals and food grains are the largest segment, driven by the demand for plant-based and gluten-free food production.

The market is fragmented with numerous regional players. New entrants face moderate barriers due to the fragmented market structure, regulatory requirements, and capital investments. Major markets, including India, continue to exhibit double-digit growth rates, fueled by growing health concerns, rising income levels, improved living standards, and government initiatives promoting organic products. The Food Standards and Safety Authority of India (FSSAI) recognized both NPOP and PGS-India certification systems for organic products in December 2017, enhancing market trust and regulation. India's organic sector has shown remarkable progress, becoming a key global player with over 8,35,000 organic farmers and ranking ninth in organic cultivation area. In 2015-16, India exported 1.35 million MT of certified organic food products worth INR 1,937 crore. However, challenges such as certification and quality assurance, high input costs, and the lengthy conversion period from conventional to organic farming persist, particularly for small and marginal farmers. To address these issues, the study suggests measures for contamination prevention, infrastructure improvements, marketing strategies, capacity building, financing access, and research and development. Agriculture is a crucial sector, with significant contributions from GI-tagged products like millets, Basmati rice, and Tej patta. Over 35% of Uttarakhand's agricultural land is organically certified. Kashipur the city in Uttarakhand in Udham Singh Nagar, shows that millet cultivation can boost farmers' incomes by 10-20%, though many farmers are unaware and grow millets for self-consumption. The study emphasizes the need for awareness programs to ensure a prosperous future for farmers in Uttarakhand.

### **Suggestion of the Study**

Despite the government's efforts to boost organic production, significant challenges persist, primarily related to the pricing and marketing of organic products. Companies incur various costs that contribute to higher operating expenses compared to conventional products, resulting in a substantial price markup. This higher price acts as a barrier, preventing many consumers from choosing organic products. A consistent issue identified is the high price, which limits access for many low-income individuals. To address this, the government has initiated various programs, but further action is needed. While organic products may not be completely cheap, costs can be controlled by reducing expenses. Government and private entrepreneurs should collaborate to

enable small stakeholders to reach a broader customer base. Offering cost-free campaigns for smallholders to advertise their products, providing training and skill development programs, and conducting awareness campaigns are essential. Collaboration between the government and the private sector can bring significant changes to this sector. The government can support financial programs for private enterprises that dedicate a portion of their turnover to supporting organic farming. Proper awareness can change the mindset of many people. Additionally, the government needs to enhance its efforts to discourage the use of synthetic fertilizers and pesticides by promoting and incentivizing the use of biofertilizers and biopesticides to reduce cultivation costs.

## **Conclusion**

The study provides a comprehensive analysis of the organic food sector in Uttarakhand and highlights its potential as a significant driver of economic and sustainable agricultural growth. Despite the evident benefits of organic farming and the rising demand for organic products, several challenges hinder the full realization of this sector's potential. High certification costs, complex procedures, inadequate infrastructure, and the premium pricing of organic products remain significant barriers. However, the growing awareness of the health benefits associated with organic food, coupled with government initiatives and support, presents a promising outlook. The government's schemes, such as the Paramparagat Krishi Vikas Yojana, Rashtriya Krishi Vikas Yojana, and the National Program for Organic Production, play a crucial role in promoting organic farming practices and supporting farmers in transitioning to organic methods. The analysis of the organic food market in India indicates a substantial growth trajectory, driven by increasing health consciousness among consumers and a shift toward sustainable agriculture. The study emphasizes the need for enhanced collaboration between government and private entities to address the pricing and marketing challenges. By reducing costs, increasing awareness, and providing financial and infrastructural support, the organic food sector can be made more accessible to a broader consumer base, including low-income groups. Ultimately, the research underscores the importance of continued efforts to promote organic farming through policy support, education, and market development. By addressing the existing challenges and leveraging the opportunities, Uttarakhand can emerge as a leader in the

organic food market, benefiting not only the consumers but also the farmers and the overall economy.

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