



**FACULTY OF AGRICULTURE SCIENCE AND ALLIED INDUSTRIES**

### **Marketing and Organic Food Exports from India:-**

Organic food exports from India are increasing with more farmers shifting to organic farming. With the domestic consumption being low, the prime market for Indian organic food industry lies in the US and Europe. India has now become a leading supplier of organic herbs, organic spices, organic basmati rice, etc.

RCNOS recently published a report titled 'Food Processing Market in India (2005)'. According to its research, exports amount to 53% of the organic food produced in India. This is considerably high when compared to percentage of agricultural products exported. In 2003, only 6-7% of the total agricultural produce in India was exported.

Exports are driving organic food production in India: The increasing demand for organic food products in the developed countries and the extensive support by the Indian government coupled with its focus on agri-exports are the drivers for the Indian organic food industry.

Organic food products in India are priced about 20-30% higher than non-organic food products. This is a very high premium for most of the Indian population where the per capita income is merely USD 800. Though the salaries in India are increasing rapidly, the domestic market is not sufficient to consume the entire organic food produced in the country. As a result, export of organic food is the prime aim of organic farmers as well as the government.

The Indian government is committed towards encouraging organic food production. It allocated Rs. 100 crore or USD 22.2 million during the Tenth Five Year Plan for promoting sustainable agriculture in India.

APEDA (Agricultural and Processed Food Export Development Authority) coordinates the export of organic food (and other food products) in India. The National Programme for Organic Production in India was initiated by the Ministry of Commerce. The programme provides standard for the organic food industry in the country.

Organic food costs in India are expected to decrease, driving further exports in future.

Organic food production costs are higher in the developed countries as organic farming is labour intensive and labour is costly in these countries. However, in a country like India, where labour is abundant and is relatively cheap, organic farming is seen as a good cost effective solution to the increasing costs involved in chemical farming.

Currently most of the organic farmers in India are still in the transition phase and hence their costs are still high. As these farmers continue with organic farming, the production costs are expected to reduce, making India as one of the most important producers of organic food.

Organic food products exported from India include the following:

Organic Cereals: Wheat, rice, maize or corn

Organic Pulses: Red gram, black gram

Organic Fruits: Banana, mango, orange, pineapple, passion fruit, cashew nut, walnut

Organic Oil Seeds and Oils: Soybean, sunflower, mustard, cotton seed, groundnut, castor

## **Organic Food Consumption in India:-**

Organic Food Consumption in India is on the rise. Some people believe that organic food is only a “concept” popular in the developed countries. They think that when it comes to organic food, India only exports organic food and very little is consumed. However, this is not true.

Though 50% of the organic food production in India is targeted towards exports, there are many who look towards organic food for domestic consumption.

ACNielsen, a leading market research firm, recently surveyed about 21,000 regular Internet users in 38 countries to find their preference for functional foods – foods that have additional health benefits. The survey revealed that India was among the top ten countries where healthy food, including organic food, was demanded by the consumers.

The most important reason for buying organic food was the concern for the health of children, with over 66 percent parents preferring organic food to non organic food. Though organic food is priced over 25 percent more than conventional food in India, many parents are willing to pay this higher premium due to the perceived health benefits of organic food.

The increase in organic food consumption in India is evident from the fact that many organic food stores are spurring up in India. Today (2006) every supermarket has an organic food store and every large city in India has numerous organic food stores and restaurants. This is a huge change considering that the first organic food store in Mumbai was started in 1997.

What do Indian organic food consumers prefer?

The pattern of organic food consumption in India is much different than in the developed countries. In India, consumers prefer organic marmalade, organic strawberry, organic tea, organic honey, organic cashew butter and various organic flours.

However, the Indian organic food consumer needs education. There are many consumers who are unaware of the difference between natural and organic food. Many people purchase products labelled as Natural thinking that they are Organic. Further, consumers are not aware of the certification system. Since certification is not compulsory for domestic retail in India, many fake organic products are available in the market.

**Organic certification** is a certification process for producers of organic food and other organic agricultural products. In general, any business directly involved in food production can be certified, including seed suppliers, farmers, food processors, retailers and restaurants. Requirements vary from country to country, and generally involve a set of production standards for growing, storage, processing, packaging and shipping that include: avoidance of most synthetic chemical inputs (e.g. fertilizer, pesticides, antibiotics, food additives, etc), genetically modified organisms, irradiation, and the use of sewage sludge; use of farmland that has been free from synthetic chemicals for a number of years (often, three or more); Keeping detailed written production and sales records (audit trail); Maintaining strict physical separation of organic products from non-certified products; Undergoing periodic on-site inspections.

In some countries, certification is overseen by the government, and commercial use of the term *organic* is legally restricted. Certified organic producers are also subject to the same agricultural food safety and other government regulations that apply to non-certified producers.

### **Purpose of certification**

Organic certification addresses a growing worldwide demand for organic food. It is intended to assure quality and prevent fraud. For organic producers, certification identifies suppliers of products approved for use in certified operations. For consumers, "certified organic" serves as a product assurance, similar to "low fat", "100% whole wheat", or "no artificial preservatives".

Certification is essentially aimed at regulating and facilitating the sale of organic products to consumers. Individual certification bodies have their own service marks, which can act as branding to consumers. Most certification bodies operate organic standards that meet the National government's minimum requirements. Some certification bodies, certify to higher standards.

### **Third party certification process**

To certify a farm, the farmer is typically required to engage in a number of new activities, in addition to normal farming operations:

**Study** the organic standards, which cover in specific detail what is and is not allowed for every aspect of farming, including storage, transport and sale.

**Compliance** — farm facilities and production methods must comply with the standards, which may involve modifying facilities, sourcing and changing suppliers, etc.

**Documentation** — extensive paperwork is required, detailing farm history and current set-up, and usually including results of soil and water tests.

**Planning** — a written annual production plan must be submitted, detailing everything from seed to sale: seed sources, field and crop locations, fertilization and pest control activities, harvest methods, storage locations, etc.

**Inspection** — annual on-farm inspections are required, with a physical tour, examination of records, and an oral interview.

**Fee** — an annual inspection/certification fee (currently starting at \$400–\$2,000/year, in the US and Canada, depending on the agency and the size of the operation).

**Record-keeping** — written, day-to-day farming and marketing records, covering all activities, must be available for inspection at any time.

In addition, short-notice or surprise inspections can be made, and specific tests (e.g. soil, water, plant tissue) may be requested.

For first-time farm certification, the soil must meet basic requirements of being free from use of prohibited substances (synthetic chemicals, etc) for a number of years. A conventional farm must adhere to organic standards for this period, often, two to three years. This is known as being in *transition*. Transitional crops are not considered fully organic.

Certification for operations other than farms is similar. The focus is on ingredients and other inputs, and processing and handling conditions. A transport company would be required to detail the use and maintenance of its vehicles, storage facilities, containers, and so forth. A restaurant would have its premises inspected and its suppliers verified as certified organic.

### **Participatory certification**

*“Participatory Guarantee Systems are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange”* (IFOAM definition, 2008).

Participatory Guarantee Systems (PGS) represent an alternative to third party certification, especially adapted to local markets and short supply chains. They can also complement third party certification with a private label that brings additional guarantees and transparency. PGS enable the direct participation of producers, consumers and other stakeholders in:

The choice and definition of the standards  
The development and implementation of certification procedures  
The certification decisions

**Participatory Guarantee Systems are also referred to as “participatory certification”.**

### **History of Participatory Guarantee Systems**

The organic movement has been a pioneer in the implementation and definition of Participatory Guarantee Systems (PGS). Organic certification started in various parts of the world in the 70s and 80s based on associative systems that were very close to what is now called PGS. Some of these associations are still doing participatory certification today, such as for example Nature & Progrès in France. Even though third party certification (following ISO 65 requirements) has become the dominant form of certification in the food sector, as well as many other sectors, alternative certification systems have never ceased to exist.

In 2004, IFOAM, the International Federation of Organic Agriculture Movements, and MAELA, the Latin

American Agroecology Movement jointly organized the first International Workshop on Alternative Certification that took place in Torres, Brazil. It is at that workshop that the concept of “Participatory Guarantee Systems” was adopted. At this event, an international working group on PGS was established, which later became an official Task Force under the umbrella of IFOAM.

The Task Force worked on further defining PGS, and established the key elements and key features of PGS in a document entitled “Shared Visions – Shared Ideals”.

Since then, IFOAM has continuously supported the development of PGS in the organic sector. In parallel, other sectors have been looking into the concept to certify various products or processes. Still, IFOAM and the organic movement remain a leader in the concept of PGS at the international level, and are now advocating for their recognition by governments as valid local certification systems in cases where the organic sector is legally regulated.

### **Certification & product labeling**

In some countries, organic standards are formulated and overseen by the government. The United States, the European Union, Canada and Japan have comprehensive organic legislation, and the term "organic" may be used only by certified producers. Being able to put the word "organic" on a food product is a valuable marketing advantage in today's consumer market, but does not guarantee the product is legitimately organic. Certification is intended to protect consumers from misuse of the term, and make buying organics easy. However, the organic labeling made possible by certification itself usually requires explanation. In countries without organic laws, government guidelines may or may not exist, while certification is handled by non-profit organizations and private companies.

Internationally, equivalency negotiations are underway, and some agreements are already in place, to harmonize certification between countries, facilitating international trade. There are also international certification bodies, including members of the International Federation of Organic Agriculture Movements (IFOAM) working on harmonization efforts. Where formal agreements do not exist between countries, organic product for export is often certified by agencies from the importing countries, who may establish permanent foreign offices for this purpose.

In the US, the National Organic Program (NOP), was enacted as federal legislation in Oct. 2002. It restricts the use of the term "organic" to certified organic producers (excepting growers selling under \$5,000 a year, who must still comply and submit to a records audit if requested, but do not have to formally apply). Certification is handled by state, non-profit and private agencies that have been approved by the US Department of Agriculture (USDA).

In Japan, the Japanese Agricultural Standard (JAS) was fully implemented as law in April, 2001. This was revised in

November 2005 and all JAS certifiers were required to be re-accredited by the Ministry of Agriculture.

In India, APEDA regulates the certification of organic products as per National Standards for Organic Production.

"The NPOP standards for production and accreditation system have been recognized by European Commission and Switzerland as equivalent to their country standards. Similarly, USDA has recognized NPOP conformity assessment procedures of accreditation as equivalent to that of US. With these recognitions, Indian organic products duly certified by the accredited certification bodies of India are accepted by the importing countries." In March 2000, the Ministry of Commerce launched NPOP (National Programme for Organic Production) design to establish national standards for organic products which could then be sold under the logo India Organic. For proper implementation of NPOP, NAPP (National Accreditation Policy and Programme) has been formulated, with Accreditation Regulations announced in May 2001. These make it mandatory that all certification bodies whether internal or foreign operating in the country must be accredited by an Accreditation Agency. The regulations make provision for export, import and local trade of organic products.

However, currently only the exports of organic products come under government regulations.

Thus an agricultural product can only be exported as an organic product if it is certified by a certification body duly accredited by APEDA. Organic crop production, organic animal production, organic processing operations, forestry and wild products are the categories of products covered under accreditation. In China, the China Green Food Development Center awards two Standards: A and AA; while the former standard does permit some use of synthetic agricultural chemicals, the latter is more stringent.

## **ORGANIC CERTIFICATION MARK**

### **ORGANIC LOGO**

A trademark – “India Organic” will be granted on the basis of compliance with the National Standards for Organic Production (NSOP). Communicating the genuineness as well as the origin of the product, this trademark is owned by the Government of India. Only such exporters, manufacturers and processors whose products are duly certified by the accredited inspection and certification agencies, will be granted the license to use of the logo which would be governed by a set of regulations.

### **CONCEPT OF ORGANIC LOGO**

Symbolizing the rhythm of cosmic and earth forces represented by the blue and brown waves of force and energy,

‘India Organic’ logo celebrates the essence of nature. These forces work in harmony upon the earth’s environment and this rhythm is reinforced and supported by the green plant growth. The colours used have a special significance in the logo concept. The cosmic force in blue symbolizes universal purity. Richness of soil, nourished with natural ingredients in organic farming, is symbolized by the earth forces in golden brown. The plant in green uses the colour of nature and natural products untouched by chemicals. The blue background is symbolic of earth’s environment that is congenial for life to thrive in and is also free of pollution and harmful chemicals.

### **Certification issues**

Organic certification is not without its critics. Some of the staunchest opponents of chemical-based farming and factory farming practices also oppose formal certification. They see it as a way to drive independent organic farmers out of business, and to undermine the quality of organic food. Other organizations such as the Organic Trade

Association work within the organic community to foster awareness of legislative and other related

issues, and enable the influence and participation of organic proponents.

### **Obstacle to small independents**

Originally, in the 1960s through the 1980s, the organic food industry was composed of mainly small, independent farmers, selling locally. Organic "certification" was a matter of trust, based on a direct relationship between farmer and consumer. Critics view regulatory certification as a potential barrier to entry for small producers, by burdening them with increased costs, paperwork, and bureaucracy.

### **Manipulation of regulations**

Critics of formal certification also fear an erosion of organic standards. Provided with a legal framework within which to operate, lobbyists can push for amendments and exceptions favorable to large-scale production, resulting in "legally organic" products produced in ways similar to current conventional food. Combined with the fact that organic products are now sold predominantly through high volume distribution channels such as supermarkets, the concern is that the market is evolving to favor the biggest producers, and this could result in the small organic farmer being squeezed out.

Manipulation of certification regulations as a way to mislead or outright dupe the public is a very real concern.

Some examples are creating exceptions (allowing non-organic inputs to be used without loss of certification status) and creative interpretation of standards to meet the letter, but not the intention, of particular rules. For example, a complaint filed with the USDA in February 2004 against Bayliss Ranch, a food ingredient producer and its certifying agent, charged that tap water had been certified organic, and advertised for use in a variety of water-based body care and food products, in order to label them "organic" under US law.

In December 2005, the 2006 agricultural appropriations bill was passed with a rider allowing 38 synthetic ingredients to be used in organic foods. Among the ingredients are food colorings, starches, sausage and hot-dog casings, hops, fish oil, chipotle chili pepper, and gelatin. This allowed Anheuser-Busch in 2007 to have its Wild Hop Lager 'certified organic' even though hops were grown with chemical fertilizers and sprayed with pesticides."

### **Misrepresentation of the term *organic***

The word *organic* is central to the certification (and organic food marketing) process, and this is also questioned by some. Where organic laws exist, producers cannot use the term legally without certification. To bypass this legal requirement for certification, various alternative certification approaches, using currently undefined terms like "authentic" and "natural" instead of "organic", are emerging. In the US, motivated by the cost and legal requirements of certification (as of Oct. 2002), the private farmer-to-farmer association, Certified Naturally Grown, offers a "non profit alternative eco-labelling program for small farms that grow using USDA Organic methods but are not a part of the USDA Certified Organic program."

In the UK, the interests of smaller-scale growers who use 'natural' growing methods are represented by the Wholesome Food Association, which issues a symbol based largely on trust and peer-to-peer inspection. A related concern holds that certification is replacing consumer education, and this goes against the essential, holistic nature of organic farming. By reducing complex issues and regulations to a simple, convenient *certified organic* label, consumers may more easily ignore the principles and practices behind organics, leaving the definition of organic farming and organic food open to manipulation.

### **Accreditation**

The act of accrediting or the state of being accredited, especially the granting of approval to an institution of learning by an official review board after the school has met specific requirements.

Or A process of formal recognition of a school or institution attesting to the required ability and performance in an area of education, training, or practice.

Or The act of granting credit or recognition (especially with respect to educational institution that maintains suitable standards)

**Accreditation** is a process in which certification of competency, authority, or credibility is presented.

Organizations that issue credentials or certify third parties against official standards are themselves formally accredited by accreditation bodies (such as UKAS); hence they are sometimes known as "accredited certification bodies". The accreditation process ensures that their certification practices are acceptable, typically meaning that they are competent to test and certify third parties, behave ethically and employ suitable quality assurance.

One example of accreditation is the accreditation of testing laboratories and certification specialists that are permitted to issue official certificates of compliance with established standards, such as physical, chemical, forensic, quality, and security standards.

### **Position of Accreditation in India**

As per the National Programme for Organic Production (NPOP) an accreditation refers registration by the accreditation agency for certifying agency for certifying organic farms, products and processes as per the guidelines of the National Accreditation Policy and Programme for Organic Product. NPOP programme in context of Indian accreditation scenario, defined the function of



accreditation agencies like

Prescribe the package of practices for organic products in their respective schedule;  
Undertake accreditation of inspection and certifying agencies who will conduct inspection and certify products as having been produced in accordance with NPOP;

Monitor inspection made by the accredited inspection agencies;

Lay down inspection procedures;

Advise the National Steering Committee on Organic Production;

Accept accredited certification programmes if such programme confirm to National Standard;

Accreditation Agencies shall evolve accreditation criteria for inspection and/or certifying agencies and programme drawn up by such agencies for their respective area of operation and products;

Accreditation agencies shall prepare an operating manual to assist accredited agencies to abide by such a manual must contain appropriate directions, documentation formats and basic agency and farm records for monitoring and authentication of adherence to the organic production programme;

Eligible inspection and certification agencies implementing certification programmes will be identified by the Accreditation Agency.

In the year 2000, Ministry of Commerce, Government of India has launched the NPOP. The following accreditation agencies are designated vide TRADE NOTICE (NO ORG/004/2001) date June13, 2001:

1. Agricultural and Processed Food Product Export Development Authority (APEDA)
2. Coffee Board
3. Spice Board
4. Tea Board

## Inspection



### Inspection

**On-site visit to verify that the performance of an operation is in accordance with specific standards**



### Certification

**Written confirmation that a process or product is in compliance with prescribed standards**

## List of accredited certifying and inspection agencies in India

- Association for promotion of Organic Farming (APOF) **Bangalore**
- Indian Society for Certification of organic production (ISCOP)- **Tamil Nadu**
- Indian Organic Certification Agency (INDOCERT)- **Cochin Kerala**
- Skal Inspection and Certificaton Agency- **Bangalore**
- IMO Control Pvt. Ltd.- **Bangalore**
- Ecocert International -**Aurangabad**
- Bioinspectra -**Cochin, Kerala**
- SGS India Pvt Ltd- **Gurgaon**
- International Resources for Fair Trade (IRFD)- **Mumbai**
- National Organic Certification Association (NOCA)- **Pune**



National programme for organic production( NPOP)

**Standard inspection** procedures shall be followed by the inspection and certification agencies. The inspector shall have access to all relevant facilities, including accounts and other documentation of the Licensed Operator.

The policies and procedures for inspection shall be documented and shall include-

- (a) The basis for assignment of inspectors.
- (b) Grounds for objection to inspection by Licensed Operator.
- (c) Instructions for inspection visits.
- (d) Inspection methods and frequency.
- (e) Inspection requirements.
- (f) Sampling requirements.
- (g) Instructions for preparation of reports.

### **Assignment:**

(a) The inspector shall be assigned by the Authorized Inspection and Certification Agencies. Prior to the assignment of the inspector, the Authorized Inspection and Certification Agency shall

- i) Ensure sufficient expertise needed for the actual inspection.
- ii) Exclude any possible conflict of interest.

(b) Licensed Operators shall have neither the right to choose nor to recommend inspectors. In case the Licensed Operator wants to change the Authorized Inspection and Certification Agency, they shall inform the APEDA stating the reasons for their decision. APEDA after verifying records from the previous certification body would allow the Licensed Operator to register under a new Authorized Inspection and Certification Agency of its choice.

(c) The Licensed Operators shall have the right to be informed about the identity of the inspector

before the inspection visit, and to raise objections related to any potential conflict of interest. This does not apply to unannounced inspections.

(d) Continuous inspection by a single inspector for the same Licensed Operator should be avoided.

(e) The Authorized Inspection and Certification Agency shall apply the precautionary measures during inspection and certification. When an irregularity is committed by the Licensed Operator in, the entire lot or production affected by irregularity will be removed from the production site / chain and sanctions shall be imposed on the Licensed Operator.

(f) The NAB shall be informed about the action taken on the Licensed Operator. In case the NAB, finds irregularities or infringements related to application of this regulation by the inspection and certification agencies, it shall take further action under these Rules.

### **Inspection Visit and Report:**

Sufficient information shall be made available to the inspectors about the Licensed Operator to allow proper preparation by the inspector. This includes, among others, earlier inspection findings, a description of activities/processes, maps/plans, product specifications, and used inputs, earlier irregularities, infringements, conditions and disciplinary measures. The visit and the questionnaires used during the inspection, and the reports emanating from the inspection, shall be comprehensive, covering all relevant aspects of the production standards and shall adequately validate the information provided. Authorized Inspection and Certification Agencies shall have access to any non-organic production unit, or units associated by ownership or management.

Inspection, including document review, should include such units when there is sufficient reason for doing so, such as production of the same kind of products etc. Inspection reports and inspection shall, as far as possible, follow a specified protocol to facilitate a non-discriminatory and objective inspection procedure. Reports shall be designed to allow for elaboration and analysis by the inspector on areas where compliance might be partial, standards might not be clear etc. Inspection reports shall give adequate information on what was actually checked, including, but not restricted to-

- (a) Date and time of inspection,
- (b) Persons interviewed,
- (c) crops/products requested for certification,
- (d) Fields and facilities visited,
- (e) Documents reviewed,
- (f) In addition the report shall contain:
- (g) Inspector's observations,
- (h) Evaluation of compliance to standards, and certification requirements.

### **Methods and Frequency:**

Inspection methods and frequency shall be determined by, among others-

- (a) Intensity of production.
- (b) Type of production.
- (c) Size of operation.
- (d) Outcome of previous inspections and the Licensed Operator's record of compliance.
- (e) Any complaints received by the Inspection and Certification Agency.
- (f) Whether the unit or Licensed Operator is engaged only in certified production
- (g) Contamination and drift risk.
- (h) Complexity of production.

### **Inspection frequency:**

The Authorized Inspection and Certification Agencies shall have a written policy on inspection frequency and it shall interalia include-

- (a) Inspection of Licensed Operators shall take place at least once annually.
- (b) Inspection of sub-contracted Licensed Operators shall take place at least once annually
- (c) A minimum number (percentage) of unannounced inspections to be carried out and the number shall be determined along with the basis for selection of the Licensed Operators to be subject to such inspections.
- (d) The manner in which the cost of "extra" inspection is to be borne. Timing of inspections shall not be so regular as to become predictable.

**Inspection methods:**

Inspections shall regularly include, but are not restricted to:

- (a) Visits of facilities, fields, etc.
- (b) Review of records and accounts.
- (c) Calculation of input/output norms, production estimates etc.
- (d) Assessment of production system of Licensed Operator.
- (e) Interview with responsible persons



