

A STUDY ON EMERGENCE OF ENTREPRENEURS OF ORGANIC PRODUCTS IN INDIA DUE TO COVID-19

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Abstract

This year, the unprecedented COVID-19 Pandemic has created a massive impact on our daily lives. Using products that are safe and healthy for the body has become a choice for a home. It has dramatically turned consumers to trust organic labels. As a result of that, in the early stage of the outbreak of COVID-19, many existing and potential entrepreneurs have developed the vision to bring systematic change in the Organic market.

Immunity is a buzz word nowadays. Because of the growing level of health consciousness and raising awareness about products; the Indian organic market has started experiencing robust growth. During the pandemic crisis, many small businesses had to go for winding up activities at that time organic business was demonstrated profitable business.

This paper analyses the growth of the organic industry in India along with the perspectives of demand and supply of organic products in India on the basis of available data, literature, authenticated news realises, and personal observation. Also, it will focus on the market landscape for the opportunity in sight for organic entrepreneurs. This paper also flashes how consumers' preferences motivate organic entrepreneurs to underpin rising efforts for organic products. This study also highlights the proportion of organic farming in India. This will be concluded how organic entrepreneurs can be able to restore happiness amidst the COVID-19 pandemic.

Key Words: organic industry, COVID-19, green consumption, entrepreneurship

Introduction

Selecting a money-spinning and appropriate business idea from the available opportunities is very essential to achieve success and survive for a longer run in the business. People have started progressively moving towards healthy eating and lifestyle. People are becoming more health-conscious so they have started asking questions that the products they are using can heal their bodies in natural way or not. Besides, many farmers are converting their conservative farming methods to environment-friendly organic farming by applying different types of farming techniques that persuade organic farming standards.

These types of changes are expected as people have started realizing the significance of healthy life style. All these wonderful changes are expected as we have started realizing the importance of a healthy lifestyle. Hence, as a result of this trend, wide range of organic businesses has been started for last many years in India and International markets. Current ecological problems are stimuli for the customers, motivating them to for green consumption.

In India, since a few years, several entrepreneurs have started creating awareness and help people acknowledge the astonishing ingredients that exist on our land.

In the face of the global COVID-19 pandemic, entrepreneurs ought to face new veracity, that it is not only the sanitary and health crisis but also it shows unprecedented down flip in overall global economy.

Government, public health, available resource and economic responses are extremely different if anyone wants to start any business these days. As an entrepreneur, one has to balance between all these things and plan differently for different sectors in this pandemic time.

Entrepreneurs who really want to work at the grassroots, for them there is no better way to bring about transformation than by empowering efforts for going organic.

Nowadays, most of the stores sell organic food and some even have a separate segment for such stuff. In fact, organic food business ideas are the really growing trend worldwide.

LITERATURE REVIEW:

Lampkin et al. (1999) considers the term "organic" as best idea for the concept of farm organism in which all the components interact for the creation of coherent and self regulating such as like soil, minerals, insects, plants, animals and humans.

A. C. Nielsen (2006) India, in spite of being developing country, the market of organic products is immature. In spite of India, being one of the top ten buyers of food fortified with additives for general well being, do not have access to organic food products. Lack of infrastructural facilities like transportation, warehousing etc leads to low volume of the products for transaction which further increases selling price of organic food products.

Choo, Chung and Psysarchik, (2004); Ali and Kapoor, (2010); Gupta (2009) Research related organic food consumption in India is very limited. A few studies have been done on the effect of new food product acceptance process and about factors influencing buying decisions for major categories of food products in India.

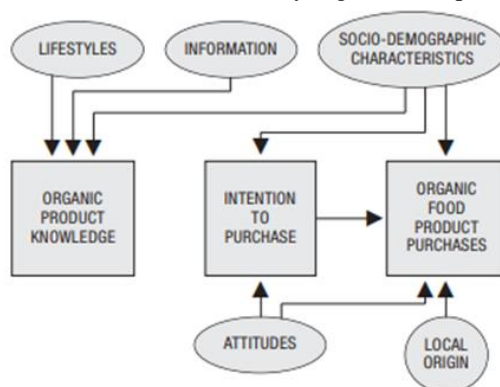
K. Chiranjeevi, D. Suryachandra Rao & Dasari Pandurangarao (2015) Organic food awareness in the society and consumers has been increasing day by day but purchasing behaviour of organic food products is difficult because organic food products are available in the market together with conventional ones and buying decision depends on many factors such as health and environmental attitudes and socio-demographic characteristics that can vary sharply across individuals.

Harper and Makatouni (2002) Ethical and moral motives are undoubtedly important components for consumers who buy

organic products. Ethical here means commitment in doing things which will not harm the environment and society.

Chakrabarti and Baisya (2009) are the pioneer in doing one of the first and greatest academic studies on organic food in India. The study precisely thinks about organic food an innovative category given that it is purchased by a relatively small percentage of the potential market and is in the attention spans of relevant target groups for a relatively small period of time.

Gracia, A., and De Magistris, T. (2007) have discussed the factors influencing the organic food purchases of urban consumers in south Italy. They have concluded that consumers are willing to purchase more organic food products in large quantity. Their purchase decision is depended on attitude and knowledge about the products. Along with awareness about the products, the income disposal also influences the final decision to buy organic food products.



Pragmatic model of consumer behaviour towards organic food products

Durga Prasad Mishra and Siba Prasad Mishra (2020) organic farming is caught between vicious cycle of ‘food security’ and ‘food safety’ in developing country like India. The COVID-19 pandemic in India has made a paradigm shift to marginal class and labour class to build their livelihood through organic farming in India; and to think on bio-fertilizers for their fields.

NEED FOR THE STUDY:

Since the past decade or so, we have been hearing many things about organic products. During this period of time, global market of organic products as well as in India has grown steadily. Specially, the scare of virus has pushed consumers to rethink on their selection and usage of daily use products. In that sense, emergence of entrepreneurs of organic entrepreneurs can be marked easily. Hence, it has shown remarkable growth in organic product market even at that time where economy was facing slowdown. That is why, this study helpful to provide actionable insights to present and potential entrepreneurs.

This study provides information about organic food market factors along with demand and supply perspectives. Specifically, how pandemic has created path for emerging entrepreneurs that has also been explained in this paper. Country like India where farming is prime activity and dependency for economy, there study on its niche market, that is organic market, is need of an hour.

ORGANIC INDUSTRY:

The word “organic” is derived from the Greek literature. Meaning Of this word is life or way of living (Essoussi et.al., 2008). The term Organic refers to foods that are grown-up and processed without the use of synthetic chemicals or pesticides.

An organic product is prepared from materials formed by organic agriculture. There are different types of organic products. Most appropriately organic products can be explained as any products that are made or cultivated organically should be treated as an organic product.

Nevertheless, organic product is more popularized for food items like organic grocery, organic vegetables, organic certified food etc. Organic food is the food that is grown organically without the use of chemical based pesticides and fertilizers. Consequently, Organic food is natural food. Organic food is exceedingly suggested for human health. Since Organic food is not formed or processed with the use of pesticides or chemical fertilizers, it does not affect humans. Natural techniques such as green manure are used to fertilize lands and crop rotation in pest control and disease control. It really helps in producing safer and healthier food products. Also, since organic food does not hold preservatives, it is habitually fresher. Organic farming is also good for the environment since it reduces pollution, reduces soil erosion, conserves water, increases the fertility of the soil and uses less energy. If it is viewed from environmental point of view, since organic farming does not involve the usage of pesticides; it is good for birds, animals and for human beings living closer to the farms.

Consumers are worried with exactly what they put in and on their bodies. Like people are concerned with eating more organic foods for their bodies, they are also concerned about utilizing more organic personal care products. Personal care products can fall under a wide variety of products such as moisturising cream, deodorant, makeup, shampoo, etc. Chemicals involved in these personal care products can create harmful impact on body such as hormone disruption, allergies, and infertility etc. Since 1990s, organic production and organic trade has evolved into a whole industry of its own. For the purpose of protecting producers and consumers from fraudulent claims, the need arose to regulate the use of the organic label.

ORGANIC PRODUCTS: INDIAN SCENARIO:

In the country like India, where agriculture is considered as the backbone of our economy, organic farming is the only type of agriculture and its foremost idea is to lay emphasis on the nature. It is a more traditional form of agriculture as it was practiced

since thousands of years. Organic farming flourish by the great Indian cultivation and it was one of the most prosperous countries in the world, till the British ruled the country.

In India, consumption of organic product is not much remarkable. The majority of demand for organic food is originating in India from Tier I cities such as Mumbai, Delhi, Chennai, Bangalore, Gurgaon and Pune. (Reportlinker on India Organic Food Market Forecast and Opportunities 2017). The rationale behind this is that as compared to conventional products, prices of organic products are approximately 25 per cent higher. India has emerged as a single largest country with highest cultivated land under organic management. (Ashok Kumar Maurya, 2014). The Indian prime market for organic food industry lies in the United States and Europe. Now India has become a leading supplier of organic herbs, Organic rice, Organic spices etc. (Chandrashekar, H.M., 2010).

ORGANIC PRODUCTS: DEMAND PERSPECTIVE:

Consumers have an interest in organic production reason behind that is environmental and health concerns. They are concerned about the social and ecological making conditions of the products they purchase. There are various factors which affect their choice of buying like perceived health benefits, certification, price etc.

Hence, the factors which support the increasing demand of organic products are health and environmental concerns and the factors which hindrances are higher prices and lack of availability (Hughner et. al. 2007).

ORGANIC PRODUCTS: SUPPLY PERSPECTIVE:

Those business people or entrepreneurs supports People-Planet-Profit concept, deeply shows interest in organic products. Majority Business people may think to join organic sector because of its growing market and higher profit margins. In fact, several people think that the products they are selling are already organic just the need is to make it certified. Several people are supporting this concept as they want to do something good for environment and farmers as well. Besides, several think that if they will establish organic enterprises then they can stand out of the crowd and be able to enrich their image.

ORGANIC PRODUCTS: MARKET CHANNELS:

Organic products can be available and sold in different types of outlets like supermarkets, malls, open markets, specialised shops, direct dispatching to customers, on farms etc. Organic products are can be supplied in the market by farmers, distributors, wholesalers, importers, processors, packers. If organic products are marketed through supermarkets then customers can distinguish organic products and conventional products.

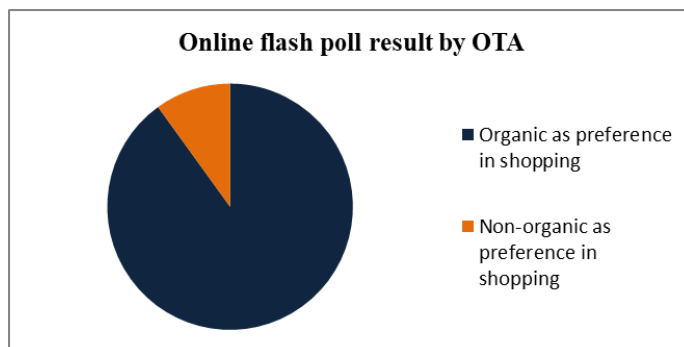
IMPACT OF COVID-19 IN INDIAN ORGANIC MARKET:

Till the time, vaccine against corona virus comes in sight; people started trusting more on organic products for ammunition against COVID-19. Majority of the raw food ingredients used by food companies of Europe and North America, are manufactured and processed by Asian, Latin American and African countries. But as sequential lockdowns announced, it has created disruption in supply chains. In context to India, this is country is major source of organic tea, herbs, spices and related ingredients. In March,2020 ; because of announcement of lockdowns and regulatory instructions about export, India had to haled food processing and exports, which results in deficit supply.

To fill US, Eurpoean Union and South Asian countries demand, certified organic croplands in India will likely increase as India is considered as emerging market for organic food and beverages. Two strong reasons behind such situation: favourable weather pattern and strong focus of Indian government for export oriented activities.

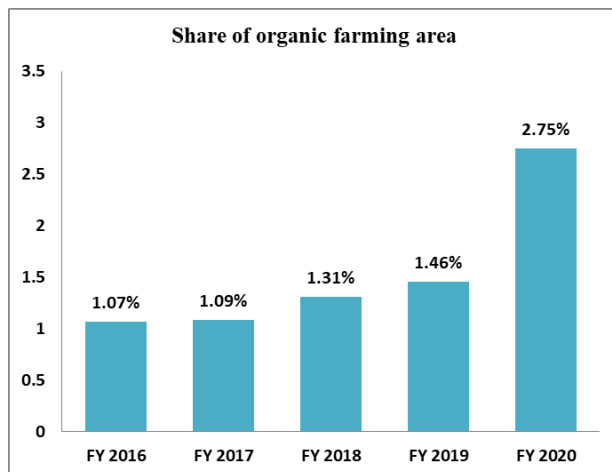
ANALYSIS AND DISCUSSION:

The Organic Trade Association (OTA) has conducted an online flash poll of 3188 shoppers in late April and early May of 2020.



The result shows that more than 90 per cent of respondents indicated that after the outbreak of COVID-19, organic is more important than ever in their shopping now.

In India, in financial year 2020, it is observed that over two per cent of net area was under organic farming. It can be found that major increase flashed from last year.

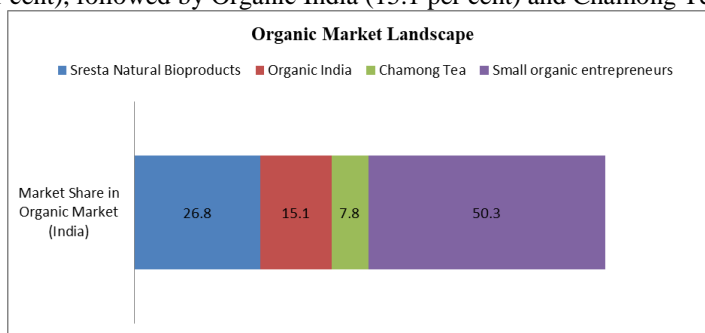


Source : staista.com

Broadly, the area under organic farming has increased continuously and showing significance demand for organic products. If we look at the data it can be found that from 2016 to 2017 growth of organic farming seems very less. But after the outbreak of COVID-19 at global it has inspired Indian entrepreneurs to work upon it. Hence, Major change is remarked from 2019 to 2020.

Organic Market Size and Market Trends in India

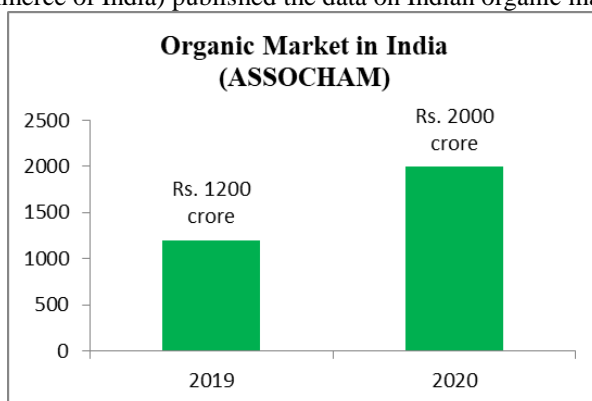
Indian Organic market landscape is fragmented in such a way where top three leading companies’ market shares : Sresta Natural Bioproducts (26.8 per cent), followed by Organic India (15.1 per cent) and Chamong Tea Exports (7.8 per cent).



Source: Indian Organic Food Market Report, 2020 (Ankit Chandra and Mark Rosmann)

Nevertheless, all these leading companies have started losing their market share because of the emergence of small entrepreneurs of organic products.

During this time of pandemic, overall global market, as well as Indian organic market has grown up steadily. ASSOCHAM (The Associated Chambers of Commerce of India) published the data on Indian organic market.



As per the report, Indian organic market stood at over Rs. 1200 crore last year, and now for this year it will mark-up more due to outbreak of COVID-19 pandemic, it is estimated that it will cross Rs. 2000 crore.

LIMITATIONS AND DIRECTION OF FURTHER RESEARCH:

The present paper is based on only limited number of literatures review, conversation with few organic entrepreneurs, and news data. As after the outbreak of COVID-19, financial year is not ended during research period; so proper amount of data are not yet displayed by government portals. Further it can be taken more seriously on wider perspective for future research.

CONCLUSION:

In the wake of COVID-19, level of health consciousness is growing. Rising awareness about health and wellness benefits of organic products, many emerging entrepreneurs have started experiencing huge demand of organic products. This paper provides proper in sight for several critical questions that are important for organic industry stakeholders such as food manufacturers, distributors, dealers, policy makers and customers. It gives justice to identify trend post COVID-19 situations in the industry. Although there are several challenges at every stage of market which needs to be addressed in order to sustain in prevailing competition.

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