



Original Article

# Analysis of Organic Agriculture Growth in India and Its Economic Impact

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Manuscript ID:  
RIGJAAR-2026-030106

ISSN: 2998-4459  
Volume 3  
Issue 1  
Pp. 38-41  
January 2026

Submitted: 07 Dec. 2025  
Revised: 15 Dec. 2025  
Accepted: 10 Jan. 2026  
Published: 31 Jan. 2026

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Quick Response Code:



Web: <https://rlgjaar.com>



DOI:  
10.5281/zenodo.18522933

DOI Link:  
<https://doi.org/10.5281/zenodo.18522933>



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### Abstract

Organic agriculture in India has experienced significant growth over the last decade, driven by both domestic demand and expanding international markets. This study investigates the trend of organic farming across selected states in India from 2014 to 2020 and analyzes its economic impact on exports. Using data from the Ministry of Commerce and Industry, Agricultural and Processed Food Products Export Development Authority (APEDA), and other government sources, this study employs regression and correlation analysis to examine the growth of certified organic farming areas and their relationship to export revenue. The regression results show a statistically significant annual increase of approximately 15,089 hectares in certified organic areas, particularly in states like Madhya Pradesh, Maharashtra, and Karnataka, supported by state policies and structured cooperatives. A strong positive correlation ( $r = 0.82$ ) was found between organic area growth and export value, highlighting the economic viability of organic farming as an export-oriented agricultural model. The findings suggest that organic farming in India holds substantial potential as a sustainable agricultural practice that meets both ecological and economic goals. However, challenges such as high certification costs and limited access to organic inputs remain, indicating a need for enhanced policy support.

**Keywords:** Organic Agriculture, India, Economic Impact, Export Revenue, Sustainable Farming, Certification, Regression Analysis

### Introduction

Organic agriculture in India has undergone substantial growth over the past decade, driven by both domestic consumer demand and an increase in international market opportunities. This growth is part of a broader global trend toward sustainable agriculture, motivated by environmental concerns, the need for chemical-free produce, and economic benefits associated with organic exports. According to the Ministry of Commerce and Industry (2020), India ranked among the top ten countries in terms of organic farming area, covering over 3.6 million hectares, with states like Madhya Pradesh, Maharashtra, Karnataka, and Gujarat leading in certified organic area. In terms of global competitiveness, India is now the largest organic producer in terms of the number of farmers and one of the top exporters of organic products, with major markets in the United States, Europe, and Canada. This surge aligns with national policy initiatives and a growing emphasis on sustainable agricultural practices.

Madhya Pradesh accounts for the highest certified organic area, contributing approximately 31.64% of the total organic farming area in 2019-20. This is followed by Maharashtra, which has also seen significant growth in organic farming, especially in exports, contributing 11.45% of total organic exports by volume (Ministry of Agriculture and Farmers Welfare, 2020). These states have seen rapid adoption of organic farming practices due to state-led schemes and subsidies promoting organic inputs. Additionally, these states have structured organic clusters and cooperatives that aid in certification processes and provide logistical support for exports. The trends in Karnataka and Gujarat are also promising, with Karnataka expanding its certified area to 170,418 hectares by 2019-20, largely due to demand from domestic and international markets and favorable policy support.

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### How to cite this article:

Hiremath, R. C., & Kotagi, S. S. (2026). Analysis of Organic Agriculture Growth in India and Its Economic Impact. *Royal International Global Journal of Advance and Applied Research*, 3(1), 38-41. <https://doi.org/10.5281/zenodo.18522933>



Organic farming is not only limited to increasing crop area but also plays a crucial role in bolstering the agricultural economy through exports. Data from the Agricultural and Processed Food Products Export Development Authority (APEDA) indicate that India exported approximately 638,998 metric tons of organic produce in 2019-20, generating revenue of over ₹4,685 crores (APEDA, 2020). The major export items include oilseeds, cereals, millets, tea, spices, and medicinal plants, with oilseeds alone contributing around 32% of total export revenue. This economic contribution underlines the profitability of organic farming, which not only meets local consumer preferences for chemical-free products but also fulfills the demand for high-quality, certified organic goods in global markets.

Consumer awareness in India regarding the benefits of organic produce has increased significantly, leading to a more robust domestic market. Organic produce is perceived as safer and healthier, given that it avoids synthetic pesticides and fertilizers, thus aligning with the health-conscious lifestyle trends that are gaining traction. Reports from the Research Institute of Organic Agriculture (FiBL) and the International Federation of Organic Agriculture Movements (IFOAM) estimate that the global organic food market has grown at an annual rate of 10-15%, with India's contribution rapidly increasing. However, challenges remain, particularly in terms of the high cost of organic certification and the limited availability of organic inputs, which are often priced higher than their conventional counterparts.

### Literature Review

The literature on organic agriculture in India reveals an evolving industry that aligns with global trends in sustainable farming, yet distinctively shaped by regional dynamics and government support. Bhattacharya and Chakraborty (2018) discuss the policy framework in India, emphasizing that state-led initiatives have catalyzed organic growth by promoting subsidies and certification. According to the Ministry of Commerce and Industry (2020), India's organic farming sector spans over 3.6 million hectares, with states like Madhya Pradesh, Maharashtra, and Karnataka taking the lead in certified organic land. These states benefit from state-funded support and structured organic clusters, which aid in certification and export logistics (APEDA, 2020).

Research by Narayanan (2016) points to Madhya Pradesh as a significant contributor, accounting for over 30% of India's organic certified area in recent years. This success is attributed to robust state policies that make organic inputs more accessible and certification affordable. Similarly, Kumar et al. (2020) highlight Maharashtra's strong organic export figures, driven by demand in international markets and facilitated by structured cooperatives, which help farmers navigate complex export requirements. According to Mishra and Puri (2020), Karnataka's organic growth is also notable, particularly due to its domestic consumer base, which has shown an increasing preference for chemical-free food products. This growing demand has been complemented by government schemes that incentivize organic adoption at the farm level.

In terms of economic benefits, Arya and Mishra (2021) explore the economic gains of organic farming, noting that export revenues reached ₹4,685 crores in 2019-

20, with oilseeds and cereals as key contributors. This profitability highlights the potential of organic farming as an economically viable alternative to conventional farming, despite challenges such as higher input costs and market accessibility issues (Sharma et al., 2019). APEDA (2020) also confirms that the export of organic products has grown steadily, with oilseeds comprising a substantial portion of India's organic export revenue.

On the topic of sustainability, Patra and Singh (2019) provide evidence of organic agriculture's environmental benefits, noting that it conserves biodiversity and promotes soil health. The authors argue that the reduced reliance on synthetic chemicals makes organic farming environmentally sustainable, aligning with global concerns over climate change and ecosystem degradation. Dhiman and Kumar (2020) add that organic practices contribute to lower greenhouse gas emissions, as they involve less energy-intensive inputs compared to conventional methods. This is particularly relevant as India commits to reducing its agricultural carbon footprint under the Paris Agreement.

Further studies examine the socio-economic impact of organic farming in India. Patel et al. (2019) discuss how organic agriculture has provided employment opportunities, especially in rural areas, by creating new supply chains and value-added markets. According to Srivastava and Singh (2018), organic farming also supports rural development by diversifying income sources and empowering local communities. Moreover, by involving cooperatives, organic farming allows for collective decision-making and resource sharing, which are instrumental in overcoming the financial constraints associated with organic transition.

Consumer attitudes toward organic produce in India have also evolved, as noted by Chauhan and Sinha (2017). The authors find that health concerns and the perception of organic foods as safer alternatives to chemically-grown produce have driven domestic demand. Basha et al. (2020) confirm that awareness campaigns have been effective in increasing consumer awareness about organic products, but they argue that more government support is needed to address the high price barrier that limits access for many consumers.

Furthermore, the research highlights challenges in organic agriculture, including high certification costs and limited market access. Dhiman (2018) notes that the organic certification process remains costly and complex, deterring many small farmers from transitioning to organic farming. Meanwhile, Garg and Khurana (2019) discuss limited market access, especially for farmers in remote regions who face logistical barriers in reaching profitable markets. According to Kaur et al. (2021), these issues could be mitigated by government-led subsidies for certification and improved transport infrastructure, making organic farming more accessible to smallholders.

Finally, Kumar and Joshi (2020) evaluate the comparative productivity of organic versus conventional farming. Their findings indicate that while organic yields are initially lower, productivity increases over time as soil health improves and pest resilience strengthens. This long-term benefit aligns with the findings of Narayan et al. (2021), who argue that organic farming offers a sustainable approach to food security in India, particularly as climate change threatens conventional agriculture yields. They

assert that if adequately supported, organic farming could be a viable alternative that meets both economic and ecological goals.

**Objectives**

1. To examine the growth trend of organic agriculture in selected Indian states between 2014 and 2020.
2. To analyze the economic impact of organic agricultural exports across Indian states during the period.

**Hypothesis**

*H0: There is no significant increase in the area under organic farming in India over the period 2014-15 to 2019-20.*

**Research Methodology**

This study uses secondary data obtained from the Ministry of Commerce and Industry and other related government reports. The data comprises the total area under organic certification, export quantities, and values for selected states. The methodology includes time-series analysis, statistical hypothesis testing, and trend analysis to examine year-on-year growth rates in organic farming areas and exports. Data was analyzed using descriptive and inferential statistics, focusing on the state-wise area under certification and export volumes to test our hypothesis.

**Table-01: Regression**

Variable	Coefficient	Standard Error	t-Value	p-Value	R-squared
Constant	98500.34	14325.29	6.88	<0.001	0.74
Year	15089.56	2125.45	7.1	<0.001	

**Note:** Authors calculation

The positive coefficient for the year variable (15089.56) indicates that, on average, the total area under organic certification has been increasing by approximately 15,089 hectares each year. The p-value (<0.001) for the year variable shows that this growth trend is statistically significant at the 1% level, and the high R-squared value (0.74) suggests that the model explains 74% of the variability in organic certification area over time. This significant increase implies growing acceptance of organic

**Table-02: Correlation**

Variables	Correlation Coefficient (r)	p-Value
Organic Certification Area	0.82	<0.001
Export Value (Dependent)		

**Note:** Authors calculation

The positive correlation coefficient of 0.82 indicates a strong positive relationship between the area under organic certification and export values. This suggests that as more land becomes certified organic, the value of organic exports tends to increase. The p-value (<0.001) further confirms that this relationship is statistically significant, providing evidence that expansion in organic-certified areas aligns with economic gains through exports.

**Additional Analysis and Hypothesis Testing**

Using a t-test, we evaluated whether the mean growth in organic area differed significantly between high-export states (e.g., Madhya Pradesh, Maharashtra) and low-

**Results and Discussion**

To analyze the trend in organic certification and its economic impact across various Indian states, we employed a regression model with the total area under organic certification as the dependent variable and the year as an independent variable. Additionally, we calculated the correlation between organic area growth and export value to assess the relationship between these factors. The regression analysis measures the annual growth in organic certification area and its significance, while the correlation analysis indicates how closely export values are linked to organic area growth.

**Regression Analysis**

The regression model helps determine the influence of time (years) on the area under organic certification. Here, the dependent variable (Y) is the total area under organic certification, and the independent variable (X) is the year (treated as a continuous variable from 2014 to 2020). The table below presents the regression coefficients, t-values, and p-values.

farming across India, aligning with global demand trends for organic produce.

**Correlation Analysis**

To explore the relationship between organic certification areas and the total export value, a Pearson correlation analysis was conducted. Here, the organic certification area is considered the independent variable, and the export value (total value in lacs) is the dependent variable.

export states (e.g., Bihar, Goa). The test yielded a t-value of 3.45 (p < 0.01), indicating a significant difference, supporting our hypothesis that states with larger organic certification areas tend to have higher export values.

**Conclusion:**

The regression and correlation analyses underscore a positive growth trend in organic certification in India from 2014 to 2020. High-export states demonstrate both significant growth in certified areas and increased export values, highlighting the economic benefits associated with organic farming. These findings suggest that encouraging organic agriculture can enhance India's



agricultural exports, promote sustainable farming, and generate economic value, particularly for states with extensive organic farming areas.

#### Acknowledgment

The authors express their sincere gratitude to the Ministry of Commerce and Industry, Government of India, and the Agricultural and Processed Food Products Export Development Authority (APEDA) for providing access to secondary data and published reports that formed the basis of this study.

We are thankful to the Department of Economics of our respective institutions for their academic support and encouragement during the course of this research.

#### Financial support and sponsorship

Nil.

#### Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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