

A Comparative Analysis between Sri Lankan and Indian Agricultural Policies towards the Exportation of Organic Products during COVID-19 Pandemic

Gnanathilaka L.P.S.D.

Department of Economics, University of Sri Jayewardenepura, Sri Lanka

sdilhara119@gmail.com

ABSTRACT

The COVID-19 has been one of the unprecedented crises in the world. Even though the pandemic certainly plunged the world economy into a deep recession a green economy emerged during both the pandemic and post-pandemic period. As the green economy concept, organic agriculture was identified in that period. It is a sustainable form of agriculture both ecologically and economically. Sri Lanka and India as the major countries that follow sustainable organic farming and export its production in the Asian region, less of studies have been done to analyze the policies applied in the pandemic period in those countries. Based on the identified research gap, this study aims to compare both Sri Lankan and Indian agricultural policies towards the exportation of organic products during the COVID-19 pandemic period from 2018 to 2021 by identifying their performance in the world organic product export market, policy implementations and whether they contributed to the development of the exportation of organic products during the pandemic period. Mixed research design was employed in this study. Secondary data was used as the study was based on the agricultural policies of both countries. A comparative analysis was carried out to identify the effectiveness of the agricultural policies of both countries using qualitative data. Excel and descriptive statistics were used to show the trends and performance of each country in the organic product exportation market. It has been found that both Sri Lankan and Indian organic product exportation have been taken a significant place in the world export market of organic product during COVID-19 period while Indian governmental policies towards the organic product export market in the pandemic period were more effective than Sri Lankan policies. With the time period, policies of both countries have become weak in a way that the export of organic product has been declined or static by 2021 due to structural, functional and administrative issues. Hence, it is recommended that by providing better organic market facilities, adequate funding, training, education and awareness programs would facilitate the production of more organic products in sustainable way in both countries.

Keywords: Agricultural policies, COVID-19, India, Organic product exportation, Sri Lanka

INTRODUCTION

COVID-19 was one of the unprecedented crises that the whole globe was faced in the 21st century. It was a global outbreak of coronavirus, an infectious disease caused by the severe

acute respiratory syndrome coronavirus 2 (SARS-CoV-2) virus (“Coronavirus disease (COVID-19) pandemic,” n.d.). It was first detected in December 2019 with its effectiveness more than two years. In real sense, COVID-19 pandemic made the world into a world with Volatility, Uncertainty, Complexity and Ambiguity (VUCA) where everything that happens around human being is more volatile which makes them to change faster, harder to predict and more uncertain, difficult to analyze because of the complexity of institutional and more challenging to interpret reflecting its ambiguity.

According to the data of World Economic Forum (2020), the economic shock which has caused due to the pandemic was three times worse than the 2008 financial crisis. Due to the multifaceted aspect of the crisis, its impact was on many sectors in every country. Hence, the pandemic made human beings adapt to changes and make decisions faster than never before. Especially, higher commodity prices and shipping costs and continued disruptions in Global Value Chains (GVCs) were the most amplified concerning issues when it came to export resilience during the VUCA world of COVID-19. Hence, the pandemic has resulted in huge, unexpected output losses as a consequence of higher global demand, rising food and fuel prices, supply chain disruptions and higher unemployment rate. Even though the pandemic certainly plunged the world economy into a deep recession, a green economy emerged during both pandemic and post-pandemic period (World Economic Forum, 2020).

As the green economy concept, organic agriculture was identified in the pandemic period. It is a sustainable form of agriculture both ecologically and economically. Organic agriculture is one such approach which is practiced attaining the goal of sustainable agriculture. In simple words, organic farming refers to the production of plants by avoiding the use of harmful synthetic additives such as fertilizers, pesticides, antibiotics etc. Nowadays, organically cultivated foodstuffs have become increasingly popular due to their numerous health benefits.

International trade has been one of the key major growth drivers in Asia countries specializing in economic activities or products which they have comparative advantage. It helps to boost productivity and investment alongside improving the linkage into GVCs and trade in intermediary inputs. It was crystal clear fact that the highest concern towards the healthy, nutritious and hygiene lifestyle led most of consumers to shift to organic products during the pandemic period.

Because of that, world organic retail sales were around 125 billion euros where the largest single market was the USA with 48.6 billion euros. Asia was able to record 13.7 billion euros organic retail sales. Even though the pandemic hit harder to the agriculture sector, the global

market grew to over 124.8 billion euros due to the increase of consumer demand towards the organic product. USA, Germany and France were the top three countries which have earned the highest income from organic products. Meanwhile, the highest organic product market growth was recorded by Estonia, Luxembourg and Canada recording 21.0 percentage, 15.3 percentage and 11.0 percentage respectively. Organic products imported into the European Union (EU) and the United States (US) was recorded as 4.7million metric tons where bananas, soybeans and sugar were the top three commodities imported into EU and US.

According to the FiBL report on Organic Agriculture Worldwide 2021, 191 countries were engaged in organic farming in total worldwide recording the growth of 1.7 percent for the term of 2020/2021 in the organic agriculture sector. The overall organic farmland utilized for organic agriculture was 76.4 million hectares globally. The number of organic producers engaged in the organic agricultural sector was around 3.7 million in 2021 and it was 4.9 percent growth compared to 2020. India was the top country which had a greater number of producers around 1,599,010. More than 91 percent of the organic producers were in Asia, Africa and Europe. Among them, 1.78 million organic producers were recorded in the Asia region.

Regional Economic Outlook of Asia and Pacific by International Monetary Fund (IMF) in its October 2021 report has emphasized that government policies should gradually focus on sectorial support programmes by reallocating labours giving proper training and adapting to the green and digital economy. In order to gear up the greener economy, laying foundation for it was essential and it should be pragmatic, equitable and flexible approach to have minimum carbon prices with lower global CO₂ emission for sustainable economic development. Many countries adhered to expenditure or fiscal policy frameworks such as concrete tax and subsidy reforms by Indonesia, strengthening countercyclical policies, Disaster payment Program by Australia and contingency measures by New Zealand to mitigate the uncertainty (International Monetary Fund, October 2021).

Compliance with the existing economic downturns and policy suggestions by respective authorities in the pandemic period, Sri Lanka and India as the pioneers of agricultural sector and its exportation in Asian region have gained strength by favorable external conditions and policy accommodations amidst the adverse effects of the pandemic on the agricultural sector. Meanwhile, export prices were remaining at relatively flat level avoiding the profit margins in tradable sectors from 2019 to 2021, both countries concerned on sustainable organic agricultural production and its exportation to the outer world as COVID-19 pandemic has led

consumers to demand more healthy, organic and nutritious food which were free from chemicals or any harmful artificial nutrients.

Sri Lanka and India as the major countries which follow sustainable organic farming and exporting its production in Asian region, less of studies have been done in order to analyze the policies applied in the pandemic period to mitigate the adverse effects on the respective export markets to maintain the performance without any disruptions. Based on the identified research gap, this study is carried out to identify the performance of both countries in the organic product export market in the world during the pandemic period, to analyze the sustainable agricultural policies that both countries implemented to mitigate the impact of the COVID-19 on organic product export market and to figure out whether the agricultural policies were successive or not to improve the organic product trade volume in the pandemic period in order to achieve the main aim of the study to compare the both Sri Lankan and Indian agricultural policies towards the exportation of organic product during the COVID-19 pandemic period which were formulated and implemented during COVID-19 period amidst the adverse effects in economy.

LITERATURE REVIEW

Sri Lankan Agricultural Policies towards the Organic Products Exportation

Sri Lanka being a tropical country rich in biodiversity is inherited with a rich legacy of agrarian civilization. In ancient times it was known as the Granary of the East in the Polonnaruwa era from 1153 to 1186. It has the full potential in organic agriculture to reap the benefits from the changing lifestyle and consumption pattern of human beings across the globe.

As a self-sufficient country in rice and other crops during the rule of King Parakramabahu, excess production was exported to other countries. Since ancient times, Sri Lanka has been at the forefront in organic agricultural exports ranging from spices, essential oils, herbs and rubber. They have practiced a sustainable agricultural production system. As per the data of Export Development Board (EDB) of Sri Lanka, indigenous knowledge and practices, diverse climatic conditions within the country enabling to cultivate a range of organic products from tropical to temperate, available supply local resources, compliance with the international standards and skilled labour act as the strengths in Sri Lankan organic agricultural market. Moreover, increasing global demand for Sri Lankan organic products, expanding new markets and releasing value added organic products for the market serve as the prevailing opportunities for the export market of Sri Lankan organic products.

Even the traditional Sri Lankan farmers have followed the eco-friendly agricultural methods based on four principles of organic agriculture namely Health, Ecology, Fairness and Care. Currently, it has re-embraced the best practices in agricultural production by stepping out from the conventional agricultural practices. Bio Foods, the organic-liquid and solid bio-fertilizer developer act as the converters of Sri Lanka's conventional farming methods.

By the 21st century, global demand for organic products is now being increased rapidly. Many countries are moving into organic production following the organic principles introduced by the International Federation of Organic Agriculture Movements (IFOAM) while some countries are developing their own national standards. Sri Lanka has also developed National Organic Standards considering the traditional agricultural knowledge, climate, cropping patterns and the current agricultural practices. For over a decade, Sri Lanka maintains its reputation in organic crop production and exports different varieties of organic products. For an instance, being the pioneer in the Asian region, Sri Lanka introduces organically certified tea and cinnamon to the world market ("Organic products," n.d.).

People's Organization for Development Import and Export (PODIE) helps to reclaim inheritance to a safe food culture where sustainability is assured. Worga Naturals is considered as a supplier and processor of premium quality organic certified fruit and spices to the export market. More than 36,000 farmers in five region of Sri Lanka who are registered under the Small Organic Farmers' Association (SOFA) produce organic raw material in compliance with accepted global standards in organic farming and fair-trade principles. The Sri Lanka Accreditation Board (SLAB) as the official agency provides the organic certification to farmers and processors in Sri Lanka as per the Sri Lanka Organic Standard-SLS 1324:2018 by assisting to the journey of embracing safer cultivation practices.

Emphasizing the ineffectiveness and improper coordination of policies and institutions, Malkanthi (2021) points out that even though Sri Lanka has a great deal of promise for organic agriculture however it is now in its infancy. Only a small part of Sri Lanka's organic products are kept in local markets; the majority are exported. Both domestic and international markets are seeing an increase in demand for organic products. There are only a few certified certifications available for goods on the domestic market, despite the fact that there are seven international food certification companies working in the nation as external inspection and certification authorities.

Considering the current trends and lifestyle patterns, Sri Lanka mainly focuses on organic agriculture to provide toxic-free products through toxin-free agricultural methods and practices

utilizing the great historical heritage and traditional irrigation technology to the global community. Based on the popularity and acceptance of aforementioned good agricultural practices, several companies produce organic certified agricultural raw material and finished products to the foreign market and also to the local market such as spices, tea, fruits and vegetables, herbs and oil so on. In addition to those, as the major Sri Lankan organic products exported to global market can be brought out tea, coconut based products, spices such as pepper, cardamom, cloves, nutmeg, cinnamon, ginger, vanilla and extracts, medicinal herbs, essential oils and extracts, tubers and vegetables, coffee, cocoa, fruits, pineapple, papaya, banana, lime, mango, fruit juice, rice, cashew, processed products, wild harvest, kithul treacle, jaggery and bee products so on.

With the COVID-19 pandemic, both local and foreign consumers demanded Food and Beverages products (F&B) especially for the products with the labels of Organic, Superfoods, Bio Foods and Vegan. Sri Lankan F&B products were captured the higher demand among the food product exporting countries due to its inherent quality, taste of raw materials used and standards of value addition process. Bio Foods plays a crucial role in the organic post-harvested food industry in Sri Lanka which is based on the values of sustainability, traceability, reliability and food security. SOFA, as a social enterprise of small-scale farmers grows organic certified tea, coffee, spices and vegetables for the market and home consumption. Most of the trading partners purchase and market its spices and tea for export in the global market by benefitting the farmers.

Connecting Sri Lanka's Organic Agriculture with the World (EDB 2022) has provided the certification process in the pandemic period to the farmers and processors to certify their products under the SLS 1324:2018 which can be used as a government endorsement for the genuineness of their products. Through certification, organic integrity is safeguarded at every stage and independently validated. Production, storage, handling, processing, and marketing operations are assessed to ensure that they adhere to certain requirements (standards) during the certification process before being certified as "organic" by a certifying authority. These several organic certification programs concentrate on certifying a wide range of items as organic, including crops, livestock, processed or multi-ingredient goods, and wild crops. SLS 1324 (Organic agriculture production and processing) is the national standard being produced in Sri Lanka by the SLSI (Sri Lanka Standards Institution). The standard lays forth the specifications for growing organic fruit and goods, as well as for wild harvesting, post-harvest management, storage, processing, transportation, packaging, labeling, and marketing. Various

organic produce and goods are currently certified in Sri Lanka by certification organizations using this standard.

The reliability, authenticity, and legality of products with an organic certification are unquestionably increased by the accreditation of a certification authority that conducts assessments of organic agricultural methods. It is a technique used by a National Accreditation Authority to determine if a certification body's staff and farms are qualified to certify organic products and procedures in accordance with various organic standards. The national organization in our nation that offers accrediting services to certifying bodies is The Sri Lanka Accrediting Board (SLAB). Organizations can display a mark of conformity on their products or issue certifications certifying the product's compliance with the organic standard by applying for product certificates or licenses from certification bodies that certify organic products.

To assist local enterprises and others impacted by the pandemic, the Government of Sri Lanka intervened and provided LKR 50 billion through the Central Bank of Sri Lanka (CBSL). This amount was later enhanced to LKR 150 billion under the Saubagya COVID-19 revitalization facility. The debt moratorium for loans and leases, overdraft facilities, the rescheduling of non-performing loans, and the issuance of fresh loans are examples of significant concessions. Small and medium-sized businesses (SMEs), tourism, businesses directly and indirectly involved in exports, self-employed businesses, and foreign currency earners are among the industries that qualify for exemptions.

However, many companies that serve the domestic market and rely on imported components are frantically searching for more affordable production alternatives. With minimal personnel at the height of the crisis in the nation, Sri Lanka Customs, the Department of Commerce (DOC), and Export Development (EDB) have been helping exporters in various ways to lessen the impact of COVID-19 on trade. With the assistance of Sri Lankan diplomatic posts and embassies across the world, EDB, for instance, has established a help desk to address urgent concerns faced by exporters and to provide information on best practices, state incentives, logistics, and rapidly changing international markets.

Indian Agricultural Policies towards the Organic Products Exportation

India is well-known for its history of practicing the indigenous method of organic farming in numerous rural areas. Hence, organic farming or agriculture is no more an alien concept for India. There are several states in India like Himachal Pradesh, Kerala, Karnataka, Gujarat, Maharashtra, Madhya Pradesh, Uttarakhand, Rajasthan, Sikkim and Tamil Nadu that practice

as well as promote organic farming among their farmers. It possesses immense potential for the cultivation of organic products with the availability of huge area under natural organic cultivation. Currently, India is one of the leading organic producers in the world. As per the Agricultural and Processed Food Products Export Development Authority and report of the Research Institute of Organic Agriculture, India ranks 8th with respect to organic agriculture land and holds 88th position in regard to fraction of organic crops to agricultural land.

According to Sonia et al (2022) referring to Gupta et al (2021) emphasizes that there are thirty sustainable agricultural approaches (SAP) in India and Organic farming is one of such vital SAP for addressing India's current agricultural snags. The organic food industry in India is fueled by a growing market for organic products as well as government policies to encourage exports. Endorsing organic farming or its components Indian government has proposed different schemes such as Mission Organic Value Chain Development for North Eastern Region (MOVCDNER), National Food Security Mission (NFSM), Capital Investment Subsidy Scheme under Soil Health Management, Paramparagat Krishi Vikas Yojana (PKVY), National Mission on Oilseeds and Oil Palm etc.

Willer et al (2023) study reveals that the "National Mission on Natural Farming (NMNF)" of the Indian government promotes natural farming practices during a four-year period beginning in 2022–2023 with an initial budget of 158 billion Indian rupees. More than 1.5 million farmers will live in the 15,000 clusters of 50 hectares each that NMNF plans to create. India witnessed a wider adoption of Participatory Guarantee Systems (PGS) in the growth of the organic industry throughout 2022. A total of one million hectares of agricultural land with a 0.8 million ton annual crop yield are certified by PGS. This is in addition to the certified wild collection and third-party organic sector. Support will be given for post-harvest value addition, boosting domestic consumption, and national and worldwide branding of millet goods.³ The Indian organic market is projected to expand between 2021 and 2026 at a CAGR of roughly 20.5 percent.

Many government and private organic e-commerce platforms have also been established to sell organic products directly to both retail and bulk buyers from local and foreign countries. They could be able to sell major organic products such as sugar, coffee, oils, tea, dry fruits spices, cereals so on. The Agricultural and Processed Food Products Export Development Authority (APEDA) under the Ministry of Commerce & Industries, Government of India has administered National Programme for Organic Production (NPOP) carrying out the major responsibilities of the accreditation of different certification bodies, marketing, setting

guidelines for the development of organic products, strengthening organic agriculture. Organic product certification is very crucial for establishing authenticity as buyers seek different logos like FSSAI (Jaivik Bharat), PGS organic India on organic items for determining their validity. During the pandemic period, Indian exports were 888179.68 MT in the year 2020-21 and organic food exports were around INR 707849.52 lakhs (1040.95 million USD) exporting processed foods such as soya meal, oilseeds, cereals and millets, plantation crop goods including tea and coffee, spices and condiments, dry fruits, sugar crops, medicinal plants, and others.

METHODOLOGY

Study Area: The study was mainly based on both countries of Sri Lanka and India as the main Asian countries which practice sustainable organic production.

Research Design: Mixed research design was employed in this study as it focuses to analyze, compare and evaluate the effectiveness of the agricultural policies which were followed by both countries of Sri Lanka and India towards the organic product exportation during the COVID-19 pandemic period.

Data Collecting Techniques: Secondary data was essential to employ into this study as the study was based on the agricultural policies of both countries. Policy reports, research articles, articles, statistics report and data derived from official and reliable websites such as Research Institute of Organic Agriculture FiBL and Sri Lanka Export Development Board were some main secondary data sources which were used for the study to extract the both quantitative and qualitative data from 2018 to 2021.

Data Analysis Techniques: A comparative analysis was carried out to identify the effectiveness of agricultural policies of both countries towards the organic product export market during COVID-19 pandemic period using qualitative data. Moreover, Excel and descriptive statistics such as line charts and bar graphs were used to analyze the performance of organic product exportation of both countries in the pandemic period.

RESULTS AND DISCUSSION

Global Aspect of Organic Product Exportation

COVID-19 pandemic has resulted in huge, unexpected output losses as a consequence of higher global demand, rising food and fuel prices, supply chain disruptions and a higher unemployment rate. Even though the pandemic certainly plunged the world economy into a

deep recession, a green economy emerged during both pandemic and post-pandemic period (World Economic Forum, 2020).

International Monetary Fund (October, 2021) reports that global economy was projected to grow by 5.9 percent and 4.9 percent in 2021 and 2022 respectively. Over the medium term, the growth rate was projected to 3.5 percent amidst the higher uncertainty towards the price fluctuations of commodities in the world. Where advanced economies were forecasted to grow 5.6 percent by first half of 2021 such as Europe and United States, Asia as one of the fast-growing regions in the world was hampered by the lockdowns due to the resurgence of pandemic. Nevertheless, Asia was able to record the fastest growth in the world with 6.5 percent in 2021 led by China and India where China was projected to grow by 8.0 percent and India by 9.5 percent after its sharp decline in 2020. After having all adverse effects on growth in 2019 and 2020, the economic activities in India have gained strength by favorable external conditions and policy accommodations. Moreover, export prices remained at a relatively flat level, avoiding the profit margins in tradable sectors.

Table 1: Growth Projections: Selected Asia (Percent, 2022-22)

Region/Country	2020	2021	2022
Asia	-1.3	6.5	5.7
Asia AEs	-2.7	3.7	3.4
Asia EMDEs	-0.7	7.2	6.3
Australia	-2.4	3.5	4.1
New Zealand	-2.1	5.1	3.3
China	2.3	8.0	5.6
Japan	-4.6	2.4	3.2
Korea	-0.9	4.3	3.3
India	-7.3	.5	8.5
ASEAN	-3.3	2.6	5.5
PICs and Small States	-8.5	2.0	5.5

Source: IMF World Economic Outlook

Note: AEs=Advanced Economies. EMDEs=Emerging Market and Developing Economies.

PICs=Pacific Island Countries

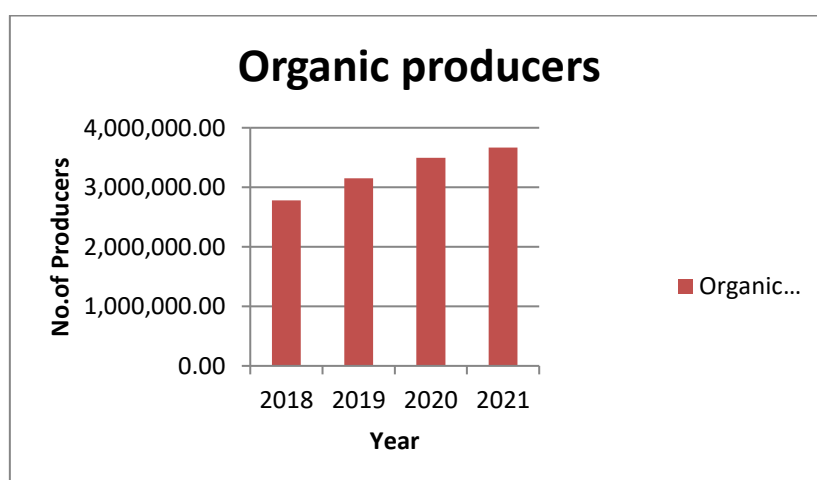
As per the Table 1, it was projected that every Asian country except China has been predicted minus growth rate while increasing it in 2021 and 2022 adapting to the VUCA world of COVID-19.

Table 2: World Trend of Organic Production, 2018-2021

Criteria	2018	2019	2020	2021
Organic producers	2,778,531.97	3,149,151.00	3,497,122.00	3,669,201.00
Organic area (farmland)(ha)	70,984,478.89	72,069,769.47	75,100,264.80	76,403,778.32
Organic retail sales (Million Euro)	97,684.78	106,456.88	121,176.76	124,844.89

Source: Research Institute of Organic Agriculture FiBL, 2023

According to the FiBL report on Organic Agriculture Worldwide 2021, 191 countries were engaged in organic farming in total worldwide recording the growth of 1.7 percentages for the term of 2020/2021 in the organic agriculture sector. Even though the pandemic hit harder to the agriculture sector, the global market grew to over 124.8 billion euros due to the increase of consumer demand towards the organic product. USA, Germany and France were the top three countries which have earned the highest income from organic products. During the pandemic period, the highest concern towards the healthy, nutritious and hygiene lifestyle led most consumers to shift to organic products. Because of that, world organic retail sales were around 125 billion euros in 2021 where the largest single market was the USA with 48.6 billion euros.

Figure 1: Organic Producers in the World, 2018-2021

Source: Generated by Author using Microsoft Excel 2010

Organic Product Exportation in Asian Region:

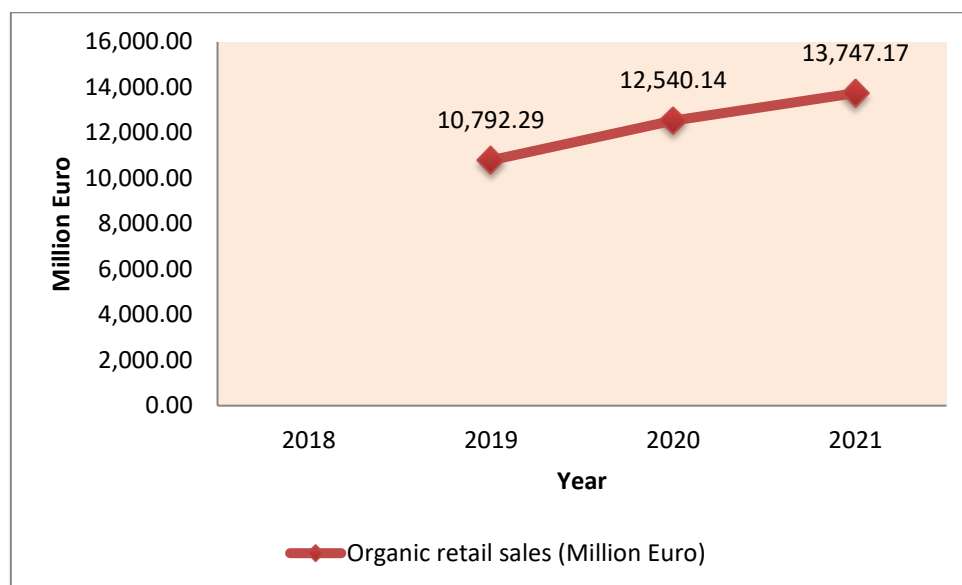
The number of organic producers engaged in the organic agricultural sector was around 3.7 million in 2021 and it was 4.9 percent growth compared to 2020.

Table 3: Trend of Asian Region Organic Production, 2018-2021

Criteria	2018	2019	2020	2021
Organic producers		1,558,400.00	1,811,209.00	1,782,133.00
Organic area (farmland)(ha)		5,713,425.88	6,148,098.46	6,504,211.49
Organic area share of total farmland (%)		0.35	0.38	0.40
Organic retail sales (Million Euro)		10,792.29	12,540.14	13,747.17

Source: Research Institute of Organic Agriculture FiBL, 2023

India was the top country which had a greater number of producers around 1,599,010. More than 91 percent of the organic producers were in Asia, Africa and Europe. Among them, 1.78 million organic producers were recorded in the Asia region. Asia was able to record 13.7 billion euros organic retail sales relatively higher to previous years' retail sales as depicted in the following Figure 2.

Figure 2: Asian Region Organic Retail Sales, 2018-2021

Source: Generated by Author using Microsoft Excel 2010

Considering the current trends and lifestyle patterns, Sri Lanka also mainly focuses on organic agriculture to provide toxic-free products through toxin-free agricultural methods and practices utilizing the great historical heritage and traditional irrigation technology to the global community. Based on the popularity and acceptance of aforementioned good agricultural practices, several companies produce organic certified agricultural raw material and finished products to the foreign market and also to the local market such as spices, tea, fruits and vegetables, herbs and oil so on.

Performance of Sri Lankan Organic Product Exportation

It was known fact that Sri Lanka has faced for the COVID-19 pandemic in 2019 and later it was faced by a severe economic crisis or downturn in 2022. Due to these economic and social hindrances, Sri Lankan organic product export was affected.

Table 4: Trend of Sri Lankan Organic Production, 2019-2021

Criteria	2019	2020	2021
Organic producers	2,338.00	1,990.00	1,940.00
Organic area (farmland)(ha)	70,436.38	73,392.54	66,622.75
Organic area share of total farmland (%)	2.51	2.61	2.37

Organic retail sales (Million Euro)			
--	--	--	--

Source: Research Institute of Organic Agriculture FiBL, 2023

Table 4 shows that the organic producers in 2019 were higher in numbers than 2020 and 2021 due to the impact of pandemic and economic crisis too. It was reported that considerable organic farmland were used to cultivate organic crops utilizing 70 percent hectares each year approximately. Small Organic Farmers' Association (SOFA) as a social enterprise of small-scale farmers grows organic certified tea, coffee, spices and vegetables for the market and home consumption. Most of the trading partners purchase and market its spices and tea for export in the global market by benefitting the farmers.

Table 5: Trend of Sri Lankan Organic Product Exports, 2018-2021

Criteria	2018	2019	2020	2021
Exports (Mn.Euro)	258.67	258.67	258.67	260.57
Imports				
Organic retail sales				

Source: Research Institute of Organic Agriculture FiBL, 2023

As the major Sri Lankan organic products exported to global market can be brought out tea, coconut based products, spices such as pepper, cardamom, cloves, nutmeg, cinnamon, ginger, vanilla and extracts, medicinal herbs, essential oils and extracts, tubers and vegetables, coffee, cocoa, fruits, pineapple, papaya, banana, lime, mango, fruit juice, rice, cashew, processed products, wild harvest, kithul treacle, jaggery and bee products so on. Table 5 shows that compared to 2018, 2019 and 2020, export of organic products has been increased from 258.67 Mn Euro to 260.57 Mn Euro. with the adaptability to the pandemic with proper measures.

According to Table 5, it is clear that organic products exportation has been static from 2018 to 2020 as per the reliable data from Research Institute of Organic Agriculture FiBL. It might be due to the impact of the pandemic. But, it should be noticed that in post-pandemic period total Sri Lankan exports have been increased with the health factors and concerns of people towards their consumption and life style. With the COVID-19 pandemic, both local and foreign consumers demanded Food and Beverages products (F&B) especially for the products with the

labels of Organic, Super foods, Bio Foods which and Vegan. Sri Lankan F&B products were captured the higher demand among the food product exporting countries due to its inherent quality, taste of raw materials used and standards of value addition process.

Performance of Indian Organic Product Exportation

Currently, India is one of the leading organic producers in the world. As per the Agricultural and Processed Food Products Export Development Authority and report of the Research Institute of Organic Agriculture, India ranks 8th with respect to organic agriculture land and holds 88th position in regard to fraction of organic crops to agricultural land. During the pandemic and in post-pandemic also India has expanded its organic product exportation with effective policy decisions implemented at correct time.

Table 6: Trend of Indian Organic Production, 2019-2021

Criteria	2018	2019	2020	2021
Organic producers	1,149,371.00	1,366,226.00	1,599,010.00	1,599,010.00
Organic area (farmland)(ha)	1,938,220.79	2,299,222.37	2,657,889.33	2,657,889.33
Organic area share of total farmland (%)	1.08	1.28	1.48	1.48

Source: (Research Institute of Organic Agriculture FiBL, 2023)

Data in Table 6 clearly brings out that from 2018 to 2021, organic producers, organic area and organic area as a share of total farmland have been increased significantly owing the higher rank in the organic export product market in the globe.

Table 7: Trend of Sri Indian Organic Product Exports, 2018-2021

Criteria	2018	2019	2020	2021
Exports (Mn.Euro)	641.39	613.30	911.35	880.15
Imports				
Organic retail sales	-	185.89	185.89	185.89

Source: (Research Institute of Organic Agriculture FiBL, 2023)

But, Table 7 shows that India has well performed in export market of organic products in 2018 and 2020 with sudden decline in it in 2021. This emphasizes that the policies implemented in the pandemic period would not be further considered or overlooked to enhance the performance of the market continuously. Because of that, export earnings in 2020, 911.35 million Euro has been declined up to 880.15 million Euro in 2021.

DISCUSSION

Even though, Sri Lanka is a fertile tropical land with high potential for the cultivation, issues of productivity and profitability hamper the growth of that sector. Increasing the productivity of agriculture sector has been one of the top concerns of the Sri Lankan government but its slowness to adapt mechanized farming is the major policy hindrance. To solve that, the government is needed to increase the mechanization and grow higher value cash crops and other export oriented crops.

Due the uncertain policies in Sri Lanka, the lack of private investment in agriculture was one of the top issues since a long time. In 2021, the total agriculture, food and beverage imports have reached USD 1.6 billion (International Trade Administration/Trade.gov, n.d.). Since Government of Sri Lanka placed restrictions on many agricultural imports at the beginning of the pandemic, trade volume was significantly decreased. Moreover, government expanded the restrictions and increased import tariffs in order to preserve foreign currency reserves. In addition to that, agricultural crops output were decreased due to the immediate ban implemented on April 26th of 2021 on all chemical fertilizer and pesticide imports especially on tea and rice production with the consequence of sharp price increases in the domestic market. It was repealed in November 2021 due to the ineffectiveness and impracticability (International Trade Administration/Trade.gov, n.d.).

Analysis of the country's organic agriculture's strengths, weaknesses, opportunities, and threats (SWOT) helped to pinpoint the main issues facing policymakers when balancing the supply and demand sides of organic products. Additionally, it is essential for the development of organic agriculture for government and private actors to join up and coordinate effectively. So, Sri Lanka has to strategically focus on policy support for organic agriculture. In order to fairly provide the advantages of organic agriculture to farmers, marketers, and consumers, current organic farming programs need to be altered in order to develop policies encompassing all areas relating to production, handling, processing, certification, labeling, and marketing.

Government plans for organic agriculture are not as robust in Sri Lanka as they are in other nations, despite the need for an effective institutional system with both short- and long-term activities that recognize and encourage the organic sector. The Sri Lankan government currently lacks a clear strategy or policy for the growth of the organic agriculture industry. A number of government agencies have a big part to play in this. Therefore, it is necessary to strategically focus on policy support for organic agriculture. In order to spread the advantages of organic agriculture to farmers, marketers, and consumers, it is also necessary to revise current plans for organic farming in order to create policies relevant to the modern context covering all areas related to production, handling, processing, certification, labeling, and marketing. Because of the lacuna in effective policy strategies in the organic export product market, Sri Lankan organic product exportation has been slightly performed in world organic export product market compared to the Indian organic product export market as per the comparison of data in Table 5 and Table 7 as discussed above.

In Sri Lanka, there are several different types of organic agriculture policy instruments. For sustainable agriculture and greater economic growth, it is essential to include them in the production, promotion, and trading of organic products. An efficient connectivity and coordination between players in the public and commercial sectors is required for such execution. A clear enforcement of the law and explicit rules, norms, and standards pertaining to organic goods would create a strong connection between them. It is crucial to foster organic farming through suitable policies, plans, and assistance programs in order to boost the supply of secure foods for domestic and worldwide markets.

As per the research of Soni et al (2022), even though India performs well in organic market it is being faced for several constraints such as lack of good marketing, proper agricultural policies and guidelines, complexity in certification process, lack of proper education and research among small scale producers, lack of awareness, scarcity of biomass, difficulty in soil nutrients management, failure of achieving desired quality of organic products, insufficient infrastructure and less effectiveness of organic pesticides so on.

Paramasivam et al (2022) also emphasizes the need of simplified certification process for Indian producers. Most farmers had to go through a lengthy process, and the length of time needed to obtain organic certification was a significant hurdle. The government can therefore take action to streamline the certification process by putting in place necessary procedures. It can be thought about digitizing the certification procedure for organic farming so that farmers can receive certificates with fewer barriers in the certification process. For farmers and other stakeholders to ensure the quality of the products, it is crucial to organize need-based organic

certification training programs. It will make becoming certified as organic much simpler for them. In terms of presenting new programs from an organic farming approach, this model acts as a wakeup call for legislators and concerned officials.

Hence, Indian government needs to invest to provide financial incentives, bring out more schemes cooperating with non-government agencies, help in certification process, make them aware about the new technologies, provide enough training and enhance knowledge so on.

CONCLUSION

It can be concluded that both Sri Lankan and Indian organic product exportation have been taken significant place in the world export market of organic product during COVID-19 period. But when analyzing the government policies regarding to the organic export market in both countries, it is crystal clear that Indian governmental policies towards the organic product export market in the pandemic period were effective than Sri Lankan policies as Indian export earnings from organic product exportation was higher than Sri Lankan earning of organic product exportation. With the time period, policies of both countries have become weak in a way that export of organic product has been declined or static by 2021 due to structural, functional and administrative issues. Hence, it is recommended that by providing better organic market facilities, adequate funding, training, education and awareness programs would facilitate in production of more organic products in sustainable way in both countries.

FUTURE RESEARCH

Researchers who have the interest in organic export market are suggested to study on the effectiveness level of the government agricultural policies of India and Sri Lanka in pandemic period towards the organic product exportation market using primary data in order to have clear idea.

REFERENCES

- Apeda. (n.d.-a). *Agriculture Export Policy*.
https://apeda.gov.in/apedawebsite/about_apeda/Agriculture_Export_Policy_27.01.2021.htm
- Apeda. (n.d.-b). *Organic products*.
https://apeda.gov.in/apedawebsite/organic/organic_products.htm

- Applied studies in Agribusiness and Commerce. (2018). *Apstract: Applied Studies in Agribusiness and Commerce: Official Periodical of the International MBA Network in Agribusiness and Commerce Agri-MBA*. <https://doi.org/10.19041/apstract>
- foodnavigator.com. (2020, May 6). *Organic food's coronavirus boost: "Health crises have a long-term impact on consumer demand."* <https://www.foodnavigator.com/Article/2020/05/06/Organic-food-gets-coronavirus-boost>
- Ghimiray, M. (2008). Promoting Organic farming in Bhutan: A review of policy, implementation and constraints. *ResearchGate*. https://www.researchgate.net/publication/279205491_Promoting_Organic_farming_in_Bhutan_A_review_of_policy_implementation_and_constraints
- Heinrich-Böll-Stiftung. <https://hk.boell.org/en/2022/05/30/overnight-conversion-exclusively-organic-agriculture-sri-lanka-how-not-promote-green>
- India registered excellent growth in Agriculture Exports during 2020-21*. (n.d.). <https://pib.gov.in/PressReleasePage.aspx?PRID=1725891>
- Malkanathi, S. (2021). Outlook of present organic agriculture policies and future needs in Sri Lanka. *Scientific Journal Warsaw University of Life Sciences-SGGW*, 21(36)(3), 55–72. <https://doi.org/10.22630/prs.2021.21.3.13>
- Organic products*. (n.d.). Sri Lanka Export Development Board - Sri Lanka Business Portal. <https://www.srilankabusiness.com/organic/overview.html>
- Overnight conversion to "exclusively organic agriculture" in Sri Lanka: How not to promote green technology | Heinrich Böll Stiftung Hong Kong | Asia Global Dialogue*. (2022, May 30).
- Paramasivam, S., Philip, H., Seethapathy, P., & Rajamohan, T. (2022). A strategic model for empowering farmers by improving livelihood security through organic farming practices in Tamil Nadu, India. *Journal of Agricultural Sciences*, 17(3), 471. <https://doi.org/10.4038/jas.v17i3.9926>
- Perera, V., & Madumali, s. (2022). *connecting sri lanka's organic agriculture with the world*.
- Qiao, Y., Halberg, N., Vaheesan, S., & Scott, S. (2015). Assessing the social and economic benefits of organic and fair trade tea production for small-scale farmers in Asia: a comparative case study of China and Sri Lanka. *Renewable Agriculture and Food Systems*, 31(3), 246–257. <https://doi.org/10.1017/s1742170515000162>
- Research Institute of Organic Agriculture FiBL. (2023, August 14). *FiBL statistics - Trade*. FiBL Statistics - Statistics . <https://statistics.fibl.org/world/markets-trade-world.html>

- Sri Lanka Export Development Board. (2022). Connecting Sri Lanka's Organic Agriculture with the World. *Business Lanka*, 35(1/2022), 1-40.
- Torrella, K. (2022, July 15). Sri Lanka's organic farming disaster, explained. *Vox*. <https://www.vox.com/future-perfect/2022/7/15/23218969/sri-lanka-organic-fertilizer-pesticide-agriculture-farming>
- Tripathi, S., Sharma, K., & Pandya, R. (2022). a study of the economic crisis and its impacts with special reference to sri lanka. *Towards Excellence*, 218–231. <https://doi.org/10.37867/te140419>
- Willer, H., Schlatter, B., & Trávníček, J. (2023). *The World of Organic Agriculture Statistics and Emerging Trends 2023*. Research Institute of Organic Agriculture FiBL, IFOAM-Organics International.
- Willer, H., Trávníček, J., Meier, C., & Schlatter, B. (2021). *The World of Organic Agriculture Statistics and Emerging Trends 2021*. Research Institute of Organic Agriculture FiBL, IFOAM-Organics International.