



Emerging Trends and Economic Implications of the Halal Market in India

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Abstract

This article investigates the growing market for Halal products in India, examining its development, current patterns, and economic effects. With the expanding Muslim population and rising awareness of Halal principles among non-Muslim consumers, the Halal market has experienced substantial growth in various sectors such as food, cosmetics, pharmaceuticals, and finance. The paper explores the factors that drive the demand for Halal products, including religious considerations, health awareness, and ethical consumerism. Additionally, it analyses the economic opportunities presented by the Halal industry, including job creation, investment prospects, and export potential.

Additionally, this paper delves into the challenges of certification issues, regulatory framework, and competition, and offers strategies to tackle these issues. By conducting thorough research and analysis, it provides valuable insights into the dynamics of India's Halal market and its potential impact on economic growth and development.

Keywords: Halal product, religious sentiments, Awareness, Muslim population

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1. Introduction:

The Arabic word "halal," which means "permissible," designates goods and services that abide by the Quran's interpretation of Islamic law. Haleem, A., and Khan, M. I. (2016). The idea goes beyond only food to encompass the pharmaceutical, financial, cosmetic, and other industries. A product or service must fulfill certain requirements in order to be deemed Halal, including being devoid of elements that are forbidden, obtained ethically, and processed in accordance with Islamic law. In 2020, AbHalim, M. A., and MM, M. S.

India, a major player in this expanding economy, has a sizable Muslim population. India, the world's second-most populated nation, offers the halal business both enormous prospects and formidable hurdles.

In India, there are more than 200 million Muslims, or about 14% of the overall

population, according to the Pew Research Center. This large Muslim population is a significant source of customers for halal goods and services. In addition, a larger portion of Indian customers are becoming interested in halal-certified products due to shifting consumer tastes and growing disposable incomes. Randeree (2020).

India's economy has seen the rise of halal-certified products and services in a number of areas in recent years, including food and drink, medicine, cosmetics, and travel. Chandrasekaran and Islam, 2013). This growth emphasizes how crucial it is to meet halal requirements in order to reach and capitalize on the profitable Muslim consumer market, both locally and globally.

But managing the intricacies of the Indian halal industry has its own set of financial ramifications. For companies looking to take advantage of this market opportunity, obstacles including supply chain integrity,



halal compliance, and certification procedures present serious obstacles. (Rejeb and others, 2021).

Moreover, the halal market has an influence on the economy that transcends national boundaries. In order to facilitate exports and improve market access to halal-conscious customers globally, India's engagement in the global halal commerce ecosystem requires alignment with international halal certification organizations and standards.

The purpose of this study is to examine the new developments and financial effects of the Indian halal industry. Through an analysis of consumer behavior, market dynamics, industry practices, and regulatory frameworks, our aim is to offer valuable insights into the possibilities and problems that come with operating in this ever-changing area.

2Halal Market Dynamics in India

India's halal industry is expanding significantly due to a number of factors, such as a growing Muslim population, rising consumer knowledge of halal products, and shifting dietary tastes. The elements listed below influence the structure of the halal goods and services market.

2.1. Growing Muslim Population

One of the biggest Muslim populations is found in India. This large group makes up a sizeable portion of the market for halal goods, which include food, cosmetics, and medications. With the growing Muslim population comes an increased need for products and services that have been certified halal.

.(Randeree, K, 2020).

2.1. Increasing Awareness and Demand for Halal Products

Indian customers are becoming noticeably more knowledgeable about halal products and the advantages they offer. More customers are looking for halal-certified items because they believe they are of higher quality and purity and because they place a greater focus on health, hygiene, and ethical consumption. M. A. Fauzi (2023). This

tendency is especially noticeable in the food and beverage industry, as customers are choosing more and more meat, dairy, and processed items with halal certification.

By 2028, the size of the worldwide halal food industry is anticipated to reach USD 2.55 trillion, with Asia Pacific emerging as a major development area. With a sizable Muslim population and rising consumer awareness, India is well-positioned to take a sizable chunk of this market.

2.3. Changing Consumer Preferences

The halal market in India is expanding as a result of changes in consumer tastes toward ethical and ecological consumption. (Sengupta, A., & Hassan, Y. 2019). Customers believe that halal items are made by Islamic values, which include fair labour standards, ethical treatment of animals, and ecologically responsible techniques. (Rezai et al,2015). Because of this, buyers are prepared to pay more for goods that have received halal certification, which accelerates market expansion.

2.4. Religious and Cultural Significance: India has a sizable Muslim population, and since eating halal-certified food conforms to Islamic dietary regulations, devoted Muslims must do so. The demand for halal products is driven by their religious and cultural importance and may be found in a variety of categories, including food, drinks, cosmetics, medicines, and personal care items. (Azam& Abdullah 2020).

2.5. Government Regulations and Standards:

In order to guarantee that halal standards are followed, the Indian government has taken action to regulate the halal sector. This covers the creation of halal certification bodies as well as the certification procedure for halal items. Businesses that operate in the halal market must abide by these rules. (Haleem et al, 2020).

2.6.Economic Growth and Urbanization: In order to guarantee that halal standards are followed, the Indian government has taken action to regulate the halal sector. This covers the creation of halal certification bodies as well as the certification procedure for halal

items. Businesses that operate in the halal market must abide by these rules.

2.7. Market Competition and Innovation: Companies in this industry are competing more with one another as a result of the growing market for halal products. (Azam and colleagues, 2020). To maintain their competitiveness, businesses are allocating resources towards product innovation, marketing tactics, and client acquisition and retention channels.

2.8. Export Opportunities: The market for halal products in India offers further prospects for exports. The halal market is expanding consistently worldwide (Izberk, 2016). Exporting halal-certified products to other countries is an opportunity for Indian companies, particularly in areas where the Muslim community is substantial.

In general, religious, cultural, economic, and regulatory variables all have a role in shaping the market dynamics of halal items in India. Businesses will need to innovate and adapt as customer preferences change and consumer knowledge rises to effectively fulfil the rising demand for halal products.

3. Emerging Trends in the Halal Market:

3.1. Increase in Halal Certification: A growing number of businesses are attempting to obtain Halal certification for a wide range of products, including food items, cosmetics, and medications (Abdallah 2021).

3.2. Expansion Beyond Food: To meet the varied demands of Muslim customers, the halal industry is extending beyond food goods to encompass industries like banking, tourism, fashion, and cosmetics (Azam et al., 2020).

3.3. Digitalization of Halal Services: A growing number of people are using digital platforms to obtain Halal goods and services, with e-commerce sites providing a large selection of Halal-certified items.

3.4. Ethical and Sustainable Consumption: Muslim customers are placing a higher value on ethical and sustainable consumption habits, which is fueling the market for Halal goods that uphold the sustainability and justice of Islam. (2020, Randeree).

4. Consumer Behavior Perspective:

4.1. Cultural and religious influences: Muslim customers seek items that adhere to Islamic dietary regulations and principles, which has a significant impact on consumer behaviour in the halal market (Soesilowati, 2010).

4.2. Trust and Transparency: Consumer preferences are shaped by trust and transparency surrounding Halal certification, with customers favouring items from reputable Halal-certifying organizations.

4.3. Quality and Safety Concerns: Muslim customers place a high value on quality and safety, favouring Halal-certified items since they guarantee conformity to Islamic requirements of purity and hygiene (Wel, 2022).

4.4. Social and Environmental Responsibility: Muslim customers are choosing Halal items that are consistent with their beliefs of sustainability and social responsibility as they become more aware of the social and environmental effects of their purchase decisions. (Usman, 2022).

5. Economic Implications

5.1. Income Generation: Companies in a variety of industries may generate a lot of money from the halal market. Businesses that make halal certification and manufacturing investments aim to gain from increased market share among Muslims.

5.2. Employment Opportunities: As the halal industry grows, jobs are being created at every stage of the value chain, from sales and marketing to manufacturing and distribution. This has the potential to boost India's economy and create jobs (Hassan and Sengupta. 2019)

5.3. Export Potential: India can become a significant supplier of halal goods to other nations and areas where Muslims predominate. Indian businesses may increase their foreign exchange revenues and get access to profitable export markets by maintaining halal standards and certifications. (Azam, 2020).

6. Economic Implications:

6.1. Market Growth and Expansion: Businesses can meet the demands of Muslim customers as a result of the increasing

demand for Halal goods and services in India (Randeree, 2020).

6.2. business possibilities: Attracting both local and foreign investors, the halal market offers profitable business possibilities in several industries, including food processing, travel, medicines, and banking. (Elasrag, 2016).

6.3. Job Creation and Economic Development: The rise of the halal market promotes inclusive growth by helping to create jobs and stimulate the economy, especially in areas with sizable Muslim populations (Nisha&Iqbal 2017).

6.4. Competitive Advantage: Businesses that sell items with Halal certification have an edge over their rivals by capitalizing on a developing market niche and cultivating a sense of confidence and allegiance among Muslim customers, which in turn boosts their market share and financial success. (Najmaeia et al. 2017)

6.5. Rapid Growth: India's halal industry has been expanding quickly in several industries, including travel, food & drink, medicines, and cosmetics. Muslims' increased disposable incomes, consumers' growing knowledge of halal goods, and the rise in halal-certified companies are the main drivers of this expansion. (Randeree, 2020).

6.6. Diversification of Products: Food items were the main emphasis of the Indian halal business at first. Diversification into non-food industries including cosmetics, pharmaceuticals, fashion, and tourism is becoming more and more popular, nevertheless. The growing desire for halal-certified goods among Muslims and non-Muslim customers, who view them as safer, healthier, and more morally upright, is the driving force behind this development.

6.7. Government Initiatives: To capitalize on the possibilities of the halal industry, the Indian government has begun taking action. For example, the Ministry of Minority Affairs introduced the 'NaiRoshni' plan in 2016 to empower Muslim and other minority populations via training in business and skill development. . Additionally, to boost home production of halal goods and draw foreign

investment into the halal industry, the government has been supporting programs like "Make in India." (Azam& Khan, 2016).

6.7. Impact on GDP and Employment: The Indian halal market is expanding, which is good for the country's economy as it increases commerce, consumption, and production, all of which boost GDP. Additionally, when halal-related companies grow, jobs are created all along the value chain—from manufacturing and agriculture to marketing and logistics—which promotes economic growth and improves livelihoods, especially in areas where there is a sizable Muslim population. (Azam& Abdullah 2020).

7. Regulatory Frameworks of the Halal Market in India

India is home to one of the biggest Muslim populations on earth, and Islamic customs are ingrained in many facets of daily life, including trade and business. The market for "halal," which includes goods and services that are allowed under Islamic law, has grown significantly in the last several years. Regulatory structures controlling the Halal market are necessary, meanwhile, in order to guarantee consumer trust and market integrity. Navigating these frameworks in India can be challenging because of the country's unique legal, cultural, and religious context. This article explores the regulatory frameworks that are influencing India's halal sector.

Government agencies, religious institutions, and certification bodies are among the parties involved in India's regulation of the halal market. The following are the main regulatory agencies in charge of monitoring halal compliance:

7.1. The Food Safety and Standards Authority of India (FSSAI): The supreme authority in charge of policing food safety and standards in India is the Food Safety and Standards Authority of India (FSSAI). It establishes standards for food manufacturing and labeling, which have an indirect impact on Halal compliance even though it does not directly control Halal certification.

7.2. Islamic Organizations: The determination of Halal rules and guidelines is mostly dependent on religious organizations like JamiatUlema-e-Hind and the All-India Muslim Personal Law Board (AIMPLB). These groups frequently work with certifying bodies to guarantee Halal compliance among Muslim populations.

7.3. Halal Certification Agencies: Halal certification services are provided to businesses in India by a number of government and commercial certification bodies that are connected. These organizations evaluate goods and procedures to make sure they meet Halal standards, then provide Halal certifications in accordance with their findings. **(Potluri&Potluri 2018)**

8. Challenges and Controversies:

The Indian halal sector is beset with a number of issues and disputes even in the face of regulatory frameworks:

8.1. Lack of Uniform Standards: Inconsistencies in certification procedures and interpretations of Halal standards result from the lack of uniform legislation pertaining to Halal. Both customers and companies may become confused as a result of this lack of consistency.

8.2. Certification Costs: Businesses, particularly small and medium-sized enterprises (SMEs), may find it costly to get Halal certification. Some companies can be discouraged from entering the halal market by the price of certification, or they might decide to pass those costs along to customers.

8.3. Allegations of Misuse: Halal certification has occasionally been abused for partisan or financial advantage. These kinds of occurrences cast doubt on the legitimacy of Halal certification and bring up issues with accountability and transparency in the regulatory system.

9. Conclusion:

The Indian halal market has tremendous potential for both cultural and economic integration, notwithstanding its difficulties. Increased cooperation between industry stakeholders, certifying bodies, and regulatory authorities is necessary to take advantage of these prospects. Establishing uniform laws for Halal, optimizing certification procedures, and

raising consumer consciousness helps promote transparency and confidence in the Halal industry.

Rising consumer tastes and preferences are driving India's halal market's impressive expansion. influenced by a number of variables, including a sizable Muslim population, rising consumer demand for halal-certified goods, and government programs to support the halal sector It is imperative for organizations to comprehend customer behavior in this sector in order to effectively handle hurdles and seize opportunities.

The rise of the halal market also has important economic ramifications, including increased market share, investment opportunities, the creation of jobs, and a competitive edge that helps India's economy as a whole.

To completely achieve the economic potential of the halal market in India, it would be necessary to resolve legislative obstacles including standardizing halal certification and encouraging industry conformity with international standards.

The halal ecosystem can be strengthened and its full potential as a driver of inclusive economic growth and cultural variety in India can be unlocked by addressing concerns of uniformity, transparency, and affordability, even if challenges still exist. Significant economic ramifications, such as income creation, job possibilities, export potential, and tourism revenue, are revealed by analysing the market dynamics. India stands to gain economically as long as companies there continue to take advantage of the halal market's prospects and satisfy the changing demands of Muslim customers.

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