

Halal Industry: Challenges and Emerging Opportunities in the Economy of India

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Abstract: The aim of this article is to explore the problematic challenges and massive opportunities for Halal industries in India. The demand for Halal certified goods is robustly growing, both domestically and internationally in India due to its large domestic population and categorised as the second largest Muslim population nation in the world. In addition to a thorough review of the literatures, four categories of Halal segments were further addressed to explore the problematic challenges and exclusive opportunities in India pertaining to Halal industry. The results obtained from this study has successfully proven that the upcoming market requirements and Halal industry-related valuable opportunities, are the main motivators for India to undertake significant regulatory, trade and industrial support initiatives to strengthen the status as a Halal hub in the Islamic economy's trade-driven business. Early adopters face many obstacles for each of the Halal modules, such as vague Halal guidance and lack of cooperation with leading agencies (i.e., Jabatan Kemajuan Islam Malaysia (JAKIM) and Halal Industry Development Corporation), a lack of cost-effective standards and a general misinterpretation of Halal practices. Furthermore, this study supports administration policy makers' objective in identifying the issues that should be addressed in prompting industries players to approve Halal systems. This study adds up to the improvement of knowledge on the challenges and opportunities of adopting Halal certificate in India.

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1. Introduction

It is vital to establish that Islam's nutritional and consumption system is exceptional compared to other ethnic groups. The international society is coming to understand the relevance of the Muslim Halal requirement for food and other consumables. The market for certified Halal food and products is increasing both locally and globally (Elasrag, 2016). Halal transcends typical industry-zone barriers, as well as regional, cultural and religious ones. From a commercial standpoint, the Halal market clearly offers a plethora of enticing prospects. As many established markets' transition to diffusion, the creation of a new market instituted on Halal values and principles has the effect of generating a new business paradigm. This is primarily influenced by the food and beverage industry and has expanded into the cosmetic, pharmaceutical, and personal-care industries in recent years, owing to growing consumer awareness and an entrepreneurial spirit seeking new market opportunities. As a result, this market is fighting for and vying for a unique consumer group defined by values, ethics, and trust (Mahathir, 2010).

Halal is an Arabic term used in the al-Quran that translates as "permissible" or "authorised." It is applicable to several facets of Muslim life, including *Ibadah*-related transaction practises such as *Mu'amalat* (i.e. Islamic jurisprudence of Muslim religious rituals). However, for majority of Muslims, the term "*Halal*" refers to the consumption of food and medication on a daily basis. All issues pertaining to Halal or Haram, as well as arguments, should be reviewed in the light of Islamic teaching and law when defining Halal (Prophetic tradition). If any of the above sources or *fatwas* (i.e. religious edicts) issued by an expert Islamic authority and furthermore, declared a particular food or consumer product to be Halal or Haram under Shariah law, it becomes Halal or Haram, respectively (Latif, 2011). While procuring Halal foods is not a huge difficulty in a country with a Muslim majority, issues arised, when a substantial volume of processed food, medication or other commodities is imported.

In certain nations, where Muslims constitute a minority or even less than 50% of the population, the Halal certification has not been implemented. Muslims have begun to place a premium on Halal-certified items, particularly meat and processed meals (Chaudry *et al.*, 2000). The examination of existing literatures revealed that Halal cuisine, a by-product of faith-based marketing, has failed to capture the interest of Indian experts. This appears to be a significant worry for us, given that India is home to over 180 million Muslims and is estimated to be the world's largest consumer of Halal goods (Chandramouli, 2011; Haque *et al.*, 2015; Butt *et al.*, 2017). The global market for Halal products is presently worth US\$ 2.3

billion, with the majority of the market concentrated in Asian countries (Hassan & Sengupta, 2019).

With the goal of developing into a major hub for Halal products, the Indian Halal organization's authorities established special zones to attract more global and domestic investment in food production and processing. India, renowned as the world's second biggest Muslim country and a staunch defender of Muslim's rights, has successfully adopted a succession of Halal systems that have garnered international praise. The country's economic achievement in developing a Halal food system should be properly capitalised by the business and manufacturing communities, particularly small entrepreneurs who are important to the industrial and food industry. Without a question, business and entrepreneurship are extremely difficult fields to thrive in. Numerous variables must be considered and adopted, in order to achieve the best performance as a company. Management abilities, skilled employees, solid financial resources, goods, and services, and, most importantly, a big and devoted client or customer loyalty are all essential variables to secure the success towards a Halal Industry. The objective of this study is to identify the obstacles and tactics that industrial actors must overcome, in order to be environmentally responsible. Given the Government Administration's attempts to make India a Halal-compliant nation, they should seize this chance to discover product categories that will appeal to a big market.

2. Methodology

Fundamentally, this article serves as a proposal for future study, defining the research emphasis and eliciting early comments in the Halal industry. The primary data gathering approach used in this study is secondary data collection. The argument for employing this strategy is that the information acquired is extremely trustworthy, quicker, and more efficient than primary data collecting for introductory research (Sekaran & Bougie, 2016). Additionally, secondary data sources include Emerald, ScienceDirect, ProQuest, and ResearchGate. This research has successfully reviewed sixteen (16) journal papers pertaining to the research field.

3. Halal Market Segmentation

Halal is a unique idea that represents the pinnacle of Islam. Halal does not only relate to food; it may also refer to other areas such as Islamic banking, Halal travel, Islamic fashion, Halal media, Halal tourism, Halal entertainment, Halal cosmetics, Halal toiletries, Halal medicines, and Halal nutraceuticals, Halal Insurance Policies as well as other types of Halal services. Besides, Halal certification gives an ultimate assurance to the Muslim consumers

that the products are Halal without any doubts. Halal certification can be awarded by any of the over 100 Halal certifying organisations globally. (Al-Bawaba, 2010). Each agency has its own set of Halal policies and rules. Crossing national boundaries exacerbates fragmentation, as there is currently no effective system for international cooperation between countries. Due to a lack of effective certification regulation, non-Halal fruit has found its way unwittingly onto Muslim communities' meals (Mohd Shahar & Hashim, 2020).

4. Difficulties Facing the Halal Industry

Religion is a set of principles, emotions and beliefs that governs how humans are significantly related to the sacredness or spirituality (Schiffman & Kanuk, 2009) in living their lives. The first obstacle is the Halal industry's lack of confidence in Halal standards. Numerous government-affiliated organisations, private organisations, and independent Halal Certification Bodies (HCBs), national standards bodies, regional organisations such as the Association of Southeast Asian Nations (ASEAN), General Statistics Office (GSO) and the European Union (EU), as well as international organisations such as the Standards and Metrology Institute for Islamic Countries (SMIIC) or the Organisation of Islamic Cooperation (OIC) have taken the initiatives contributing to the Halal Certification and Assurance. Additionally, the absence of enforcement by competent authorities in enforcing any prohibition on the abuse of Halal branding adds to the confusion (Shahar *et al.*, 2020).

The most critical issues far more closely related to Halal certification: (a) the issuing authority and its authenticity; (b) consumer trust in the process of determining whether manufacturing companies use only Halal substances or not; (c) the Halal logo framework, which consists of letters or symbols that can or cannot easily be consistent with consumers. Worldwide Muslim customers emphasise the critical need of establishing a single Halal logo that is completely consistent, allowing for more clarity in identifying the mark given by the competent authorities. In this instance, the Halal World Council (WHC) must instigate by convincing and negotiating with the individual countries' Halal councils. If the event is public, Muslim buyers in each nation may immediately identify the Halal emblem, wherever they have seen it and make an informed purchasing decision. The Halal mark was launched in India by Halal India, which has established completely perfect standards for granting licence to Indian producers to use the Halal emblem (Rajasekhara Mouly Potluri, 2018).

When it comes to Halal cosmetics that may include Haram or harmful chemicals for the consumers, there is a widespread misinformation among Indian Muslim customers. Additionally, issues surrounding Halal fraud have eroded customer's confidence. Halal

certification is critical in this environment for establishing trust with Muslim consumers. According to Mohammed Mansoor, who owns two retail outlets in Bangalore that offer halal items, "Halal is still not widely acknowledged in India, and Muslims have reservations about it due to previous domestic fraud." As a result, while certification is critical, it must be accompanied with open communication and proactive marketing (Latif & Rahman, 2016).

However, some Indian customers have reservations regarding Halal items. It was dubbed "halal phobia, economic *jihad*" by others. They assert that the Halal industry is booming at a fast speed, facilitated by Islamic private groups. There is no monitoring of those organisations by the government. This raises grave questions regarding the manner, in which these funding and profit is being handled and utilised. According to the Australian politician George Christensen (Australian National Party), money from the Halal economy might be used to campaign for Shariah law in Australia and finance Islamic militancy. Additionally, he expressed fear that these cash may be used to fund terrorism activities. As claimed by Brahmachari (2020), the Jamiat Ulema-e-hind Halal (JUH) Trust is India's largest Halal certifying agency. In 1919, this organisation was established to oppose British authority in India and along with the Indian National Congress (INC), was a component of the liberation movement. The Jamiat Ulema-e-Hind Halal Trust is a formidable force in contemporary religious and political circles. JUH has defended Muslim suspects in a number of terrorist attacks, including the 7/11 Mumbai train bombings, the 2006 Malegaon bombings, the German Bakery blast in Pune, the 26/11 Mumbai attack, the Zaveri Bazaar serial blasts throughout Mumbai, the Delhi Jama Masjid blasts, and the Karnavati (Ahmedabad) bomb blasts. The Jamiat prosecutes around 700 such defendants. It remains to be seen, if Hindus will provide the necessary cash through Halal certification fees, notwithstanding claims by certain Hindu organisations that JUH supports Islamic extremism through the Halal economy (Brahmachari, 2020).

5. Opportunities in the Halal Industry

The Halal business has risen to prominence as a new evolution sector in the world economy, with a strong presence in industrialised nations. Indeed, the sector's issues provide a gap and opportunity for industry's participants to capitalise on. As a result, Islamic economy enterprises play a critical role in meeting the demands of Muslim consumers, while stimulating economic growth and activity. The Islamic Economy Strength Indicator evaluates the Islamic economy's strength in 73 countries by examining supply and demand drivers,

governance, awareness, and societal variables. The following are three of the primary growth reasons for the Halal industry:

a. India has a sizable and rising Muslim community

Rapid expansion is one of the primary characteristics of the Islamic economy. With a growing, young and expanding Muslim community, it was anticipated that India's Muslim population will increase by 76 percent by 2050 compared to 2010. This adjustment was 33% for members of the Hindu's faith. By this time period, the South Asian country will be home to the majority of Hindus on the planet, as well as Muslims. However, the latter would remain a minority in the country at 18%, with Hindus dominating at 77% or 1.3 billion by 2050 (Sandhya Keelery, 2019).

b. Sizeable and growing Muslim population in India

For many Muslims, Islam as a 'style of life' continues to govern all parts of their lives, including their own. Various forms of *Ibadah* or worship are being performed as acts of faith and obedience to the Almighty Allah. Nonetheless, Muslims vary significantly in their practise and commitment to Islam according to their age group, geographic location / nation, cultural influences, and other variables. According to a 2015 Pew Global Attitudes' study of 42 nations, 83 percent of respondents from Islamic countries considered religion to be "very relevant in their lives" (Pew Research Center, 2015). Anecdotally, Muslim women wearing hijab are gaining popularity in the media as Olympic athletes and professions assert their standing through the use of Modest Casual Clothing. Certain of these ideas are universally appealing, and hence, many goods and services do not need to be reserved exclusively for Muslims.

c. Halal business' economic development is accelerating

The Islamic economy system is undergoing evolution as a result of young Muslims declaring their ideals and asking firms to produce goods and services that adhere to their religious criteria. Apart from that, non-Muslim participation helps the Islamic economy grow globally. Non-Muslims have also taken notice and considering the Halal market to be their alternate choice because to the economic rewards and lifestyle changes associated with safe and virtuous behaviour. The top preference of the Non-Muslims apart from Halal food purchasing and consumption, they have a strong interest and support on Islamic banking and financing, which seems to be transparent, cooperative ventures, risk sharing and ethical investing (Shahid & Raj, 2019). This mode of interest-free banking and financing promote sharing of real asset and risks between lender and borrower under the

mechanisms of partnership, joint ownership, lease and sale (Fasih, 2012), which can open the door for poor people (i.e. Muslims and Non-Muslims) to improve their lives towards funding and incentives provided by the banks and financing providers.

6. Conclusion

The Halal sector is expanding at a rapid pace and has attracted global interest from many industry leaders. The industry's completeness, which has permeated all sectors of the economy, makes it an enticing one-of-a-kind offering for businesses to invest in, since the prospects are limitless. The Halal business is projected to continue this route in the future as it gains increased global attention and exposure.

The moment is perfect for present and potential Halal sector players, government organisations, and investment businesses to invest in the Islamic Economy across all major pillars and earn a profit. The involvement of governments and the business sector in ensuring the Halal ecosystem's sustainability through certification and the execution of laws by religious authorities is critical for the Halal industry's growth. Additionally, religious authorities from a number of nations are collaborating to develop a global Halal standard, which will help assure an even more sustainable sector.

There are several chances to adopt suitable Halal practises into the product's manufacturing process. With the expanding Muslim population, this market sector is likely to grow very fast. However, this potential comes with significant risks, whereby in order to tackle the foreseen or unpredictable risks, the concerned authority entities should address the afore mentioned concerns. This research highlights the involvement of Indian government in the industry's preparation, growth and facilitation in order for the Indians to participate actively and open-heartedly in this Halal ecosystem regardless of their religious background and social status. Through Halal ecosystem, the caste system, which is a rigid social system, which has divided Hindus into four main categories since ancient India can be slowly diminished and reunited under one roof. Several elements contributing to the Halal market's possibility in India include the country's Muslim population, Islamic ideals increasingly guiding lifestyle and business practises, all of which contribute to the Indian community's economic prosperity, especially from a zero-interest Islamic banking and financing. This will surely break the gap between the poor and rich, and makes everyone equal, having access to moderate and comfortable life. Thus, it is advised that greater attention be paid by the Indian Government, agencies and community on Halal issues in India in order to strengthen Halal marketplaces and enable them to become stronger and wider.

Conflicts of Interest: The authors declare no conflict of interest.

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