

Market for organic producers

18 May 2016, New Delhi, Sanjeev Chopra



A conference in Kolkata may show the way, writes Sanjeev Chopra.



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Both the departments of agriculture and tourism, under the Government of West Bengal, along with the Indian Chamber of Commerce, Kolkata, are collaborating this week at a roundtable to reiterate the benefits of organic food and more importantly 'discover' the market for such produce.

It is common knowledge that most fruits and vegetables, including the humble potato that we consume, will fail the GAP (Good Agriculture Practise) test, and the samples would show a higher application of nutrients (fertilizers) and pesticides.

The challenge is to ensure that if farmers give up these practices, the 'market' should reward them at a premium price. However, if there is no differentiation of produce at the level of market aggregators, it becomes impossible at the retail end to distinguish 'premium produce' from the 'conventional commodity'.

Meanwhile, there are urban consumers who are concerned about the long-term impact of chemical fertilizers on their health. They are willing to pay a premium or walk that extra mile to get access to organic produce. But they cannot do it on a day to day basis.

Most cities, including Kolkata, do not have established 'organic food markets' where farmers can bring in their produce for sale directly to the consumer. Even if such a market existed, it would not make commercial sense for a farmer to spend an entire working day in bringing his/her wares to the city on hired transport.

It would not break even unless there are substantial volumes. In other words, even with such a market, it will have to be a farmers' cooperative or producer organization, which will have to take responsibility of aggregating the commodity at the production cluster.

How do we connect these urban customers to these farmer groups? This is the real challenge. Even though some tiny steps have been taken to bring the producers together, there has been no meaningful 'commercial' impact. Economic viability demands more than enthusiasm and passion.

It calls for robust revenue models. Therefore, an idea emerged that if the large institutional market could be addressed, and volumes started to move, there would be a virtuous cycle of a higher demand leading to increased supply at premium prices.

This calls for understanding the way these large institutions order their supplies, whether they track their sources to the point of production, and whether they would be willing to walk that extra mile to pick up the produce from the cluster of villages identified for them.

As an exercise on paper, it looks infallible. On the one hand, we have celebrity chefs and hotel managements that want to project their 'eco-friendly' and 'responsible tourism' face. There are also customers who are more than willing to participate in these initiatives.

Besides, the departments of agriculture and horticulture are looking at viable markets for the producers since they fund and encourage organic production. Last but not the least the farmer himself is keen to move beyond the intermediaries and talk directly to the consumer. All we need is a neutral platform – a responsible civil society organisation or even a 'for –profit' organisation that connects them.

However, if things were as simple as they appear, would they not have happened on their own? The fact is that there is an elephant in the room called organic certification – a process which was first initiated in our country by APEDA (Agricultural and Processed foods Export Development Agency) primarily to address the issues of organic Basmati and other high-end produce for the European market.

In the first few years, the certification agencies were also European, and though the process was fool-proof, it was quite expensive, and beyond the ken of the average producer. Also, while it did make sense for exportable



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commodities to undertake the process, as the economic yields were high, it did not make commercial sense for the domestic markets as there were no identifiable customers and the costs were too high.

Both these issues are now being addressed, the first through this conference, and the second via an initiative of the Government of India on organic certification called the PGS (participatory Guarantee System) which is now an integral part of the Paramparagt Krishi Vikas Yojana (PKVY) or the Traditional Agricultural Development scheme, which operates on the same principles as a self-help group or a Joint Liability Company.

All members of the participating community take responsibility for each other's produce. The 'moral hazard' is addressed by the counter-guarantee, which every participating member has to adhere to. In other words, any default is to be dealt with by the members themselves, and each of them has a stake in ensuring that the rules are not violated by anyone.

The conference is also bringing together all the farmer producer companies who have been engaged in the production of organic produce, along with the development/resource institutions involved with them. The idea is to connect these farmer organisations with the leading institutional customers so that they can understand each other better.

A knowledge paper on the issues for consideration and the likely way forward, prepared by Ekta Jaju of 'Switch ON' and 'ONGanic' (community-based organizations promoting organic foods, clean energy and livelihood opportunities) will be formally launched on the occasion by the Chief Secretary Basudeb Banerjee.

Anecdotally, one is told that sparrows have returned to clusters where farmers have moved away from fertilizers to organic farming. In a few years from now, maybe we will hear their cheerful chirp in urban habitations as well!

(The writer is Additional Chief Secretary, Govt of West Bengal. Views expressed strictly are personal.)



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