CHAPTER – 5
DISCUSSIONS
WITH
STAKEHOLDERS
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5.1 INTRODUCTION:
This chapter presents a summary of the discussions carried out with different stakeholders in the society, who are directly or indirectly connected to organic farming. These stakeholders include agronomists, horticulturists, agricultural economists, botanists, professors, scientists, researchers, bankers, exporters, organic growers, heads of NGOs, Government officers, traders and retailers of organic products (both organic inputs, and finished products), and consumers of organic products.

As these stakeholders have an important role to play in the future status of organic farming, it was felt that discussions with them would provide fruitful insights to this research. A gist of the outcome of these discussions has been presented as under. The outcome of the discussions with trades, retailers, and consumers has been presented separately at the end of the chapter 5.

5.2 THE OUTCOME OF THE DISCUSSIONS:
(With Agronomists, Horticulturists, Economists, Botanists, Professors, Scientists and Researchers, Bankers, Exporters, Organic Growers, Heads of NGOs, and Government Officers)
5.2.1 **Economic Viability:**

Organic farming has **economic as well as ecological benefits.** These include **low cost of, and self-reliance in inputs, premium prices, better quality, longer shelf-life, fewer toxic chemicals and maintenance of the general ecological balance.** Organic farming is proving to be appropriate, particularly for small and marginal rain fed farmers, whose farming is becoming unviable due to various reasons, like increase in costs, crop failure, and so on. Organic farming may hold the true solution to small farmers to **break the vicious circle of poverty and land degradation, declining returns, and increasing costs.** It also opens new avenues for exports and a chance to earn premium prices.

However, organic farming should not just be viewed from the narrow point of view of premium prices and export potential. This might lead to a negative impact by way of unreasonably raised expectations. Moreover, restricting its scope this way might lead to the development of a limited up-market sector, further leading to the loss of wider benefits and opportunities for the nation as a whole.

So far, organic farming is essentially a niche-based sector, and requires government support in both, policy and infrastructure to bring it to the mainstream. Experiences of successfully converted organic farmers show a high degree of promise in organic farming.
5. 5.2 **Problems and Limitations:**

A fall in yield during the conversion period is the main problem faced by organic farmers. Farmers do not have any financial support during the conversion period. Often, loss of yield takes place due to lack of scientific knowledge about organic methods and techniques, giving a wrong idea about the success of organic farming. In certain cases, **unavailability of sufficient biomass on farm and inaccessibility of external inputs of organic manures is also an inhibiting factor.**

The other problem is the weak link between farmers, processors, traders, and consumers. **Inaccessibility of low cost, reliable, and high quality certification** is another serious obstacle. **The lack of sufficient market outlets for organic produce in cities is also a major concern.** The officers at the Department of Agriculture, who were interviewed, feel that a lack of any clear-cut and specific national agricultural policy on organic farming has led to a dichotomy in the government stand. They feel that the availability of subsidies on chemical fertilizers even today on the one hand and promotion of organic farming on the other, confuses the farmers and government officers alike. Hence, they feel that there should be a specific government policy for organic farming.

However, rigid mindsets and outdated notions are the biggest hindrance, which often leads to support or opposition; due to prejudices; without supportive scientific data.
5.2.3 **Suggested Action Plan:**

Incentive based schemes for farmers interested in converting to organic farming emerged as one of the main suggestions during the discussions. Although the crux of organic farming lies in farm derived inputs, supporting the production of organic inputs would lead to easy accessibility for the organic farmers to organic inputs. These would include oil cakes, bio-fertilizers, bio-control agents, botanical pesticides, organic manures, and so on. Training and extension services would play an important role in helping farmers interested in organic farming. **Lowering the cost of certification** is also an important initiative to be taken by the government. Lastly, policy support should be given to organic farming in the form of subsidies, incentives, and support during conversion. **Scientific information** should be made available for consumers and producers of organic products. Marketing channels should be developed.

5.2.4 **Research Recommendations:**

Area-specific research should be carried out on the micro-level. Research basically should be directed towards designing techniques which would maximise yield for given crops in given agro-climatic conditions, in specific regions. Cost of production would also vary depending upon the area and its agro-climatic conditions, and the degree of chemical intensity in the soil.

Studies should also be carried out on the **premium pricing of organic products** and the demand and supply of organic products in
cities and towns. Inter-cropping, organic pesticides, prey-predator relationships, and bio-fertilizes need special attention of researchers, thus increasing the scope of organic research that has been restricted to yield comparisons.

5.3 DISCUSSIONS WITH TRADERS, RETAILERS, EXPORTERS AND CONSUMERS OF ORGANIC PRODUCTS:

It is generally observed that organic products are marketed in two ways. One is at the local level itself where the farmers market their fresh produce directly in the local ‘mandis’. These farmers cater to the domestic local market alone, and seldom try to avail of export opportunities. Their produce is very often not even marketed as ‘organic’ and is sold at the market rate, at par with conventional rates (i.e., without premium prices). In such cases, these farmers have tried to reduce their costs by going organic, that being their only objective, and hence do not charge a premium. This is also partly due to lack of adequate market links. There are other farmers who sell their produce at a premium price at organic exhibitions organised by the State Government and Agricultural Universities, but the rest of their produce is sold at conventional rates. Some farmers are also into agro-processing like jaggery, syrups, and so on.

The second way of marketing organic products is through supermarkets, shopping malls, or specialty shops in large cities and metros. These cater mainly to the high income consumers, as also to the export sector. Some of these chains are into production of organic fruits, vegetables, and groceries, where the company makes a
contract with the farmers by giving them training, guidance, and inputs, and also gets their farms certified by international agencies. The output thus produced is sold at their retail outlets in the cities, and is also supplied to malls, and supermarkets. These are generally priced 30 to 35 per cent higher than the conventional market. Almost 70 per cent of the production of such companies is for the export market, with only 30 per cent for the domestic sector. Their customers are generally health conscious with high incomes, and foreigners working in India. It is interesting to note that some customers buy organic food only for their children. Although these shops have 20 to 25 ‘walk-ins’ everyday, they feel that the sale in still not up to the mark. However, they feel that the market is picking up slowly. The specialty shops also have their few dedicated customers, whom they deliver regularly.

Discussions with consumers were carried out at low profile organic exhibitions (where the premium price is not too high) as well as in high profile shopping malls and specialty shops, where certified organic products are sold at fairly high prices. Most of the consumers were aware of organic farming, health hazards of chemicals, and so on. Generally, it was observed that the number of customers, who actually bought things, was higher at government organised organic exhibitions, rather than shopping malls and specialty shops, where most of the consumers were curious window shoppers. This pattern can be attributed to the price factor, as most of the window shoppers claimed that they would buy organic food, if it were not priced so high.
Thus, it can be concluded that **there exist two distinct sets of producers, sellers, markets, and target consumers for organic products**, one catering to local markets at conventional prices, and the other catering to the high income groups, foreigners working in India, and export markets. The latter can be said to be a niche sector, where high prices are charged to cover the training, input costs, conversion costs, transport costs, certification costs, and most importantly, the high profits of the companies involved in a contract with the farmers. Interestingly, demand supply mismatch is also cited as a reason for high prices in this sector.

5.4 CONCLUSION:

1) Organic farming has economic and ecological benefits.

2) Difficulties exist in the form of initial fall in yield, and unavailability of inputs.

3) Research should be directed towards increasing yield levels.

4) There exist two different sets of producers, distributors, and buyers of organic produce. Due to the inherent difference in these two sectors, different sets of policy and intervention are needed.