ICFA

भारतीय कृषि एवं खाद्य परिषद्

INDIAN COUNCIL OF FOOD AND AGRICULTURE

ORGANIC FARMING

NATIONAL ROUND TABLE CONFERENCE

8th February 2017

INDIA INTERNATIONAL CENTRE, NEW DELHI

INDIAN ORGANIC FARMING OVERVIEW

INTRODUCTION

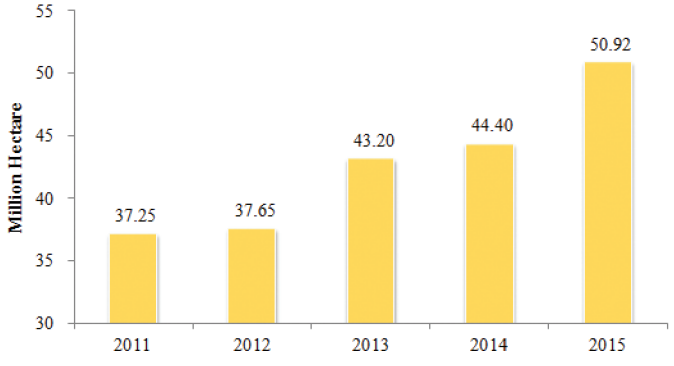
Organic farming is not new to Indian agriculture, but has been practiced by our forefathers for long prior to green revolution, scientifically.

Organic farming is a method of farming system which primarily aims at cultivating the land and raising crops in such a way, as to keep the soil alive and in good health by use of organic wastes (crop, animal and farm wastes, aquatic wastes) and other biological materials along with beneficial microbes (bio-fertilizers) to release nutrients to crops for increased sustainable production in an eco-friendly pollution free environment.

Global Organic Farming Overview

There was 50.9 million hectares of organic agricultural land in 2015, including in-conversion areas, which constitute only 1% of the total agricultural land.

Global Organic Agricultural Land; 2011-2015



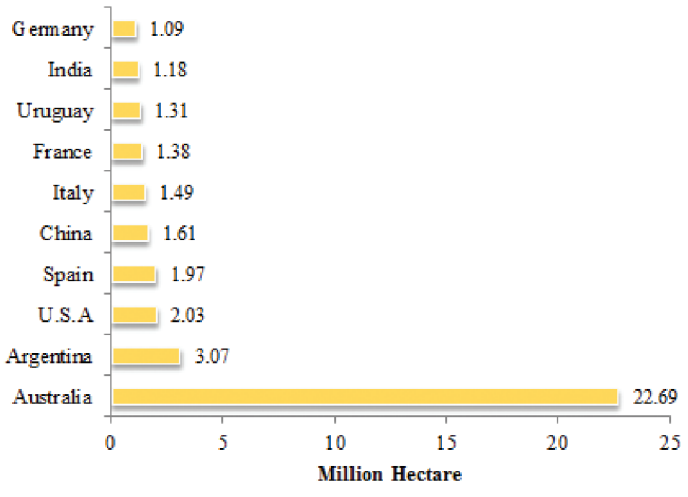
Source: The World Organic Agriculture: Statistics and Emerging Trends 2017 & 2013)

It was reported that there were almost 6.5 million hectares more of organic agricultural land in 2015 than in 2014. This is mainly because 4.4 million additional hectares were reported from Australia. However, many other countries reported an important increase thus contributing to the global growth, such as the United States (30% increase) and India (64% increase), both with an additional 0.5 million hectares, and Spain and France, both with an additional 0.3 million hectares.

Countries with Largest Organic Agricultural Land

The ten countries with the largest organic agricultural areas have a combined total of 37.8 million hectares and constitute almost three-quarters of the world's organic agricultural land.

Top 10 Countries with Largest Organic Agricultural Land; 2015



Source: The World Organic Agriculture: Statistics and Emerging Trends 2017)

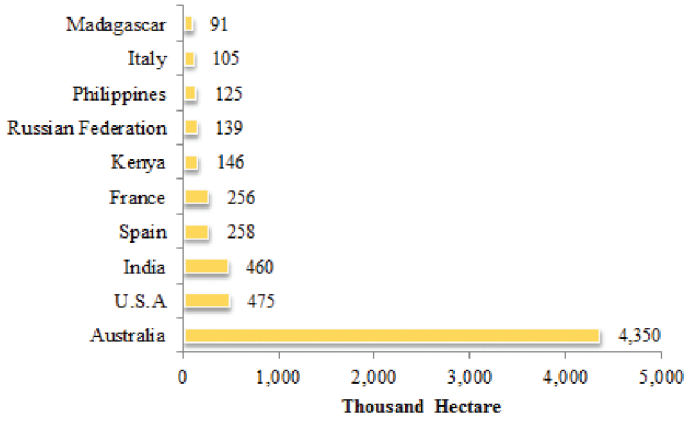
Australia, which experienced a major growth of organic land in 2015, is the country with the most organic agricultural land; it is estimated that 97% of the farmland are extensive grazing areas. Argentina is second followed by the United States in third place. However, India ranks at number nine, accounting 2.3% share of the total global organic agricultural land.

Countries with Maximum Organic Producers

There were almost 2.4 million organic producers worldwide in 2015, of which more than three-quarters of the producers were in Asia, Africa, and Latin America. The country with the most organic producers is India, followed by Ethiopia and Mexico.

There has been an increase in the number of producers of over 160'000, or over 7%, compared with 2014. In 2015, Ethiopia, the Democratic Republic of Congo, Peru, Mexico, and Kenya reported significant increases. These five countries represent most of the total global increase.

Top 10 Countries with Maximum Number of Organic Producers; 2015

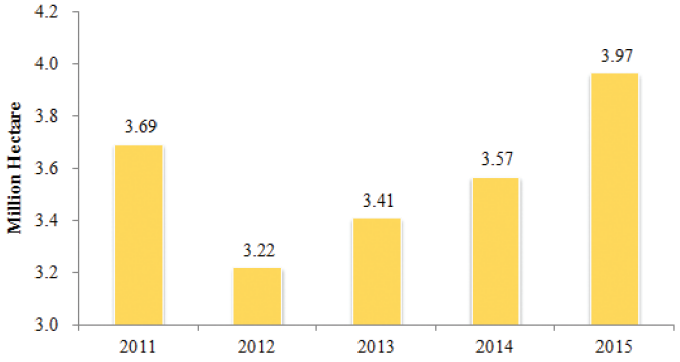


Source: The World Organic Agriculture: Statistics and Emerging Trends 2017)

Asian Organic Farming Overview

The total area dedicated to organic agriculture in Asia was almost 4 million hectares in 2015, which was 0.2% of the total agricultural area in the region. However, the region constituted only 8% of the global organic agricultural land in 2015. Between 2014 and 2015, the organic area in Asia increased by almost 400'000 hectares or 11%.

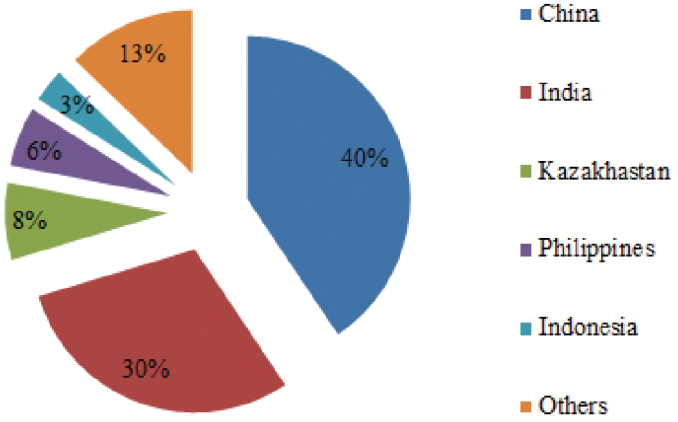
Organic Agricultural Land in Asia; 2011-2015



Source: The World Organic Agriculture: Statistics and Emerging Trends 2017 Dataset)

The country with the largest organic agricultural area is China (1.6 million hectares), and the country with the most producers is India (585'000 producers). The countries with the highest organic shares of the total agricultural land are Timor-Leste (6.6%) and Sri Lanka (3.5%).

Major Countries with Largest Organic Agricultural Land in Asia; 2015



Source: The World Organic Agriculture: Statistics and Emerging Trends 2017)

Indian Organic Farming Overview

During the past decade, there has been significant growth in the area of organic agriculture. There has been almost a three-fold increase, from 0.53 million hectares in 2007- 2008 to 1.18 million hectares of cultivable land in 2014-15.

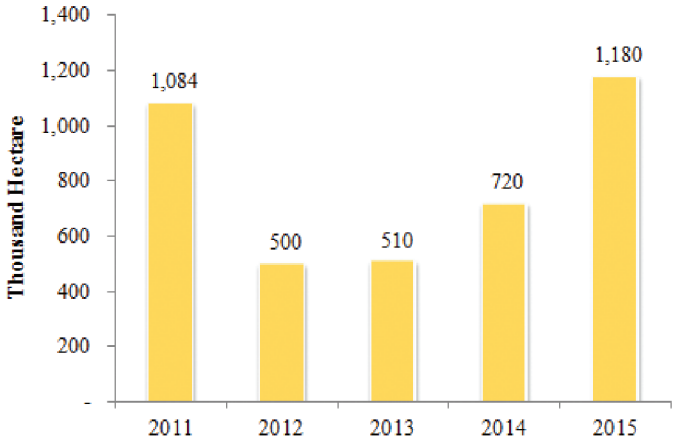
The significant growth is attributed mainly to conducive policies that have led to an increase in areas under third-party certification and has promoted Participatory Guarantee Systems (PGS). Some of the

pioneering civil society organizations involved in facilitating PGS have influenced government policies in favor of PGS. India is among the few countries of the world where PGS is recognized and promoted by the government.

Indian Organic Agricultural Land

The total organic agricultural land in India was 1.18 million hectare, accounting only 0.7% share of the total agricultural land in 2015, depicting large scope for adoption in organic farming in the country.

Indian Organic Agricultural Land; 2011-2015

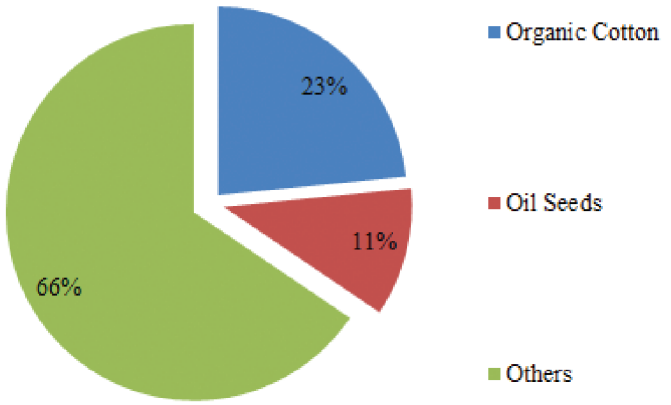


Source: The World Organic Agriculture: Statistics and Emerging Trends 2017 & 2013)

In addition to the area certified as organic, there are vast tracts of land that are traditionally organic but not certified as such. For instance, the State of Sikkim with an area of 700 thousand hectares has been declared as an organic state with regulations that prohibit the use of chemical fertilizers and pesticides. There are still other states that are almost entirely organic like the State of Nagaland. Besides, there are several rain-fed farms mostly in the central part of the country that are organic by nature. The inclusion of such farms that are traditionally organic into formal certification systems will significantly increase the organic area under certification, and more certified organic produce will be available in the markets.

The organic produce in India is largely constituted of organic cotton and oil seeds. India is by far the largest producer of organic cotton globally, accounting for two-thirds of total production (66.9%). Despite an increase in both land area and number of farmers in 2014-15, production volumes of organic cotton actually declined by 13.4%, from 86,853 to 75,251 metric tons of fibre. This was largely due to the trend of farmers - both organic and conventional - moving away from cotton and introducing a higher proportion of grains, vegetables, and flowers, which offer higher returns, into their production systems, with flowers for wet markets and pharmaceuticals becoming increasingly lucrative for organic farmers. India was also one of the largest producers of organic oilseeds, globally, accounting 130 thousand hectares area in 2015.

Indian Organic Agricultural Land by Crops; 2015



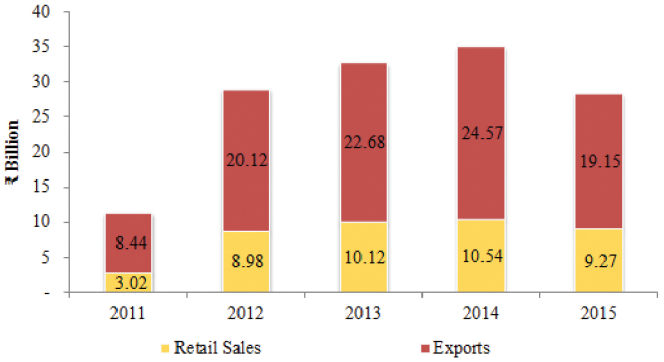
Source: The World Organic Agriculture: Statistics and Emerging Trends 2017)

Indian Organic Market

Indian organic market can be segmented into domestic market and exports. Of the total organic market in India, exports constituted approximately 67% of the sales in 2015.

However, the retail scene in India is beginning to see dramatic changes with the recent development of hyper-markets in most metropolitan cities. Today, every supermarket has an organic food section, and every large city in India has numerous organic food stores and restaurants.

Indian Organic Market; 2011-2015

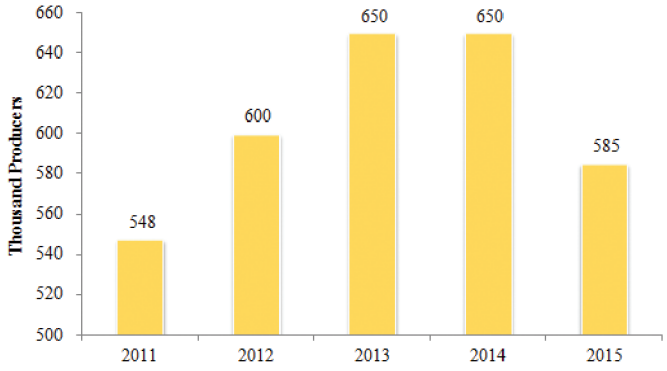


Source: The World Organic Agriculture: Statistics and Emerging Trends 2017 Data Set)

There was a decline in both domestic market and exports in the above mentioned year as compared to the preceding year by 19%. This decline may be attributed to the unfavorable climatic conditions prevailing in the country, such as drought.

Indian Organic Market Operators

Indian Organic Producers; 2011-2015



Source: The World Organic Agriculture: Statistics and Emerging Trends 2017 Data Set)

India had the maximum number of organic producers in the world with 585 thousand producers in 2015, despite a decline of 10% in the number of producers in comparison to 2014. The major reason for this decline was the unfavorable climatic conditions in the country as already mentioned above.

However, the number of exporters and processors has been constant since 2012. Major destinations for organic products from India include the U.S., the EU, Canada, Switzerland, Australia, New Zealand, South-East Asian countries, West Asia, and South Africa.

Indian Organic Processors and Exporters; 2011-2015

Source: The World Organic Agriculture: Statistics and Emerging Trends 2017 Data Set)

Key Opportunities in India

Some of the key opportunities are stated as follows:

- India is the largest mango producer in the world; however, a negligible amount of fresh and processed mangoes are exported due to huge domestic demand. The UK, Netherlands, and Germany have a high demand for organic mangoes, which could be exploited by India.

- Indian organic banana exports are negligible in relation to the world trade. India needs to follow a two-pronged strategy for increasing organic banana exports. First, it should target the processed organic banana market (pulp, purees, and concentrates), and second, it should focus on the geographically closer Japanese market and the EU.

- India has good potential for the export of organic pineapples, as three major importing markets are the U.S., EU, and Japan.

- The prime export destination for Indian grapes is the Middle East, but it offers limited opportunities for organic grapes. The main target destination market for Indian organic grapes is the EU, especially the UK and the Netherlands as there is a current consumption trend increasingly favoring organic wine, further increasing the demand for organic grapes.

- Global demand is increasing for organic vegetables, and Indian organic vegetable producers would be in a position to expand their market in the EU, Australia, and Singapore.

- With the European Commission having granted "equivalence" status to Indian organic certifying agencies, Indian organic tea producers are in a position to expand their markets in Europe, one of the leading tea consuming regions.

Conclusion

Organic production is not limited to the foods sector, but also applies to significant amounts of organic cotton fiber, garments, cosmetics, functional food products, and body care products. India's organic export markets would grow with the support of the industry, the government, and NGOs coming together to work with farmers. The future for markets for organic foods is definitely bright, as it is growing rapidly in the EU, in the U.S. and Canada, and in Japan and Australia, as well as in some developing countries. With growing consumer awareness of food safety, health, and environmental issues, the organic food sector has become an attractive opportunity for export from developing countries.

DELIBERATIONS

Organic Farming is a unique production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles and soil biological activity, and this is accomplished by using on-farm agronomic, biological and mechanical methods in exclusion of all synthetic off-farm inputs making farming more profitable. Keeping all views in mind Government of India has given highest priority to this sector in this union budget 2016-17. But given the plethora of issues and constraints the country is yet to realize its full potential. In this context, ICFA hosted a National Round Table Conference on Organic Framing on February 8, 2017 at India International Centre, New Delhi.

The conference was chaired by Mr. Santosh Kumar Sarangi, Joint Secretary, Ministry of Commerce & Industry Department of Commerce jointly with Dr. Vandana Dwivedi, Addl. Commissioner (INM), Ministry of Agriculture & Farmers Welfare. The event observed the presence of various eminent personalities from the relevant field. In all fifty two esteemed executive members of Government associations, scientists along with policy makers and corporate heads were present for the brainstorming session.

Dr. M.J. Khan, Chairman, ICFA, welcomed all the delegates and member and underscored the important role of organic farming in enhancing farm efficiency and making farming more profitable. He raised the issue faced in post project management, collaborative industrial support for secondary production on farm unit and developing linkage with cooperatives for logistic support. Improvement in road, storage and transportation infrastructure across the country can enable organic produce to reach markets on time thereby helping the consumers appreciate the value of fresh and chemical free organic food.

Mr. Bharat Bhusan Tyagi, Leader, Chetana Vikas Sawarajya Trust Farmer Association, raised the point that Organic farming follows the law of nature. Organic farms must be as close to natural systems as possible. Within the organic movement one will find farmers who focus on natural farming, and others who take purely commercial approach. The majority of organic farmers lie probably somewhat in between these two extremes. Most farmers will expect to get sufficient production from the farm to make a living. For them the challenge is to follow the principles of nature to achieve a high productivity, i.e., concept of back to nature farming.

Mr. Kunal Prasad, Co-Founder& COO, Cropin Technology Solutions, discussed about standardization of price of organic products. Formulation of price structure of combination of lower input costs and favorable price premiums can offset reduced yields and make organic farms equally and often more profitable than conventional farms. The premium price of the organic food, which decides the economic feasibility of organic farming, at the current rate of development in organic agriculture need to be standardized.

Mr. Sanjay Bhalla, The Way We Were, suggested and stressed on availability of Organic farming products. An important factor to drive repeat purchases currently, poor & irregular availability of organic products often lead to switching back to non-organic varieties.

Dr. Vandana Dwivedi Addl. Commissioner (INM), said that awareness and promotion of Organic farming product among the consumer by taking up organic products and its health benefits. Critical factor to encourage repeat purchases and experimentation with multiple products – currently prices perceived as too high especially when compared to non-organic varieties though associated health benefits make them see it as worth the money spent. Focus on quality requirement for organic products. Use of processed and packed foods, imported foods and demand for long shelf lives have become commonplace. For small-scale organic food processing, research and

development is required in order to identify potential opportunities for product development. This should take account of modern requirements such as ease of use, trends, attractiveness, taste, marketing, packaging and distribution.

Dr. P.V.S.M Gouri, VP- Organics, Roundglass Partners, focused on the need for Gap Assessment. The organic food market has three key areas of addressable need gaps on the basis of assigned importance and satisfaction derived by consumers on various parameters which play a role in purchase decision making are:

Impact on consumers' decision making namely availability, price points, certifications and information is currently characterized by high importance and low satisfaction for consumers of organic food.

Parameters that are seen as an integral part of the concept of organic food are health benefits, freshness and taste. These are the basic factors that need to be in place to induce purchase or enhance product experience which were currently placed by consumers at 'high/ moderate importance and high/ moderate satisfaction.

Low importance and low satisfaction set of factors include visual appeal and portion size/ quantity and could play an increasingly important role in future to enable multiple brands to differentiate themselves.

Mr. Anil Parekh, CEO Agri Input, raised the concern on place of purchase of organic products. Consumer behavior varies in terms of place of purchase between regular and organic varieties. While regular varieties are commonly purchased from any of the local retail options, the organic varieties on the other hand are purchased from organized stores – this pattern is a likely result of local stores not stocking organic varieties. Apart from that, consumers themselves prefer to purchase organic varieties from organized stores – they are skeptical about local neighborhood stores selling authentic products. They also enjoy the experience of shopping in organized stores for these organic products.

Mr. Santosh Kumar Sarangi, Joint Secretary, Ministry of Commerce & Industry Department of Commerce, stressed on Marketing of Organic Products. The mechanism of organic marketing is quite different from that of regular marketing. Careful selection and development of large markets and distribution channels are of utmost importance. Lack of domestic marketing channels adds to the difficulties faced by the farmers converting to organic methods in agriculture. Market access for small producers depends on (a) understanding the markets, (b) organization of the firm or operations, (c) communication and transport links, and (d) an appropriate policy, environment. In this changing scenario, small farmers mainly need better access to capital and education. Collective action through cooperatives or associations is important to be able to buy and sell at a better price and also to help small farmers in adapting new patterns and facing much greater levels of competition. Small farmers require professional training in marketing as well as in the technical aspects of production. Also formation of organic farmer markets in urban centers for direct sales to consumers by producer groups.

Mr. Dhananjay Edakhe, CEO, Zytex Biotech, highlighted issues that require attention at the government as well as state levels which include (a) substantial financial support by the governments which is absolutely necessary to promote organic farming; (b) market development for the organic products which is a crucial factor to promote domestic sales; (c) government support to the producer and consumer associations to market the organic products; (d) simplification of the process of certification; and (e) reduction in certification cost. Formation of community based centers for organic farming in villages along with state government to provide subsidy schemes for capacity building will help promote the organic farming.

Dr. Krishan Chandra, Director, NCOF, spoke about Standardization of quality parameters and certifications and labeling will firstly help consumers to take decisions easily. Collaborative approach and funding is needed to expand the organic farmer base, get certification, and for the distribution and branding of organic products. Secondly, a very important aspect of supply chain management is certification. Different importing countries have different sets of approved certifications so food companies need to set a standard of organic farming and choose an appropriate agency for certification.

Dr. A.S. Panwar, Director, ICAR - IIFSR Modipuram Meeru, threw light on the various researches on status of organic value chain. Growth of the organic markets is leading to corresponding changes in the import and export of organic products, in the import of agricultural input products and in the

development of Finnish input production and employment levels. Finnish cultivated plants and livestock play a role in the value chain, including from the perspective of the national economy and security of supply. Domesticity of animal and plant breeds used in organic agriculture is important from the perspective of the organic value chains, the national economy as well as of the food security. Research should monitor such changes in the conventional and organic value chains and generate information on them.

Dr. Anil K Srivastva, Director – Projects, Centre for Agriculture and Rural Development, affirmed with Dr. A.S. Panwar and added that growth of the organic market impacts the relative changes of imports and exports of organic food, changes of imports of agricultural inputs, and developments of domestic input industries and employment.

Mr. Suresh Singh Chauhan, GM- Agri Business (Central India) Himalayan Bio Organic, talked about the scope E-commerce Incorporating E-commerce is an important first step in organic farming. That will force the pace of the economic world, where equity of opportunities is undoubtedly a challenge. More and more inclusion of IT needed.

Mr. P.P.S. Pangli, Chairman, Borlaug Farmers Association for South Asia, insisted that to increasing parity between India and its export markets, the Government have implemented the National Programme for Organic Production (NPOP). It has also launched PGS-India (Participatory Guarantee System of India) which is a quality assurance initiative that is locally relevant, emphasizes the participation of stakeholders including producers, consumers and operates outside the frame of third-party organic certification.

Mr. N.S. Randhawa, Executive Director, ICFA, stressed on Inclusion of extension services in organic farming. As farmers are aware of the damage that their management practices cause to the environment, it is difficult to change those practices without proper information and guidance. On-farm trials, field days, and farmers' participatory training can play a vital role in enhancing a build-up in farmers` capacities. This section of farmers holding small farm lands and contract farming for organic growing need to be taken care by linking them with various government as well as industries.

The Conference ended on a happy note.

Recommendations

1. For growth of agriculture in the country, farmers need to be economically sustainable. And for the purpose, potential of organic agriculture must be tapped as market for organic products is continuously expanding and currently stands at 80 million USD but the share of India is 0.35 per cent only. At present, in order to promote organic agriculture and attract farmers, government should devise a mechanism to cover losses to farmers due to reduced yields by combination of lower input costs and favorable price premium for the produce.

2. In the long run, in order to make farmers economically sustainable and not dependent on premium and subsidies by government, a sustainable and dependable domestic market with continued demand for organic produce is a prerequisite. For the same, advertising campaigns advocating the health benefits to consumers are imperative to promote organic produce in domestic market in order to create substantial demand.

3. Primary value addition at farmers' end by grading, sorting and packaging etc. will help them increase their returns. Moreover, labelling should be made mandatory for all the agricultural produce irrespective of nature of produce, it will facilitate traceability and credibility of produce. Government should make labelling compulsory for all the products available in market for sale. The specifications required on label must be standardized to rule out chances of any confusion regarding certification (PGS or Third Party).

4. In order to promote organic farming among the farming community besides providing premium price, adequate technical knowledge to farmers in order to practice organic farming is essential. Therefore, SAUs should develop region specific package of practices for organic crop rotation with focus on IPM and bio-pesticides. Further, the same PoPs need to be transferred to farmers through extensive extension activities. In this regard, government should earmark funds for R&D of PoPs and extension activities.

5. To improve cost benefit ratio of organic farming especially for small and marginal farmers, on farm input production and diversified agriculture would prove to be beneficial, as it tends to cover input costs. It is hereby suggested to design the training programmes and implement the same to impart required skills to the organic farmers through KVKs. Diversified agriculture and on farm input production will not only prove beneficial for organic farmers but has the capabilities to improve economics of all the farms and farmers.

6. Certification for organic produce is imperative to fetch premium price in the market. With a purpose to acquaint farmers with third party and PGS certification system as well as their acceptability at international and domestic market respectively, an awareness drive needs to be initiated. In addition to this, farmers must also be sensitized about the certification process to facilitate certification.

7. To promote organics outside the periphery of consumables, like fiber crops as cotton ensuring quality organic seeds and policy support needs to be taken up. And strategy for the same needs to be devised by constituting an expert committee with members from all the relevant aspects.

8. The infrastructure needs to be created to promote organic agriculture like organic fertilizers and organic pesticides unit. Such units should be established at village level where at least 20-25 farmers are practicing organic farming in a contagious area. The unit could be established by individuals or FPOs, and can be subsidized by the government.

9. Strong market support with proper infrastructure should be created for, like adequate road connectivity, refrigeration container in trains, kisan mandi for organic produce etc. for expansion of organic agriculture in the country.

10. Maximum of bio input available in the market are adulterated and of low quality which result in inadequate results in farmer's yield and drift of farmers from organic farming. Therefore, draconian measures are required to check the sales of spurious bio pesticides and bio fertilizers in the market to maintain the organic integrity.

11. A stringent mechanism needs to be devised to ensure that the higher price paid by consumer for organic produce should reach the farmer and is not simply absorbed by intermediaries in the chain.

12. "Regulations for sale of organic products certified through accredited certification bodies should be notified under the Food Safety and Standards Act.

LIST OF PARTICIPANTS

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3. Dr. Krishan Chandra, Director, NCOF, Ghaziabad, Ministry of Agriculture & Farmers Welfare
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7. Mr. Pravin Khandelwal, VEGA
8. Mr. Nitin Singhal, Managing Director, Huntin Organics Pvt. Ltd.
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11. Dr. P.V.S.M Gouri, VP- Organics, Roundglass Partners
12. Mr. Sanjay Bhalla, The Way We Were
13. Mr. Sumit Gupta, Repersentative in India, Global Organic Textile Standard
14. Mr. Sunil Kumar, General Manager- Organic, Amira Pure Foods Pvt. Ltd.
15. Mr. Pavitar Pal Singh Pangli, President, Chairman, President Emeritus, Borlaug Farmers Association for South Asia, United Farmer Empowerment Initiative, PAU Kisan Club
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18. Mr. Ratan Bharati, Head-Agro Operations, Organic India Pvt. Ltd.
19. Mr. Dilip Singh Rathore, Satyendra Organic Farming
20. Mr. Mannu Chaudhary, Managing Director, Prakarti Organic Farm Fresh India Pvt. Ltd.
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34. Mr. Sanjay Sailas, President, Chairman, EmeritusSache Wellness Pvt. Ltd.
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