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# ORGANIC (FARMING) MARKETS: PUBLIC POLICY CONCERNS

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# Organic Farming....Not Just for “Markets”

■ **LIVELIHOODS APPROACH** – FOCUS ON REDUCTION OF RISKS IN FARMING AND INVESTMENTS IN/COSTS OF FARMING (reducing dependency on external inputs, including bio-inputs) & SUSTAINABLE USE OF NATURAL PRODUCTIVE RESOURCES; INCREASE IN PROFITS AND VIABILITY OF FARMING

■ **FOOD SAFETY APPROACH** – MAKING ORGANIC AFFORDABLE OVER A PERIOD OF TIME FOR ALL INDIANS (Premium niche markets present a contradiction with a vision for scaling up massively) – THIS IS NOT JUST ABOUT EXPORT MARKETS & COMMERCE, BUT SAFE FOOD FOR THE MOST MALNOURISHED ALSO

■ **SOCIAL EQUITY APPROACH** – ORGANIC ALLOWS FOR A WIN-WIN APPROACH ESPECIALLY WITH THE MARGINALISED – MARGINAL & SMALLHOLDER FARMERS, WOMEN FARMERS, AGRICULTURAL WORKERS, ADIVASI FARMERS ETC.

Our beginning point usually is Farmers, and not always non-farmer consumers

# Organic Farming (Market) in India: Overview

- Data about certified organic farming area exists – no data available on uncertified organic, estimated to be equally large in terms of market value (area, not known)
- India has the world's largest number of counted organic farmers – there are supposed to be more uncertified farmers, equal to, if not more than certified
- Certified organic area is 27.77 lakh hectares – India's net sown area is 1410 lakh hectares (<2% is certified organic) – 19.4L Ha is NPOP certified
- Organic area expanded by 260% over the last decade or so
- Organic market is supposed to be growing at 14-20% annual rate – 27% of volume of production is estimated to be exported – value of export market is around 3500 crore rupees with oilseeds having the largest share (APEDA data)
- Cities like Bangalore and Chennai have hundreds of organic outlets, and some fully organic restaurants too
- Share of organic market within India's overall food market value is supposed to be less than 1% (5k cr in 26.6L cr)
- Diverse marketing approaches – CSA-based direct marketing, direct marketing haats, direct marketing melas, FPO-based approaches (B2B distribution, B2C), not-for-profit retail, retail cooperatives, farm to restaurant, rural-to-rural markets etc.

# Organic Farming & State

- **Research & Education:** One ICAR institute (National Organic Farming Research Institute in Sikkim), one state Organic Farming University (Gujarat) and several specialised Institutes or Centres within SAUs now
- ICAR's Network Project on Organic Farming shows that even if initial yield declines exist in several crops (not all), by the 5<sup>th</sup> year, all organic systems had higher yields than inorganic systems, in all major crops except wheat.
- Some **flagship programmes** around organic farming from Government of India – [Paramparagat Krishi Vikas Yojana \(PKVY\) started in 2015; Mission Organic Value Chain Development for North Eastern Region \(MOVCDNER\) also in 2015](#)
- Sikkim (2003), Karnataka (2004-05), Nagaland (2007), Kerala (2008), Madhya Pradesh (2010), Himachal Pradesh (2011), Gujarat (2015), Odisha (2018) etc. have adopted **Organic Farming Policies** – state level schemes and outlays existed before PKVY etc. Several used RKVY funding.
- Mizoram has a Mizoram Organic Farming Act 2004 (for banning agri- chemicals in notified areas): Uttarakhand's Agriculture Policy (2011) has a specific chapter on creating “organic state”.
- Andhra Pradesh has a **Community Managed Natural Farming (CMNF)** programme aimed for the entire state
- India's organic area declined for a while after the advent and spread of Bt cotton due to **GM contamination**
- However, even now, the overwhelming extension messages are around chemical. Much R&D effort in transgenics. **Organic is swimming against the tide even now.**

# Public Policy Concerns

- Organic Production (-End) Support Systems (without production, no markets!!)
- Organic Farming Schemes & Programmes
- Organic Markets – Investments (on diverse approaches/models)
- Organic Markets – Regulation

# Organic Production

- Policy & Subsidies regime greatly biased towards intensive agriculture.
- Agriculture Research & Education overwhelmingly in an intensive agriculture paradigm even now – Agro-Ecology is not yet an important part, even if not main approach in these institutions.
- Our agri science establishment not catching up with post-modern science of agro-ecology.
- No organic farming policies or ambitious targets in most states.
- Policy and Regulatory failures with other agriculture technologies impinge on the spread of organic farming. Aggressive marketing of pesticides, for instance.

*ORGANIC FARMING BECOMES AN OUTCOME OF SOME SCHEMES AND NOT AN OVERALL AGRO-ECOLOGY APPROACH, IN THE CURRENT PARADIGM*

# Organic Farming Schemes & Programmes

- Serious design shortcomings:
  - *3-year schemes*
  - *Cost components skewed towards DBT now*
  - *Investments on institution building missing*
- Serious perspective related shortcomings:
  - *Export-market oriented schemes – monocultures replacing diversity?*
- Implementation is either outsourced to any entity (as in Kerala) or done by the same department functionaries who take contradictory messages to the same village!
- AP CMNF is a positive departure from this however

# Organic Markets & Public Investments

- No awareness campaigns on ill-effects of chemicals & generation of consumer demand – independent residue testing and data in public domain
- Supply chain integration and smoothening – physical infrastructure missing for godowns/processing etc.
- One GoI scheme is mainly centred around EXPORT markets
- PKVY has PGS-India link for certification/quality assurance – not all PKVY farmers are in PGS certification system, it appears (532915 Ha of area offered in PGS-India; 542225 certificates generated so far. 807427 farmers registered [in the portal](#)).
- PKVY has only small component for value addition, publicity and marketing: 18% or 1.76 lakhs out of 10 lakhs for 50 acres in 3 years; MOVCDNER has higher investments



# REGULATIONS NOTIFIED BY FSSAI IN DEC.2017 (1/7/18 implementation)

Ostensibly for regulating FBOs selling “organic” food

1. **Certification mandatory** under one system or the other – so far, under NPOP or PGS-India (compliance with all the applicable provisions) – with exemption to ‘*small*’ ‘*original*’ ‘*producer*’ or ‘*producer organisation*’ for direct sales, BUT within 12 lakh rupees annual turnover.
2. **Labelling regulations** – full and accurate organic status information, certification mark and Jaivik Bharat Logo, plus any requirements of certification regimes (logo display from 1/4/19)
3. **Traceability** – upto producer level
4. Compliance to **insecticide residue levels** – 5% of MRLs or LoQ, whichever is higher
5. Getting **endorsement online by FSSAI for each organic product** in FBO shelf, under Registration and Licensing regulations (Direction – from 30/9/18)
6. **Distinct display** of organic food, vis-à-vis non-organic food
7. **Imports and Reciprocity**

# 2<sup>nd</sup> April 2019 Direction, FSSAI

- Consider the regulations as “Enabling Regulations” and not for prosecution, during initial phase of implementation TILL 1/4/2020
- Aggregators/Intermediaries having a turnover of organic produce not exceeding Rs. 50 lakhs per annum may be allowed to sell products without any certification
- Commodities which are ‘in conversion’ may write so on labels
- Organic food retail companies shall comply with all requirements of the regulations notified on 29/12/2017
- Limits of contaminants and residues shall be complied with, as specified

# ISSUES AND CONCERNS

- Certification not the ultimate fool-proof system of authentic organic (eg: rejection of certified consignments or certified foods being detected with pesticide residues) – **the ultimate litmus test to catch fake organic has been testing for residues**
- Mandatory certification requirements brought in
  - (a) without the government taking on the responsibility of providing certification support to all organic farmers,
  - (b) without checking preparedness of whether both regimes can cover all existing and potential organic farmers of India without massive institutional scaling up or more regimes in place, and
  - (c) without addressing some design and implementation issues
- Importantly, this regulation is a tacit regulation of farmers/farms since certification regimes notified are mainly for farms – this is about direct and indirect regulation of farmers - this is ultra vires the Food Safety Act (Sec.18(3))

# ISSUES AND CONCERNS

- **Fake Organic** an issue of breach of trust, affecting consumer confidence, and future organic markets. However, it is not a matter of **Food Safety** or Additional Risk than conventional food
- **Organic** (Rs 5k cr) itself is **less than 1% of India's total value of food consumption** (Rs. 26.6 lakh cr) – fake organic must be a smaller proportion in this
- **More uncertified organic farmers** than certified farmers, as per reports
- **Certification now available mainly for some farmers** supported by civil society groups, industry contract farming players or government programmes
- **Both existing certification regimes** present serious problems of affordability, accessibility, implementation issues, accountability etc.
- **FBOs will start sourcing from certified farmers or big food brands**, rather than take on the responsibility for getting their organic-farmer-suppliers to be certified. **This will in fact reduce the supply of safe food, and make organic more expensive. A Lose-Lose for organic farmers & consumers.**

# WHAT ARE WE PROPOSING?

- Something *sui generis* for India - **CERTIFICATION OF ORGANIC FARMING** TO BE SEPARATED FROM **REGULATION OF ORGANIC FOODS** (Eg: Seed Regulation)
- ORGANIC FARMING CERTIFICATION: Agriculture Ministry should support diverse certification regimes that suit the diversity of organic farmers in India, with new regimes apart from PGS-India (and its improvements) - THIS IS TO PROVIDE MARKET ADVANTAGE, AND TO TAKE A HOLISTIC APPROACH TO ORGANIC FARMING.

ORGANIC FOOD REGULATION: FSSAI to limit itself to 2 elements of the notified regulations – (a) **pesticide residue standards and compliance verification against the same, &**

(b) **minimal traceability**

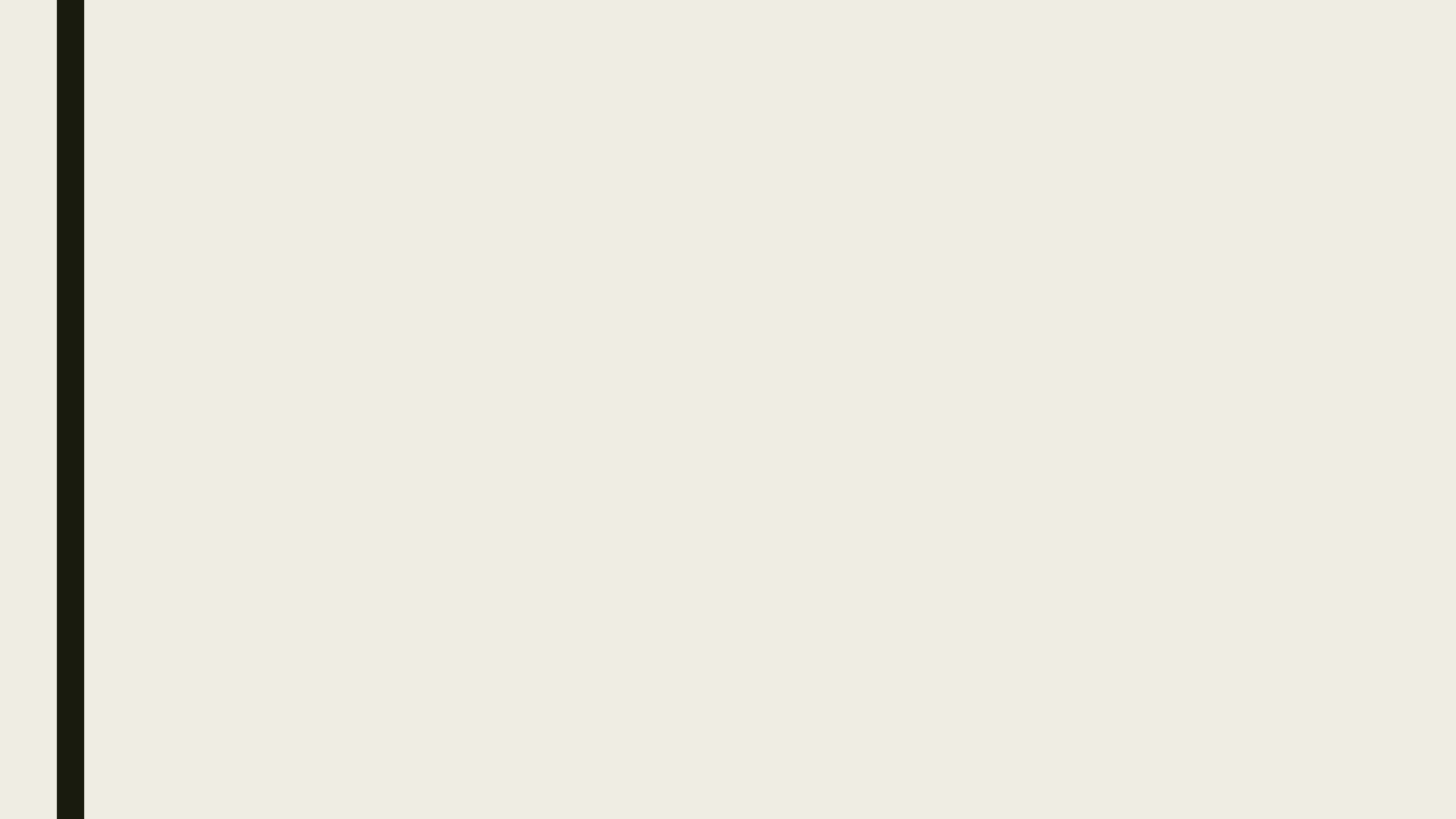
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# ISSUES AND CONCERNS

- FSSAI has mandate over food safety and label claims related to health and nutrition.
- FSSAI has neither the mandate nor the expertise over social (fair trade, for eg.), cultural (“deshi”), economic (“zero budget”), religious (cow-based), environmental (“low-carbon”) and other claims – why treat ORGANIC differently?
- “Organic” is a much larger claim than food safety – it is about environmental sustainability, farm livelihoods, democratised S&T etc.



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# RESIDUE LEVELS FOR ORGANIC FOODS

Fixation of pesticide residue levels in Dec. 2017 regulations has no rationale for uniform 5% levels of conventional MRLs (US system and European system present different approaches)

- Organic MRLs should allow for inadvertent contamination, but keep out fraudulent practices

There is no empirical data built in India on residues in organic foods commodity-wise, source-region-wise and pesticide-wise.

- Benchmark data to be collected first by widespread sample testing and consolidating this data with any other ready databases that exist on organic food residues in India, from the recent past – residue levels to be fixed based on this exercise

Civil society cooperation and support should be drawn upon, for this

- Additional safeguard mechanisms to be put into place, to protect FBOs in the case of inadvertent contamination

# TRACEABILITY MECHANISMS

- Today, **online traceability incorporated in certification regimes, for sources, practices of production and volumes** – Onerous, online systems. However, fraudulent practices are still possible.
- Challenging in aggregated, processed products.
- Traceability is also used **to provide a privilege to organic consumer, of knowing who the producer is**. This is not the case in other foods, incidentally.
- Instead, at each stage, full source-related information, batch-wise and producer(s)-related can be insisted upon, offline, to be kept ready for verification by FSOs at any point of time, to be matched with invoices.
- Here, traceability is not related to farm practices or volumes....It is a **simple tracing-back traceability** system.

# IN SUMMARY....

- Separation of Organic Food Regulation from Organic Farming Certification – separate food quality assurance from encouraging and supporting holistic farming practices
- FSSAI should Regulate Organic “Food”, not Organic “Farming”
- FSSAI should Regulate Health related claims, not others
- FSSAI should Regulate FBO, not Farmer (as per Sec.18 (3)) - Farmer selling self produced food should not be considered as FBO irrespective of point/ place of sale/turnover
- FSSAI should Regulate based on scientifically-evolved permissible pesticide residue levels
- FSSAI should create widespread, accessible, affordable testing facilities for market forces/citizens to have corrective power to weed out fake organic
- Execute traceability in the context of tracing-back (not tracking forward) of ‘sourcing related information’ at each stage
- No additional ‘endorsements’ for Organic, which is very onerous and might end up reducing the interest of retailers in stocking organic foods
- While the above re-casting happens, put the present execution plan to regulate organic food on hold with immediate effect.