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A STUDY ON ORGANIC PRODUCE MARKETING IN COIMBATORE DISTRICT OF TAMIL NADU

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Abstract

Awareness towards organic products has slowly gained attention among the consumers. Lot of organic shops were mushrooming not only in cities but also in towns which are nearby cities. Though there are lots of studies on organic produce consumption, studies pertaining to organic marketing are limited. This study analyzed the details of organic marketing like price fixation by organic retailers, management practices followed by them for perishables, method of farmer selection by retailers and ways used for popularizing the shop among consumers. In order to promote retailing, besides creating awareness the study also sought for controlling fake organic produce or products in markets through proper monitoring mechanism.

Keywords**:** Organic retailers, organic food, intensive farming effects

Introduction

"Compared with 2010, an extra 7,400 tonne calories will be needed a year in 2050. If food production increases along current lines that would require a landmass twice the area of India" (Janet *et al.*, 2018). Intensive farming practices will be the answer to fill the production gap, but there are some side effects. Chemicals used on agricultural fields causes climate change, through the release of greenhouse gas nitrous oxide and cause air pollution through ammonia. Besides, increased exposure to chemical pesticides and fertilisers has led to an increase in the incidence of diseases such as cancer in states such as Punjab (Blaurock-Busch *et al.*, 2010). With the steady increase in population our responsibility would be not only to stabilize agricultural production but to increase it further in a sustainable manner. Sustainable agriculture will be the solution to the effect caused by intensive farming to the environment. Organic farming is one such method wherein the crops are grown without the use of chemical fertilizers and pesticides with an eco friendly and socially responsible approach. Organic food is a flourishing business and the organic foods market projected to hit 10,000 crore by 2020, according to Associated Chambers of Commerce and Industry (Assocham) report.

Materials and Methods

The study was conducted in Department of Agricultural Economics, Tamil Nadu Agricultural University, Coimbatore during 2018 as part of post doctoral fellowship, sponsored by University Grant Commission, New Delhi. Coimbatore district was selected as it is one of the major organic crop growing districts in Tamil Nadu. In the district, apart from vegetables and green leaves, banana, paddy and coconut were also predominantly grown under organic farming. For analysing organic marketing, 6 retailers of organic produces in the district were contacted. Descriptive analysis like percentage and average analysis were done to analyse retailers.

Results and Discussion

It is evident from the Table 1 that about 50 per cent of the organic retailers have attained post graduation and about 33.33 per cent of the organic retailers attained secondary education. About 50 per cent of the retailers were involved in organic produce marketing for about 2-5 years (Table 2). Retailer who is also a farmer has not only more chance of selling his own produces but also easy to identify the organic farmers by way of overlooking farm practices.

It has been observed from the Table 3 that about 83 per cent of the retailers were involved in agriculture. According to organic retailers about 66.67 per cent of the organic customers belong to high and medium income group (Table 4). It should be noted that there are no customers from low income group as the price of organic produce are unaffordable to lower income category. About 66.67 per cent of the retailers fix the price which is 10 per cent higher than farmer's market price for producers and 20 per cent higher than farmers market price for consumers (Table 5). In order to safeguard tomato and onion farmers, standard price of Rs 30- 40/kg has been fixed by retailers. Hence even if market price goes below the standard price, or glut in the market, producer will get the standard price in organic markets.

With respect to mode of marketing (Table 6), majority (50 per cent) of the retailers were involved in inter district sales alone and 16.67 per cent of the retailers were involved in online marketing. Both interstate and inter district marketing were done by 33.33 per cent of the retailers. As indicated in Table 7, the best moved products were vegetables (33.33 per cent), oil, rice and country sugar (33.33 per cent). While considering perishables management (Table 8), 33.33 per cent of the retailers distribute the unsold fruits and vegetables to friends and relatives. Certain retailers undertake procurement based only on consumers need and hence balanced the demand and supply. About 16.67 per cent of the retailers utilize the perishables for compost preparation.

In order to meet the demand about 33.33 per cent of the retailers were in the aim of expanding outlets in other area also (Table 9). Since the awareness level among the consumers about the organic produce was less, majority of the retailers (66.67 per cent) were not in an idea of opening outlets elsewhere. About 50 per cent of the retailers were engaged in fresh fruits and vegetable selling for weekly once (Table 10). The retailers choose farmers either who were certified under any certification agency or farmers who were grouped under any organic association or by undertaking farm visit and visualizing the organic practices directly (Table 11).

Publicity through websites was used by majority (50 per cent) of the retailers and 33.33 per cent of the retailers utilized social media like you tube and WhatsApp for propaganda. Some retailers used some innovative method like mentioning the name of the organic farmer who supplied the organic produces along with contact numbers in the name board (Table 12).

Conclusions

- In order to encourage organic farmers in marketing, more exclusive organic farmers market like regular farmers market must need to be setup in all the districts. Currently, some stalls in regular farmers market is reserved for organic farmers. But most of the organic farmers were not willing to set up stalls in farmers market since the customers compare the price of organic and inorganic produces when they are nearby and it will discourage organic selling.
- Nowadays Farmer producer organizations (FPO's) played a major role in farming by addressing all significant concerns in marketing starting from input marketing to sale of final produce. Government organizations like NABARD should come forward and start exclusive FPO's for organic farmers so as to bring a great change in the life of these farmers.
- Organic shops were unable to procure all the harvested produce from a farmer. Only a portion of the produce has been sold by the farmer for the premium price in the organic shops and the remaining were sold at the market price in regular shops or vegetable markets. Less demand from consumers was the major reason sort out by the retailers for non procurement of all the harvested produce from a single farmer. Hence promoting awareness about the importance of consuming organic produces is the need which should be propagated to the mind of all the consumers through media.
- The Indian Council for Research on International Economic Relations (ICRIER) in 2017 surveyed over 100 companies in the organic sector, located in major cities. According to the ICRIER report, there is a prevalence of fraud and malpractices in the organic business. These malpractices can be of different types, the most serious of which is mixing organic products with conventional products (eatrightindia.gov.in). It is essential to control fake organic produce or products in market through proper monitoring mechanism. The retailers who were selling the real organic produces get affected by this misconception among the consumers. Many consumers of organic were doubtful about the authenticity of being organic especially for vegetables and fruits where no certification labels were given (Kavitha *et al*., 2019). Some well informed consumers were ready to check the quality of organic produces, but the cost and distance of food testing labs hamper those consumers. Opening more Government authorized food testing labs was suggested not only by consumers but also by the retailers who are also in need of food testing inorder to maintain the credibility of the shop, if they bring in produces from distant places.
- In the GST, all branded and packaged food produces incur tax. In practice to differentiate their quality, most of the organic produce were branded and labeled with certification. By giving tax exemption to branded organic produce, the price level of it will come down as to branded inorganic produce. Thus by these practices, producer is assured of a ready market, retailer encouraged in organic trading and consumer benefited by reduced price.

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Table 1 : Educational details of organic retailers

S.No	Particulars	Percentage
1	Secondary	33.33
2	Higher Secondary	16.67
3	Post graduation	50.00
	Total	**100**

Source: Primary survey data

Table 2 : Experience in organic retailing

S.No	Particulars	Percentage
1	Less than two years	16.67
2	2-5 years	50.00
3	More than 5 years	33.33
	Total	**100**

Source: Primary survey data

Table 3 : Secondary occupation of organic retailers

S.No	Particulars	Percentage
1	Agriculture	83
2	Non Agriculture	17
	Total	**100**

Source: Primary survey data

Table 4 : Retailers view about the income of organic customers

S.No	Particulars	Percentage
1	High income group	16.67
2	Medium income group	16.67
3	High and medium income group	66.67
4	Low income group	Nil
	Total	**100.00**

Source: Primary survey data

Table 5 : Price fixation by retailers for producers and consumers

S.No	Particulars	Percentage
1	For producers- 10 % higher than farmers market price and for consumers 20 % higher	66.67
2	For producers – 10-15 % higher than farmers market price and for consumers 15- 20 % higher	33.33
3	Fixation of standard price for some highly price fluctuating vegetable commodities inorder to safeguard producers	100.00

Source: Primary survey data

Table 6 : Mode of marketing by organic retailers

S.No	Particulars	Percentage
1	Interstate and inter district	33.33
2	Inter district alone	50.00
3	Online marketing	16.67
	Total	**100.00**

Source: Primary survey data

Table 7 : Best moved products as per organic retailers

S.No	Particulars	Percentage
1	Oil	16.67
2	Vegetables	33.33
3	Oil, Rice, Country sugar	33.33
4	Vegetables, oil	16.67
	Total	**100.00**

Source: Primary survey data

Table 8 : Perishables management followed by organic retailers

S.No	Particulars	Percentage
1	Distribution to relatives and friends	33.33
2	No wastage, procurement based only on demand	16.67
3	Wastage only	33.33
4	Compost preparation	16.67
	Total	**100.00**

Source: Primary survey data

Table 9 : Further aim to expand outlets by organic retailers

S.No.	Particulars	Percentage
1	Yes	33.33
2	No	66.67
	Total	**100**

Source: Primary survey data

Table 10 : Number of days of fresh fruits and vegetables selling by organic retailers

S.No	Particulars	Percentage
1	Weekly once	50.00
2	Weekly twice	33.33
3	All days	16.67
	Total	**100.00**

Source: Primary survey data

Table 11 : Mode of farmer selection by organic retailers

S.No	Particulars	Number of organic retailers	Percentage
1	Certified farmers	2	33.33
2	Member farmers	2	33.33
3	Undertaking Farm visit	2	33.33
	Total	**6**	**100.00**

Source: Primary survey data

Table 12 : Ways used by organic retailers for publicity

S.No	Particulars	Percentage
1	Social media	33.33
2	Web site	50.00
3	Others	16.67
	Total	**100**

Source: Primary survey data

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