

An Empirical Study on Organic Products and Services at Organic Mandya –A Case Study with Special Reference to Mandya District

A. C. Kiran Kumar^{1*}, Aluregowda² and H. V. Ravindra³

¹Assistant Professor, Department of MBA, PESCE, Mandya, India

²Faculty, Department of MBA, PESCE, Mandya, India

³Principal, PESCE, Mandya, India

Abstract

There is a growing importance on health benefits as people are becoming conscious about the food they and their family members consume. Hence, there is a scope for organic grown products. Earlier people used to consume quality homegrown vegetables, pulses and fruits. This resulted in longevity and healthy lifestyle. The produce was sufficient for self-consumption but because of population explosion, shortsighted Government policies and LPG (Liberalization, Privatization, and Globalization) farmers were not able to meet the growing market demand and supply. This study is an attempt to identify the possible means of providing alternative methods of farming, processing and marketing of organic products commercially. The study reveals that there is significant demand for organically grown produce; hence, more retail outlets can be established, which results in self-employment and sustainable nature of farming that can be promoted. The theme “*Make in India*” validates in promoting self-employment, hence establishing the retail stores for organic produce and their by providing a wide scope in promoting the entrepreneurs in expansion of organic produce.

Keywords: *Entrepreneur Development, Marketing, Organic Farming, Self-Employment, Retail Stores*

1. Introduction

In today’s complex lifestyle, we find increase in health related diseases increasing day by day very drastically. Many of us are aware of what is the real cause for this health related diseases, but we are helpless as suitable or alternative solution is not easily available. One of the contemporary ways to tackle this problem is by going back to the roots followed by our ancestors’ ages before the pesticides dominated the current crop growing methodologies. In other words, we call it as “*natural farming*” or “*organic farming*”. As mentioned earlier, to most of the common health related problems produce consumed by organically grown can be the prevention and can yield a better longevity for human race.

Most of the people are not completely aware about the precise meaning of the word “organic” or “naturally grown” on food labels. Organically grown can be simply understood as the natural farming methods made use by the farmers where there is no single method of farming makes use of chemical fertilizers or pesticides to grow the consumables. Organic farming also stress upon the usage of natural inputs such as cow dung, cow urine, leaves, bio mass, farm waste, green manure and compost, to avoid the use of pesticides, fertilizers, genetically modified crops and other artificial inputs. The first thing to keep in mind is that the term “organic” can be applied to a variety of different kinds of foods. The term can be used on agricultural products, and on meat, poultry, eggs and dairy products. Moreover, it applies to

*Email: kiranac.iimb@gmail.com

the methods used to process organically grown foods in preparing them for market or to retard spoilage.

One of the consumers concerns is whether or not they can trust that the words ensure that the foods were grown or produced without the use of potentially hazardous chemicals. To overcome this kind of perception, there are certified laboratories, where the consumers can check the quality of the organically grown consumables.

2. Objectives

The objectives of this study is to

- a. Understand the manufacturing of organic produces for self-consumption.
- b. Create awareness about the organic farming.
- c. Know the procurement, processing and marketing of organic produce.
- d. Understand low cost production of organic farming by using less resource.

3. Scope of the Study

Organically grown products are niche in the market. India is agriculturally dependent country, which constitute of large number of farmers with small holds of land (which may vary from few *kuntas* to *hecter*). These farmers are contributing less agriculture produce to the market, resulting in looses. If these farmer practice organic farming in agriculture, they can save the fertility of the land, resulting in high yield over the period of time and contribute to the increase in market share of organic produce globally. The organic market is currently booming in India and has the attention of elite class. People especially living in the metropolitan cities like Bangalore, Chennai, Mumbai so on and so forth are very keen in purchasing the organically grown products.

4. Methodology

The methodology of this study is empirical in nature. A primary study was conducted at '*Organic Mandya*' and '*Mandya Organic Farmers Co-operative Society*'. A structured interview schedule was designed and

focused interview was conducted in order to get the data from the concerned group.

Finally, the results are drawn based on the analysis and interpretation of the data collected. Based on the possible outcomes the results are drawn.

5. Limitations

The limitations of the study are:

- a. The study is conducted only at the organic Mandya retail outlet and the interviewed only few respondents.
- b. The study is not focused to a large population.
- c. The study is purely qualitative in nature i.e., the views and opinions are related Mandya context only.
- d. The period of the study is limited.

6. Why Go Organic?

Around the globe, the food we consume has become unhealthy, chemical dependent and highly processed. General stores are mass-producing un-seasonal homogenised produce that is available throughout the year. Our nation's health is suffering because of this over processed and unnatural food and our palates have become accustomed to fruit and vegetables which have little or no taste and which look artificially perfect. Most of the products are packaged in an environment, which is unfriendly, plastic covered and have gained a massive carbon footprint by the time they reach their selected destination. All of this is bad news for us and for the environment.

Hence, the thought of preserving health as well as giving back to Mother Nature occurs in every one's responsible mind. Some of the major benefits that can be reaped out of going organic are mentioned below:

6.1 Farmers' Self-Sufficiency

If the farmer who owns a piece of land, can grow the food required for his own self-consumption. It also

provides an opportunity for the farmer to sell the same for better price in the market.

6.2 Poison Free Produces

When the food that we consume is grown by conventional method the usage of pesticides, chemical fertilizers, and artificial inputs are necessarily more. By adapting organic farming, research show that essential vitamins and minerals are higher in many organic foods. On average, organic food contains higher levels of vitamin C and essential minerals such as magnesium, iron and chromium as well as cancer fighting antioxidants.

6.3 Low Cost Farming

By practicing conventional farming methodologies, today's farmer is in deep crisis. He is not able to get suitable market price for his agricultural produce. Farming switching over to organic method of farming, can make use of less resource and produce better yield over a period.

6.4 Farmers to Customers

Traditionally, agents play an active role in selling most of the agricultural products to the end consumers. The revenue generated thru this form of buying and selling process is generally encased by intermediaries, resulting in very less profit to the farmer. Whereas when the farmer who practices the organic farming would be tied up to the organic co-operative society. These society supports the farmer by providing him the all possible support from training to market is agricultural produce to the end consumers for better prices, by gaining more profit.

7. Organic Mandya – A Case

Organic Mandya is an exclusive retail outlet for organic products started in Mandya district, Karnataka state. This outlet is governed and run by the associated group of members who are farmers, ayurvedic doctors, IT engineers, bankers and agriculture university scientists who have formed a society named as “*Mandya Organic Farmers Co-operative society*” (MOFCS). MOFCS was established on 22nd June 2015 and the retail out Organic Mandya was started on 1st October 2015, which

runs a private limited company. MOFCS supports the farmers of Mandya district to provide the awareness about organic farming and training to cultivate organic farming. Whereas Organic Mandya Private Company Limited (OMPCL) provides procurement processing and marketing activities of organic products. MOFCS and OMPCL serves through the various stages of production to final consumption. They are one of the early Organic Cooperative Societies in India.

7.1 Purpose of the Society

- To help the farmers, the producer to get the best prices available for their organic products.
- Work with small and marginal farmers towards improving their livelihood options and making farming a sustainable and profitable occupation
- Work towards new and innovative systems in agriculture, education, public policy and by favorable marketing of organic products
- Combine the efforts of producer with marketing groups to benefit and sustain organic producers.
- Create awareness in the market about Organic products.
- Make farmers self sustain and less dependable on the Government. Connect the farmers to the rest of the world, equip them to communicate independently.

7.2 Goals of the Society

- Uplift every family member of the society in terms of finance and dignity.
- To become India's largest Organic Co-Operative Society by 2020 in terms of revenue.
- To become India's largest exporter of Organic Rice, Organic Jaggery Products, Organic Pulses, Organic Desi Milk Products and Organic Vegetables
- Chemical Free Mandya District like Sikkim State

7.3 Milestones

- Efficient sales of organic products through the compilation of accurate market data by experienced marketing professionals.
- Develop robust and diverse member owned outlets.
- Build new sales channels for better distribution opportunities.
- Endeavour to increase profit on organically grown crops.

- Develop the domestic as well as an export market to ensure consistent sales.
- Grow forward-contract markets for organic grain producers.
- Create and increase public awareness about organic products.
- Assist producers and consumers in broadening their knowledge of organic concepts.
- Promote public policy, research, and education to support organic agriculture

7.4 Membership

To be part of MOFCS, a farmer has to become the member of this society. To become a member the farmer in Mandya district should hold a land as minimum of 0.5 acres. The farmer has to buy a share prescribed by the society by paying minimum fees of Rs. 1,000.00 and Rs. 200.00 for entry fee, share fee and ID fee. During the later stage when they need to market the products, they need to get the organic certification by the authorized agencies. Once when you become the member of the society, the farmer is supposed to attend the training programmes and meetings conducted time to time at *Gram Panchayat Level*. The society has over 300 active members who have adapted organic farming.

7.5 Training

The MOFCS is offering various short and long term training programmes at different levels of farming. To quote a few, begin with awareness program to half day, one day, fortnight, and monthly training is conducted at *Gram Panchayat* and *hobli* level. The yearlong training programs are helpful to farmers to have a routine checkup, which starts with preparation of land, cultivation and harvesting of crops. These methods of year long training programs relays using bio fertilizers to protect crop from pest attack and diseases.

7.6 Inspection

The society has a very rigid stand on inspecting the organically grown products. They have two stages of inspection a) Internal inspection is done by the internal members of the society and b) External inspection is done by the agencies nominated by the government and agricultural universities. The society also follows

transparent mode to make aware about their products to customers. The customers can get to know about the process certificate, trade certificate and can undergo consumer test in laboratory.

7.7 Procurement

The products for OMPCL come through various sources apart from MOFCS. The products are procured directly from the farmers, presently there are around 60 farmers are directly connected to MOFCS. The major products procured from these farmers are paddy, sugarcane, ragi, and millets. In order to meet the demand and supply of the consumers they are also procuring organic products from 15 other organic stores within state.

7.8 Processing

The OMPCL procure sugarcane from the farmers and they have a *Jaggery* park setup at VC farm, Mandya. Here they process the sugarcane and get the *Jaggery* in various forms.

7.9 Marketing

The OMPCL markets its organically grown products through MOFCS. It has setup a retail super market at the prime location of Mysore-Bangalore highway. This retail outlet targets the elite customers who move from Bangalore to Mysore via Mandya as its prime customers. OMPCL has developed various forms of marketing strategies to cater to the different form of customers.

The customers can shop the organic products personally by purchasing in the retail outlet; otherwise, they can shop thru telephone, mobile, and online marketing. The outlet provides the door-to-door delivery free of cost by delivering the booked products. They also accept cash on delivery and one can pay even thru online transfer. The products booked are delivered within the next 24 hours. The OMPCL is currently providing services to three different places like Bangalore, Mysore, and Mandya itself. OMPCL market over 70 various different organic products ranging from grocery, beverages, household, health foods and personal care to cater the needs of the consumers. In order to make convenience to the customer day-to-day need the outlet has classified three different forms of organic baskets.

7.10 Organic Basket

To promote affordable organic food they have recently launched 3 types of monthly grocery baskets each basket contains daily essential items sourced from various reputed organic suppliers like Mandya Organic Farmers Cooperative Society, Sri Ayurveda, Patanjali, 24 Mantra, Pristine Organics etc.

7.10.1 Essential Organics

Essential Organic Basket is priced at Rs. 999/-, contains 18 items that has basic grocery supplies, snacks and soaps for a small family. It should be right enough supplies for a fortnight / month depending on number of people at home.

7.10.2 Standard Organics

Standard Organic Basket is priced at Rs. 1,999/- contains 26 items that has rice, staple food products, and grains for kitchen along with few snacks, soap, and shampoo.

7.10.3 Premium Organics

Premium Organic Basket is priced at Rs. 2,499/- contains 34 items that has rice, rice products, staple food products, grains, and beverages for kitchen along with essential organic items that are necessary for your bathroom.

7.11 Promotional Activities

As of now, OMPCL has not adopted any rigorous promotional activities. However, the society as well as retail outlet has become the talk of the town and known globally. Yet this outlet has the publicity thru word of mouth as well as thru the social media like Facebook, Twitter, and television documentary. They are providing coverage on 10TV, a local channel to create awareness on organic farming in a form of promotional song. They are also planning to set up a *yuva organic forum* to gain the attention of young farmers. They are also getting coverage nationally thru the media like newspapers and magazines. Many newspapers of repute have given coverage in various languages.

7.12 Organic Tourism

Organic tourism starts with an anecdote,

Teacher: Where do carrots come from?

Child (5yrs): From the supermarket!

Teacher: No, carrots are grown buried in the soil

Child (5yrs): What's soil?

This is a story that can go on endlessly, because today's children and indeed the youngsters have no idea about the food they eat, the nutrients in them or even the need to eat good quality produce including all groups. Organic tourism is an initiative promoted by OMPCL. Under this, they promote major activities like cultivation of crops – Farm Share, Sweat Donation and Team at Farm.

7.12.1 Farm Share

An aspirant farmer has to select a farm from the available farmland from the members of MOFCS. They have to sign up a required number of *guntas* land, for a minimum of three months, to a maximum of one year. They can sow and grow their vegetables, staple food, fruits etc. With assistance of society representative, the aspirant farmer should pay a nominal amount to the society and grow the organic products.

7.12.2 Sweat Donation

In sweat donation individuals are supposed to volunteer themselves to help (donate your sweat) to a farmer, by specifying the date and number of hour's one can spend. The society will find the farmer in need and share the village, farm details for the one who is interested to support farming community by paying a nominal fee.

7.12.3 Team at Farm

Team members who are interested to know about farming arrive at the farm land by 8AM and participate in farming activities like ploughing, sowing, planting, and watering in the field providing breakfast and lunch with few rural sports along with Jaggery park visit at VC farm, Mandya paying a nominal fee.

7.13 Government Support

The Government of India is promoting organic farming through various schemes like

- National Project on Organic Farming (NPOF)

- National Horticulture Mission (NHM),
- Horticulture Mission for North East & Himalayan States (HMNEH)
- National Project on Management of Soil Health and Fertility (NPMSH&F)
- Rashtriya Krishi Vikas Yojana (RKVY)
- Network Project on Organic Farming of Indian Council of Agricultural Research (ICAR).

7.13.1 National Project on Organic Farming

Under National Project on Organic Farming (NPOF) scheme, assistance upto 25% and 33% of financial outlay upto a ceiling of Rs. 40 lakhs and Rs. 60 lakhs respectively is provided as back ended subsidy through NABARD for establishment of bio- pesticides/bio-fertilizers production units and agro waste compost production units respectively.

7.13.2 National Horticulture Mission

Besides, under National Horticulture Mission (NHM) and Horticulture Mission for North East & Himalayan States (HMNEH), financial assistance is provided for setting up vermi-compost production units at 50% of the cost-subject to a maximum of Rs. 30,000/- per beneficiary, for adoption of organic farming at Rs.10,000/- per hectare for maximum area of 4 hectare per beneficiary and for organic farming certification at Rs.5.00 lakh for a group of farmers covering an area of 50 hectares.

7.13.3 Rashtriya Krishi Vikas Yojna

Assistance for promotion of organic farming on different components are also available under Rashtriya Krishi Vikas Yojana (RKVY) with the approval of State Level Sanctioning Committee.

7.13.4 National Food Security Mission

Under National Food Security Mission (NFSM) on Pulses, including Accelerated Pulses Production Programme (A3P), assistance for popularizing Rhizobium culture/Phosphate Solubilizing bacteria is provided to the farmers under cluster demonstrations.

7.13.5 Promoting the Use of Bio-Fertilizer

Central Government has notified bio-fertilizers like Rhizobium, Azotobacter, Azospirillum, Acetobacter,

PSB, KMB, Zinc Solubilizing bacteria under Fertilizer Control Order (FCO). Similarly, under Initiative for Nutritional Security through Intensive Millets Promotion (INSIMP) Programme, Phosphate Solubilizing Bacteria/Azotobacter culture is provided to the farmers as part of technology demonstration. Further, under National Project on Management of Soil Health and Fertility (NPMSH&F) financial assistance of Rs 500 per hectare is provided to promote use of organic manure.

7.13.6 ICAR Contribution in Promoting Organic Farming

All India Network Project on Soil Biodiversity-Bio-fertilizers is implemented by Indian Council of Agricultural Research (ICAR) for R & D on bio-fertilizers. The ICAR has developed technologies to prepare various types of organic manures such as phosphocompost, vermi compost, municipal solid waste compost etc. It is important to note that India exported agri-organic products of total volume of 160276.95 MT and realization was around Rs.1155.81 crores in year 2012-13.

7.14 Challenges

The major challenges faced by current farmers are:

- Large number of small farms with weak organizational building
- Resist to adapt to organic farming.
- Less confidence to cultivate land
- Lack of established markets
- Poor quality management in production and processing
- Less incentives from Government
- Low R&D investments on Organic farming research
- Organic market buyers/consumers driven market
- Lack of strategy for development of organic market
- Adulteration and poor quality of organic inputs

8. Conclusion

India is a country where majority of the population still depends upon agriculture as its main source of livelihood. It is bestowed with lot of potential to produce

wide range of organic produce. When the organic products are promoted in large scale it creates more of self employment for the younger generation. More of the potential market gaps can be tapped to establish organic super markets. Recently, our finance minister Sri. Arun Jaitely addressing the 57th National Cost Convention stated that 'If Make in India has to succeed; we actually have to become a low cost manufacturing hub. And I think there are several global factors which collectively are suiting us'. Organic farming is one of the ways that can contribute for the Make in India success. The success can be provided by offering the health, ecological sustainability, scope for entrepreneurial ventures, export of organic products and promoting tertiary sector of our nation.

9. Future Prospects

Organic farming is a growing phenomenon, the scope of organic farming and marketing of organic products is much broader than the study conducted in Mandya district. The consumption of organically grown products has gained momentum globally. There is increase in awareness and the benefits gained by the individuals; hence, the perspective towards the consumption of organic produce is more. Farmers adopting organic methods of farming over conventional method can contribute to the growth of sustainable farming, resulting in increase in fertility of the soil and yield in the crops grown.

Looking with the perspective of market structure, when there is increase in organically grown produce. A structured retail chain of outlets can be established for further growth. Most of the farmers as accustomed with conventional marketing practices, adoption of Green Marketing Channel methods help the farmers to get better or premium prices to their produce. The Public-Private-Partnership (PPP) model of marketing of organic products at least at the district level will boost marketing of organic sector in the country.

Many developed countries like Europe, USA, and Japan etc., are investing hugely in the cultivation of

organic farming. More stress is given upon research, education, training, developmental and implementation activities. However, our countries investments on organic research and development are very low. There is no specific education, awareness creation, and technical support division to address the problems of organic farmers at the micro levels. Moreover, the farmers who are adopting organic method of farming need to be supported with suitable subsidies either from the state or central during the initial losses of farming. Thus, involvement of the state, central, agricultural universities and agricultural departments is necessary for rapid growth of organic farming in the country. With the support of the state and central, state like Sikkim is been official declared as organic state.

Acknowledgement

We would like to express our gratitude to Mr. Madhuchandan, CEO, Organic Mandya Private Limited, Mandya for providing his precious time. We would also like to acknowledge the valuable inputs given by Mr. Kempegowda, Program director, Mandya Organic Farmers Co-operative Society, Mandya for all the patience listening and supporting us to make this case happen. We would also like to thank the people who are directly or indirectly responsible for the completion of this paper.

References

- Charyulu, D. K., & Biswas, S. (2010). Organic Input Production and Marketing in India-Efficiency, Issues and Policies.
- 2016 January 31. India needs to be a low cost hub for Make in India success, *Deccan Herald*.
- Kulkarni, S. (2016 January 31). Organic route to success. *Deccan Herald*.
- Avail Benefits from Government Schemes for Organic Farming. Retrieved from <http://www.indianbotanists.com/2014/02/avail-benefits-from-government-schemes.html>
- Organic Mandya. Retrieved from <http://www.organicmandya.com>

About the Author

Dr. H. V. Ravindra, B.E, M. Tech (IITM), Ph. D (IITM). Dr. H. V. Ravindra is currently the principal of P.E.S College of Engineering (PESCE), Mandya. Prof. Ravindra is professor in the dept. of Mechanical Engineering at PESCE. He has published over 150 technical and research papers in various national and international journals/conferences of repute. Prof. Ravindra has held various responsibilities like Dean (Academics), Co-ordinator for TEQIP – II, Head of the Department, Dept. of Mechanical Engineering and Administrative officer, PET Sports Complex, Mandya. Prof. Ravindra has got Several Projects (around 110) have been guided for UG & PG Students. Some of the sponsored projects are as mentioned: Six projects sponsored by AICTE, Five projects sponsored by UGC, Three projects sponsored by DST, One each project sponsored by VTU, DRDO-Pune and NRB. His specialization is in condition monitoring.

Dr. A. C. Kiran Kumar, MA, M.Sc, MBA, Ph.D is currently working as Assistant Professor in the Department of MBA, P.E.S College of Engineering (PESCE), Mandya. Prof. Kumar holds a PhD degree in Consumer Behaviour from University of Mysore. He

has been trained at the Indian Institute of Management (IIM), Bangalore for a period of over two years as an Academic Intern in the area of Marketing. His research areas of Interest are Marketing, Consumer Behaviour and Marketing Strategy. Prof. Kumar has published research papers of empirical studies in various national and international journals/conferences. Prof. Kumar is life member for Indian Society for Technical Education (ISTE).

Dr. Alurego wda, B. Sc., MBA Ph.D. He holds PhD in Brand Management and MBA in Marketing from Mysore University. He has seven and half years of academic experience. He holds NET in Management from University Grant Commission, New Delhi. Serving as a faculty in Marketing. He has attended a series of faculty development programme on research methodology organized by IIT's. He has attended many national and international seminars, conferences, presented papers and published few papers in referred journals, and member for Indian Society for Technical Education. Specialization: Marketing Management, Services Marketing, Business Marketing, International Marketing, Retail marketing, Business Environment, Business Research Methods and Strategic Management.