



Research Paper

Opportunities and constraints in organic rice marketing - A study in Sirkazhi block of Nagapattinam district

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ABSTRACT : India is a large country with inherent geographic, ecological and cultural diversity and providing safe food to the nation is a challenging task. Production and marketing of organic food material is one of the way outs for providing safe food to the people. So, in order to analyse the opportunities and constraints in organic rice marketing, a study was conducted in Sirkazhi block of Nagapattinam district, taking a sample size of 60. Major findings emanated from the study which is based on the analysis on the constraints faced by the organic rice growers revealed that the prime constraint was the “risk of low yield” for the initial two years of transition from conventional to organic farming. The study indicated that 76 per cent of the farmers had awareness regarding certification and out of which only 64 per cent materialized the certification process. Reasons attributed for not growing certified organic rice showed that the “purpose for own family consumption” was the prime reason. Marketing channel study revealed that the farmers preferred to market organic rice through contract farming with CIKS. Awareness on consumption of organic rice showed that 60 per cent of the consumers having awareness on organic rice, out of which only 40 per cent of them were turned into organic rice consumers. Consumption pattern of organic rice revealed that out of the total consumers of organic products, 65 per cent of them were rice consumers. Factors determining consumers preference for organic rice exposed that “health” is the main attribute preferred by the consumers for shifting to organic rice consumption. Among the various options ensuring consumer credibility on organic rice purchase “buying organic rice from specific identified organic farmer” was considered as the best option, Marketing through small organic rice co-operative was the main suggestion given by the farmers to popularize organic rice consumption. Traders had awareness regarding organic rice but out of the total trader’s only 20 per cent really marketing organic rice. The price factor appeared to be the key motivating factor for organic rice production, the healthy and safety factors were appeared to be the key motivating factors in the consumption or purchase of organic rice and unavailability of organic rice was found to be the major constraint in organic rice marketing.

KEY WORDS : Opportunities, Constraints, Organic rice, Marketing

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INTRODUCTION :

India is a large country with inherent geographic, ecological and cultural diversity and providing safe food to the nation is a challenging task. To meet the increasing challenges posed by various issues of sustainability of agriculture, new world economic order and internationalization of agribusiness, there is hardly any other option but to adopt organic food path for the benefit of agriculture sector in India.

The country wise export of organic products from India in 2013-14 showed that the share of export of organic products in terms of volume to USA (42.16%) was highest followed by European Union (32.3%), Canada (21.68%) and the share of import of organic products by these three nations was around 96 per cent. The total value of export of organic products from India was 177765.26 metric tons export value was Rs. 1328.6 crores during the period of 2013-14.

Organic rice production gained importance both in domestic and export with total production of around 1382 tones of paddy in 2004. The yield of organic rice is significantly lower than rice production using conventional production method. India is strong in high quality production of organic rice. India has rich heritage of agricultural traditions that are suitable for designing organic rice production system. India will surely emerge as a leader in organic rice production and export. The major Indian rice producing states are Punjab, Haryana, Assam, Maharashtra and Tamil Nadu. The price premium obtained for organic rice varies greatly from country to country for organic rice depending on distributional channel and prevailing market condition. However an average across country organic rice shows that the price premium range is 20-44 per cent (trader level) for the organic rice. The present study was attempted in Sirkazhi block of Nagapattinam distric with the following objectives, to analyze the farmer's status and their problems and constraints in organic rice production, to study the consumer's awareness, preference and attitude towards organic rice in the study area, to analyze the supply chain constraints in organic rice marketing and to offer suggestions for developing organic rice market.

MATERIALS AND METHODS :

Selection of the study area:

Sirkazhi block was purposively selected since organic

farming is popular here because of the schemes implemented by a NGO called Centre for Indigenous Knowledge System (CIKS). With the help of records maintained by CIKS this block was selected for the study.

Sampling design:

A sample size of 60 was considered adequate for this study in which 25 organic rice producers, 25 consumers and 10 traders were considered. All the respondents in each category were randomly selected.

Data collection:

Primary data required for this study were collected through personal interview method with the help of retextured questionnaire. The questionnaire was prepared in three parts, one for the organic rice producers (farmers), second one for consumers and another for traders.

Tools :

The following tools of analysis were employed in analyzing the various aspects of the study to fulfill the objectives.

Conventional analysis (Percentage analysis) :

Percentages were worked out to study the sample characteristics like age, education, family size etc. and this technique was used to make simple comparisons.

$$\text{Percentage analysis} = \frac{\text{Number of respondents}}{\text{Total sample size}} \times 100$$

Garrett's ranking technique :

In the Garrett's scoring technique, the respondents were asked to rank the factors or problems and these ranks were converted into per cent position by using the following formula.

$$\text{Per cent position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

where,

R_{ij} = Rank given to the i^{th} attribute by the j^{th} individual

N_j = Number of attributes ranked by the j^{th} individual

By referring to the Garrett's table, the per cent positions estimated were converted into scores. Thus for each factor, the scores of the various respondents were added and the mean value was estimated. The mean thus, obtained for each of the attributes were arranged

in a descending order. The attributed with the highest mean value was considered as the most important one and the others followed in order.

RESULTS AND DATA ANALYSIS :

The results obtained from the present investigation have been presented in the following sub heads:

Constraints in organic rice production :

The objectives of the study were to identify the constraints in the organic rice production. The various constraints faced by the respondents in the organic production given in the Table 1.

It was notice from Table 1 that out of several factors that limits organic rice cultivation “risk of low yield” for the initial years of transition from conventional to organic farming was opined as the important constraint by the sample organic rice growers. In many cases the farmers experience some loss in yield in discarding synthetic inputs on conversion of their farming method from conventional to organic. Lack of technical support, proper established marketing channel and land not suitable for organic farming were all the other constraints enlisted in the

ranking order. Unless such a clear and unambiguous direction is available in terms of both financial and technical supports from the centre to the panchayath levels mere regulation making will account to nothing. Since organic rice is in primitive stage of marketing, the network was not well established by linking the trader and potential organic rice consumers. Because of this fact farmers are not realizing their due share in export market and price premium from the consumers.

Awareness and adoption on organic certification :

It could be noticed from the Table 2 that around 76 per cent of the farmers had awareness regarding certification out of which only 64 per cent materialized the certification process. This indicated that though most of them had awareness when the procedure of execution comes farmers fail in their efforts.

Farmer’s preference of channel in organic rice marketing :

It could be observed from the Table 3 that among the marketing channels the farmers preferred to market organic rice through “contract farming with CIKS” which accounted for the highest share (64 %) and the “channel

Table 1 : Constraints in organic rice production in Sirkazhi block of Nagapattinam district

Sr. No	Particulars	Mean score	Rank
1.	Organic input unavailability	53.13	2
2.	Low price premium	52.50	3
3.	Land not suitable for organic farming	40.73	7
4.	Cumbersome certification procedure and cost	51.46	4
5.	No proper market channel	43.53	6
6.	Low yield	57.26	1
7.	No proper technical support	47.36	5

Table 2 : Awareness and adoption on organic certification in Sirkazhi block of Nagapattinam district

Sr. No	Particulars	Awareness	Adoption
1.	Yes	19 (76.00)	16 (64.00)
2.	No	6 (24.00)	4 (36.00)
	Total	25 (100.00)	25 (100.00)

Table 3 : Farmer’s preference of channel in organic rice marketing in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Number	Percentage
1.	Through a broker	1	4.00
2.	Direct contact with retail stores	3	12.00
3.	Direct contact with consumer by community support agriculture (CSA)	5	20.00
4.	Contract farming with CIKS	6	64.00
	Total	25	100.00

through broker” accounted for the least share (4 %). Remaining farmers market the organic rice through direct contact with retail stores (12 %) and direct contact with consumers (20 %). It could be observed from the table that the majority of the organic farmers had grown organic rice in contract with CIKS for marketing.

Consumers perception and understanding of organic food :

It is a fact that many consumers in the country have only vague ideas about organic products and its advantages as against the conventional foods. It could be observed from the Table 4 that 28 per cent of consumers opined that organic foods mean food “without chemical”. Then 24 per cent of consumers were of the view that organic foods mean “natural foods” and same per cent of the consumers considered that organic foods are those which are “healthy and nutrition food”. Another 16 per cent of consumers were of the view that organic foods denote “traditional and indigenous foods”. Very minor per cent of 8 per cent consumers considered “food grown with farm yard manure” It could be inferred that consumers were not having any clear idea about organic

food and so awareness creation in this aspect is the underlining need for creating demand for organic foods.

Awareness and consumption of organic products:

Consumer awareness on organic rice revealed that around 60 per cent of the consumers having awareness on organic rice of which only 40 per cent of them were turned into organic rice consumption. The remaining 60 per cent of the consumers were consuming only conventional rice (Table 5).

Reasons for organic rice consumption :

The analysis revealed that “health” is the main attribute preferred by the consumers for shifting to organic rice consumption followed by the “nutritional status” these two factors scored high and ranked first and second in consumer’s opinion, respectively. “Safety” aspects of organic food ranked 3rd position and “affordability” (purchasing power with premium price) followed by “availability in locality” was other importance parameters of consumer’ decision on organic rice consumption. Organic food preference for “managing illness” and “eco-friendly” nature of organic rice

Table 4 : Consumers perception and understanding of organic food in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Number	Percentage
1.	Natural food	6	24.00
2.	Food growing with manure	2	8.00
3.	Food without chemical	7	28.00
4.	Traditional food/indigenous food	4	16.00
5.	Health/nutritional foods	6	24.00
	Total	25	100.00

Table 5 : Awareness and consumption of organic products in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Awareness	Consumption
1.	Yes	15 (60.00)	10 (40.00)
2.	No	10(40.00)	15 (60.00)
	Total	25 (100.00)	25 (100.00)

Table 6 : Reasons for organic rice consumption in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Mean score	Rank
1.	Health	60.93	1
2.	Nutrition	57.93	2
3.	Safe to consume	50.56	3
4.	Affordable	50.43	4
5.	Readily available	49.06	5
6.	Management of illness	46.83	6
7.	Eco- friendly	45.43	7

production were considered with lesser importance in consumer's opinion on organic rice consumption (Table 6).

Factors ensuring the purchase credibility of organic rice :

Among the several parameters of buying organic rice "purchasing from specific organic farmer" was considered as the best option. Since many consumers did not have link with farmers, "Purchasing from specific shop" and "checking labels" were equally considered as the next best options. Cultivating their own organic rice was followed by 16 per cent of consumer who were farmers themselves. Since the above option of cultivating their own organic rice for themselves is not possible for all, sticking on to preferring loyal brands was practically followed by 8 per cent of consumers (Table 7).

Suggestions for increasing organic rice consumption :

It could be observed from the Table 8 that out of the five reasons quoted for popularizing organic rice consumption, marketing through NGOs / private company was opined as a main suggestion by 32 per cent of the sample consumers. The next option of marketing through

small organic rice co-operative was opined as a second main suggestion by 24 per cent the farmers.

It is difficult for an individual organic small farmer to survive in the organic market on his own and there is a scope for marketing only if he is part of a bigger organic producers' group. Since facilitating the technical input needed, setting up of common processing facilities, getting marketing knowhow, group certification, and interacting with funding agencies to get financial assistance are all possible only if an NGO or a private company or co-operative organization to facilitate this collective effort, this option was nodded by 56 per cent of the farmers.

Value addition of organic products helps the farmers to move up the value chain. Simple grading, packing with proper labelling and information, and primary processing like making organic flour or retail packed rice can bring better returns to the farmers group. Hence, this suggestion was well conceived and given by 20 per cent of the consumers. It is an important step to have under one roof all the organic products that consumer would need. The produce available in these outlets would have to come from several organic rice farmers groups. It would need to stock processed rice, give value addition. For these activities, the private sector personnel are better equipped financially and with full commitment and risk taking ability

Table 7 : Factors ensuring the purchase credibility of organic rice in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Number	Percentage
1.	Only purchase from specific shops	5	20.00
2.	Check the labels	5	20.00
3.	Buying from specific farmers	9	36.00
4.	Practicing own organic farming	4	16.00
5.	Only purchase specific brands	2	8.00
	Total	25	100.00

Table 8 : Suggestions for increasing organic rice consumption in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Numbers	Percentage
1.	Create consumers awareness	2	8.00
2.	Exclusive organic rice shop in urban area	4	16.00
3.	Value addition	5	20.00
4.	Small organic rice farmer co-operative	6	24.00
5.	NGOs/private company tie up	8	32.00
	Total	25	100.00

Table 9 : Traders awareness on organic rice and marketing in Sirkazhi block of Nagapattinam district

Sr. No.	Particulars	Awareness	Trading
1.	Yes	7(70.00)	2(20.00)
2.	No	3 (30.00)	8(80.00)
	Total	10(100.00)	10(100.00)

to perform this service and earn money.

More over setting up of exclusive retail outlet in urban area will provide better access to consumers for purchase. The consumers will be known about the availability of organic rice if it is marketed by an exclusive shop in their own locality. This fact was felt by health conscious consumers and 16 per cent had offered this suggestion.

Creating consumer awareness regarding the good attributes of organic rice through effective market promotion tools and thereby prepare them to pay a premium price is the main influencing factors in increasing organic rice demand but this was not well realized by majority of the consumers and so only 6 per cent of the consumers specified this option.

Traders awareness on organic rice and marketing :

The Table 9 shows that 65 per cent of the traders had awareness on organic rice, out of which only 20 per cent really marketed organic rice. This clearly indicated that despite having awareness substantial numbers of traders were not selling organic rice due to some practical difficulties. Altogether around 80 per cent of traders are selling only the conventional rice (Gowri, 2015).

Conclusion:

Organic farming is based on the principle of maximum production with high quality without affecting the soil fertility and environment. The most important constraint felt in the progress of organic rice farming in the inability of the government policy in making a firm decision to promote organic agriculture. It's quite natural that a change in the system of agriculture in a country of more than a billion people should be a well thought out process, which requires utmost care and caution. Farmer's apprehension lies in non-availability of sufficient amount of organic supplements, bio fertilizers and local market for organic produce. Lack of access to guidelines, lack of market information, risk of low yield which strongly discourage small farm holders who constitute over 80

per cent of farming community in Sirkazhi block. The key motivating factors for organic rice production, the healthy and safety factors were appeared to be the key motivating factors in the consumption or purchase of organic rice unavailability of organic rice was the major constraint inorganic rice marketing.

From the findings of the study, it is imperative to call for attention from government, policy makers, and planners to design effective rice marketing and export policy/strategy that would ensure to overcome the constraints faced by the farmers for promoting rice production and export.

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