

# Reaping benefits through Public-Private Partnership

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**A**wareness on benefits of organic farming and hazards of agrochemical residues in food is well established. Consumers from several segments have demonstrated willingness to pay premium price for certified organic produce. Realizing the long-term implications of agrochemicals on agricultural sustainability, the number of farmers shifting to organic farming is increasing. Today, however, the direct link between the producers and buyers is in its nascent stage. Several small farmers practicing genuine organic farming are deprived of the premium price for the organic produce. This is mainly due to lack of know-how on certification, shortage of financial resources required for certification and lack of assured markets. In India, the surge in the retail sector is leading to development of several new supply chain models. The fragmented supply chains of the traditional markets are being replaced by well coordinated and streamlined ones.

This article reflects on the outcome of the efforts made by BAIF Development Research Foundation in Vansda, Kaprada and Dharampur blocks of South Gujarat for establishing a link between small farmers and corporate buyers of organic produce. Predominantly inhabited by tribal communities, the area is characterized by hilly terrains and high annual rainfall with high soil and water erosion. Denuded forest resources have made agriculture the primary source of livelihoods. Traditionally, agriculture has been rainfed and subsistence based. Paddy and finger millets are the major crops grown. The declining agricultural productivity owing to depleted soil cover and water scarcity has forced the tribal families to migrate in search of livelihoods.

## The intervention

In order to break the vicious cycle of starvation, malnutrition and migration, BAIF launched a comprehensive programme for tribal development. The programme aims at promoting livelihoods as well as improving the quality of lives of the participating families.

Comparative Returns in a Typical Case (Year 2007-08):

Particulars	Traditional Supply Chain (Rs./Kg)	Public-Private Partnership (Rs./Kg)
A) Price of Mango	15.00	18.00
B) Transport Cost (at farmers end)	0.25	-
C) Commission to Traders	1.20	-
Net Selling Price of Farmer (A-B-C)	13.55	18.00

*On an average a farmer sells approximately 650 Kg mangoes. In a typical case, certification of the produce will fetch Rs. 11,700/- against Rs. 8,807/- under the conventional system.*

The participants established drought tolerant fruit species like mango and cashew on 0.4 ha of their degraded lands. Initially, the poor soil quality would not support growth of mango grafts. An integrated plant nutrition and pest management approach was adopted in the initial years. The fruit plantations received balanced application of chemical fertilizers with organic manuring. Methods like vermicomposting, NADEP and in-situ composting were introduced for recycling available biomass. Over a period of 15 years, more than 20,000 tribal families have established their orchards on nearly 7,600 ha. of waste land. A cooperative, namely "Vasundhara" was established for processing and marketing of the fruit produce.

Constant application of manures and soil conservation measures resulted into eventual improvement in the soil status. A complete organic approach was adopted in the latter years. If certified, these organically produced mangoes had a potential to fetch a premium price. Certain challenges involved in achieving this were shortage of financial resources for certification and lack of assured high value market.

## Partnership for Organic Production

In 2005-06, emerged a corporate partnership with ITC, one of India's foremost private sector companies engaged in diversified business activities including food processing. ITC was on the lookout for organically produced mangoes for its processed foods. BAIF facilitated a mutual agreement between Vasundhara and ITC for certification and supply of organic mangoes. ITC extended financial resources for certification of the orchards through SKAL International, a reputed certifying agency.

BAIF trained the village level people's organizations and Vasundhara in maintaining records and logistics management. It was involved in standardization and extension of package of practices to maximize production.

The organically certified mangoes received a premium price with an assured market. Farmers now get a premium price of around 20% at their farm-gates over the prevailing market price, hence saving the cost and efforts on transporting the produce to the market. ITC takes care of the costs required for inspection and certification.

Several farmers have been attracted by this concept leading to rising number of farmers opting for organic certification. The number of certified orchards is expected to reach 3500 during 2008-09.

## Conclusion

This partnership strategy has resulted in a win-win situation. Farmers now have an assured market for organic produce. ITC is benefited through the centralized procurement, economies of scale and reduction in coordination cost besides an assurance on the quantity and quality of the mangoes. The partnership strategy has helped BAIF in fulfilling its objectives of helping thousands of small tribal farmers move up the value chain, promoting agricultural sustainability and environmental safety.

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