

## **Financial Problems Faced By Organic Farmers in Wayanad**

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**ABSTRACT:** According to IFOAM, “Organic agriculture is a production system that sustains the health of soils, ecosystems and people .Organic farmers are facing lot of problems in India including financial problems. Farmers are facing financial difficulties during conversion period to Organic farming. Study took with 50 organic farmers who are certified in INDOCERT. Descriptive analysis has been used to understand the different types of financial problems faced by Organic farmers in Wayanad. Study found that financial problems due to climatic change are the main problem faced by the organic farmers in Wayanad for both small and medium farmers. The least affected problem is financial problem during the certification procedure.

**KEY WORD:** Financial problems, Organic farming, Farmers

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### **I. INTRODUCTION**

Green revolution was successful for some years due to the high production of crops and decrease in the quantity of imports. Due to the increase of population the farmers are forced to put more chemical fertilizers and pesticides. Over usage of chemicals in farming is insalubrious to wellness of soil and human beings. To hammering down the impacts of chemical farming new organic movements had started in India. Organic farming simply means “chemical free” agriculture which helps to avoid the impact of harmful pesticides. Most of the existing studies in India about Organic farming are providing assurance about the economic viability of the same. Since the organic farmers in India is facing lots of problem like Certification problems, Climatic problems, Legal Problems, Financial problems, Labour shortage, Lack of government support, Lack of training and development programme and Marketing and distribution problems. This paper is tried to explain the current status and problems of organic farmers from the previous studies on these area and giving suggestions for the betterment of Organic farming system in India.

Organic agriculture can be defined as “holistic production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles, and soil biological activity. It emphasizes, the use of management practices in preference to the use of off–farm inputs, taking into account that regional conditions require locally adapted systems. This is accomplished by using, where possible, agronomic, biological, and mechanical methods, as opposed to using synthetic materials, to fulfil any specific function within the system” (FAO, 1999).

Organic worldwide market is flourishing day by day. According to FIBL 2018, 178 Countries were doing organic activities in the year 2016 and 87 countries having organic regulations. India is having highest organic producers with about 835000 producers followed by Uganda and Mexico. The Organic farming needs to certify in India to differentiate it from the duplicate products. The National Programme for Organic Production (NPOP) regulates procedures and certification in India.

### **II. LITERATURE REVIEW**

Financial constrains during the first three years of transition period is the most difficult phase in organic farming. (Das, 2007). The organic farmers are facing certification difficulties during the conversion period. The yield during the initial stage of organic farming is less than conventional farming. Premium price will not getting during the initial conversion period. Because of this farmers are facing financial difficulties at that stage. (Kshirsagar, 2005).

Lower yields, Lack of educational and research support, certification difficulties, marketing and distribution difficulties, and problems in maintaining soil structure. (Jouzi et al., 2017). Input cost of organic farming is higher than industrially produced chemical fertilizers which are difficult to small and medium farmers.(Raj & Indu, 2001)

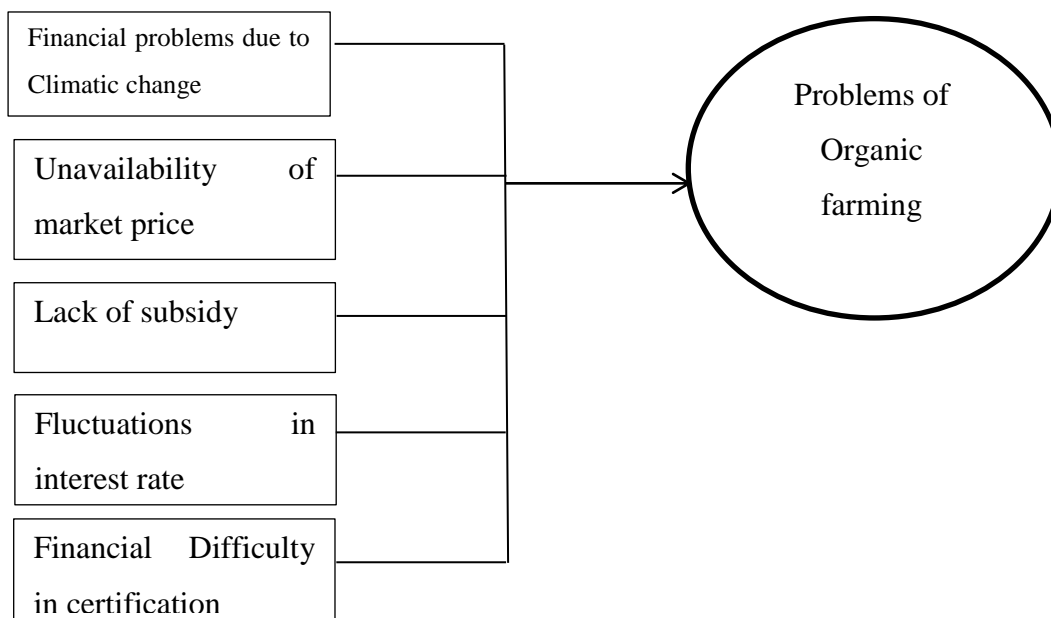
Organic farmers can be classified into certified farmers who sell the product to attain premium price and non-certified farmers who sell in local market and use it for household. Most of the certified farmers belong to developed countries. In recent years there is an increase of certified farmers in developing countries

(Rundgren& Nicholas, 2006). Cost for organic certification, quality assessment of inputs and organic products are relatively high which can't be afforded by many of the small holder farmers (Sarkar, 2018)

The organic farmers are mainly depends on the international market rather than Indian market because of the lack of popularity of organic products among the Indian customers. Certification and export of the organic products farmers associated with big exporters are done smoothly. Whereas small and marginal farmers find it difficult to market their product (Maitra, 2007).

### III. CONCEPTUAL FRAMEWORK

**Figure 1: Framework of the Study**



### IV. STATEMENT OF THE PROBLEM

Farmer's suicide rate is increasing day by day. It is due to the financial difficulties faced by them. India is country with lot of non-certified farmers. Farmers are adopting organic farming mainly because of their concern about the environment. Still many of them are facing financial difficulties in different faces of farming. Though in this present situation some questions are yet to be answered which are Do the organic farmers in Wayanad are facing financial difficulties? Is there any difference in the financial problem faced by small and medium organic farmers?

#### Objective of the study

- To identify the different financial problems faced by organic farmers in Wayanad district.
- To identify the difference in opinion about problems of organic farmers among small and medium organic farmers

#### Hypothesis of the study

- H0= There is no separate attitude among types of organic farmers and effect of financial problems due to climatic problems
- H0= There is no separate attitude among types of organic farmers in Unavailability of market price.
- H0= There is no separate attitude among types of organic farmers in fluctuations in interest rate.
- H0= There is no separate attitude among types of organic farmers in financial difficulty in certification.
- H0= There is no separate attitude among types of organic farmers in Lack of subsidy.

### V. RESEARCH METHODOLOGY

Structured questionnaire and interview method used to collect data from certified organic farmers in Wayanad district of Kerala. Simple random sampling method used to take 50 certified organic farmers from a list of certified organic farmers provided by Wayanad Vanamoolika Samrakshana Sangham, a charitable society for promoting organic farming.

Statistical analysis:

Data analysed using descriptive statistics like means, standard deviation, and independent sample t test.etc, using SPSS software.

Variables:

- 1) Financial problems due to Climatic change: One of the main problems faced by farmers in India is problem due to climatic change. It may due to the increase and decrease of rain quantity. It can be because of the natural disasters occurred in the place of farming.
- 2) Unavailability of market price: Price for the product which produced by the farmers are getting less amount because of the middle men in farming. The farmers can't take the cost for selling market so they are approaching the middle men to sell their product.so the farmers are not getting the price prevailing in the market
- 3) Lack of subsidy: Support from the government is another issue faced by the farmers in India. Since government is not giving any type of subsidy to reduce loss of farmers ,financial difficulty is increasing day by day
- 4) Fluctuations in interest rate: Many of the farmers are starting their seasonal farming by taking loan from the commercial banking. Fluctuations in the interest rate will be affecting the farmer seriously.
- 5) Financial Difficulty in certification: Certification procedure in India is very difficult task. The cost of the certification also can't bear by most of the farmers. In India organic farmers with non-certification are more than the certified farmers

## VI. RESULTS:

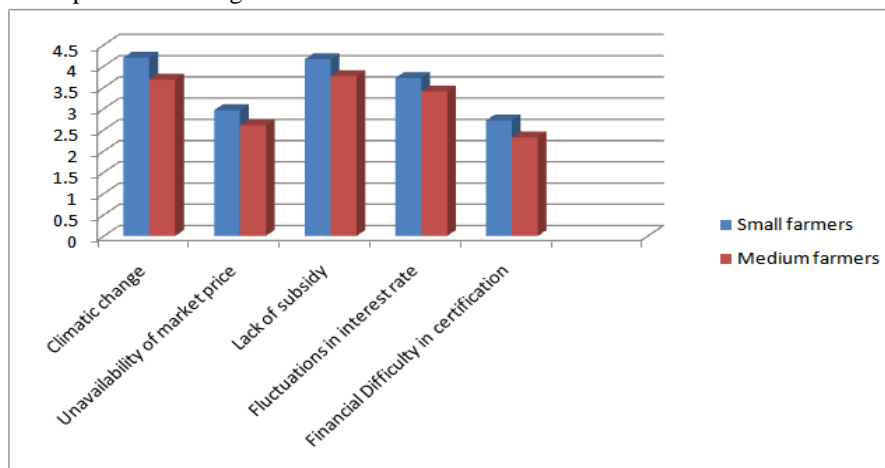
**Table-1: Farmers financial problems**

Variables	Mean of Small farmers	Mean of Medium farmers	Standard deviation of Small farmers	Standard deviation of Medium farmers
Financial problems due to Climatic change	4.2	3.68	1	1.144552314
Unavailability of market price	2.96	2.6	1.27410099	1.414213562
Lack of subsidy	4.16	3.76	1.312757911	1.42243922
Fluctuations in interest rate	3.72	3.4	1.594783162	1.658312395
Financial Difficulty in certification	2.72	2.32	1.882374387	1.725301906

Source: Primary data 2019

The table shows the different financial problems of organic farmers during their farming. By comparing the mean of different problems of finance; it is showing that Small farmers are showing highest mean in “Financial problems due to Climatic change” In medium farmers criteria also the main problem is “Financial problems due to Climatic change”. The least problem showed is “Financial difficulty in certification” in both the type of farmers.

**Figure 2: Financial problems of organic farmers**



Source : Primary data

- H<sub>0</sub>= There is no separate attitude among types of organic farmers and effect of financial problems due to climatic problems

In the independent sample t-test .The Levene's test shows  $f=1.257$ ,  $p=.268$ .which shows that p value is more than 0.05.So, null hypothesis is accepted and found that no separate attitude among types of organic farmers and effect of financial problems due to climatic problems no significant differences among small and medium size farmers about financial problem because of climate change.

- H<sub>0</sub>= There is no separate attitude among types of organic farmers in Unavailability of market price.

In the independent sample t-test .The Levene's test shows  $f=.833$ ,  $p=.366$ . which shows that p value is more than 0.05.So, null hypothesis is accepted and found that is no separate attitude among types of organic farmers in Unavailability of market price

- H<sub>0</sub>= There is no separate attitude among types of organic farmers in fluctuations in interest rate.

In the independent sample t-test .The Levene's test shows  $f=.573$ ,  $p=.453$ which shows that p value is more than 0.05.So, null hypothesis is accepted and found that is no separate attitude among types of organic farmers in fluctuations in interest rate.

- H<sub>0</sub>= There is no separate attitude among types of organic farmers in financial difficulty in certification

In the independent sample t-test .The Levene's test shows  $f=.039$ ,  $p=.843$  which shows that p value is more than 0.05.So null hypothesis is accepted and found that is no separate attitude among types of organic farmers in financial difficulty in certification

- H<sub>0</sub>= There is no separate attitude among types of organic farmers in Lack of subsidy.

In the independent sample t-test .The Levene's test shows  $f=1.829$ ,  $p=.183$ which shows that p value is more than 0.05.So, null hypothesis is accepted and found that is no separate attitude among types of organic farmers in lack of subsidy

### **Findings and Interpretation**

The paper has identified different financial problems faced by organic farmers. The farmers are facing mainly Financial problems due to Climatic change, Unavailability of market price ,Lack of subsidy, Fluctuations in interest rate and Financial Difficulty in certification .The main problem faced by organic farmer is financial problem due to climatic change. The least problem faced by the farmers is the problem of certification. It is also found that there is no difference in type of farmer and the various types of financial problems.

## **VII. CONCLUSION**

The study concludes that financial difficulties are faced by the farmers in India. Organic farmers are also facing difficulties during their farming period. It can reduce only by the interference of the government and authorities. Proper guidance can be given to the farmers about the sources of finance, practice of taking good decisions during the financial difficulties. The farmers in Wayanad are doing farming with the help of NGO's which is a good model for organic farming. It can be adopted by other organic farmers so that the exporting difficulties and financial constrains can be reduced in future.

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