

Integrity in the Indian Organic Cotton Value Chain: A Summary of Issues and Gaps for Potential Action

A Public Interest Report by ICCO, Organic Exchange and Solidaridad

4 February 2010

Introduction and context

Concerns about Organic Integrity: The textile industry is seeing increased demand for organic cotton apparel. Big market players are committed to using organic cotton as part of their sustainability strategy. At the same time, consumer interest and demand is growing. This has led to an increased number of entrants in the organic cotton supply chain. Organic, which used to be a niche activity with commitment to environmental health and the livelihoods of the farmers, rapidly transformed its nature and has started to emerge as a large scale commercial proposition. While such an explosive growth could be a win-win situation for everybody from the farmers to the consumers, there is every possibility that the value system of organic as a whole could be undermined by some players engaged in the market with short sighted attitude. In order to promote sustainable growth of the organic cotton sector and enhance the credibility of all the stakeholders ICCO, Organic Exchange and Solidaridad came together to facilitate a meaningful dialogue.

Role of ICCO, Organic Exchange and Solidaridad: ICCO, Organic Exchange and Solidaridad came together over a shared interest in strengthening the integrity of the organic cotton industry. To this end a consortium was formed, and a study was commissioned to review and identify barriers to the growth of a strong, stable organic cotton industry, with the initial focus being on India. Certification, and various issues related to certification were identified.

The report: The report identifies a number of risks and opportunities to the organic integrity of cotton in India. The research and report has taken almost a year to complete, given the complexity of the issues and the amount and diversity of stakeholders involved. Given all the rumours and innuendos, it was worthwhile to take the time to be thorough and accurate. India was chosen for its prominent role in organic cotton production, and it is important to note that the issues highlighted in this report are not unique to this one country, but are relevant to organic farming and manufacturing around the world.

The way forward: the aim of the consortium is to facilitate a proactive initiative to address these issues by

1. Creating awareness of the issues and understanding of the gaps to integrity;
2. Engage key stakeholders globally to create positive and pro-active solutions.

ICCO, Organic Exchange and Solidaridad have formed a group called the: 'Consortium on Integrity of Organic Cotton'. As a follow-up of this report, the consortium will organize meetings to facilitate discussions amongst all stakeholders to identify the best areas to affect positive changes, and work towards a plan of action to strengthen the certified organic cotton system. You are invited to join the meetings and are very much welcome to join in the work of the consortium. **It will take the effort of all players to move the industry forward, but the benefits would be felt by all.**

For more information and participation, please contact our joint coordinator:

Carolien Gadella - van Wersch
BECO Group (www.beco.nl)
Email: wersch@beco.nl
Telephone: +31 10 - 298 52 67

Contents

1. Critical Issues on the Farm

1.1 Seeds and other inputs

1.1.1 Seed demand and procurement planning

1.1.2 Independent seed production by producer groups

1.1.3 Seed suppliers

1.1.4 GMO and contamination

1.1.5 Farmer capacity building

1.2 Adequacy and efficacy of Internal Control System (ICS)

1.2.1 Staff engagement and costs

1.2.2 Compromise ICS, compromise integrity

1.2.3 Producer group size

1.2.4 Appropriate sample size

1.2.5 Proactive role of the farmers in ICS

2. Challenges of Certification and Accreditation

2.1 Non conformities and punitive action chain

2.2 Accountability and transparency

2.3 Selective certification on perceived risk

2.4 Conversion or transition period

2.5 Dual certification

2.6 Scientific estimation of yield

2.7 Parallel production

2.8 Mutual cooperation

2.9 Fiduciary relationships

2.10 Quality of service

3. Paradox of Growth and Limitations of Business

3.1 Minimal or no assured premium for organic production

3.2 Forces of demand and supply

3.3 Funding and pre-financing

3.4 Ordering cycle

3.5 Brand engagement and long term commitment

3.6 Consumer and media engagement

3.7 Regulatory standards in farm production and processing

4. Pertinent Initiatives of the Government of India

4.1 Organic cotton advisory board

4.2 Subgroup on organic and Suvin cotton

4.3 Apeda Tracenet

5. Final Remarks

1. Critical Issues on the Farm:

Farming plays a key role in safe-guarding the integrity of organic cotton. Successful cultivation of cotton on the farm is dependent on good inputs and extension support. In the case of small farmers organized in groups, a sound Internal Control System (see 1.2) lays the foundation on which the authenticity of certification rests.

1.1. Seeds and Other Inputs: As the demand for GM cotton seed is on the rise, most companies have lost interest in non-GM cotton seed production. Non-GM seeds are mandated for organic production. Most of the non-GM seeds used in the recent past are allegedly from the old stock and the crisis of non availability of high quality non-GM cotton seeds in the upcoming years looms large. This is bound to affect the sustained growth of organic cotton production in the immediate future. Therefore, the current trend of organic producers procuring seeds just prior to the planting season may not work anymore given the present scenario. Here are some details on various gaps and possible courses of action of actions for the consideration of various stakeholders.

1.1.1. Seed Demand and Procurement Planning: With the current potential of 0.2 million hectares under organic cotton production, the seed requirement would be about 0.5 million seed packets at the minimum¹. This is a reasonable enough scale that could elicit the interest of seed companies. Given the situation that farmers have preferences for a diversity of varieties that come from proprietary parent lines held with various companies, the demand needs to be consolidated in order to open a meaningful dialogue and demonstrate that production of non-GMO varieties could be commercially viable for the seed companies (Mahyco, Rassi, Nuziveedu, JK seeds, Syngenta, Monsanto, Ankur, Mahabeej, Pioneer seeds etc.). In preliminary discussions with producer groups, a considerable amount of interest was evinced in working together to consolidate the demand.

This consolidated demand should ideally be communicated to the seed companies with a firm commitment of purchase and requisite financial advances around 12 months ahead to enable the seed companies to accommodate this request. An action plan for planting season 2010 and the following years is highly warranted..

Another related dimension of this issue is that in order for farmers to make this level of advance financial commitment, they need to likewise have a commitment that their fiber will be sold. This means that the entire supply chain must be involved – right up to the brands and retailers. They need to communicate their future demand to their suppliers, and this information must be passed on to the rest of the supply chain. This will only be truly effective if brands know their supply chains, and can ensure that their projections are reaching the right players within the appropriate time frame.

1.1.2. Independent Seed Production by Producer Groups: Producer groups should perhaps begin to explore avenues for their own seed production, thereby reducing their dependency on seed companies, raising the capacity of the farmers and opening of newer livelihood options. Seed production is a highly

¹ Projection for India alone

remunerative commercial option given that the organic cotton production is on the rise. It is pertinent to mention that an acre of cultivation is enough to provide seed for 500 acres.

- 1.1.3. Seed Suppliers: Apart from the private companies producing seed, there are several other suppliers in the public sector domain such as State Farmers Cooperatives, National Seed Corporation, State Seed Corporations, and Agricultural Universities, Central Institute of Cotton Research etc. In addition, there are non-profit organizations such as Centre for Sustainable Agriculture, Hyderabad and Southern India Mills Association Cotton Development and Research Association etc. All the above groups could be approached for supporting production of traditional and hybrid varieties of non GMO seeds.
- 1.1.4. GMO and Contamination: GM cotton dominates the discussion on contamination of organic cotton. The fact that contamination can only be satisfactorily detected on farm by testing the seed or leaf or at fiber stage where there is seed residue, complicates the issue of detection down the chain. Certification bodies and producer groups testing for contamination can avail the service of accredited labs carrying out testing for GM contamination in India. In addition, there are testing kits available to detect GM in seed and leaf at a nominal price of Rupees 10 (25 dollar cents) per sample developed by the Central Institute of Cotton Research (CICR). At present testing for GM is not mandatory but in the producer's and certification body's best interest it is recommended that testing for GMO contamination on field be undertaken. Some forwarding planning for ordering testing kits is highly recommended.

It is gathered that most farmers, staff of support and extension organizations; and those of Certification bodies are unaware of the full potential implications of use of GMOs or the contamination issues of GMOs. What is commonly understood is merely that GMOs are banned in organic. This simple communication without accompanying education or awareness creation seems inadequate to raise the required commitment for non GMOs. Variations in buffer zones prescribed by certifiers also reflect a need for better understanding of issues of contamination by proximity to GMO.

- 1.1.5. Farmer Capacity Building: Technology and knowledge transfer to farmers to deal with pest, disease and nutrient management is not adequate and not commensurate with the rapid growth resulting in dependence on externally sourced commercial bio inputs. This situation pushes up the cost of farming and goes against the principles of self reliance that is a prerequisite for good organic farming. Considerable investment in training and transfer of technology appears to be a critical need that warrants attention.

- 1.2. Adequacy and Efficacy of Internal Control Systems (ICS²): What would constitute a suitable ICS in the context of small farmer groups? Internal Control System is an

² Definition of ICS as per IFOAM: "A written quality assurance system included in a master organic system plan that sets forth the practice standards, record keeping and audit train requirements applicable at each production unit facility or site and that identifies the internal verification methods used in a group." The IFOAM criteria for defining a group are homogeneity of members in terms of geographic location, production system, size of holdings and common marketing systems.

intervention to ensure adequate control at the level of individual farmers in a group. Group certification has enabled the participation of small and marginal farmers across the world to meet the global certification norms at a much reduced cost to individual farmers. However, establishing a proper ICS has several cost elements such as trained internal inspectors, quality manager, maintenance of records, periodic visits to the farms besides training of farmers in organic pest, disease and soil fertility maintenance, and management of biodiversity, soil erosion control, good water management practices etc. Operating a suitable ICS, one of the key elements in ensuring organic integrity, is fraught with difficulties and challenges, some of which are outlined below.

- 1.2.1. Staff engagement and Costs: In order to ensure a credible ICS, quality and number of staff play a vital role. The extension and ICS staff hired in the projects need to be well oriented and trained. It appears that it is a general practice in many projects to hire staff on contract, sometimes even on a seasonal basis, with poor salary and benefit structure in order to minimize the cost of ICS. This practice highly compromises the quality of ICS. A suitable ratio in order to maintain a good ICS and extension services would require at least 1 competent staff for 60 - 80 farmers. In addition, staff training, infrastructure support, supervision, data management and risk assessment are other cost heads. A good ICS and extension package together with cost of certification is assessed close to anywhere between 6-10% of the cost of seed cotton. Overall, there seems to be a gap in the understanding of the criticality of a good ICS system and its costs to the producer groups, a situation that needs to be remedied.
- 1.2.2. Compromise ICS, compromise Integrity: The present trend of almost negligible price differential between organic and conventional cotton is not conducive to having a quality ICS system. This is a key factor in compromising many aspects of organic production including knowledge levels and most importantly, integrity of organic production. Many projects are unable to sell their cotton because their price structure was not considered competitive. Genuine producers seem to be in a distinctly disadvantage position.
- 1.2.3. Producer Group Size: At present certification norms do not have a cap on maximum farmer group size. This results in some groups having thousands of farmers in one group. The large and unwieldy nature of such groups creates difficulties in proper execution of ICS. APEDA (the accreditation body of the Government of India) has taken cognizance of this fact and is proposing an amendment in the group certification norms with a capping of 1000 or even lesser number of farmers in a group. This should effectively mitigate some of the problems arising from a large and unwieldy group. In addition, this restriction would support the formation of clusters in proximate areas, in contrast to the present situation, where technically speaking, a group could constitute significant large number of farmers spread across a whole state.
- 1.2.4. Appropriate Sample Size: The cap on group size could potentially bridge another important gap relating to the distribution of the sample. The current demands on the certification body predispose them to choose areas for random inspection based on convenience rather than traversing large areas required for effective random sampling. So, when the groups are smaller, chances are higher that the inspector from the certification body would reach out to all the groups and thus

cover a more representative area even though the number of farmers inspected remains the same.

- 1.2.5. *Proactive Role of farmers in the ICS*: ICS systems were conceived to enable small producers overcome the economy of scale, operational and cost constraints with regard to certification. They were initially construed as farmer-driven systems in contrast to what they have become today, which is trader³-driven systems, where clearly the ownership of the certification lies not with the farmer group but with the operator. Therefore, the onus of truthfulness and authenticity of the internal control system tends to rest solely with the operator. It has a potential to create a conflict of interest and provides an opportunity for some operators who might exploit the situation to their advantage. Some reforms and strengthening may be required in the ICS to ensure greater participation of the farmers and ownership of the ICS by the farmer groups.

2. Challenges in Certification and Accreditation

The rising demand for organic products has fuelled the certification business to a new high. The cotton value chain comprises a significant chunk of the organic business in India. Only a few of the 16 accredited certification bodies in India have a major market share in the cotton value chain. Certification is a very complex exercise and presence of a much higher number of players in the cotton value chain makes it even more challenging. Certification bodies play a critical role in ensuring the integrity of organic cotton and share part of the responsibility for any lapses in the integrity of the organic cotton chain. However, the cooperation and ethical behaviour of all other stakeholders who take custodianship of the produce at one point or the other is critical. This section outlines some of the key gaps and prospective ideas for further discussion regarding the certification and accreditation system.

- 2.1. *Non conformities and the Punitive Action Chain*: Presently the accreditation body has a relationship only with the certification bodies and the certification bodies in turn have a relationship with the operators and the grower groups. The nature of these relationships is governed by common global guidelines under the ISO⁴ system. When major non conformities are detected resulting in penalization by the accreditation body, these non conformities and the penalties are in the public knowledge domain. Further, corrective actions needed to be taken by the erring projects remain purely in the private domain of information between the certification body and the project; under information to the accreditation body. Other concerned stakeholders have no access to any information regarding the above, and greater transparency and sharing of information could strengthen the system. Further, where it can be established that such non conformities arise from deliberate intent to defraud and not from oversight or negligence, these acts need to be covered under the Indian Penal Code that deals with the criminal body.

³ Trader = gins, spinning mills, cotton broker, operators (owners of the group certifications)

⁴ ISO is the International Organization for Standardization, a non- governmental organization focused on developing international standards that are used by businesses and governments. ISO is a network of the national standards institutes of some 162 countries, with a central office in Geneva, Switzerland, that coordinates the system and publishes the finished standards.

- 2.2. Accountability and Transparency: Where an operator has been charged with major non conformities and in the circumstance that this operator shifts from one certification body to another, the basis of granting no-objection from one certifier to another is in the private domain and not transparent to concerned stakeholders. Corrective actions undertaken are also not known. An improvement over the existing system could be that a no-objection certificate for transfer of the project from the jurisdiction of one certification body to another certification body should be given only after the operator has complied by redressing all major non conformities within the stipulated time. However, if the operator feels discriminated against, he has the right to appeal to the accreditation body.
- 2.3. Selective Certification based on Perceived Risk: There are some cases where certification bodies stop the certification of some farm groups, but not of others, and one of the reasons might be that they perceive too high a risk with those farmers. ISO 65 guidelines refer to operations of certification bodies that restrict adoption of such policies and procedures.⁵
- 2.4. Conversion or Transition Period: Conversion period is the time between the start of organic management, and the certification of crop as organic. Exemptions exist under which the transition period can be reduced from two years to one year if the land has previously been farmed under organic practices. The discretion to waive the transition period remains a prerogative of the certification body and should be subject to rigorous inquiry and proof. The scope of misuse of this waiver can be eliminated only by following rules in letter and spirit by the certification bodies. It must be borne in mind that the rationale for this waiver of one year is to facilitate incorporation of marginal farmers inhabiting remote areas who by their situation of poverty or inaccessibility are organic by tradition and practice.
- 2.5. Dual Certification: Dual certification is a term used to describe a situation where more than one certification of the same farm takes place, often upon request of customers who require certification by a body which is known in their market. This practice has posed a threat to integrity because of the possibility that some operators could register the same groups of farmers with different certifiers. In addition, transaction certificates could also be obtained for the same produce from two certification bodies. A possible remedy to this situation is the introduction of Web Based Traceability programme (Tracenet) being introduced by APEDA which mandates each certification body to upload data on details of individual farmers. Details include individual name, address, state, district, land survey number, latitude, longitude, total area and organic area. While this information would not be available in public domain, it would still make it more efficient for the accreditation body to detect duplications. Further, neither the operator nor the certification body can alter data without reference to APEDA and without due justification.
- 2.6. Scientific Estimation of Yield: The certification body verifies the recommended yields made by the ICS groups. Although there are scientifically sound methods to estimate yield, there are very few inspectors who receive training in this aspect both

⁵ ISO 65 guideline clause 4.1.1, 'are the policies and procedures of your certification body and their administration non-discriminatory; and does the certification body ensure not to use procedures to impede or inhibit access by applicants'. Clause 4.1.2, 'does the certification body makes services accessible to all applicants whose activities fall within the declared field of operation'.

within the ICS as well as within the certification body. Yield estimation requires expertise as yields may vary considerably given the vagaries of nature in agricultural production. There is a likelihood that overestimation of yields may allow for a situation where conventionally grown fiber could be mixed with organically grown fiber, thereby posing a very big challenge to integrity.

- 2.7. *Parallel Production*⁶: A critical gap is allowing production of the same crop under organic and conventional practices by the same farmer. This provision for parallel production poses great challenges in context of small farmer situations where buffer zone regulations are difficult to maintain. In addition, the certification bodies do not have a consensus or appropriate justification of what would constitute a good buffer zone. It is difficult to also visually distinguish the same crop when it is in parallel production. While this rule has positively contributed to raise the farmer's confidence in organic practices through gradual conversion, there is sufficient ground to have a relook at the rules and amend them appropriately given the practical problems in parallel production.
- 2.8. *Mutual Cooperation*: There are 16 certifiers accredited for operations in India. Presently, there is no common forum or platform between the certifiers operating in India for healthy dialogue to collectively address the needs of the industry, sharing of information, fostering of mutual respect and most critically developing a common code of ethical conduct. Our understanding is that no such platform exists even internationally. It is highly recommended that initiatives to create this platform may be spearheaded by leaders.
- 2.9. *Fiduciary Relationships*: A major part of the certification of cotton and cotton processing is done by certification bodies that are affiliated to certification bodies overseas and carry the same name. These certification bodies evoke confidence and trust in the minds of the users and the final consumer. Therefore, by virtue of the fiduciary nature of their relationship, the overseas certification bodies should evince substantial engagement with their Indian counterparts to ensure equally high standards in India and take adequate responsibility.
- 2.10. *Quality of Service*: The unprecedented and quick growth of organic business has resulted in a dearth of technically competent staff. It is a relatively new industry requiring special skill sets and ethical bent of mind. Some universities are now offering courses in certification which are still nascent. It will be a matter of time before fully trained and competent pool of staff is available to perform. In the meantime, accreditation and certification bodies could enhance their investment in training of personnel and improving the quality of evaluators and inspectors.

3. The Paradox of Growth and Limitations of Business

Organic textile industry is looking up with a projection of global retail sales of organic cotton products at 4 Billion US\$ in 2009 and 5.3 Billion \$ in 2011, reflecting an annual growth rate of 24% and 33% respectively. The Organic Exchange Market Report, 2008

⁶ According to NPOP, parallel production means any production where the same unit is growing, breeding, handling or processing the same products both in a certified organic and a non certified organic system. A situation with organic and in-conversion production of the same product is also parallel production.

reflects a potential fiber demand scenario of 1,47,926 MT in 2010 as against 1,23,272 MT in 2009. This report also projects that, despite difficult retail sector dynamics, most brands continue to be upbeat about the organic cotton market and many plan to continue expansions of their product offerings in the future.

In 2008, India was the top organic producing country, with 51% share in the global organic cotton production, and it will continue to hold this position of leadership for some time. This high percentage of fiber supply coupled with sophisticated manufacturing and efficient business delivery mechanisms make India a competent source of organic textile procurement. The fiber use represented by the top ten brands is 67% and it is reasonable to presume that most of the top brands are already engaged with India⁷. The textile supply chain is long and complex, with stakeholders ranging from small marginal dry land cotton farmers, intermediaries such as traders and ginners to sophisticated mills, brands and retailers. There is great degree of interdependence coupled with great disparity in economic status and consequent vulnerability between primary producer and others in the chain.

Given that the contract farming model is the dominant model, to facilitate aggregation, we would need to examine how organic cotton production can deliver on its promise of being a tool in enabling a better livelihood for the farmers. While discussing the following points it is fully recognized that the market situation is volatile and uncertainties prevail for the marketing entities also. At the same time the discussion is important because many market players are developing a sustainable business strategy and it would be worthwhile to attempt to determine how such issues could be potentially dovetailed in their strategy in due course of time. The major issues in the dominant model are briefly mentioned below.

3.1. *Minimal or No Assured Premium for Organic Production:* There is little or no significant organic premium at the farmer level since 2008. It is needless to mention that organic farmers contribute to a more sustainable world. Organic cotton farmers stay away from the mass trend of adopting GM cotton and from quick fix methods of solving nutrient, disease and pest related problems. In recognition of this contribution the industry trend was to provide an organic premium from anywhere between 8 to 20% to the organic farmers. In 2008, the Government of India raised the Minimum Support Price for conventional cotton fiber by almost 40% over the price of 2007, which brought a much awaited relief to the cotton farmers in the country. This escalation of the conventional cotton prices, which remained the benchmark for the organic price, completely threw out of gear the existing price premium positioning for organic. In the wake of higher labour costs due to National Rural Employment Guarantee Act (NREGA) initiative, the overall cost of production for labour intensive organic farming has risen. This is a positive development, yet farmers fail to earn minimum wage for their own work in their farms. Without a reasonable level of organic premium, that adequately compensates the organic farmer, it would be difficult to keep the motivation of the genuine organic farmer to continue in organic production.

3.2. *Forces of Demand and Supply:* To compound the situation, interplay of the forces of demand and the supply have created a situation where the ample supply of fiber in India put brands and retailers in the driver's seat, enabling them to keep cost of

⁷ Organic Cotton Market Report, 2008 by Organic Exchange

supply as low as possible. There is also a tendency to expect that prices for organic would be only slightly marginally higher than conventional prices or sometimes equivalent, at the manufacturing level. This appears to have been the key factor in affecting integrity and also has a downward spiraling effect that tends to influence many aspects such as quality of ICS, extension services and above all fair organic premiums to farmers.

- 3.3. Funding and Pre-financing: Farming community forms the very foundation of cotton textile industry. Handholding of organic farmers as a group to ensure sustainability and integrity of production requires tremendous effort. Agrarian communities are traditionally fraught with challenges starting with heavy reliance on village middlemen or trader for inputs as well as other credit needs. There is a clear need for pre financing or facilitating loans for farmer groups in order to come out of this malaise.
- 3.4. Ordering Cycle: Moving up the chain, ordering cycle for organic products follows the same pattern of conventional cotton by adopting a 'Just In Time' approach. This is completely unfavorable to the desired model for organic which envisages adequate lead times for at least a significant percentage of the total order well in advance such that the manufacturer can in-turn organize the planning for the required organic raw materials. While an arrangement of firm orders in advance would be highly desirable and likely to benefit the farmers, it is recognized that the retail industry also faces huge challenges in terms of uncertain demand. Given the volatile nature of the market, particularly with the risky financial times we are currently in, the retailers want to hold off on making commitments until the latest possible time so that they can match their supply and demand as closely as possible. While both the sides, producers as well as marketing entities, have their own limitations, systematic effort needs to be made in order to safeguard the integrity of cotton especially when huge quantities are ordered for supply in a short span of time.
- 3.5. Brand Engagement and Long Term Commitment: Simultaneously, brands should proactively engage in a supply chain mapping exercise to ensure transparency and communicate commitment right up to farm gate level. This exercise could also potentially eliminate speculative entrants with short term interests which in the final analysis constitute an important factor in the critical position that organic cotton in India today finds itself. A more transparent supply chain brings about greater accountability to each participating entity and would fuel enhanced peer review and pressure in moving towards healthy competition and a level playing field. Knowledge of the operations and links with all the players in the supply chain would reduce the risk and enhance organic integrity.
- 3.6. Consumer and Media Engagement: All stakeholders should work towards having greater consumer and media engagement in the organic cotton business as a means to enhance integrity. The organic supply chain needs to move away from a faceless entity to one that is connected intrinsically through an underlying thread of integrity.
- 3.7. Regulatory Standards in Farm Production and Processing: Existing regulatory standards in India apply only to organic farm production (NPOP). Therefore, those private standards, for example GOTS and OE 100, that are used in organic

processing, perhaps need to engage more proactively in order to ensure the integrity of the final product.

4. Pertinent Ongoing Initiatives of the Government of India

Government of India sees an opportunity in the growth of organic cotton textiles. In due consideration of some of the challenges in sustaining the growth with credibility, some broad based initiatives are underway either in planning stage or early stage of implementation. It is pertinent to inform the body of stakeholders about some of the relevant initiatives.

- 4.1. Organic Cotton Advisory Board: This board was constituted in early 2009 in cognizance of the rapid growth of organic cotton in the Indian textile value chain. The board is chaired by the Textile Commissioner, Ministry of Textiles, Government of India; and consists of 17 members drawn from a body of stakeholders including specialists, policy makers, civil society institutions, and industry and certification body representatives. The major objectives of the board is to foster a better understanding of the organic cotton industry, identify critical areas of action and facilitate synergy amongst efforts of various stakeholders. A particular mention can be made of the board's decision to organize a well researched package of practice for organic cotton cultivation. Shortfall of high quality non GM cotton seeds remains a matter of concern to the board.
- 4.2. Subgroup on Organic and Suvin Cotton: This subgroup was constituted in October 2009 to discuss and evolve long term strategies for positioning India as a credible and trustworthy source of organic cotton and organic cotton textiles. At the conclusion of the second meeting in November this subgroup deliberated on several critical issues including inter ministerial cooperation (Agriculture, Commerce and Textile Ministries), organic seed availability, possibility of GMO free zones to prevent contamination, identifying central, state, private sector entities to undertake GMO testing and significantly, formation of a Technology Mission for Organic Cotton with dedicated funding for 5 years. The report is expected to be submitted by this committee for consideration when finalizing the National Fiber Plan for projection in India's next five year plan that begins...
- 4.3. APEDA Tracenet: APEDA introduced Grapenet, an internet based traceability software system for fresh grapes exported from India to the European Union in 2006-07 under GAP certification. Grapenet helped monitor pesticide residue, achieve product standardization and facilitate a traceback from the retail shelves to the farms⁸. The positive experience from the effectiveness of Grapenet prompted APEDA to develop Tracenet, a web based Traceability System for organic production. Critical features of Tracenet include individual farmer and geo referenced landholding details to eliminate duplication of records, estimated yield and actual procurement records to be cross verified through electronic clearing system of transaction certificates; and certification in the name of the farmer group etc. Training for the system has been underway for past several months in all States of India specially geared towards capacity building of ICS staff and Certification

⁸ Grapenet has been well received by the variety of stakeholders and it won the 2009 eASIA award from Asia Pacific Council for Trade Facilitation set up under the aegis of the United Nations

Bodies. The system is likely to be launched in early 2010 and a formal announcement is expected to be made at Biofach in Nuremberg.

5. Final Remarks

In the final analysis, it is evident that integrity is everyone's business. It cannot be accomplished by relegation to one or the other parts of the chain. The variety of factors that make up the value chain production system for organic textiles is mind boggling in its complexity. However, when analyzing the system one can gather that numerous tugs and pulls have effects that cascade. Needless to say, in the values underpinning the organic production system, integrity of purpose and action occupy the highest position. It is therefore in the best interest of the two most vulnerable groups, the producer and the consumer, to ensure that the gaps identified in this report are addressed. The various players and the actions required are all interdependent, and there are many opportunities for synergies of thought and action. The bottom line is that we must all work together, and we will all benefit.