

SAHAJA AHARAM

Cooperatising Organic Supply and Value Chains



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“ Food is only as
Safe as it is Grown



» Cooperative

Safety and health of food is everyone's concern in addition to taste. Food and lifestyle related diseases are increasingly becoming top cause of death in India. We are what we eat and what we eat is what is grown. The ecological foot prints of food before it reaches is as important as what it does to you as a consumer after you eat.

High agrochemical use, high water use and high energy use in agriculture are having severe impact on environment. The shift towards agroecological approaches can make food production process healthier. What food does to the farmers who produced it is another matter of concern. In the processes of addressing these two concerns farmers and consumers in Andhra Pradesh, Telangana have come together to form to create a community owned and managed enterprise 'Sahaja Aharam'.

In 2008, after initial successes in scaling up of non-pesticidal management and organic farming in Andhra Pradesh and other states, Centre for Sustainable Agriculture made an attempt to collectivise farmers to reach consumers directly by setting up a farmers' market in Hyderabad where farmers can directly sell to consumers in 2007. Soon we realised the difficulties with individual small farmers with small marketable surpluses connected to individual consumers. We started organising farmers and consumers into cooperatives and bringing them on to a common platform to work with cooperation.

The farmers cooperatives spread across several district share common frame work of quality management, pool resources and sell under the same brand name 'Sahaja aharam'. The consumer cooperative brought together consumers



who are interested in being part of the initiative to support farmers by directly buying from farmers, invest in consumer cooperative which can be used as working capital and share responsibilities in building market opportunities. The first store was started by the Sahaja Aharam Consumer Cooperative in Hyderabad in 2009. The farmers cooperatives were federated into Sahaja Aharam Producer Company (SAPCO) in 2014. Today the Producer Company sells organic produce directly through the retail stores owned and franchised.

The business model is to build organised producer and consumer communities who move towards each other in the supply chain, build a trust and cooperative based relation than a competitive and policing relationship which modern markets impose. Today, in the conventional market the farmers share in consumer price is less than 25% in primary produce. The rest of 75% goes to various middle men who generally do not add much value but take significant margins.

These include aggregators, processors, wholesalers, distributors, retailers etc. The situation of organised organic market is no different. While the Indian organic market is growing by more than 20% per annum the benefit is not much transferred to the farmers. Sahaja Aharam made an attempt to break this and create a supply chain which can increase the farmers share to more than 50% in the consumer price while rest of it is spent on the processing,

further building capital and retailing.

How Sahaja Aharam Producer Cooperatives operate?

Sahaja Aharam Producer Company is a federation of registered producer cooperatives whose members are into any form of agroecological production like organic/natural farming, sustainable agriculture, biodynamic farming or permaculture. The members are encouraged to follow an incremental approach to become fully chemical free and are supported through a strong extension system. The cooperatives are formed with share capital from the members and the cooperative invests in the producer company.

The cooperatives develop a production plan based on their agroecological conditions and develops a businessplan for marketing. The farmers cooperative provide support for farmers to access all basic services-extension, finance, inputs and market. In some areas on a pilot centres for providing custom hiring of services like farm machines and skilled labor. Farmers who adopt organic/natural farming practices are brought under organic certification (both PGS/ICS discussed separately).

While market linkages are created for all farmers for their produce, the value addition and retail marketing support are restricted only to the farms which are more than three years into organic production and are certified either under PGS/ICS. The role of producer cooperatives is to provide support services to plan, organise and strengthen production and aggregation of produce.

How federation operates?

Any registered farmer cooperative can become a share holder of the Sahaja Aharam Federation if they are into organic/natural farming and abide by the cooperative principles. The federation provides support to its member cooperatives in providing last mile delivery of support services. The Federation is managed professionally, organises business operations -aggregation, value addition, marketing. The infrastructure like processing and storage facilities are organised as 'Food hubs'.

Currently Sahaja Aharam operates four such hubs one in Bhoddam, Vijayanagaram district and Naguladinne, Kurnool district of Andhra



Pradesh and Kallem, Jangoan district of Telangana and Dorli, Wardha district of Maharashtra. Each hub has storage, integrated processing and packing facilities. Federation also operates distribution centres in Hyderabad and Vishakapatnam for supplying produce to the retail stores. In addition to the Sahaja Aharam Retail stores, the federation also supplies to other bulk buyers.

The federation apart from raising loans from banks and financial institutions also raise loans from individuals who can extend loans not just for financial returns but also for social and ecological returns at a low interest rate.

The federation owns retail stores in Hyderabad and vishakapatnam and also franchise the stores to small entrepreneurs. The mobile stores go to different living and working complexes at schedule times. Sahaja Aharam also experimented with building communities in few residential complexes where a group of consumers together aggregate their purchases and buy in bulk. In some areas, such aggregation is also done by women entrepreneurs. Sahaja Aharam also has an online store where consumers can place their orders and get delivered at home.

How do we engage consumers?

Sahaja Aharam consumer cooperative constantly engages the consumers to improve their consumption and purchasing behaviour. Nutritional Counselling sessions, urban gardening, house hold waste management and composting, water harvesting and recycling. Sahaja Aharam also regularly takes up consumer engagement through cooking festivals, exhibitions etc. Sahaja Aharam also engages schools to create awareness in children about healthy consumption.

Expanding the basket of products

The federation also works on developing various food and non-food products which can be made with locally available material and build skills of the local communities to take up these products as livelihood options. From Sahaja Aharam which broadly covers all food produce including ready to eat snacks and foods, the federation now has Sahaja Soundarya-for personal care products, Sahaja Oushadi-natural health care products and now Sahaja Kala-art forms from natural products.

How to ensure quality?

All farmers who are members of cooperatives register themselves for either Participatory Guarantee System (PGS) or Third Party Certification system through Internal Control System (ICS). Under Sahaja Aharam both kinds of certifications follow the same process. 10-15 farmers are organised into a group. Individual farmers maintain records of their operations and the group verifies and gives a collateral guarantee, which means if anyone found to be defaulting, the entire group would be made responsible and again has to follow three years of cycle again. A random sample of 1% of the produce is tested for chemical pesticide and GM crop residues.

At Sahaja Aharam, we believe strong quality management system is important if farmers have to reach out to the markets. It is not because market is setting the standards, it also to build accountability when many players are involved.

Traceability of produce and Ecological Foot Prints

Each packet sold at the Sahaja Aharam stores can be traced back to the farmer group which has grown it. Centre for Sustainable Agriculture has also developed a methodology to quantify the ecological foot prints of food before it reaches the consumer plates. This can help consumers to make more informed and responsible choices while buying.

Other experiments





Annual subscriptions, Vegetable boxes, Any Time Food machines, urban vertical gardens

How this model is different from other organic businesses?

Sahaja Aharam is the first organic retail chain owned by farmers and consumer collectives. It is build on a cooperative model where several players work together for mutual benefit rather than trying to get into a rat race of competition and try to kill each other which is happening in the mainstream markets.

The Sahaja Aharam pricing both at farmers end and consumers end is based on fair and equity principles. At farmers level, three price indicators are considered. a. cost of cultivation plus 50%, b. local market price plus 15% and c. 50% of average consumer price in a year and which ever is highest is given to the farmer. Similarly, at consumer end the prices are normally fixed at 15-20% over the local market price for conventional produce, b. 50% over the producer price and c. even out extreme prices of last year.

Sahaja Aharam pays more than 50% of the consumer price to the members while many organic

Why organic food is pricy?

Discussion about organic food will not end without discussing about pricing. There is a general feeling that organic food is priced high and a premium is paid by the consumer. The prices with which we are comparing are the conventional market prices.

A. farmers are always paid low price and market is exploitative that's one of the reasons we see severe distress in farming, while farmers have a choice to sell in the market and set a price, farmers expect a viable price

B. conventional production is subsidised in production, where as organic/natural farmers have to bear all the costs themselves.

C. the supply chain is well build for conventional produce where as in organic market each player has to build their own supply chain and infrastructure facilities are also very poor. As a result, prices always goes up. But the worry all of us should have is not about the increased prices, but what is the share of the producer in the price consumer is paying.

What you can do as a consumer?



As consumer make right choice of food, buy directly from farmers or farmers cooperatives and that helps both producers and consumers. We do organise trainings for farmers, entrepreneurs and consumers. Interested can contact.

Sahaja Aharam <http://www.sahajaaharam.com>;
<http://www.facebook.com/sahajaaharam>