

## RETAILING, WITH A WORLD OF DIFFERENCE: EMPOWERING FARMERS & CONSUMERS THE “ORGANIC FARMERS’ MARKET (OFM)” WAY

*Written by Kavitha Kuruganti in July 2017 for the Vikalp Sangam website*

Jamuna says laughingly that she will follow them to Singapore, if they move there. She ekes out a living by ironing clothes in Adyar in Chennai, travelling about 3kms from Tiruvanmiyur every day. She is single and lives with her daughter. She was referring to Organic Farmers’ Market (OFM), an organic retailing space that she visits regularly for all her grocery and vegetable needs even though they had shifted to Indiranagara year ago. The distance she travels is again about 3 kms. ‘So, you won’t look for other organic outlets near your workplace?’ I asked her. She firmly said No. She will buy only in OFM and will follow them all the way to Singapore, if they shift there. Jamuna has become a regular customer after she visited OFM in their earlier outlet space, when they were across the road from her ironing cart. She vouches that all her body aches disappeared after she switched to organic on the advice of a neighbor. The tests and medicines prescribed by the doctors didn’t help, but eating organic food from OFM did, she says.

“The vegetables here are my medicines”, she remarks. Why not go to other organic shops closer to her, I was curious to know. “The products are cheaper here, and the young people working in the shop always have a word or two for me. They always make time to talk to me,” she replies promptly.

There are standing instructions that Jamuna can pay whatever price she wants to, for the products that she picks up. She has also been told that on days that she cannot travel to Indiranagar, her order will be delivered to her cart. It is another matter that she has chosen not to avail of this offer so far. This is indeed an unusual relationship between a (organic) ‘shop’ and its customer, that too from a lower middle class background.



Siva is a 7<sup>th</sup> Class student and has visited OFM several times with his mother as she is a regular customer in the shop. He understood why organic food is important and inspired by what he saw in OFM, he started tending to a little garden of greens in his courtyard. After the greens grew, he wanted to sell them to OFM customers. OFM promptly set up an exclusive table for him and announced the special sale from their young farmer to all the customers over email. Siva’s greens got sold out in 30 minutes flat. He is a more-inspired boy today and is enthusing his friends to try their hand at growing veggies.

When was the last time you came across a neighborhood ironing lady shopping regularly at an organic outlet? Or when you saw an urban child so motivated by a “shop” that he decides to grow some greens organically and sell in the shop? Have you seen a shop being able to motivate urban consumers to protest on the streets for the rights of farmers? Did you imagine an organic shop which can remain unpretentious, eco-friendly and small, but still draw in urban middle class consumers in droves? Chennai’s Organic Farmers’ Market (OFM) is all of this and more.

## GENESIS



A group of NRIs discovered themselves scouting around for safe food in Chennai, in the late 2000s, after returning back to India from wherever they were busy working and earning money. Some had vague plans of producing organic food themselves, and thereby greening a patch of earth. It so happened that several of them had also had enough of the rat race and while looking for healthy food for themselves, were also keen on helping the food producers. Several trips into Tamil Nadu’s villages in search of organic farmers reiterated one message clearly for them, and this came from the farmers themselves –no need for more people to get into farming and ‘demonstrating’ to fellow farmers how to take up sustainable farming. “Just support us with remunerative markets, fair (priced)markets that make us feel dignified about what we are doing right now.”That brought them together to initiate a periodic market with Chennai’s consumers – they did not begin with a swanky air conditioned organic mall. Nor did they invest lakhs of rupees. No. It was a volunteer-driven model where a group of 4-5 individuals (with their spouses pitching in) took the responsibility to scout around for organic farmers in and around Chennai, even lug down the produce in their personal vehicles to the city, set up a few tables in a garage and start selling the produce. The group drew its inspiration from what they have heard and read about Deccan Development Society’s work in Medak district and requested a group of women farmers from there to be present for their inauguration. Thus began *reStore*. The volunteers would mop up all the unsold produce at the end of each bazaar themselves and gift away to neighbors, friends and an old age home. Slowly, they learnt their “business” but never sold their heart and principles while at it. And there have not been any losses at all from the beginning. *reStore* only grew steadily over the years, and set the bar high for other organic stores in Chennai and around the country, with its entire approach to retailing being very different. It was retailing that allowed farmers to have a central space in the effort, including often in determining their own, stable price; an effort that sought to provide the greatest share possible of the retail price to the farmer; an effort that was frills-free and therefore, more price-friendly for both farmer and consumer; an effort that challenged urban organic consumer behavior that allowed consumers to only buy poison-free food, with all other things around plastic packaging, other unsustainable consumption practices continuing etc. Here, given the bulk vending that takes place

including of edible oils, consumers have to bring their own bags and containers and not get used to using up packaging resources unnecessarily (there is some amount of packaged material sold, of course).

Ananthoo was one of the founders and active volunteers in *reStore*. Ananthoo was trained as a telecom engineer and ran his own distributorship in the telecom sector for several years in India, before moving abroad with his wife Sumathy to work in the IT sector. Six years of a comfortable and well-paying life in Switzerland however brought new thoughts too. Around environment, around food production and consumption, around lifestyles, around “giving back” to communities which are feeding us etc. His return to India resulted in the birth of *reStore*, where along with other founders like Radhika Rammohan, Usha Hari, Sangeetha Sriram etc., he shaped an exciting journey around empowering both farmers and consumers.

Ananthoo realized that it is not enough to have one well-known retail outlet for all the things that *reStore* was dreaming about – a paradigmatic change around how producers are supported and consumers behave, in our current economy.

Thus started one more journey in Feb 2014 – this time, a cooperative effort between several retail organic outlets, called Organic Farmers’ Market (OFM). Ananthoo hand-picked committed individuals from different parts of Chennai (who wanted to know what they could do to support farmers or for food safety) and created a hub and spoke model of 15 organic retail spaces. The Central unit of OFM in Adyar, apart from retailing was to become a location where several functions would be taken up like procurement, cleaning, processing, packing, storing etc. The retail units were to run with their own investments, but with some norms adhered to.

“In the current organic supply chains, each retail unit is often trying to deal with supplies entirely on its own, that too in urban centres where space is of premium value (limiting options for storage). On the other hand, farmers cannot keep their stocks with them for too long and are desperate to dispose them off (not just for space reasons but mainly for cash flow reasons, after having waited out an entire season for incomes to flow in). Meanwhile, there is a whole set of players flourishing in the name of ‘branded organic’ whose ‘organicity’ is not always reliable, and who don’t break any norms related to the mainstream markets out there, including continuing the arm twisting for better prices and credit not even in terms of their packaging and marketing strategies”, explains Ananthoo.

### **Norms that defy the usual markets logic:**

OFM had several norms laid down at the very beginning which ensured that these retail spaces would not compete with each other but rather cooperate; they would try to cater to (middle) middle class and not just to the elites in a city; they will be as eco-friendly as possible in the running of the shops. This resulted in 15 “hole in the wall” non-descript spaces emerging under the





OFM umbrella, with each outlet also having its own name. Each of these were keen not to spend on themselves but give the best possible prices for both farmers and consumers, a win-win-win for everyone. The norms that everyone follows include:

- No major investments in setting up and running the outlet (usual investment ranges from Rs. 50000/- to Rs. 200000/-) in terms of infrastructure (décor, furniture, decoration etc.) & stock
- Notice board displaying sourcing information to ensure 'traceability' of the producers for the benefit of the consumers
- Flat slab rate for all vegetables, put into 3 categories of vegetables, to ensure predictability for both consumers and farmers, in addition to protecting the farmers from market volatility. Farmers price the vegetables at the start of every season. Here, all vegetables of a particular category (bhindi, lauki, ridged gourd, brinjal for example, in one category) are priced the same per kilo. A consumer just needs to put in all vegetables in one category into one basket and get them billed at the same rate per kilo. "Hill vegetables" are sold at a higher price, coming from cooler places like Kodaikanal and Ooty (carrots, radish, turnip etc.). The reasoning behind this is not a logistical advantage sought in billing. But to ensure that farmers are protected from the volatility of rigged mainstream markets. There is a predictability involved for the farmers who supply to OFM given that they know what price to expect for their produce. What's more, there is also a predictability for the consumer's budgeting on vegetable purchases. Whatever might be the outside market price, consumers of OFM get their vegetables at the same rate throughout the year. This then becomes a win-win option for both the farmer and the consumer, and also for OFM.
- Every outlet entrepreneur to take up a allotted set of farm visits for checking 'organicity' on a monthly basis
- No branded products to be sold, and bulk vending to be taken up as much as possible to avoid usage of packaging materials unnecessarily. The only brands allowed are those of women's groups and farmers' collectives
- All products to be taken only from the OFM central (Adyar) unit
- Outlet entrepreneurs to send customers to their nearest outlet and not try and retain them at a 'wrong' outlet
- A maximum of 20% margin only to be kept on any item sold, over and above procurement price for the outlet
- Organise events, or engage consumers in events centrally organized, to create greater knowledge and interaction on chosen issues, and to awaken citizenship.



In other ways, these retail outlets in the cooperative would be similar to *reStore*. Quality of produce would be paid great attention to, starting from the farmer. The outlets shun the use of credit cards and instead trust the consumers who are not carrying cash with them to do an online transfer or come back

with cash the next time. It is often experienced that consumers promptly pay the store whatever is due. However, as an unfortunate fallout of demonetization, the stores have taken to accepting debit cards.

These stores collectively strive to break what is the prevalent norm in the regular market – greed, profit and profit alone being the bottom line without any voluntarism, passion or social/environmental concern; treating the customer as someone to be exploited, rather than building a relationship with customers and grooming them as citizens; exploiting the farmers, rather than cushioning the farmers from rigged and volatile markets; invisibilising the farmers and their contribution, rather than keeping them on the forefront; eco-unfriendly outlet spaces and packaging rather than appreciating that organic is a lot more than poison-free food; creating brands that make more money for investors rather than providing more income for farmers; opaque functioning, rather than transparent and traceable functioning; making organic an elitist fad rather than being affordable to at least the middle class.

OFM started in the same garage where reStore was started (and later on moved to a bigger space), with an investment of just ten thousand rupees per store in the coop. 12 youngsters who wanted to be part of the endeavor paid 10000 rupees each, and Ananthoo added an investment of 20,000 rupees to this pool. With this, initial stocks were procured from organic farmers. OFM tries and pays all farmers within 3 days to a week of delivery of produce. When they moved to a bigger space after one year of operation, the new space needed a bigger rental advance/deposit. Around 15 customers paid upfront (10 thousand each) for the house deposit in Adyar. This was repaid in kind, with the customers picking up material from OFM over a period of time – this also ensured a captive market for us, says Ananthoo, with a smile. Also to be noted is that the 1.5 lakhs they got this way was at a negative interest. Nearly all materials in the store were ‘up-cycled’ – almirahs, chairs, computer, cupboards etc. These were gifted by consumers and friends. In OFM, one very often sees a “What OFM Needs” board, with a list of things needed, to which people contribute. Here, buying new material on behalf of OFM is not allowed, only recycled/upcycled material.

OFM functions like a cooperative or collective. It is not a registered body. Regular meetings are held with all those who run the retail stores and all decisions are taken collectively. All members are involved in the decisions to induct new members or introduce new products into the stores.

“Two housewives approached me, wanting to run OFM stores and being part of the Coop. It is an employment model now for those who want to support farmers and consumers”, shares Ananthoo.

OFM also tried to run stores with a couple of autistic persons, but the effort did not work out. However, a Special School for autistic children has now stepped forward to open a shop. They will also be using organic food for their own children.



I met with Damodharan Chandrasekharan, who runs an OFM outlet by name “LingaBhairavi” in Medavakkam, Chennai. He is a software professional who is also managing the OFM outlet, with the help of his wife Yamuna. Over the weekends, he goes for farm visits as part of this commitment to the cooperative. “I want to do something to support organic

farmers and also make sure that consumers get safe food, that too in an affordable manner”, he says. 90% of his shop’s products are without plastic packaging, and the shop is run from his home. He has a regular customer base of 70 to 80 buyers. He also employs two persons on the turnover of around 3 lakhs that the shop has each month. “We keep the overheads as low as we can, including my own margins. I am ready to reduce prices further for patients amongst my consumers”, he says. For the first six months after starting his OFM outlet, Damodharan went to a local Shiva temple thronged by people every weekend, to reach out to public and educate them about safe food and draw them to his shop. “I don’t have to publicise any more. We have a good name and consumers trust us”, he says. It took him 1.5 years to break even but now, he has comfortable margins and he is happy to be part of OFM cooperative. “I feel confident that we are selling only authentic organic products, that I don’t have to deal with small quantities to be procured myself when the central unit can procure larger quantities for all of us. Transport costs are also cheaper this way and my consumers find the prices of organic produce affordable”, Damodharan shared.

Gopi Deva, who runs the OFM central unit in Adyar, has responses that are tinged with reality – “we do try and have products every now and then with differential prices after allowing a farmer himself/herself to fix the price. But consumers don’t always respond to the distress and usually decide based on lower price”, he says. Gopi is an IT sector walk-out himself, who opted to become the anchor of OFM in Adyar, so that he could do something meaningful. Over the years, he has developed a knack for assessing consumer preferences and behavior, as well as product quality and reliability.



‘Does OFM buy only from smallholders? Are you sensitive about your support going mainly to marginalized farmers’, I ask Gopi Deva. As a policy, OFM buys only from smallholder farmers. The number of women farmers into whose hands we are directly passing on our procurement price is still low, he confesses. It could be just 10%. He also admits a little hitch with the vegetable supplies, for which OFM itself depends on a farmers’ collective in Karnataka. “While we did not ask for an exact break-up of how many smallholders are part of the vegetable supplier group, I think it is mostly smallholders”, he says.

Ananthoo mentions that when they first began, vegetables were supplied by farmers about 45kms from Chennai. That has changed with real estate development, which he terms as (Un) real estate! Now vegetables come from as far as 100 to 400kms away, with the Hill vegetables coming from Ootacamund. Pulses and grains are sourced from Gadag/Hubli and wheat from even further away from North Karnataka and Southern Maharashtra.

Ananthoo points out that whenever they cater to undesirable consumer demand (for pineapples for example which is not a local produce), they end up reaching out to big farmers to procure from. He rues

the fact that they have not been able to change consumer demand based on seasonality of production, especially around fruits.

Around 200 farmers are supported by the OFM Coop. At the farmer end, OFM has been able to facilitate the setting up of processing units in a couple of instances, and also began working with collectives set up by NGOs. Supply of processed produce to OFM has given greater incomes to farmers as in the case of Pudukottai and Sirkazhi farmers. While individual farmers find it difficult to take up processing, OFM has been nudging farmers to get into collectives and has supported such collectives.

In these days of much FPO (Farmer Producer Organizations) talk all around, why is OFM not a farmer-owned enterprise, I wanted to know from Ananthoo. Ananthoo responded by saying that associated farmers get much more here than they would get in an FPO as dividend or bonus. "It is also somewhat unfair to expect farmers to figure out about higher profitability all by themselves, and very often, these FPOs are actually controlled by others. Here, we don't expect farmers to perform additional roles than what they are already handling. Why should they? We make sure that consumers are sensitive to their contribution and support them properly. This is also a new cooperative model but at the consumer end, between retailers. Sitting in an urban centre, this is the best that we can do for farmers", he says. He goes on to explain that they support farmers associated with them in other ways – sometimes by way of providing small loans/financial assistance against which they send their produce later on. OFM also organizes funds through crowd-funding for other investments of farmers like restoring an open well, or digging a new one.



OFM is a successful proof of concept with regard to collectivization, instead of competition, between different entities at the consumer end. This is a win-win for everyone, including the consumers. While customers are given credit option at times, there is no delay in the payment to farmers. There is a strict rule that all farmers will be paid from 3 to 7 days after delivery of stock. There is no credit given to the cooperative members. Everything is on immediate

payment. This keeps the accounting system clean and ensures that farmers are not harassed in any manner. This is sensible economics based on ethics, says Ananthoo.

By all the usual parameters, OFM model is a success. The usual monthly turnover per OFM shop is around 3 lakh rupees, while the central unit of OFM in Adyar has a monthly turnover of 10 to 12 lakh rupees. The Adyar unit does not charge a margin for what it supplies to the other shops in the coop but tries to meet all its expenses through its own direct sales to its customer base.

The profits are due to quick turnaround of money and stock, which is propelled by consumer trust in a "not for profit" model. Ananthoo does not take any share of the profit nor pays himself any remuneration. A few other promoters/volunteers also devote their time but not-for-profit. There are several youngsters who have come from different professions who work for very nominal salaries in



OFM (there are 5 men and 4 women employed by OFM Adyar). In the other retail stores in the OFM cooperative, it is some housewives who would be earning a nominal salary from the margins that they keep, based on the turnover.

Today, OFM has nurtured a base of committed young volunteers in a city like Chennai, who are not only giving their time for various events that support the cause of farmers in a city, but are also actively trying their hand at farming. Many of them are getting into farming themselves, or finding ways of supporting better markets for farmers. The consumers associated with OFM are ready to go the extra mile to participate in educational and interactive sessions organized by OFM, to listen to eminent thinkers of our times, and enrich their understanding of agriculture and Nature. There are many Tamil film personalities who are regular customers of OFM and act as 'brand ambassadors'. Senior writers, editors and owners of publishing houses make the effort to buy at OFM to support the farmers that OFM is associated with. Farmers associated with OFM take great pride in telling other retailers that they sell to OFM, and that itself is an authentication of their produce.

The OFM model shows that consumer behavior can be changed to be more sensitive towards producers and their hardships, that they can expect uniform prices for vegetables, some seasonality discipline, to get into non-packaged purchases, to be extra supportive of certain special products of severely distressed farmers. The consumers' food consumption patterns are changing, with perceptible improvements in their own health, making them come back to OFM for continuous purchases. They no longer fall for glossy appearances. They even donate to various causes and OFM has been consistently contributing to various events organized on farmers' rights and sustainable agriculture.



Farmers feel respected. They are requested to come and sell any time they want, directly to consumers of OFM. Some choose to set up juice stalls, for example. Special "meet your farmer" events are also organized occasionally. Farmers associated with OFM feel recognized, respected and supported. They also find greater profitability.

The success of OFM shows us that social enterprises can indeed be not-for-profit enterprises that create a win-win for both producers and consumers, with consumers changing their purchase behavior in numerous ways in support of economic and environmental change in society, even as their own self interest is taken care of.

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