

## **Building Short Supply Chains Around Consumer Participation: Community-Supported Agriculture and Consumer Cooperatives in India**

Nina Osswald  
nina@organicwala.in

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### **1 Introduction**

The Indian domestic market for organic food has developed rapidly and dynamically over the past few years. New processing companies, suppliers and organic stores are coming up on a monthly basis. Branded organic products have now made an entry into many conventional retail stores. However, most supermarkets and even many organic stores still do not sell fresh organic fruits and vegetables, either because of the logistical hurdles and high risks of selling perishable products, or because no supplies are available (Osswald & Menon 2013). Farmers practicing sustainable small scale agriculture lack adequate market access that allows them to sell their products profitably. At the same time, demand for organic fresh produce is highest among all product groups (Rao et al. 2006; Osswald & Dittrich 2010)

In urban centres, several new and innovative approaches to organic food distribution are now emerging that try to bridge this gap between demand and supply of organic fresh produce. These new models of distribution include several initiatives that can be loosely grouped under the label of community-supported agriculture (CSA). They operate in regional and local networks and are often organized as social enterprises or as cooperatives. While they share several characteristics with alternative food networks and CSAs found in other parts of the world, they also display some unique features as a result of adaptation to a specific local context. CSA is an adaptable concept, and Henderson (2010) notes that “[o]nce they seize upon the basic principles, farmers and citizen-consumers in each culture are adapting CSA to their local conditions.”

The action manual “A Share in the Harvest” published by the Soil Association in the UK defines CSA as “a partnership between farmers and consumers where the responsibilities and rewards of farming are shared. (...) CSA is a shared commitment to building a more local and equitable agricultural system, one that allows farmers to focus on good farming practices and still maintain productive and profitable farms” (Soil Association, 2009: 3). CSAs are based on personal relationships and aim to build stronger communities around food. In a CSA, all members commit to share the risks involved in any farming enterprise, for example by way of consumers holding a farm share, pre-paying for a season’s produce or giving farmers a purchasing guarantee. CSAs challenge the passive identity of consumers, by involving all members actively in the production process.

Across the world, CSA initiatives are now growing as more people are eager to support local farming systems that provide healthy food to consumers and at the same time

enable small producers to sustain a decent livelihood from farming. In the United States, Japan and some European countries, community-oriented models of food distribution first emerged in the 1970s and have kept spreading in numbers since then. In urban India, traditional relationships and commitments between consumers, farmers and vendors are vanishing rapidly. With the food industry becoming more industrialized and anonymous, consumers are increasingly disconnected from the sites of food production and the producers. The emergence of CSAs in India is partly a response to this trend.

## 2 Methods and Materials

This paper analyzes different organizational models of community-driven and community-oriented organic food distribution schemes. It looks at characteristic features of four case studies of CSAs and consumer cooperatives and discusses how these initiatives can contribute to building sustainable urban food systems in modern day urban India<sup>1</sup>.

Empirical data was gathered in a mixed-method study over the course of three years. Most of the data was gathered as part of a study of organic food marketing conducted in 2011-12. This study was funded by the German Ministry of Education and Research, coordinated by the Humboldt University Berlin and published by ICCOA as a book (Osswald & Menon 2013). The methodology combined field visits, participatory observation, interviews with organizers, producers and participants/consumers, a literature review and document analysis. Some consumer members of the Sahaja Aharam consumer cooperative were interviewed as part of a previous study on organic food and sustainable food consumption (Osswald & Dittrich 2010).

## 3 Results

Table 1 gives an overview of four case studies of young community-driven urban organic food schemes in metropolitan areas of India:

- Pune (Maharashtra): GORUS Organic Farming Association, started in 2008
- Mumbai (Maharashtra): MOFCA (Mumbai Organic Farmers and Consumers Association), started in 2009
- Hyderabad (Andhra Pradesh): Sahaja Aharam Organic Consumers and Producers Cooperative, started in 2009
- Gurgaon (Haryana): Adarsh Bio Organics Pvt. Ltd., started in 2013

**Table 1:** Key characteristics<sup>2</sup> of four CSA initiatives in South, West and North India

	<b>GORUS</b>	<b>MOFCA</b>	<b>Sahaja Aharam</b>	<b>Adarsh Bio</b>
<b>Form of incorporation</b>	Not-for-profit company (Section 25)	n/a (informal association)	Cooperative Association	Private Limited company

<sup>1</sup> Frameworks for analyzing alternative food networks and their potential contributions to sustainable development were developed by several authors with reference to case studies in the USA and Europe (Holloway et al. 2007; Kneafsey et al. 2008; Seyfang 2006; Seyfang 2009).

<sup>2</sup> The analytical categories in the first column are based on several authors (Holloway et al. 2007, Kneafsey et al. 2008, Seyfang 2009) who developed frameworks for analysing alternative networks of food production and consumption.

	<b>GORUS</b>	<b>MOFCA</b>	<b>Sahaja Aharam</b>	<b>Adarsh Bio</b>
<b>Associated NGO</b>	Gomukh Trust	none	Centre for Sustainable Agriculture	none
<b>Initiator</b>	Rural Development NGO and activist with CSA experience abroad	Group of urban consumers/activists and city-based farmers	Rural Development NGO	Individual organic farmer
<b>Producers</b>	25 small and marginal farmers within 60 km of Pune	40-50 small and marginal farmers and city-based farmers within 200 km of Mumbai	500 small and marginal farmers within 150 km of Hyderabad	1 farm near Gurgaon
<b>Production methods</b>	Diverse multi-cropping planting system; PGS organic	Diverse multi-cropping planting system; PGS organic	Diverse multi-cropping planting system; PGS organic	Diverse multi-cropping planting system; third-party certified organic
<b>Supply chain, retailing</b>	Fresh from farm; weekly box delivery to households; own store since 2013	Fresh from farm; <u>until 2013</u> : weekly box delivery to pick-up points / households; <u>now</u> <sup>3</sup> : several direct sales points across the city	Fresh from farm; weekly box delivery to pick-up points; own store and other associated retailers	Fresh from farm; weekly box delivery to households; direct sales at Farmers' Market and other retailers
<b>Consumers, exchange arrangement</b>	200-250 subscribers pay a prepaid balance; weekly customized orders of seasonal vegetables	<u>Until 2013</u> : 190 members paid a farm share every season in advance; weekly mixed seasonal vegetable basket	200 subscribers pay on delivery for a weekly mixed seasonal vegetable basket	n/a (deliveries started only in Nov. 2013); weekly mixed seasonal vegetable baskets
<b>Producer-consumer interaction</b>	Three farm visits per year	Occasional farm visits	Annual member assembly	Farm visits are encouraged
<b>Membership, participation</b>	Consumers are subscribers and customers; no volunteers or work obligation	<u>Until 2013</u> : consumers were shareholders; some worked as volunteers; <u>now</u> : consumers are customers; some work as volunteers	Some consumers are cooperative members and shareholders; some are customers; some work as volunteers	No work obligation; members are encouraged to volunteer

<sup>3</sup> MOFCA decided in 2013 to pause the farm share model for some time, after 5 seasons (or two-and-a-half years) of operating a delivery scheme under the name of Hari Bhari Tokri. Among other reasons, the administrative work and distribution could not be managed on an entirely voluntary basis any longer.

### Form of incorporation and affiliations with NGOs

The common starting point for CSAs in India is often either a group of urban consumers with an educated background or a rural development NGO. One of their objectives is to give resource-poor small and marginal producers an opportunity to market their organic produce at fair price. Three of the four case studies were either launched or supported by an NGO, or were started as cooperatives by a group of farmers and volunteers. Only the most recent example from Gurgaon is incorporated as a private limited company. GORUS Organic Farming Association was registered as a not-for-profit company under Section 25 of the Indian Companies Act in 2013, and receives institutional support from Gomukh Trust.

Many CSAs opt for a hybrid model of organization: While a for-profit company or producer cooperative handles the commercial marketing activities, an externally-funded NGO provides technical assistance, capacity building services, management skills, infrastructure and facilitation between rural producers and urban consumers. More than in Western countries, this kind of support is often crucial for the success of CSAs in urban India. NGOs also enable farmers to access capital needed to expand the product range, scale up production volumes and invest in infrastructure such as greenhouses and facilities for packing and storage.

### Producers

Most of the case studies source from a number of farms of varying sizes. For instance, MOFCA grew from seven member farmers to over 40 within two years, and Sahaja Aharam sources products from farmer cooperatives all over Andhra Pradesh. GORUS and Sahaja Aharam additionally source products from other NGOs and producer groups, in order to supplement the range of produce that their own member farmers can supply. However, all case studies have a clear policy of not sourcing from big commercial organic companies or corporations, but only from independent farmers, farmer groups and NGOs. Most of the farms in the case studies have landholdings of less than 5 acres. Adarsh Bio Organics Farm forms an exception in that it is based on only one large farm of 37 acres.

### Production methods

Three out of four CSAs in the case studies source produce from farmers who grow organically but explicitly do not aim for third-party organic certification. Only one, the only privately owned company among the four, is third-party certified. The high costs and elaborate documentation process required for certification are an obstacle for many small and marginal farmers in India. By giving producers and consumers an opportunity to interact with each other directly, the CSA model generally prioritizes transparency and mutual trust over certification.

### Supply chain and retailing

The CSAs in the case studies operate in regionally oriented supply chains, with occasional exceptions for produce sourced from elsewhere. Logistics and transport infrastructure are among the greatest challenges, and for small initiatives in particular, transport is often highly inefficient because consumers are scattered across cities, traffic

volumes are high, road conditions bad and vehicles often not loaded to full capacity. The organizers of the case study CSAs anticipate that this will improve once volumes get scaled up.

In the example of GORUS, consumers place customized online orders once a week. Farmers are then informed of the required quantities by SMS and harvest the exact amount the next morning. MOFCA, by contrast, supplies a pre-determined mixed basket of whatever vegetables are seasonally available. This makes it much easier for the farmers to plan production and avoid wastages. On the downside, consumers who are used to the variety of crops available in conventional urban markets may find it difficult to adjust to the pre-determined baskets.

Both Sahaja Aharam and GORUS opened small retail outlets in addition to deliveries, and MOFCA also changed from basket deliveries to in-person sales by farmers at fixed points across the city in 2013. Adarsh Bio Organics started by selling to retailers and at the Delhi Farmers' Market before adopting the CSA model in 2013. This indicates that delivery alone can usually neither sustain the operations nor meet customer expectations, in particular their wish to see, feel and choose products in person before purchasing.

#### Consumers and exchange arrangement

Henderson (2010) defines the typical members of CSAs broadly as “active citizens”. In urban India, this translates mostly into an educated middle or upper class background. However, although some CSA members and volunteers may be economically privileged, their explicit objective is to make good food affordable, and to counteract the perception of organic food as elitist due to its price premium. Through short supply chains without profit-seeking intermediaries or retailer margins, CSAs ensure that farmers get a higher share of what the consumers pay while keeping the consumer prices affordable. The CSAs in the case studies operate with a cost-based model: The final cost of produce is calculated based on what is considered to be a fair share to the farmer, plus operating costs such as packing, transport and administration.

In a system of backward supply chain integration, the CSA organizers help farmers to pre-plan production before the planting season on the basis of expected demand. Careful production planning together with farm shares or pre-paid subscriptions minimizes the risk of wastages, maximizes marketability of what the farmers grow, and results in more stable and reliable incomes. “Variety and bumper yields are our shared rewards and scarcity and losses, our shared risks. In all situations, an uncertain and variable harvest is the medium through which we learn to respect Nature and to live in community.” (MOFCA Concept Paper 2011)

#### Producer-consumer interaction

For the CSAs in the case studies, the marketing system is not just a relationship of buying and selling; it is as much about personal interaction and exchange, and about redefining the farmer-consumer relationship. One of their objectives – apart from supplying fresh, local and seasonal organic produce – is to give consumers an opportunity to reconnect with producers, agricultural production and food traditions.

This happens through direct sales by farmers as well as regular farm visits by consumer members.

### Membership and participation

Unlike in Western countries, none of the CSAs obliges members to contribute a certain number of hours per month as volunteers. However, all members are encouraged to volunteer if they wish. Adarsh Bio Organics even has a limited number of working shares available at a reduced price for members who would like to contribute more work hours. Consumers in the Sahaja Aharam model pay on delivery and make no long-term commitment. In the case of GORUS, the prepaid system and farm visits result in a slightly stronger consumer engagement, and MOFCA has the highest level of long-term commitment by issuing farm shares for the entire growing season. At the same time, since none of the CSAs in the case studies asks consumers to participate in farm work, the identities of producer and consumer remain distinct.

## **4 Conclusions**

The case studies demonstrate that CSA initiatives in India can contribute to sustainable urban food systems in various ways:

Firstly, from an economic perspective, they enable local small and marginal farmers to access urban markets and sustain their agriculture-based livelihoods. By setting up short supply chains, directly from farmers to consumers without any profit-seeking intermediaries, CSAs can pay a better premium to farmers and provide fresh organic produce at moderate rates. Farmers can further increase their economic security and avoid wastages through pre-paid farm shares and demand-based production planning.

Secondly, from an ecological perspective, community-driven local initiatives can help reduce the environmental impact of food production, distribution and consumption. An assured marketing channel can encourage farmers to convert to organic production, and short regional supply chains help avoid unnecessary transport and storage. CSAs also provide an alternative to modern retail chains which are currently unable to supply organic fresh produce regularly.

Thirdly, from a social perspective, local CSA networks have the potential to reconnect consumers with producers, with the land and with food (Kneafsey et al. 2008). Many initiatives are educating their members about organic agriculture, the importance of local and seasonal eating, and broader issues of sustainable lifestyles. With the year-round availability of the same variety of vegetables in urban retail, consumers have lost much of this traditional knowledge: “We are spoilt for choice. We think only mangoes are seasonal. So, yes, the participating consumers will have to relearn a lot in terms of their eating habits,” says one of the team members of MOFCA.

One of the crucial points for the success of CSA initiatives in urban India will be the commitment and participation of consumer members. Cooperative structures can encourage participation and community-building, but consumers also need to be willing to put in increased efforts. Many CSAs aim to redefine the identities of producers and consumers. They question established notions of consumers as being passive and defined

mainly by their consumption, rather than being “active citizens” who take responsibility for their own food system.

If this shift in consumer identities can be accomplished, CSAs and consumer cooperatives have a great potential for reconnecting rural producers and urban dwellers, thus providing viable and sustainable marketing channels for these farmers, bridging the demand-supply gap for organic vegetables, and promoting sustainable local supply chains in urban India.

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