

Safe Harvest, India

MOTIVATION

To strengthen farm-to-table health and food safety in India

INNOVATION

The creation of a new product category in India, "pesticide-free" food

IMPACT

100,000 smallholder farms are producing pesticide-free food for consumers

PROFITABILITY

Sales turnover of USD 3.5 million in financial year 2019–2020

Safe Harvest was formed in 2009 as a for-profit social enterprise by a small group of farmer organizations and grassroot organisations. Safe Harvest's objective is to strengthen the non-pesticide management of agriculture (NPM) movement in India and enable farmers to shift to sustainable agriculture by creating a market for their pesticide-free produce and offering consumers safe and affordable food.

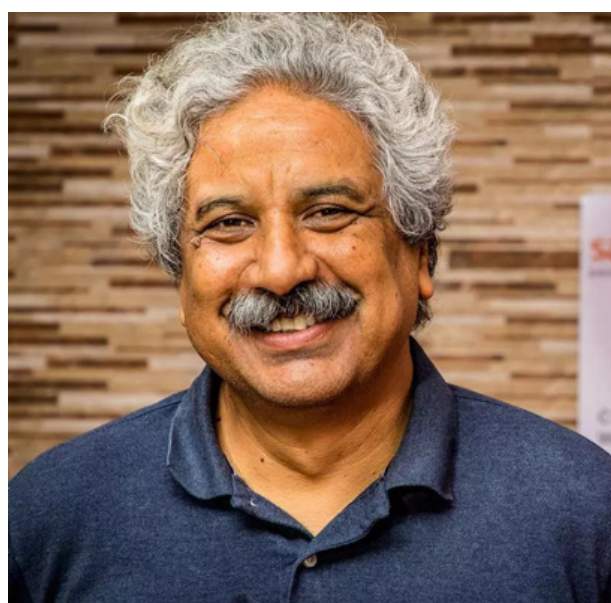
AN INTERVIEW WITH RANGU RAO, CEO, SAFE HARVEST

Q: Tell us about Safe Harvest, how did it start and how did it evolve?

A: Safe Harvest was started in 2009 by a group of eight farmer collectives and non-governmental organisations, with the objective of selling pesticide-free agricultural products to the urban consumer. By 2013 the company was struggling to attract investments and break into wholesale and retail markets. As the co-founder of one of the promoter organizations of Safe Harvest and having worked with small and marginal tribal farmers of Central India for more than three decades, I was asked to step in.

The first two years were very difficult as we were breaking ground on four fronts. First, we were attempting to establish an entirely new category of food in India called "pesticide-free". Second, we needed to boost our offerings and create a product basket which covered 70%-80% of a family's basic needs.

Third, we needed investments for establishing the value chain, sales and marketing. And fourth, we needed human resources with a set of values and capacities that encompassed being an inclusive business.



Rangu Rao, CEO, Safe Harvest. Photo by Safe Harvest.

Today, our pesticide-free product category is recognized by consumers as a healthy and safe food alternative and we have a successful farm-to-kitchen model with a price point comparable to branded products. We are present in modern retail format stores, e-commerce platforms, speciality organic stores, and our product basket is available in 17 cities in India. Our topline is growing year on year, and our projection is that we will be profitable in the coming two financial years.

Q: Why did Safe Harvest decide to follow an Inclusive Business model?

A: We have been an inclusive business since day one, and all our solutions are geared to expanding that inclusivity from farmers to consumers.

From the beginning we have encouraged partner farmer organisations to invest in the company, and currently six farmer organisations have a stake in the company. We also ensure farmers receive a fair price for the commodities they sell.

We work continuously with our partner farmers producer organisations (FPOs) to enable them to climb up the value chain. In this way, they can

gain a higher share of the consumer money and build their capacities to negotiate better with organised markets.

Q: What has your impact been?

A: Our impact is three-fold: We are working with more than 100,000 small-holder farmers across 12 states through more than 30 farmer organisations. We pay our farmers as much as 5% above the price being offered in the closest organised wholesale market. We plan ahead of the cropping season with our partners to enable them to meet our demands in terms of volumes and quality, and this planning helps the farmers with their sowing schedules. Even so, they are not obligated to sell their produce to us.

Second, we work with non-banking and formal financial institutions to make loans available to our partner FPOs. These loans are then used to pay FPO member farmers (immediately on receipt of the produce) who sell their pesticide-free produce to them, which in turn is aggregated, laboratory tested for pesticide residues, and then transferred to Safe Harvest for marketing and final sale. Although the debt formally sits on the books of the FPOs, the informal agreement between farmer organisation, the financial institution and Safe Harvest is that Safe Harvest is responsible for meeting all the debt obligations, given that the loan is being used to supply the aggregated volumes to them. As Safe Harvest acts as an assured buyer, the loans are considered risk free for the FPOs. This improves the credit worthiness of the FPOs, which can then apply for higher amounts of credit to increase the scale and scope of procurement.

Finally, over the years we have also encouraged our partners to not only aggregate primary produce but to also carry out cleaning, grading



Male farmers. Photo by Safe Harvest.

and, if required, processing. For example, grinding wheat for flour and cleaning, grading and processing lentils for consumption. Safe Harvest also provides training and guidance on packaging and quality control. Therefore, our farmer organizations have been able to climb up the value chain.

Q: What business innovations has Safe Harvest introduced?

A: Our core innovation has been creating a new product category in India, “pesticide-free” food, and building the specialized supply chain required to grow, process and market it.

Our second innovative approach was to understand the issues farmers face when they transition away from using synthetic chemical pesticides to using bio-inputs, and address these in a gradual way.

We have also helped our mostly smallholder farmers to form collectives known as farmer-producer organisations or FPOs. This is a relatively new concept in India which combines the best of cooperatives and private limited companies. By working collectively, these farmers can more efficiently pool their input purchases and market their produce. Nevertheless, new FPOs do need a lot of incubation and handholding as they straddle multiple challenges including accessing credit to addressing market access.

Our third innovation is our finance model, the tripartite agreement between financial institutions, our partner FPOs and ourselves, that supports FPOs becoming more credit worthy and scale their operations.

Finally, to address the trust deficit on what pesticide-free means, we have introduced a QR code on our products that takes the consumer to the lab test certificates that certify synthetic pesticides residue levels. We believe in empowering our customers and helping them understand the benefits of pesticide-free food.

Q: What opportunities do you see in the next three years?

A: Our immediate plan is to expand our product basket so that we can increase the

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Being an inclusive business and breaking new ground in the agri-commerce landscape has been a process of constant learning and innovation.

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purchase volumes and also buy different commodities from the farmers. We also want to see more of our partners climbing up the value chain, which requires training and coaching the FPOs on product cleaning, grading, processing, and packaging to keep the products safe from contamination and maintain shelf life.



Female farmers. Photo by Safe Harvest.

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All our solutions are geared to expanding economic, social and health inclusivity from farmers to consumers.

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We also are looking at how to attract young entrepreneurs to the agriculture sector, rather than have them leave the countryside and migrate to the urban centres.

In the medium term, our objective is to expand our base to 20-25 cities. We are seriously exploring export opportunities channels for the year 2023 - 2024. The first stage would be to cater to the requirements of the Indian diaspora in the Middle East and South Asia. In the medium to long term we are aiming to enter the United States and European markets.

We also want to adopt technology to make the front and back-end operations of our business more efficient and also increase the products' shelf life. We want to use apps, so that customers can easily order from our website.

Q: What advice would you give to others seeking to develop an inclusive business model?

A: You have to stay true to your core values and the mandate of the organisation. As the business grows, and faces multiple pressures and challenges, it is sometimes very difficult to abide by the mandate and the values of the organisation. Therefore it can sometimes be challenging to remain an inclusive business but by maintaining the set mandate, a strong foundation can be built which will allow the company to be more profitable and grow into a sustainable business.

One of my proudest moments has been when my investor, a hard-core market professional, on hearing about the business model decided to invest in Safe Harvest with a clear vision of making a difference in the lives of the small and marginal farmers of the country.

Inclusive Business Programme

Expanding the reach and impact of businesses that provide affordable goods and services and better livelihoods to low-income people -- through policy advice and capacity building.

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