

## Farmer Inclusive Business Models- SEWA's Experience With Women Owned and Managed Enterprises

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For the last 20 years we were forced to migrate for a period of 6 to 8 months every year, as we were not able to produce enough to meet even our own consumption. The training that I got from SEWA and the access to tools and equipments library has helped me increase productivity. Now we grow enough vegetables, and the surplus is sold at the market. -Dhuliben, Marginal Farmer and SEWA member, Sabarkantha, Gujarat

### Introduction

The acute farm distress that we are witnessing has raised a pertinent question, that as a country has India done enough for its farmers, who through farming contribute almost 15% to the GDP and in which almost 70% of rural households depends on for a living. Although the reasons are many, but with almost 82 per cent farmers being small and marginal, besides major policy interventions at the micro level it calls for innovative business models that are directed at small and marginal farmers and also at India's invisible farmers, the women farmer.

According to Oxfam, women make up more than a third of India's agriculture workforce, yet only 13% of farmland is owned by women. But as more men from villages migrate to urban areas in search of jobs, their wives and daughters are tending the land. Despite their growing numbers, officially they are not recognised as farmers and have limited access to government schemes and credit, or even compensation to their families in cases where they commit suicides, restricting their agricultural productivity.

Often bound to domestic obligations and dependent on husbands to represent their interests or exploitative middlemen to move their products to market, women farmers of all ages experience some the highest rates dependency across India. The causes of this entrenched poverty, dependency and social inertia are multi-faceted, but commonly include unequal access to markets and financial services, limited options for supplementing farming income, and insufficient education or training. They are usually dependent on other large farms to access land, water, inputs, credit, technology and markets. They find adapting to climatic changes difficult and face challenges on liberalization effects, globalization effects, integration of value chains, market volatility and other risks.

According to World Bank, Global Findex Survey 2017, only 5% of women account holders took a loan while 30% continue to borrow from informally. Considering that about 10% of India's total entrepreneurs are women, and that 98% of women are concentrated in micro-enterprises and informal (99%) segments, the virtual lack of access to formal credit is a huge constraint.

At the macroeconomic level, a looming global trade war leading to restrictive tariffs, major climate changes, depressed commodity prices and automation at the farm level will have a profound impact on farm incomes with small and marginal

farmers bearing the major brunt. With women playing a critical role in household food security especially in rural areas, depressed farm prices will have a profound impact on the lives of women and children, who are the most vulnerable to any external shocks.

Despite the many barriers they face, women farmers are the bedrock of India's economy and prioritizing the social and economic and empowerment of women is fundamental to India achieving equitable and inclusive growth. To enable real progress for women farmers, there is a need for a comprehensive and inclusive approach to economic growth that organizes women producers, provides long-term sustainable support and creates better access to financial services and markets.

### **Towards an Equitable Model- The SEWA Experience**

With a membership of around 2 million, two thirds of whom are small and marginal farmers and share croppers, the Self Employed Womens Association (SEWA) has noticed that in spite of toiling in their fields, farmer families have to often go hungry. SEWA has been promoting an integrated approach to the livelihood security of women in the informal sector, for the past four decades to achieve the twin goals of **full employment** and **self reliance**. With majority of its member being from rural areas with limited opportunities, SEWA thrives to provide alternate opportunities to its members for livelihood generation which are both viable and sustainable. It has always believed that linking producers with mainstream markets, building capacities so that they can move up the value chain, and creating producer owned and managed organisations can lift them out of poverty and help get a better remuneration.

With four decades of experience of organising informal women producers

across South Asia, SEWA has realized that the most efficient way to formalize informal workers into the mainstream economy is to help scale enterprises that are owned and managed by these producers so that it can graduate from tiny micro enterprise to small or medium enterprises

Based on its members needs and demand, over the years SEWA has been experimenting and innovating ways to provide both services and products to its large member base where mainstream markets have failed through creation of successful Social Enterprises (SE's) across garmenting, agriculture, salt production and waste management.

Focusing on the collective strength of women and women's groups as a central pillar, SEWA organizes women into collectives and facilitate access to financial services such as digital payment systems and favourable financing designed to create an inclusive livelihood model that focuses on improving systems, creating permanent opportunities, and building strategic partnerships to enable women farmers to improve their livelihoods and empower them as change agents. Increased ownership down the agricultural value chain helps women producers gain more leverage in the market and decreases their dependency on a chain of middle-men that capture the profits and undermine their livelihood potential. Increased bargaining power and technical capacity empowers women's collectives to become critical market actors, strengthening both the efficacy and sustainability of the model.

#### **Innovative Business Models**

Over the years SEWA has been able to demonstrate through innovative business models that by providing direct market linkages to guarantee better price, creating farmers owned supply chains, members owned cooperative and through value added activities such as setting up processing centres managed by rural women, farmers

can get better returns. Two innovative business models of SEWA are featured below highlighting how they have allowed poor women producers to acquire new skills and technology and market collectively so that they are able to replace the chain of middle-men between the producer and market thereby increasing their earnings, their skills and their visibility.

#### **RUDI: Agri-Business Supply Chain of Small Farm Holders**

Two of the major reasons for the present farm distress in India are lack of better remuneration for farmers and inability of them to move up the value chain. Due to their small land holdings, small and marginal farmers are the worst affected. RUDI solves this through its innovative business model targeting small and marginal women farmers by providing direct market linkages to get better price for their products and value accruing activities through setting up processing centres managed by rural women.

By setting up an innovative Rural Distribution Network the target was to internally rotate the scarce funds of the rural producers in a way that fetches maximum benefit and brings about positive changes in their lives and to provide multi-user facilities. This in turn help reduce incidental expenses and build-up an integrated value chain which enhances the efficiency of agricultural activities, reduce hardships of the producers, processors and creates multiple employment opportunities and an efficient supply of agro-products to rural members. The uniqueness of the model is that besides building a collective supply chain, it also integrated a rural distribution network for consumption products.

RUDI in Gujarati means "pure and beautiful". The value proposition for its retail customers for RUDI products are quality and quantity which is a big challenge

for customers in rural areas. It also provide access to marketing information and current marketing changes to help the farmers take informed decision, create awareness about modern technology, modern hybrid seeds, proper use of the fertilizers and pesticide, Government schemes and facilities.

### Innovating the Distribution Model

Products of rural producers are procured by Farmer’s Collectives, who further process and packaged it at the state of the art processing centres operated by the Self Help Group’s (SHG) and finally these are sold by rural women, popularly known as “RUDI Ben” under the brand – “RUDI”. During the initial phase all the activities, right from procurement to processing to marketing was being carried out by the various Small Help Groups (SHG). But as the business scaled it felt that there is a need to set up a company which can also attract working capital. Hence, a public limited company was set up primarily owned by the small and marginal farmers, called the RUDI Multi Trading Co. Ltd



In order to build long term structures and local capacities in line with SEWA’s goals of full employment and self-reliance, SEWA’s efforts focused on continuous training and building capacities of the the RUDibens on improved practices in agriculture and animal husbandry, so that they can incorporate them into their farming practices in order to increase production. It has partnered with the State Agriculture University in Gujarat, to help develop relevant training modules based on the need of its members.

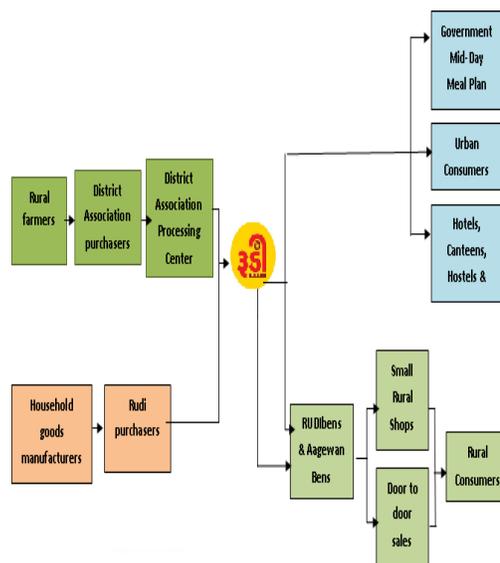


Figure 1: Collective Agri Supply Chain

SEWA also incorporated technology in order to create an efficient value chain through a customized mobile application to help keep track of stocks, generate sales receipts, and updates the Rudibens on the launch of new products. Called the *RUDI Sandesha Vyavhar* (RSV), more than 3500 Rudibens have been trained so far on use of this mobile application. As a result, Rudibens have been able to double their sales and income due to increase efficiencies.

### Impact:

The model till date has had a significant and positive impact on the women and their communities in a multitude of ways. Among the changes women experienced, the most remarkable were an increase in confidence and self-worth and the conviction that they

will not be able to independently earn a living. Till date the project has been able to impact the lives of around 25,000 women farmers with around 10,000 being small and marginal farmers across 3000 villages covering the states of Gujarat and Rajasthan. With 3000 RUDIben's covering each of the villages, average monthly earnings of each RUDI is between INR 5,000-INR 8,000.



### Agriculture and Ecotourism- The Vanlaxmi Enterprise



#### Background

When SEWA started its operations in the Mehsana district of Gujarat, India in 1986 with the agriculture wage earning women, in various interactions the major challenges put forward by them were fuel, fodder and employment. Due to rapid industrialization and in the absence of the necessary backward-forward linkages for inputs and marketing, the small and marginal farmers and agricultural workers in Mehsana district were slowly losing most of their land and assets. Excessive irrigation from bore wells

drastically reduced the water table and rendered the remaining water high in fluoride content. Due to the unpredictable rains, many small farmers lost their livelihood, and had to take up casual labour. Women agriculture workers were the hardest hit: they could not find alternative work and often had to walk miles to collect the necessary fodder and fuel.

During one such meeting with SEWA, the women came up with the idea of leasing unused land and cultivating on it so as to provide livelihoods to all the members near the vicinity of their village and earn a steady income. Since there was a piece of barren land available with the local government, the women members organized themselves and applied for taking the land on lease. Finally in the year 1989, SEWA was successful in receiving 10 acres of land from the *Panchayat* on a lease for 30 yrs.

#### Model and Approach:

The initial challenge faced by the women was the land that was handed over to them was rocky, uneven and barren with no access to water. The women got together and took the responsibility of clearing the land of unwanted plants and levelling it. Another major hurdle that required urgent attention was the lack of irrigation facilities. As a result, the women had to walk nearly 3 kilometres both way everyday to fetch water for irrigation from the village well. To solve this problem of unavailability of water they decided to build their own pond where they could collect and store "rain water". Since none of them had the skills, in partnership with Indian Petroleum Company Ltd (IPCL), a government institution, they undertook a training program on plastic ponds. Post training the women worked together to build a 10 feet pond with plastic sheet lining. But since rains are seasonal, it was not a fool-proof solution. With SEWA's help they setup a bore well that can provide water throughout the year. This helped in cultivating of integrated crop twice a year.

The tools and equipment library has been of immense help to poor farmers like us. I can hire a tractor to a harvester for a small amount and as a result my income has gone up by almost 30%.- *Ratanben, Vanlaxmi member, Mehsana*

In order to give legitimacy to the efforts put on by the women, SEWA helped established the 'Shree Vanlaxmi Ganeshpura Mahila Sewa Vruksh Utpadak Sahkari Mandli Ltd' (Shri Vanlaxmi Women Tree Growers Cooperative Ltd, Ganeshpura) as the first tree grower's cooperative of Gujarat owned and managed by the members. But the group faced a challenge as to how to apportion the limited land amongst its members. The cooperative came up with an innovative model of assigning a particular plot to each member through a annual lucky draw system. The members assigned to a particular plot, takes care of planting, irrigation and regular upkeep till harvesting. The cooperative provides all tools and equipments to the members from a common pool including all expenses incurred by the members. Whatever is earned after harvesting, two parts are kept by the Cooperative and one part by the member.

In order to create a sustainable model, the cooperative organises regular training program for its members so as to upgrade their knowledge and skills on scientific

#### **Manufacturing of Ayurvedic Medicines**

Since there is a growing awareness and demand for Ayurvedic medicines, members have been trained in planting medicinal plants and to make medicines after required processing. These are sold to visitors and also through exhibitions.

#### **Impact:**

Over the years the cooperative has evolved as a model for community based eco-generation and sustainable agriculture efforts owned and managed by the women members. The main aim and goal of the cooperative is to benefit the members in terms of increasing fertility of the land,

agricultural practices, food processing, use of organic fertilisers in partnership with agricultural research institutes and other service providers.

#### **Diversification**

Since agriculture is dependent on vagaries of weather and in order to achieve the desired goals of sustainable livelihood and self-reliance for its members, the Cooperative over the years has diversified its activities and also added additional services across the value chain.

#### **Sale of Seeds**

The cooperative has a license for official distribution of seeds from the Gujarat Seed Development Corporation, a government institution. Following strict quality parameters, they members cultivate and distribute quality seeds to the farmers in surrounding villages. This has led members to earn additional revenues.

#### **Eco-tourism**

For the past several years the Cooperative has positioned itself as an eco-tourism centre and attracts regular visitors from nearby urban centre, Ahmedabad. The visitors enjoy the day in the calm and serene surroundings and also learn about the struggles and achievements of the women, about different medicinal crops and vermi-composting.

consistent employment opportunity through reforestation and diversification of its activities. This helped create a sustainable livelihood model for its members. Apart from this it also impacted the social and economical status of the members, rising to the level of making them capable for self-decisions, developing a leadership quality and to create her identity as a farmer in the society.

#### **Business Model Analysis**

One of the most significant aspects of SEWA's efforts in all of the enterprises is the scale of impact and the transformation of



the women, given the context in which they were working and the vulnerability of the majority of women. To better understand the reasons behind these accomplishments, an analysis of SEWA's approach was also conducted and some of the key elements that, might have contributed to their success have been included below. Centrality of Women

In most poverty alleviation programs, women are the most vulnerable and yet are **Collective Strength and Bargaining**

The program from the very beginning stressed building unity and solidarity among vulnerable women as the foundation for their collective strength and bargaining power through setting up of business units owned and managed by them. Through its capacity building efforts, SEWA promoted the dual goals of full employment and self-reliance at both the household and enterprise level. SEWA created opportunities for these women by helping them collectively overcome their societal and economic barriers, and use their collective power to provide new alternatives. These efforts helped the women improve their opinions of themselves as well as raise their status within their households and communities.

#### **Exposure and Trainings**

A critical, but often overlooked element of women's empowerment programs is the requirement of attending trainings outside of women's houses and villages. The act of leaving their home and traveling somewhere to gain expertise is empowering, regardless of the subject matter. Furthermore, it gives them some independence, even if momentarily, and is often associated with subsequent increases in independence within their household and among family members. When these women arrive at these training locations, they are met with a strong community of supportive women and an environment that encourages women-to-women learning as well as experience and knowledge sharing. Sometimes simply the exposure to confident women or the realisation that women have something to

often excluded from livelihood programs and capacity building activities. Part of SEWA's success is its ability to acknowledge the central role that women play not just in the household and in child development, but also within the community. Women's economic empowerment is well documented in its ability to benefit and empower more than just the woman trained, but also her children, her family, and her community. offer and share can be the transformational moment in a woman's life.

Finally, the practical nature of the training subject matter is essential so that these women can immediately see how these skills can be applied. The applicability of the topics is helpful in the retention of the knowledge gained. Per SEWA's goals of full employment and self-reliance, the programs focused on identifying skills that could easily be linked to possible livelihood opportunities. In addition, basic business management skills were also taught such as costing, marketing, selling, communications, planning, so that the women could create their own businesses and become self-reliant.

#### **Organising**

One of the key elements of the training program was to organise the women so that they are able to work together and find their voice. Once organised, these women have stronger voices and can advocate for themselves. One key way in which the women organised themselves was around creating independent economic organisations that could market products collectively and remove the chain of middle-men between the producer and market. By being able to access the buyers directly, the women were able to earn higher incomes, improve their skills, and gain more visibility. By working together, these women have created independence and will be able to scale their businesses over time.

### Engagement with Government and the Private Sector

Finally, another key element of SEWA's success was its ability to effectively engage and partner with government entities and the private sector. The Government is a critical stakeholder in the recovery and rehabilitation process and is also central to the longevity of any program. Similarly the private sector plays an important role in bringing efficiencies and creating linkages along the value chain. These partnerships created opportunities for the women to share their experience directly with their local government groups and businesses. Through those sessions, the government and the private sector gained insight into their challenges and became a champion of the program, providing space and additional support to the women as well as seeking opportunities to scale the project in other locations.

### Comparison of the SE Models

The table below provides a comparison of the two business models against existing market based interventions on some important parameters-

	<b>Traditional Enterprises</b>	<b>RUDI</b>	<b>Van Laxmi</b>
<b>Type of organization</b>	Non-profit/Hybrid/For profit-ownership majority with promoters	For profit-ownership with producers	Cooperative
<b>Business Model</b>	Profit Driven	Rotation of scarce capital	Self reliance and diversification of

		within the rural economy	business to spread risks
<b>Use of Technology</b>	Top down with focus on bringing efficiencies for better margins	Need based low cost technology intervention to bridge information asymmetry	Creation of tools and equipment library so that small and marginal farmers can incorporate technology into farming/Promotion of certified seeds

### Conclusion

#### Towards an Equitable Growth Ecosystem

The above interventions have demonstrated the ability of women to take ownership and control of their enterprises to build scalable and sustainable businesses in spite of myriad of challenges that they face- both socially and culturally. With globalisation and open markets, informal workers especially women at the bottom of the value chain are the most vulnerable. Women are undoubtedly the foundation of the basic unit of society – the family. Even in traditional roles they demonstrate great innovation, skill, intelligence, hard work and commitment. In fact, World Bank studies show that development strategies focusing on gender equality see stronger economic growth than gender-neutral strategies. With women playing a major role in building and shaping the family, unless developing economies mainstream them into the formal economy, it will fail to make growth just and equitable.

The South Asian region is in an enviable position of carrying a rich legacy of the

living skill-based traditions- that ought to form the basis of work and dignity for the rural poor. But the challenge is to harness the creative energy of a large group of young population, skilling them and linking up with the market so that it not only brings lot of people out of poverty but helps in reviving and preserving culture and skills for future generation. As seen from the case studies above, this is possible if we are able to create an enabling ecosystem where women become central to the development paradigm.

Government, International Development Agencies, Civil Society and Corporate Bodies need to collectively work towards strengthening women’s leadership, their confidence, their bargaining power within and outside their homes and their representation in policy-making and decision-making forums. Similarly private capital and farmer-inclusive business models are critical to agri enterprises, and for the country’s long-term economic success.

It is their issues, their priorities and needs which should guide and mould the development process in each country.

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Table 1: Cultivators or Labourers? Women Labour Participation, Census of India

Year	Total Female Population (Million)	Cultivators (%)	Agricultural Labourers (%)	Industry & Service (%)
1951	173	45.3	31.3	23.3
1961	212	55.7	23.9	20.4
1971	263	29.6	50.5	19.90
1981	321	33.2	46.2	20.6
1991	402	34.5	43.6	21.9
2001	496	36.5	43.5	20.0
2011	586	32.9	38.9	21.7

Table 2: Land Holdings, 2010-11, Agriculture Census, India

Particular	Number of Holdings (in '000)	Number of Holdings (in %)	Average (in ha.)	Operated Area (in '000 ha.)	Operated Area (in %)
Marginal	92826	67.1	0.39	35908	22.5
Small	24779	17.91	1.42	35244	22.08
Semi-Medium	13896	10.04	2.71	37705	23.63
Medium	5875	4.25	5.76	33828	21.2
Large	973	0.7	17.38	16907	10.59
All Sizes	138348	100	1.15	159592	100