

Women and market access: Innovations

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The concept of JC is to link producer and consumer groups to form an alternative system of trade, based on Justice and fairness. It is to create a market system that will benefit poor communities. In the current system, power lies with the intermediary, while producers and consumers get sidelined. JC recognises the inherent imbalance in the current mode of market-based economies where companies can gain by milking the fortune at the bottom of the pyramid. The result for *communities* is that money leaks out of their local economies leaving them impoverished and weak. JC seeks to directly link different local economies of producers and consumers, ensuring that as much money as possible flows between these economies, thus strengthening them.

Setting theory aside and moving to practice, what have we done so far?

The idea of JC is rooted in the experiences of the Adivasi Munetra Sangam in Gudalur, who grow tea. While federating together to grab land and plant tea transformed them from being exploited labour into planters of the so-called 'rich man's crop', it also catapulted them from a local wage economy into a faceless global market economy over which they have no control whatsoever. When they interacted with the market as tea growers, their tea leaves commanded the lowest prices possible and as consumers, buying tea dust from the market, they paid the highest possible prices.

At JC, we have started with the premise that producer groups themselves are their own markets. For example, producers of turmeric are consumers of tea and coffee, and producers of dhal are consumers of sugar and rice and vice versa. Therefore, our focus has been on the consumer side of the supply chain. In the last 24 hours, we have heard various successful examples of producers cooperating to sell their produce to the market. If an already organised producer group can manage the retail end of the chain, it will be possible to directly sell produce between groups, rather than using the traditional market route.

Set up as a Producer Company, JC operations began with a pilot sale of tea, soaps and coconut oil within groups in Kozhikode and Nilambur. By the time this operation gained momentum, we realised that people wanted to buy their entire supply of groceries from one shop and not just individual commodities. However, like in most parts of the country, while the producer end of these groups was reasonably well organised, the consumer end was much less so. The need of the members in Kozhikode and Nilambur was that JC provide the entire basket of commodities consumed by them on a monthly basis.

JC in Kerala consists of two federations of Women's micro-finance groups of about 2000 families each. Organised as Village Consumer Societies, JC has been supplying a basket of goods to 4 village groups in Nilambur and another 4 in Kozhikode. The complete basket of commodities includes rice, dals, spices, oils, soaps, tea and so on. While some of the commodities are sourced locally, produced by the women's groups themselves like soaps and coconut oil, others are sourced from organised producer groups. These include tea from the adivasis in Gudalur and rice, chillies and tamarind from Aharam in Madurai. For some other products, we are still dependent on the open market.

Women and Just Change

Both groups actively trading in JC were formed as result of a wave of microfinance institutions of the 90's. Groups of women have been meeting together on a weekly basis for the last ten years to collect savings and distribute loans. So far, the company has been run by the leaders of these groups. We believe that *they* are the key factors that will lead to the success of this business. Here are some learnings based on our successes and failures:

Taking control of the business: Like all new ventures, the women are faced with constant criticism and doubts. 'This is just another experiment, your shop will shut down in six months' they are often told. 'We don't argue with this' say the women. 'This is exactly what we faced when we started up our self-help groups'. And now, two years into trading, they are finally beginning to prove their worth. They are a force to reckon with, and they are here to stay.

Understanding what can be sold at local levels: The women in JC are best placed to know and understand the needs of consumers at local levels and what can be sold. For example, in an arrangement with Aharam, in Madurai, JC bought a year's supply of Ramnad red chillies and were able to give the producers a benefit of a higher price. The women pointed out after our rather top-down decision was taken, that the more popular varieties of chilli are actually from Guntur. Or, when we approached the Karnataka Rajya Raitha Sangha, it is the women who listed out the 5 varieties of rice their members commonly consume.

Developing an understanding of the supply chain, of procurement and pricing, of credit management systems: Although the process has been slow, the women have developed their own understanding of the business. Pricing systems threw up all kinds of interesting dilemmas. Should we give members the upfront benefit of lower commodity prices or should we be on par with existing retail markets and give our members good quality, correct weighing and aggregated benefit at the end of the year? The women have realised that there is no 'one-size fits all' answer to any of these questions. In Ambitampotty, a village on the banks of the Chaliyar river in Malapuram dist, by supplying sugar at 50p less than the local retail rates, the women actually managed to push down the price of sugar in all the local retail shops in their area!

Credit management on the other hand, is still a troublesome thorn. In Nilambur, the women have understood that the cycle of credit is dependent on various factors like the monsoons and how they affect availability of work and so on. But in Kozhikode, despite years of experience with microfinance, credit management is a problem that the women, and therefore the company as a whole, struggles with.

Dealing with a traditionally male dominated business environment: Whether its the JC branch office, dealing with wholesalers in the town or village consumer societies dealing with local custom, JC women are stepping into traditionally male dominated areas. Since we have not yet reached our ideal of procuring all goods from producer groups, we currently have a great amount of interation with local wholesalers and dealers. Except for maybe one sweeper and one computer girl at the billing till, the wholesale markets in both Nilambur and Kozhikode are a completely male dominated sphere. After an expected amount of teething trouble, now our business women are much more at home walking into the wholesale makets, into dusty and dingy go-downs, bargaining for better quality and price, handling cash and credit transactions. In Nilambur, a smaller town, JC women head to the wholesaler every fortnight with a few lakhs worth of cash purchases to be made! Exposure to the current systems of trade have also given them a perspective on scale – a purchase of Rs.20 thousand worth of dhal definately seems like a lot, until you see someone else next to you, paying in cash for Rs.4lakhs worth of dhal! Initially, most wholesalers are puzzled to see JC women in their markets, but now they are regarded as any good customer would be.

These are just a few of the issues faced by JC women in dealing with markets. Fathima, from Nilambur sumed it up quite nicely. When asked by one of the Just Change reviewers about the gains that JC had for her, she responded saying, ‘even if JC collapses, I am confident that I will be able to run my own retail business!’

To sum up, JC is in itself an innovation and challenges us to think out of the box when we look at interactions that poor communities have with the market. To look at both the consumer and producer ends of the supply chain, to look at sourcing as well as retailing. CK Prahalad and HLL found fortunes at the bottom of the pyramid, but JC has one thing they forgot to look for – the strength of the women there!