

Feasibility Study On Corporate Engagement With Rural Sector

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IICA-GIZ CSR Initiative

**Case study: Securing supply chain and improving
rural livelihoods- Bunge-SRIJAN Partnership**



Table of contents

CASE STUDY : SECURING SUPPLY CHAIN AND IMPROVING RURAL LIVELIHOODS- BUNGE-SRIJAN PARTNERSHIP	3
OVERVIEW	3
INTERVENTION.....	4
BUSINESS CASE: VALUE TO BUNGE	12
VALUE TO RURAL COMMUNITIES	13
LESSONS AND WAY FORWARD	14
CHALLENGES TO REPLICATION	16
UNANSWERED QUESTIONS	ERROR! BOOKMARK NOT DEFINED.
ANNEXURE 1.1	19

Case study: Securing supply chain and improving rural livelihoods- Bunge-SRIJAN Partnership

Overview

Sector: Agriculture

Programme: Soya Samriddhi Programme

Key actors:

Company: Bunge India Pvt. Ltd

NGO: Self-Reliant Initiatives through Joint Action (SRIJAN)

Location: Bundi and Pratapgarh districts in South-East Rajasthan, India

Brief description: Bunge, in partnership with SRIJAN, has been working since 2008 with small farmers near the company's oilseed-processing plant in Rajasthan to help them increase soybean productivity (and hence the overall production in the region) and improve their profitability. The programme provides access to credit and market information, better seeds and enhanced agronomic practices related to planting, irrigation, pest control and harvesting. In 2011, 7,000 participating farmers saw average crop yields and net profit rise by 87 and 167 percent, respectively, when compared to others in their districts.

Coverage: In 2012, the programme covers 12,000 small farmers and 324 Self Help Groups with 2430 women. The land holdings of these farmers range from less than 1 hectare to 2 hectares with average being 0.34 hectare.

Target: Enhance productivity and profitability of soya farming system for 30,000 small and marginal farmers by 2015 and 100,000 farmers by 2020

About Bunge¹

Bunge is a leading US based Agribusiness and Food Company with globally integrate operations spread over 40 countries. Bunge manufactures high-quality products ranging from animal feed to consumer foods to renewable fuels. It works in the following 4 industry verticals: Agribusiness, Sugar & Bioenergy, Food & Ingredients and Fertilizer. In India, Bunge operates oilseed processing (Soya beans, sunflower seeds, canola seeds and rapeseeds), refining and packaging plants and sells retail and commercial products under brands like Dalda, Masterline and Chambal. In 2012, Bunge India acquired the edible oils and fats business of Amrit Banaspati, whose portfolio of brands includes Amrit, Bansari,

¹ <http://www.bunge.com>

Ginni, Merrigold and Sunehri Teer, and the rights to the hydrogenated vegetable oil (vanaspati) brand, Gagan. In 2011, Bunge's global net sales were USD 58.7 billion² with 16% coming from Asian market (China, India, Vietnam & Indonesia).

About SRIJAN³

Self-Reliant Initiatives through Joint Action (SRIJAN) is a registered public charitable trust and has been working with rural poor since 2000. SRIJAN's key working principle is that large scale development cannot be promoted by grants or charity and that ways must be found to promote sustainable models of poverty alleviation, the ones that promote self-reliance and enhance self-respect of those who are called "beneficiaries". This principle emanates across SRIJAN's work including the case being presented here. SRIJAN currently works 14 districts in Madhya Pradesh, Karnataka, Rajasthan, Chhattisgarh and Odisha with more than 30,000 rural poor - women, dalits⁴ and tribals.

Intervention

Context

The average soya productivity in the Bundi district of Rajasthan has been historically quite low. Factors like unsuitable soil quality, poor rainfall pattern, low quality agricultural inputs and lack of know-how of modern agriculture practices specific to soya farming have contributed to the low productivity in the region. As a result of which, Bunge which operates a soya crushing plant in the same region, suffered from low capacity utilization at their plant.

Given that soya is a relatively new crop for the Bundi region, farmers were unaware of simple and effective practices for soya farming. Also, although women are extensively involved, typically as manual labour, throughout the soya farming cycle but they lacked information and knowledge about best practices, resulting in negligible decision making power resting with them.

To address the above issues, SRIJAN-Bunge partnership runs the "Soya-Samridhi" programme in the Bundi region to assist small and marginal farmers in increasing their soya productivity and thereby improving their livelihoods and assuring a continuous supply of good quality soya for its crushing plant.

Objectives

Following are the main objectives of the programme:

- Promote sustainable agricultural practices for increasing productivity of soya bean
- Promote community-owned institutions for carrying the programme forward and encourage women's role in farming

SRIJAN also focuses on ensuring a ready market for the produce of the farmers it works with through Bunge's collection centres.

² 2011 Bunge Annual Report

³ <http://srijanindia.org>

⁴ Dalit literally means the oppressed and refers to the so-called untouchable castes

Programme structure & activities

In order to work towards these objectives, Bunge provides an annual financial grant to SRIJAN for managing the programme on the field. In an annual joint planning exercise, SRIJAN submits its proposal for activities to be carried out during the next year in light of previous years' performance. Once the plan is agreed, SRIJAN details out its programme activities for the next year and implements these activities on the ground.

From a farmer's perspective, any farming ecosystem is governed by the following 4 elements:

- Agricultural inputs
- Technical know-how
- Credit
- Market

The programme is designed and implemented to impact all four elements in order to achieve its objectives.

Agricultural inputs

Availability of quality agricultural inputs like seeds, fertilizers, pesticides etc in a timely manner are integral ingredients for raising productivity. In this project, Samridhhi Mahila Crop Producer's Company Ltd. (SMCPLC), a women-led producers company promoted by SRIJAN utilizes its greater bargaining power by procuring these items in bulk and sells to farmers at a price lower than what they got when individual farmers would separately procure from regional dealers. By using cheaper and appropriate quantities of inputs like chemical fertilizers, the cost of following the improved agricultural practices prescribed by SRIJAN is reduced. Earlier farmers would separately procure their individual requirements from dealers and would therefore could not leverage the benefits of better prices from bulk procurement.

Technical Know-how

As discussed before, there was a definite lack of knowledge of appropriate soya farming practices as reflected in the low productivity in the region. SRIJAN targets this element by designing a set of package of practices adapted to local needs with technical assistance from Directorate of Soyabean Research (DSR) and then disseminating it through multiple avenues. SRIJAN carries out activities for expanding its programme, undertakes promotion drives, recruits a cadre of service providers to facilitate daily interaction with the farmers and undertakes extensive capacity building exercises targeted at its own team as well as the beneficiaries. To allow for maximum adoption of recommended practices, it also builds women-led community owned institutions like self help groups which are further networked into clusters and a federation. The process is presented diagrammatically on the next page.

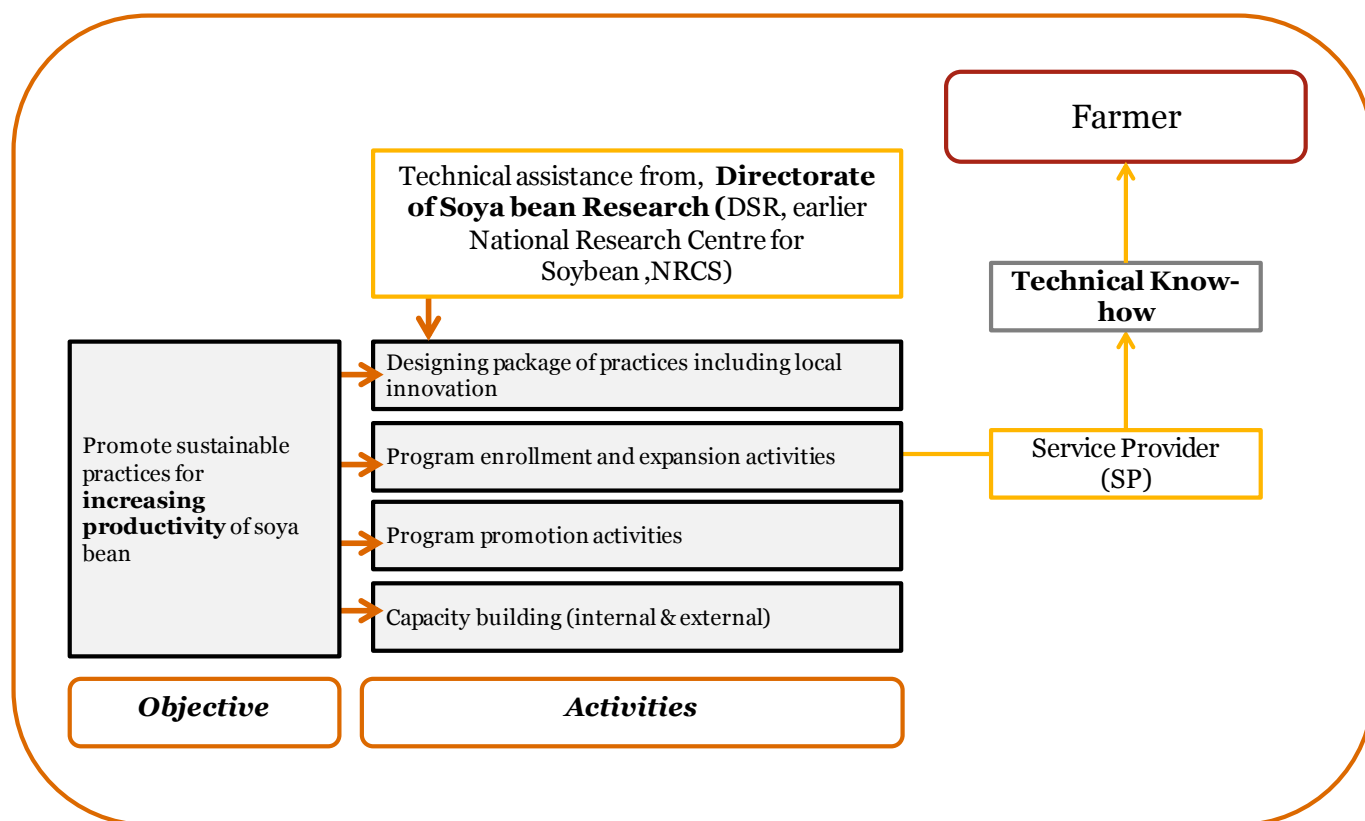


Figure 1 Transfer of technical know-how

Credit

Like most agricultural settings where formal credit is very burdensome in terms of procedure and the need for collateral, farmers in Bundi are also tied closely to the traditional credit system. Farmers take loans not only for productive-agricultural usage but also for non-productive uses like organizing a marriage from the local trader (Aaratiya). The farmer is hence bound to sell his produce through this Aaratiya who recovers the principal and interest from the sale price of the produce. Since interest rates can be usurious (24%-36% annually depending on the credit worthiness of the farmer), the farmer eventually is left with a small fraction of the value of his produce which is usually not sufficient for making investments for the next cropping cycle. This creates a debt-trap for the farmers as they have to go back to the aaratiya every cropping cycle.

The SRIJAN-promoted Self-help Groups (SHGs), which are women-led community institutions, have made possible an additional source of formal credit for agricultural purposes and for needs related to health & education. The women farmers can utilize the internal saving scheme run by the SHGs or take loan from the federation. Commercial banks also lend directly to the SHGs. The government's Kisan Credit Card scheme is also source for borrowing for agricultural purposes. Federation gets interest-free loans from Srijan which maintains a fund from philanthropists (Rs 10 million has been lent so far to the Bundi federation) over and above the grant from Bunge.

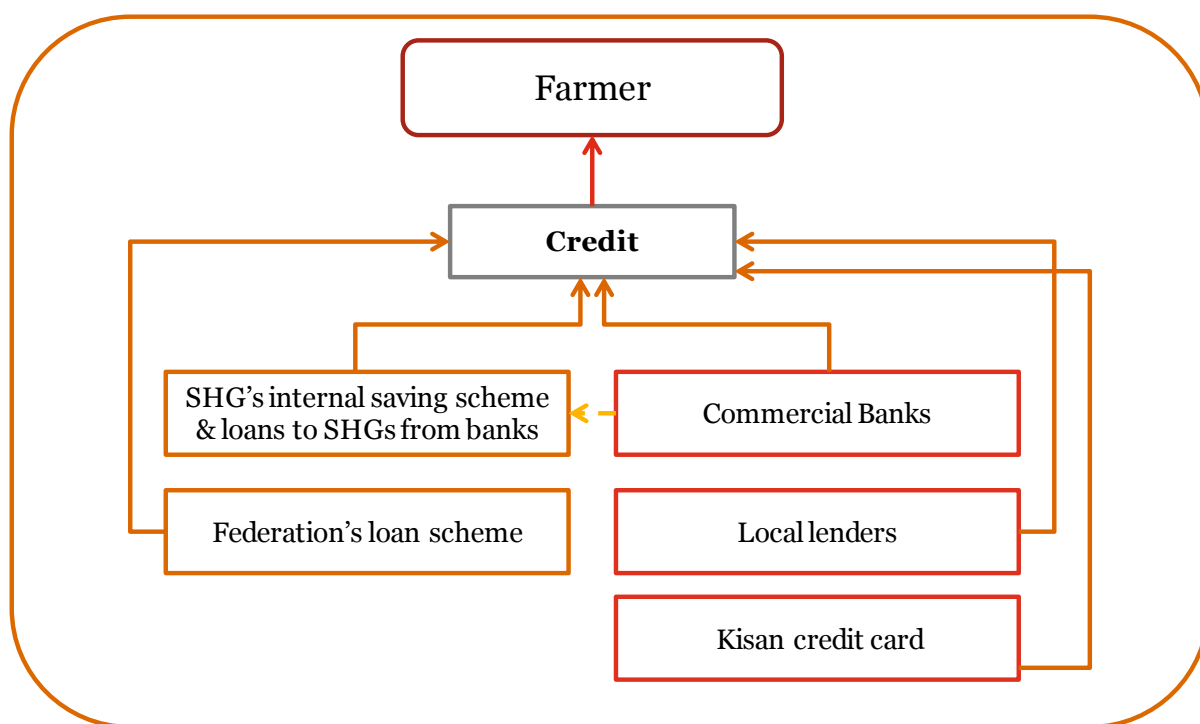


Figure 2 Sources of credit available to the farmer

Market

There are two types of procurement methods for agricultural produce in Rajasthan-

- The mandi or the local agricultural marketplace where companies buy produce via agents (*Aaratiya*, also the local lender) and the local traders (*vyapaaree*). The markets are run under the Rajasthan Agricultural Produce Market Committee (APMC) Act with Mandi officials monitoring the activities and ensuring timely same-day payments to the farmers.
- Collection centres licensed under the Rajasthan APMC Act where companies can buy directly from the farmers.

Till 2011, programme also focused on strengthening the soya value chain for its farmers and so it was decided to open up collection centres near the farms for providing a ready market for farmers. With support from Bunge, 2 collection centres were started. A licensed agent runs the centre for Bunge and is compensated directly by Bunge. Bunge also commits to buy the entire produce which meets the required quality standards at the centre. The objectives of setting up these centres are:

- Providing fair prices based on objective and scientifically determined quality tests as different from the traditional practice wherein the aaritiya uses his judgement to determine quality and the farmer cannot question this.
- Procure good quality and quantity of soya bean for Bunge.

- Reducing transportation costs, time and leakages associated with transferring the produce first to the mandi and then to Bunge's plant. The collection centres located near the farms directly send the produce to Bunge's plant.

In the Bundi district, the demand for soybean is high. The local markets (mandis) are not dominated by one buyer but by several large ones (ITC, Bunge, Ruchi Soya, ADM, Adani) who procure mostly through the mandi. In recent years, speculative as well as aggressive buying has increased crop prices leading farmers into changing their selection of crops in the subsequent years.

The programme structure is summarized in the below diagram:

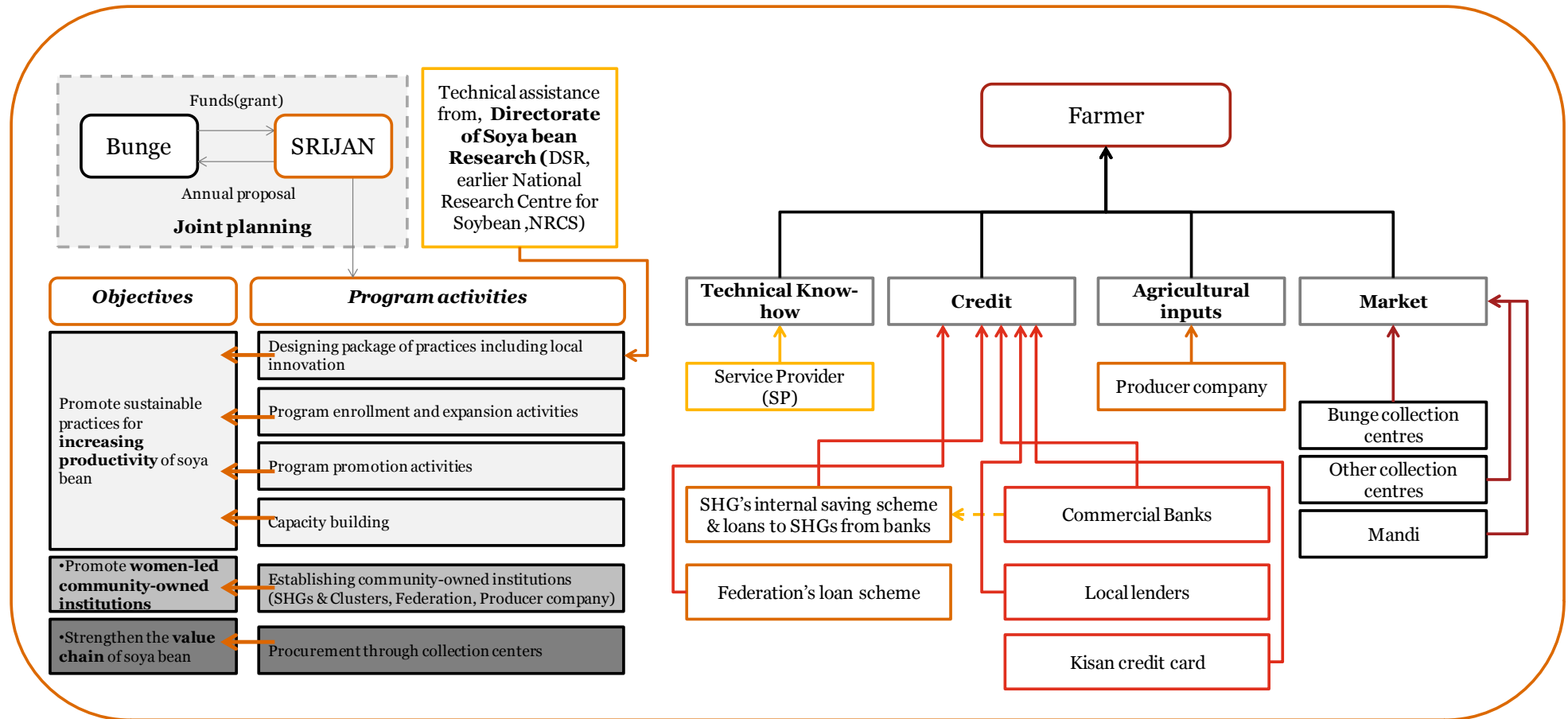


Figure 3 Programme structure

A list of key activities performed by SRIJAN to achieve the programme objectives is presented in Annexure 1.1

Other programmes

Besides the Soya Samriddhi programme, SRIJAN is also starting to get involved with enhancing productivity of other crops like mustard & wheat and is also experimenting with zero-budget natural farming for wheat. Wheat is a Rabi crop and mustard is planted right after soya is harvested. The idea behind initiating these interventions is to have round-the-year interaction with the farmers and not just for the soya cropping cycle. This ensures continuity in terms of SRIJAN's relationship with the farmers.

Bundi district can be divided into two types of land: irrigated or command area (irrigated by the canal) and non irrigated or non command area. Farmers mainly produce corn on the non- irrigated land. To address the issue of irrigation, SRIJAN assists farmers in applying for the government funded subsidy scheme for building farm ponds.

Programme achievements⁵

Some of the key figures are presented in the table below for the period 2008-2011 with expected figures for 2012

	2008	2009	2010	2011	2012
Farmers	50	678	3000	7000	12,000
Geographical Spread (Village/Block/District)	5/1/1	40/1/1	87/3/1	140/4/2	223/5/2
Productivity (Soy) (Q/ha)	13.04	12.89	18.30	18.74	18-20 (Expected)
% incremental yield	84 %	47%	65 %	34%	40% (Expected)
Profit INR/ha	9,500	7,050	12,350	9,500	13,850 (Expected)
Average Adoption Rate of selected practices:					
<i>Spacing</i>	6%	30%	45%	65%	66%
<i>Fertilizer</i>	80%	35%	44%	49%	33%
<i>Seed Treatment</i>	10%	80%	77%	86%	78%
Women in SHGs	0	250	750	2136	2430

⁵ Source: SRIJAN, exchange rate used: 1 USD=INR 50

The table below shows that in 2011, SRIJAN farmers realized an average profit of INR 27,247(USD 545) per ha which is 167 % more than the district average. Intensive farmers earned 14 % and 183 % more profit as compared to extensive farmers and average district farmer

Item	Intensive	Extensive	Total	District Average
No of farmers	3,101	3,984	7,085	NA
Area in Ha	3,023	3,653	6,676	80,000
Total production, Qtl	59,671	65,443	125,114	800,000
Average yield, Qtl/ha	19.74	17.91	18.74	10
Average cost of cultivation, INR/ha	11,588	11,131	11,359	10,825
Gross Profit (INR) per ha	40,467	36,721	38,606	21,000
Net profit (INR) per ha	28,879	25,590	27,247	10,175
Increase in income, %	183%	151%	167%	-
Increase in production , %	97%	79%	87%	-
Farmer got loss after considering land opportunity cost	22	418	440	-

According to SRIJAN, if the land opportunity cost is considered in cost of cultivation then about 440 farmers will not be able to recover their cost of cultivation.

Roles & responsibilities

The roles and responsibilities of all the key entities involved in the programme are summarized below:

Entity	Responsibility
Bunge	<ul style="list-style-type: none"> • Financial grant to SRIJAN for programme management • Market information (pricing) to SRIJAN/Collection centres for procurement purpose • Assured procurement of produce from SRIJAN farmers
SRIJAN	<ul style="list-style-type: none"> • Programme management • Village selection

- Village entry/promotion activities like farmer fairs, movie shows, pamphlet distribution etc.
- Selection of village resource person - Service Provider (SP)
- Farmer enrollment/registration process with a focus on small/marginal farmers
- Farm level innovation including technology adaption for Small/marginal farmers
- Capacity building activities for SPs, Master Farmers, SRIJAN professionals, SHGs,
- Facilitating institution building – Producer company and SHGs

Service Provider (SP)

- Daily point of contact for the farmer
- Implementation of recommended practices at the farm (services to the farmer)
- Farmer enrollment

Business case: Value to Bunge

While Bunge’s decision to work with farmers continues to be supported out of its community engagement budget and is an integral part of its Corporate Social Responsibility (CSR) commitment, there are clear business benefits. This section highlights these business reasons, both those stated by Bunge as well as those that have emerged during discussions and the field visit. It may be noted that the non-business reasons have deliberately not been included as they were not the focus of this study.

Increase production and plant capacity utilisation

The region did not have high production of soya and as a result, Bunge’s plant capacity utilisation has been quite low – at times as low as 30%. Increasing availability of soya in the region both through increasing productivity and area under soya would immediately improve this situation, resulting in higher sales and higher absorption of fixed costs and hence better returns on investment for Bunge.

Over time, the capacity utilisation of Bunge’s processing plant has improved significantly. While it is difficult to pinpoint the extent to which this can be attributed to the intervention, there is reason to believe that it has contributed.

Improved relations with local communities

Bunge believes that improved relations with farmers and the local community can be beneficial to the business. Apart from ensuring a “community license to operate”, a very critical business benefit, several collateral benefits are likely to accrue. As more and more farmers recognise Bunge’s contribution to the intervention (currently, this has not be explicitly communicated to them), it can result in building loyalty between the company and the farmers which can secure the supply chain.

Security of supply

While not explicitly stated by Bunge, it is clear that the intervention can contribute significantly to securing the supply of soya to the plant. Increasing availability of the crop in the region – a stated business driver discussed above – does go a long way but given that there are several processors located in the vicinity of Bunge’s plant, is there a way of ensuring that farmers supply to Bunge?

Given that getting into contracts with farmers is not an option for Bunge for a number of reasons, the answer lies in farmers voluntarily preferring to supply to Bunge. While price is clearly a factor, there are a number of other practices that the intervention already practices which can build this loyalty. Some of these are:

- Helping farmers improve their incomes, which is an essential ingredient of the intervention.
- Practices that increase transparency in business dealings e.g. price related to objective (rather than subjective) quality parameters which the farmer can understand and relate to.
- Other practices like conveniently located collection centres, prompt payments, advance commitments of quantities it will purchase etc.

Reducing transportation costs

The current system of procuring from the *mandi* means increased transportation costs and hence higher landed costs of soya at Bunge’s plants. By increasing procurement through collection centres, Bunge can benefit from reduced costs. Currently, Bunge procures only 5% of its requirements through the collection centres but plans to rapidly increase this to 20%.

Value to rural communities

What makes this intervention interesting is that it is designed to significantly benefit both farmers engaged in growing of soya as well as their families. This section outlines the value to communities through this intervention.

Increasing incomes for farmers

The principal value to the farmers has been the increased incomes through a combination of:

- Improved productivity through better agricultural practices. This is achieved by SRIJAN accessing knowhow from Directorate of Soyabean Research (DSR)
- Timely availability of quality inputs – seeds, fertilisers, pesticides – at prices lower than what individual farmers can get.
- Savings in transportation costs, lower wastages and the convenience offered by the collection centres established by the intervention.

Women’s empowerment

SRIJAN’s philosophy that women have to be central to the development process has led to the creation of self-help groups, which then have been federated. These community institutions have empowered women in a number of ways such as providing them access to credit, understanding of their rights and entitlements in all areas, including health and education and, perhaps most significantly, giving them a voice in decision-making on all aspects that impact families.

The role of credit has been particularly of value as this has meant that farmers have access to formal credit from savings at the SHG level as well bank funds through the SHG clusters and federations. This has provided them an alternative to borrowing from the *aaratiyas* in terms that are usually not favourable to them.

Access to markets

The setting up of licensed collection centres have provided farmers an alternative to selling through the *aaritiyas* in the local *mandi*. The location of these centres and the terms of engagement are added advantages that have accrued to the farmers. Though these centres account for only 5% of Bunge's requirements at present, the plans are that they would grow significantly in future.

Access to entitlements

The programme has also assisted in better delivery of government schemes available to farmers. The local Krishi Vigyan Kendras (KVKs) leverage SRIJAN resources working on the ground for their programmes. KVKs utilise the trained service providers for their activities like preparing demonstration farms. This helps in increasing the adoption rate of better farm practices by the farmers as well as in further enhancing the available research and extension system to the farmer. The KVKs benefit from the trained resourced deployed by SRIJAN and the farmers benefit from better access of services provided by KVKs. SRIJAN also utilises the available resources of KVKs like scientists for delivering its programme. SRIJAN also works on creating awareness about the opportunities available under the National Rural Employment Guarantee Act. This has a direct impact on improving access to the scheme.

Building institutions like SHGs also enables members of such institutions to not just become aware of entitlements available to them but also demand these entitlements. Women who are members of SHGs have reported how being part of such institutions has helped them in demanding entitlements from local administrators like aanganwadi workers and thereby increasing access to such entitlements.

Lessons and way forward

What are the lessons that one can draw from this particular intervention that other companies can learn from and adapt? Some of these are outlined here.

The need for and role of a local partner

The nature of activities – engaging extension service providers, providing credit, through producer groups, through the collection centre etc. – required local knowledge and skills that would not have been readily available in a company like Bunge. Building such capacities in-house would not only have been expensive but also taken Bunge away from its core business of processing and marketing.

Thus the need for a local partner was key and Bunge was quick to realise this. In SRIJAN it not only found a partner whose competencies were complementary but one whose extensive grass-roots experience enabled it to quickly build trust with the farmers which was a necessary condition to introduce new practices. SRIJAN also brought perspectives that were critical for success, like involving women into the project and building social capital and local institutions which are critical building blocks.

Building blocks for successful partnerships

The intervention also brought out some interesting lessons for a successful partnership between a for-profit company and a non-profit organisation:

- **Role and goal clarity:** Bunge and SRIJAN share a common understanding of purpose. Moreover, the availability of funds allows SRIJAN to expand rapidly and confidently without creating dependencies by farmers. SRIJAN does not advertise Bunge's role but acknowledges that its operations rely on Bunge's contributions. Bunge acknowledges the work of SRIJAN and its role is delivering Bunge's CSR in the most effective, sustainable and mutually beneficial way.
- **Accountable, transparent and trusting relationship:** Bunge and SRIJAN carry out joint annual planning and budgeting to discuss annual targets and priorities. This exercise helps create accountability and transparency between the partners. This is an invaluable exercise which keeps both stakeholders aligned to a common objective through practical actions.

Building local community institutions

Large companies like Bunge are simply not structured to procure small quantities of produce from a large number of producers in a cost-effective manner. It requires aggregators who can aggregate information and outputs from small farmers and disseminate information to them about their quality and quantity requirements.

SRIJAN's approach has always been to build local institutions of communities – SHGs, farmers' groups etc. – who can eventually take over the role that it plays to start with. For this to be sustainable, social capital needs to be built so that these institutions are self-governed and generate sufficient income from activities to cover its cost. Thus, facilitating the establishment of groups/cooperatives/collectives/other aggregation platforms is at the heart of the long term sustainable success of such initiatives. Formation of SHGs also has a direct bearing on improving the outcomes of the programme as SHGs help in increasing the adoption rate of the package of practices provided by SRIJAN. This is evident through SRIJAN's experience.

Interventions that build such local community institutions which can play the aggregation role are therefore an efficient and cost-effective strategy for companies wishing to procure from local, small producers.

Need for grant funds

From the outset, the Bunge SRIJAN partnership has taken a long term approach. Both partners realised that activities like introducing new practices that can improve productivity, building local community institutions and securing the "license to operate" take time and both organisations were prepared to stay invested in the project.

Funds for the intervention have come in the form of grants from Bunge's community engagement budget and while this has not decreased in absolute terms, the investment per farmer has been continuously reducing. Thus, an emerging lesson is that when interventions are inherently long-term in nature, the initial funds must be in the form of grants, though it is not clear for how long.

Moving towards a business relationship

Since Bunge-SRIJAN partnership is geared towards development objectives along with business needs, it is therefore important to bring in business characteristics to the stakeholder relationships driving the programme. Delivering increased productivity gains and generating sustainable livelihoods is not an overnight process and investments in developmental activities and building social capital are the first and critical steps for future interventions to succeed and become sustainable. The programme is designed in a way so as to leave the decision making in the hands of the community and to avoid creating any long term dependencies. This is essential to avoid SRIJAN becoming the provider of services that the government should normally provide. SRIJAN in its activities while recognising that their work is driven by grant funding, continuously tries to make a business case for obtaining buy-ins from its stakeholders i.e stakeholders take business decisions to continue to stay associated with SRIJAN eg. Compare market interest rates, prices etc. As the objective is also make the programme self sustaining in the future, it is important to retain the business flavour to an extent and avoid forming long term dependencies.

Challenges to replication

While the Bunge-SRIJAN partnership has many interesting lessons that may be replicated by other companies, there are also some challenges.

Understanding the local context

Any initiative like this that calls for significant changes in practices – of farming methods and sale of produce to just name two – which will be met with resistance, both due to benign factors like habit to less benign ones like perceived threat to status quo and established power relations. Thus, for an intervention that has such ambitious objectives to be successful, it is critical to understand the local context, the power dynamics and the barriers and find ways to deal with them appropriately. For a company, whose activities and competencies are far removed from this, understanding the local context is its biggest challenge.

Finding a partner

As was mentioned earlier, Bunge found an experienced partner in SRIJAN who fulfilled most of the requirements for successful implementation, including working on soya and experience in Rajasthan. Moreover, SRIJAN brought in several useful insights on local institutional building and the role of women, all of which have become central to the intervention.

However, finding such a partner is a challenge and any company wishing to work in partnership – which of course is very valuable as discussed earlier – needs to invest in finding a partner and nurturing this relationship. There are several government and non-government institutions that can facilitate this process and companies need to identify and work with them. Partnership-building is often a slow process and given its criticality, it is important to get it right.

Company-NGO partnerships

While the benefits of working with a local partner are several, a point to be considered is whether that local partner should be an NGO (as in the case of SRIJAN) or commercial entity – say a trader – that too has strong local connects with farmers. This question needs careful attention as companies are more familiar working with for-profit entities than NGOs who are often seen as adversaries. Also, many NGOs are ideologically opposed to working with companies, which only adds to the challenge.

The Bunge-SRIJAN partnership demonstrated that it is possible for companies and NGOs to work successfully in partnership but that this can be challenging must be kept in mind. Finding the right NGO partner who has what it takes to make this work will remain a challenge.

Grant funds – how much, for how long and from where?

One of the emerging lessons is that when a company wants to invest in building alternative supply channels and/or wants to obtain the “community license to operate”, both of which are long-term commitments, grant funds are critical. In the case of the Bunge-SRIJAN partnership, initial grant funds were provided by the Bill and Melinda Gates Foundation (BMGF) even after BMGF withdrew, Bunge continues to provide grant funding because it is convinced about the utility of the programme. Foundations tend to grant funds to NGOs and so that determines the nature of the local partner.

However, the challenge is determining how much grant funds are required and for how long. This case study does not provide ready answers other than the fact that Bunge is prepared to fund this till its objectives are met and SRIJAN is clear that sooner than later, the community that benefits from this programme will and must be willing to bear the costs, but the trajectory is hard to generalise. Thus, the local context, clarity of objectives between partners and joint planning between the company and the partner are necessary to determine this.

A related question is the source of grant funds. This case study shows that there is potential to raise this from foundations like BMGF but the company must also be prepared to provide from its own resources. Whether this should come out of the business or from its philanthropic budget is something to think about.

Benefits spill over

Another possible challenge to replicating such a programme is that companies need to recognise the fact that all the benefits of their investments will not translate into gains just for them. In this case study, the farmers associated with the programme are not bound to sell their produce to Bunge. They take a business decision by comparing all the options (prices) available to them. The process of building loyalty through interventions that directly impact livelihoods and those that build social capital and enhance rural lives is a clear tool for managing this challenge.

Policy bottlenecks

As the programme evolves over time, its growth and reach will also be determined by policies that can enable this growth and expansion. At present, the provisions under the Agricultural produce market committee (APMC) act in Rajasthan require a company to have a net worth

of at least INR 10 million for obtaining a license to procure farmer's output outside the mandi. The net worth of SMCPLC is INR 0.1 million. A relaxation of this provision for farmer led producer companies like SMCPLC can have a positive impact on the financial sustainability of such producer companies. Another area where policy can play a growth enabling role for the programme is making credit available to farmers against their stock. The provision of a warehousing facility where the farmer can store the produce and obtain credit in return will allow the farmer to exercise market timing and provide the opportunity to wait for the best price for his produce.

Annexure 1.1

Following is the list of key activities performed by SRIJAN to achieve the programme objectives:

Designing package of practices for increasing soya productivity

The lack of technical knowledge about soya farming is one of the primary reasons for low productivity in Bundi district. SRIJAN over the years has developed locally relevant package of practices for soya bean farming. These practices pertain to seed treatment, seed replacement, fertilizer application, proper spacing, weeding, integrated pest management, land preparation & irrigation. Scientists from Directorate of Soyabean Research (DSR, earlier known as National Research Centre for Soybean (NRCS)) provided the technical support from developing these practices

Programme enrollment and expansion activities

In order to expand its coverage to more farmers in more villages, SRIJAN identifies intensive and extensive farmers based on their capacity to adopt practices. This was done in 2011 based on the results from previous 2 years. Different package of practices were designed for both type of farmers where in 7 practices were designed for intensive farmers and only 3 for the extensive farmer. This strategy is primarily a tool to increase programme coverage. The enrollment and expansion activities involve the following steps:

- **Village selection process:** Beneficiary identification methodologies like wealth ranking, social mapping etc are carried out before expanding the programme to new villages. Villages are selected based on certain criteria like number of soy farmers, number of poor households, potential of starting SHG programme etc.
- **Village entry activities:** After selecting a village, next step is to engage in relationship building exercises with the farmers. SRIJAN professionals (SRIJAN staff working on the field) stay in the identified villages, conduct meetings with farmers, understand their concerns & challenges and disseminate information on farming practices. This is supplemented with movies & presentations related to soya farming and showcasing success stories from other villages in order to highlight the benefits and results of SRIJAN's recommendations.
- **Selection of village resource person – Service Provider (SP):** SPs are recruited based on their skills, capacity and knowledge to carry out the farm-level tasks (farmer capacity building, implementing package of practices etc) they are expected to perform for 200-300 farmers allocated to them. SPs are recruited from the same village where they are supposed to work in. All SPs undergo requisite orientation and training sessions. SPs interact with their farmers on a daily basis and are an integral part of building a sustained relationship with the farmer. Earlier SRIJAN team (SRIJAN professionals) used to carry this task out on its own but as the number of farmers grew the need for recruiting SPs was felt.
- **Farmer selection & enrollment:** After a village level meeting, interested farmers are enrolled into the programme. These farmers pay a token registration fee of INR 5.00 and are given a card on registration. They also sign a pledge to follow the package of practices and that they take full responsibility of all the gains or losses arising out of their farming practices.

Programme promotion activities

In order to increase the adoption rates of its recommended practices, SRIJAN uses the following methods to popularize its programme amongst farmers:

- Farmer fair – The fair provides a platform to disseminate the recommended farming practices to a large number of farmers from several villages and share the experiences and achievement of those who have successfully adopted the practices. The attendance at these fairs can be as high as 4,800 farmers. Both SPs and villagers are part of the organizing team and their role has increased over the years. Villagers have also been encouraged to make contribution in cash or kind (premises, tent, water, travel cost etc) to induce ownership and increase their capacity in organizing these events on their own.

Other methods include: Organizing informative movie shows, Informative wall paintings, Pamphlet distribution, Information dissemination at SHG level, Visits by SRIJAN professionals and SPs, Mobile van for promotion purposes and a Mobile soil testing van.

Capacity building

In order to make the programme self-sustainable, it is imperative to build both internal and external capacity. The same is achieved through:

- Training programmes on improved farming techniques for SPs, Master farmers⁶ & SRIJAN professionals. These are facilitated by scientists from Directorate of Soybean research, Indore and local agriculture university and are organized at Bundi Krishi Vigyan Kendra (KVK).
- Monthly training sessions for SRIJAN farmers on package of practices recommended to them
- SPs are also trained to ensure timely follow-ups with farmers, data collection and monitoring. SPs are also taken through specialized training sessions on pro-poor development, gender issues, planning & communication skills for their overall development and better understanding of the programme.
- Training sessions for SHGs on proper record keeping of financial transactions.
- Inter village exposures and field trainings for farmers to demonstrate the results and benefits of recommended practices.

Establishing community-owned institutions

Establishing community-owned institutions is a key ingredient of the programme for ensuring that it eventually becomes self-sustainable. SRIJAN focuses on creating women-led institutions as a strategy for ensuring greater adoption of recommended package of practices, timely availability of farm inputs and for creating a source of credit. These are discussed below:

- **SHG-Federation – Samridhhi Mahila Sangh**

⁶ Master farmers are farmers who have the capacity to implement most of the package of practices recommended by SRIJAN. These farmers help in demonstrating the benefits of practices recommended by SRIJAN to other small farmers through exposure visits.

The building blocks of the institutional framework are the women self help groups (SHGs). Each such group would consist of 10-12 women and the number of self help groups in a village will vary based on the size of the village. The members of SHG meet on a weekly basis to discuss both agricultural as well as non-agricultural issues. SHGs are therefore used as a medium of disseminating recommended package of practices as well as a point of raising locally relevant social issues. Every SHG also runs an internal savings scheme and gives out loans to its members for either agricultural purposes or for health and education needs. Induction into an SHG is based on criteria based on land holdings and asset ownership developed by SRIJAN. These SHGs are further networked through clusters. Each cluster may be composed of 10-20 SHGs from nearby villages and each cluster consists of elected leaders from member SHGs. Each cluster acts as a point of social advocacy for issues relevant to its members. Presently there are 243 SHGs and 13 clusters under the federation. The cluster members meet monthly. All member SHGs and clusters are further networked into a federation, Samridhhi Mahila Sangh (SMS). The structure is represented in the diagram below:

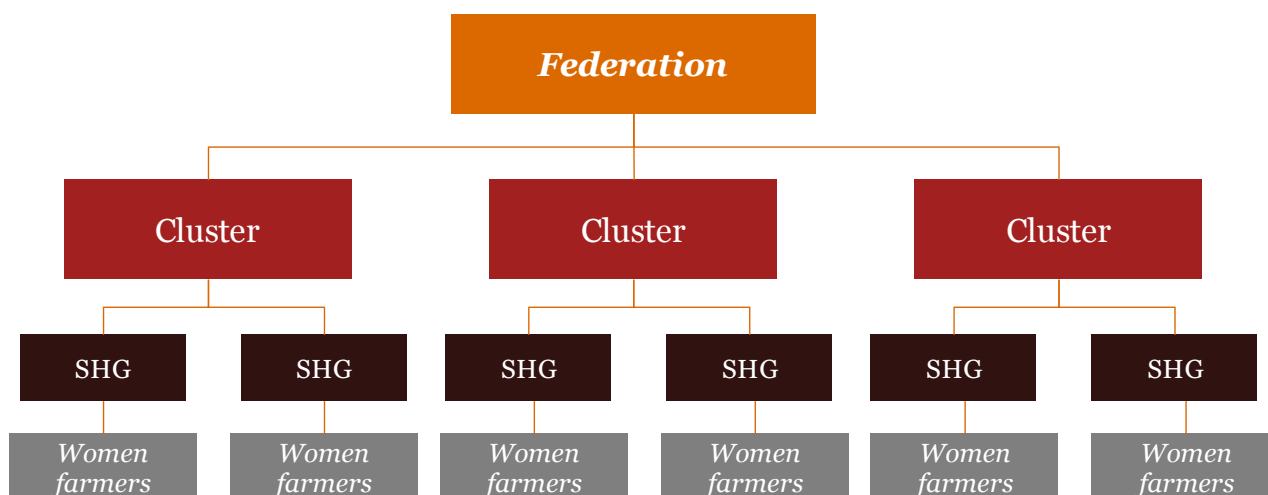


Figure 4. Structure of women led institutions

The federation is basically a platform for leadership development of its women members. It consists of 20 women leaders (representatives from clusters) who are responsible for looking after the loan scheme it runs, resolving social issues of SHGs and clusters, dealing with the issues related to members' rights and entitlements. The federation does monthly meetings. Therefore, SHG members can make use of their internal lending scheme (6 months -1 year repayment period with 24% interest rate) usually for smaller loans and utilize the federation's loan scheme for larger loans (24% interest rate). The clusters which also meet monthly are responsible for loan approval & rejections and timely repayment from SHG members.

- **Producer company – Samridhhi Mahila Crop Producer's Company Ltd. (SMCPLC)**

In November 2011, Samridhi Mahila Crop Producer Company became the first registered women led producer company in Bundi. The company consists of farmers who are members of the SHGs or are potential members. The board of directors consists of 20 members. Although the company is in its nascent stages but will eventually take care of providing services related to agricultural inputs and output procurement for farmers, organizing farmers together to benefit from collective action (better bargaining power and for providing extension services. As of now, the company has been able to deliver quality inputs at a fair price in a timely manner by procuring them at better prices. In 2011, during the harvest season it sold agricultural inputs worth INR 15,00,000 and earned an 8 percent gross profit margin.

Procurement through collection centres

As explained before, Bunge runs 2 collection centres to procure from farmers. The mechanism has already been described.