

# **Market Access and Fair Trade for Producer Groups from Marginalised Communities**

Outcome of a Workshop organized by  
Marketing Support Groups from South India,  
August 21 – 23, 2003

Workshop Curator: Walter Mendoza

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# Market Access and Fair Trade Is Possible for Producer Groups from Marginalised Communities

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## Table of Contents

<b>INTRODUCTION</b>	3
<b>MAIN THEMES</b>	5
Dimensions of NGO intervention in the Market	5
Market Access and Artisan Communities	11
Market Control & Traditional Fishing Communities	15
Markets & Forest Communities	19
Marketing for Small and Marginal Farmers	23
Issues along the whole commodity chain: Cotton	26
Structural Alternatives: Local Markets, Horizontal Marketing	32
Global Issues on Market Access & Fair Trade	37
Understanding the Modern Market	40
<b>CONCLUSIONS</b>	43
Recommendations of the Workshop	
Workshop schedule	45

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## INTRODUCTION

Do NGOs have any business to be in business?

Earlier some NGOs saw themselves as service deliverers. They provided Farm inputs, Credit, and served as marketing outlets as they felt that the local institutions are not able to reach the poor.

Later, a whole range of activities particularly finance related activity, sought to replace the exploitative middle men, particularly money lenders eg SEWA.

The eighties saw NGOs enter professional marketing, which included improving design, creating niche products etc.

Nineties saw two parallel trends. The rise of advocacy on trade issues both at national and international levels following increasing liberalisation and globalisation. Alongside, came relationship marketing as opposed to the earlier transaction marketing. Here again two basic trends.. one for premium or up market as represented by DAMA or Oxfam shops or Exhibitions. And the other represented by Just change which seeks to develop relationship marketing, but horizontally between poor producer groups.

The other follows a more structural approach seeking to develop local markets and bio-regionalism as an antidote to globalisation. These include the new economics foundations, schumacher societies, permaculture organisations etc.

The Workshop: Market Access and Fair Trade Is Possible for Producer Groups from Marginalised Communities organised group is the beginning of attempts by South Indian Groups to bring these various effort together, in order to coalesce various efforts to bring about larger change.

While many NGOs marketing related ventures by NGOs have achieved limited success, there are quite a few producer groups, that have been working on market access and fair trade for long, and have achieved a certain level of sophistication. These include the traditional fish workers, especially along the West Coast; handloom weavers, bamboo artisans, forest produce harvesters, etc. They are quite self-reliant in many ways, and have much that they can share with others.

There is, on the other hand, the feeling that each commodity is unique, and that each market chain needs to be approached separately. Policy research, market studies, and advocacy issues are specific to each product, each commodity.

Does this preclude collective, cross product, cross-sectoral linkages? Is there something beyond the specific product? Is there a larger context in which these groups can relate among themselves, with other less developed groups?

There are other issues - some focus on local markets, others zero in on *niche* markets. Most producers would go for whatever market is available, accessible. Are exports and *niche* markets the answer at large for these communities? How do these choices relate to

the issue of globalised markets? Does our work feed into the ‘marketisation’ of the sustenance economy of these communities? Is it a problem if it does?

Does a globalised market really affect the tribal NTFP gatherer? Or the local potter in remote areas? ... There is the counter view – that there is no such thing as a local market anymore! Yet, on the other hand, these communities are so marginalised, that leave alone the international economy, even the national and regional mainstream economies and their cycles leave large numbers among these communities untouched.

Producer groups from among these marginalised communities need to be organised to relate to each other. This can strengthen their effectiveness and entitlement – either towards access to markets or towards access to credit and a relevant infrastructure – and can also lead to a sharing of resources, especially for capacity building, market and trade information, etc. Self Help Groups have mushroomed and metamorphosed into micro-credit institutions, with a marked shift to income generation, micro-enterprises, ... what breakthroughs have been possible for them? Can these and other local community groups look at the large and potentially captive market of their own consumption demands?

Concerted efforts to have producer groups from among the marginalised communities meet and focus on issues relating to trade and markets have been rare.

Finally, even if in the foreseeable future we cannot but link with the existing markets, and participate in the globalisation project in the forms that have gained contemporary currency, are there other alternatives we need to explore? – e.g. the conception of bio-regional markets and economics; the practices of alternative economic organization; etc.

These are some of the issues that have come up in the course of the discussions and meetings.

So what are the next few steps that can be taken?

One, is to begin to take up research on a few commodities; this is being explored.

Two, is to get local producer groups to meet with other facilitating institutions and resource agencies; this has also been initiated.

Three, is to get some of the groups together with researchers, analysts and facilitating institutions, to look at the broader issues. Apart from the local level, it needs to happen at various intermediary levels too. Analysts and researchers, facilitating institutions like NGOs, and others need to interact with these groups and each other in order to add other dimensions to their different efforts.

## **Dimensions of NGO Intervention in the Market**

### **Marketing Interventions for development by Vivekanand, SIFFS**

#### **Objectives of Intervening in the market:**

- ☞ Increase returns for poor producers,
- ☞ Develop programmes for income generation
- ☞ Develop livelihoods
- ☞ Eliminate or moderate middlemen exploitation ( Vivekanand - )
- ☞ Develop alternative production, lifestyle system ( Bablu)
- ☞ Food security, Job security
- ☞ Security & sustainability of decentralised production systems ( Uzramma)

Often, it is not inequitable distribution of the fruits of marketing, but poor infrastructure like storage, roads, communication facilities, that is the reason for low returns to producers. There are glaring policy gaps including Lack of proper intermediary institution, lack of policy guidelines by government, improper taxation policies, and improper incentives. Sometimes instead of getting into direct marketing ourselves, NGOs may have to work on these aspects, some to develop these intermediary institutions, (Vivekanand) while others to advocate and lobby (Uzramma).

If the trade is not fair, or if the system to be cost -effective for the producer needs to be taken to a higher level, intervention will have to change the rules and create a new system. There are situations wherein current market conditions maybe that is the only way the trade can function. In which case we have to plan significantly larger interventions. The Amul story is one such case .

#### **Designing Intervention strategies**

In order to design a good intervention strategy, we must first study the commodity chain. Each commodity is different.

Who are the actors, what role do they perform, what value they add, what cost they incur and what price they extract for their involvement? And then we need to have our own overall understanding of what are the strengths and weaknesses of the existing chain?

NGO's should not take on a priori or ideological anti-middleman stand. They perform different functions and services, which we cannot replicate, besides being a livelihood itself. "You need to choose intervention when eliminating middlemen who are exploitative will achieve your objective of improving livelihood or security, (Vivekanand)"

After clearly identifying which type of middlemen need to be eliminated, the choice of strategy for this is important. Do you by-pass the middleman, by short-circuiting some parts of the commodity chain or do you induce a competitive alternative?

Each product needs a separate intervention strategy. Understand the business, the product itself --perishability, seasonality, possibility for transformation -- nature of consumers. The strategy must be a balance between working on the supply ( production), demand ( consumer/market ), and the intermediary stages which may include transport, transformation of product, packaging.

The Amul experience in intervention, even though dealing with an agricultural commodity in cooperative forms of marketing along with some high level management and capital infusion, is an inspiration, but cannot be replicated blindly, due to product specificities like ,daily as opposed to seasonal production, unused portion of commodity (SNF) which generated surplus, an edge over competition, alternative to initial or sudden shortfall of supply etc.

Our intervention must take into account market realities like market uncertainties, loss of markets, change of consumer preference, obsolescence of products. It should also take into account new technologies which may render earlier methods financially unviable, new laws, changes in taxation and non-production costs, fluctuations in the international markets. The intervention design must also take into consideration, how the competition will react, either by dumping, creating barriers, dirty tricks, cartelisation,

Some essentials for successful intervention also include:

- Deep pockets to take care of initial problems, non-payments, spoilages , slow customer reaction, provision for risk, working capital , provision for payment interest of capital.
- Complete costing, provision for cross subsidising some activities or single commodity costing.
- Regular and assured supply,
- Credit to those up and down the chain.. provision for competitive pricing: price to producers and Price in market.
- Provision for depreciation, future expansion

### **Common Problems faced by NGO interventions**

Several problems arise when NGOs are institutionally involved in marketing, especially those aspects, which are handled by informal players like middlemen. Besides higher overheads and increase in cost of legal compliance like taxes, the tricky problems relate informal economy like low cost supplies from the black market, or how to deal with speed money, Mamul/bribes, etc.

There is the problem of staffing and organizational culture. Do your people have a certain business orientation? Do they understand costs, Do you have an organization culture which accepts business type of functioning. Can the community organizer who has an entirely different perspective, coexist with a hard-nosed business chap who is going to run your business?

There is also the problem of hiring professionals for certain marketing jobs at much higher salaries than the normal remuneration given to community organisers.

#### **Four problems faced by Alternative marketing.**

1. Standardisation-Marketing generally involves standardising the product, which may be difficult if a large number of people are producing it independently.
2. Quality control-packaging and branding.
3. Distribution network - incentives to agents, high margins required to attract new entrants particularly retail shops and supermarkets.
4. Advertisement, promotion.

#### **The Alternative markets**

There are a few alternative markets in India. Experiments like the Delhi Haat, CAPART fairs, Exhibitions.

Many of the NGO agricultural products are organic and to reach niche markets at higher prices. Marketing is now moving away from some of the specialised shops, to supermarkets. Eco-labeling is becoming essential. This requires monitoring and certifying the entire production chain, thereby increasing costs. Now even multinationals are entering into this niche segment, thus threatening to take over what was earlier a safe market, built almost entirely by the alternative community.

**Social labeling**, like those related to child labour is also catching up. A recent of this was the concern that some products involved child labour.

**Understanding the market by Uzamma, Dastkar Andhra**

What is the nature of ‘the market’?	Today’s market has developed as an arm of the mass production system. It is determined by large-capital entities, served by one kind of technology. The mass production system needs constant market expansion to absorb its surplus production, and is an extension of the colonial system.
How does it deal with its various constituents, who is it who exercises power in the market place and how?	Large capital entities balance within themselves the production with the marketing of goods. They are served by institutions compatible with their interests: institutes for finance & credit, research & training.
What is the position of the household cotton textile producer and other small producers in the market place ?	Craft producers are required to conform to parameters of mass production that are to their disadvantage, such as standardization, unit productivity, etc

(Some of these points were brought up for discussion, during the session on small farmers)

An important aspect of our interventions seem to be that our interventions to be successful need a change in the external environment like market for organic produce, or non-subsidizing of high cost and harmful inputs like pesticides. While we are able to manage our small projects because the NGO concerned brings in the multiple skill sets and contacts, the farmer is actually risking getting into the alternatives, as he does not have the right alternative political economic environment. Also, right now on the basis of the changing external environment, we keep on changing our alternatives. So a larger question remains: What are we are doing to bring in the alternative political economy.

We should look at organic mainly as a niche market, like they do in the west. It may be convenient at a small project level in order to gain higher margins. However, in the Indian context, the majority of our people are part of an organic market. The fact that it is not available doesn't mean that there isn't a market. So we need to change our models from niche marketing to be able to manage with lower mark-ups and higher volumes, to make for effective change.

*The average consumer in India is in the rural areas. We NGOs are not the average consumer, we are part of the middle class urban people who reflect the western market in the western economy. The political economy is promoting one kind of technology and development. We NGOs seem to be our farmers, our*



*consumers and the local economy. NGOs and Institutions, whose economies depend on their funders, have a moral and social responsibility that we do not reflect the economies of our funding agencies. The NGO that intervenes with the cotton farmers is not affected by the economy of cotton. The NGO that intervenes with the groundnut farmer is not affected by the economy of the groundnuts. Our responsibility is that we do reflect the interests and the economies of the people we are working with and we do not reflect the economies and interests of the people who support our economy and who fund us. I think that is the very important distinction we need to make.*

**K S Gopal : CEC**

The issue is not better prices, as most of us seem to be thinking. The issue is that markets are transforming lives; it is transforming lives not only of the poor, its transforming lives at the rich as well. Which way it is doing is the whole most important thing that we need to consider. *Second*, it is having a huge impact on the use of resources, whether it is natural resources or non-natural resources. It is having a huge impact. And *thirdly*, it is influencing societal conditions.

Three reasons why NGO marketing seems out of line with international trends

- The overwhelming emphasis by NGOs tend to be on physical products. The proportion of physical products in the entire market is declining. There is growth areas in knowledge, technology, finance, services etc. We need to do more in these areas.
- The market is moving in the direction of branded products, while we seem to be more into developing generic products/markets.
- We focus on the product, what we are producing, when we need to look at the market, what it needs and develop products accordingly

Issues that our marketing effort need to take into account:

- Standards. The problem is not having standards, but that the standards are being manipulated to suit certain players. How do we address this?
- Societal values. These are being manipulated by the market through advertising, media as well as technology, infrastructure etc. At the same time, we must recognise that societal values are changing and we have to address these changes while developing the market.
- Level Playing field: The rules of business treat only the big players as valid and the small ones as immaterial.
- Distortion brought in by choice of technology,
- Distortions by subsidies,
- Distortions arising out of barriers to movement of goods and services
- Syndication and cartelisation
- Government policies.

The market realities are that

1: the dominant markets influence factor pricing

2: a lot of products are heavily supported by fiscal measures from the government

3: Government also controls issues of knowledge, technology, subsidies, so any intervention cannot ignore influencing and lobbying government on these and this includes developing concrete programmes of delivery of market and products to the poor.

We need to identify the market advantage that poor have? We should be able to identify it, we should be able to qualify it, and we should be able to assert it.

We cannot look at the question of free trade as a saying “let’s be fair to the third world.” We must reconised that the real threat to the developed economies is such glaring poverty and inequality, and that fairer trade is an essential international peace and security.

## Market Access & Different Producer Groups

### Artisan Communities: The Dastkar Experience - Uzamma and Seema

#### Dastkar's basic approach to the market

To succeed in the market as it exists today, implies accepting the demands like standardisation, placed by the market on the producer. This is in the long run detrimental to the interest of the producer. . On the other hand, it is not possible to completely reject the market. The third possibility is of 'NGO marketing' where marketing carried out with outside financial support in also unviable.

At Dastkar, we seek to base our intervention on the strengths of the crafts production base. This calls for creating of appropriate marketing systems.

Following is the table comparing the approaches relating to each of the functions of intervention is given below:

<u>Function</u>	<u>Solution based on current market</u>	<u>Solution building on strength of craft production</u>
Design	Short-term novelty	Distinctive product identity
Marketing mode	High overheads, Expensive advertising	Low-overheads, dispersed equity
Technology	High fixed cost	Low-energy, low-cost, dispersed equity
Research	To increase profits	Customer/producer interests

With these objectives and approaches, DA's market strategies and systems for household cotton textile production include

- 1] appropriate marketing channels:
  - a] retailer servicing
  - b] household networks
  - c] exhibitions
  - d] LIG
- 2] innovation of intermediary roles and services.
- 3] repositioning of product design & research closer to the production base.

1] Dastkar has been involved in four different appropriate marketing channels

- a) Retailer Servicing: Catering mainly to boutiques, shops and chains selling ready-made garments supplying upper middle class professionals. The aim of this channel is to develop systems for the pre-production selling mode, through which loom output is sold through orders received before production. 52.7% of our sale last year was through retailer servicing.
- b) Home selling network: DAMA's home selling network programme is largely for the middle class woman in South India who wears sarees, and prefers handloom. The model works on low overheads, low mark-up and low capital investment working on informal marketing networks to reach its customers. Housewives and working women take a consignment of sarees and dress sets, against payment through Goutami, who takes back unsold stock within a month. DAMA exhibitions are the main route for contacting new HSN customers
- c) Exhibitions: The role of exhibitions in DA's marketing is defined to introduce newly developed products and design concepts to the market, to maintain direct links with customers and obtain market feedback and to introduce new clients for the marketing channels.
- d) The lower income group programme: This is a promotional programme through which handloom cotton, mostly sarees, are promoted in the lower-income segment, urban & rural, including to weavers themselves. Though we are trying to set up marketing channels through thrift and credit groups, we do not expect this to be a self sustaining programme. It is purely to promote handloom cotton within the low income group segment. We don't want this huge market, which is being eyed by the multinationals of the world, to go by default just because we have not taken the trouble to be there and to promote our products.

## 2] Innovation of intermediary roles and services

A detailed examination in practice of intermediate services between production and market is necessary for the industry to be viable in a contemporary context. DAMA's **stock-room services** are our attempt at development and articulation of such roles. Systems for procurement, inventory control, client servicing and merchandizing are being worked out.

In this process, the significant tools are a] design & product development b] producer co-operation c] work systems d] information systems.

### 3] Repositioning of product design & research closer to the production base

DA initiates design of handloom products for large middle segment. This includes product development for hand-spun yarn and natural dyes.

Mainstream	DA
High end	mid & lower level
Restricted, best-selling designs	Regional design specialization
Role of designer: no responsibility to market or producer	Designer role closely meshed with market & producer
Design function confined to designer/trader	Involving customer & producer in design process

### **Information & Research backup**

Through the introduction and setting up of systems for each stage of the product-development ( production-procurement-marketing-feedback cycle), we aim to make the process independent of individual capabilities through information, training and research.

A great lacuna in marketing-production chain today is the absence of formats and methodologies for information sharing among the various links. DAMA hopes to fill the gap between buyers and DAMA by incorporating information flows into direct marketing, commissioning research specific to its needs, and inventing new roles for the task [such as a producer oriented version of ‘merchandizer’]

Meanwhile DA’s marketing also acts as a support for the long-term goals of DA, to integrate the producer base with natural resources through natural dyeing, and to local markets through technology development towards control over raw material [DCS].

### **Localisation and Structural Change:**

The decentralized cotton yarn initiative of DA is part of the effort to integrate the activity of household cotton textile production with its resources, which will make possible a local loop of cotton cultivation, textile production and use. The objectives are to provide raw material to the handloom industry through a yarn production process that distributes the stages of production into a series of small-capital, low-energy activities consistent with household textile production. The

DCS activity consists of technical development combined with the effort to embed it in the social and economic context.

So when our DCS (decentralised cotton yarn spinning) works - that is our long term vision- there will be a local loop of production. The cotton farmer will be able to grow a cotton variety which he can grow without irrigation and he can grow it in small lots. Today he is forced to grow varieties which are purchased by the big ginning mills. And these varieties need fertilizer, pesticides and . We hope that eventually with this decentralised cotton machine, there will be in the neighborhood a small production unit which will buy the cotton which you locally produced varieties in small quantities. Family or local labour instead of machines are used to pick the cotton and perhaps even wear the produce.. Thus you have a local loop of cotton farming and pre-spinning and yarn production and handloom weaving and local market.

## **Market Control and Traditional fishing communities**

Work in the fishing communities began with using cooperatives to compete with the middle man, and stabilise the auctioning process in favour of the fishermen. The cooperatives who later formed themselves into a federation became large enough to even handle development of technology and sophisticated inputs management. There was also the strong union based which successfully managed to advocate on policy matters for example the struggle against unsustainable mass scale practices and mass harvesting systems like trawlers.

### **The SIFFS Intervention by V Vivekanandan**

This intervention began with taking over a crucial middle man's function namely auction of fish caught by the sea going fishermen at the beach head. A cooperative formed by the fishermen took over the same mode of selling.

The intervention proved to be beneficial to the producer as it took care of some major issues like the unfair rigging of the auctions, as well as full and guaranteed payments.

Other benefits were that payments could be made the same day and that women could take over the cash and payment roles. The facility of deductions at source also ensure that a compulsory savings of 2-3% of fish sale value could be implemented, and that banks were willing to give large loans to the fishermen.

The auction was appropriate for 75% of the fish catch, which is headed for the domestic market through fisher women and headloaders. There are many buyers and the competition among them is intense.

The success of the intervention soon spread through out the trivandrum district and to two other contiguous districts of Kanyakumari and Quilon.

However for 25 % of the produce which is exported and relates to the segmented markets, the auction did not provide the best prices. It required intervention over a larger scale. A major problem is the artificial increase of prices of fishing equipment like nets during the peak seasons. To tackle problems of scale, the societies came together and formed a federation.

Thus the federations were able to take up procurement of fish nets, and exports. To do this professional staff and infrastructure was needed. This however brought in the "seasonality factor". The fish business is active for four to five months at the most. The costs of maintaining staff and infrastructure through out the year. The system therefore lost some of its "edge" over the competition. The

members had to be kept together by rhetoric, fear of slipping back to exploitative systems etc.

Meanwhile, the traditional fishing community was faced with its most important threat -- mechanised and deep sea trawlers which threatened not just their market, but all their produce.

The community responded in two ways: Organisation, public action and policy advocacy. And mechanisation at lower individual fishermen level.

The fishermen's struggle led by Fr. Thomas Kocherry brought together fishermen from other parts of the country as well as international campaign groups, which successfully put brakes on the runaway intrusion of mechanised trawling in the fishing areas of traditional fishermen.

In terms of policy, the official dream of making every fishermen a mechanised fishermen, faded, as fish stocks depleted, and not even 10 to 15 percent of fishermen could own trawlers. The policy then shifted to outboat motors. The federation were able to use their export to avail of concessions on purchase of motors. The federation also had to support in terms of training on use of motors, servicing, access to spare parts etc. There was also a technology project to develop a marine-plywood boat which was more appropriate for motorised movement.

Liberalisation and globalisation has meant that the earlier monopoly exercised by government cooperatives over imports of motors and spare parts has been broken and that the federation themselves enter into the fray at much lower costs.

The new activities of boat making and outboat motor marketing and services, demanded a different kind of organisation. It was decided to change over from a two tier i.e. village society-federation structure to a three tier organisation. The third the inter-district federation level would look at technology research and policy, whereas the district level federation would look after the day to day fish marketing, and supply of inputs, as well as take over the functions which the NGO promoter did which was supervision and networking.

The primary societies are the most profitable in this whole network. Because they have a commission that covers the overheads. At the top level, SIFFS has a set of businesses, import and boat building, commercial activities, micro-credit, which have an edge, some of it monopoly, are income generating. The district level has some businesses and also collect some kind of subscription from the societies. They are financially weak. They are mainly fighting with



informal sector actors - traders, merchants. Once the latter become competitive there is not much you can do. There is no edge for them .

### **Issues of Replicability**

Three main issues hinder easy replicability of the SIFFS model in are:

- a) The village level model where productivity or local market potential is low for example in Srikakulam
- b) The village cooperative does not work where the production-market is a family based activity where the man fishes, and his wife goes to the market with the catch.
- c) The stormy nature of the fishy market.

Today the nature of the cooperative is fast changing. The business of providing inputs and services to the fishermen, at least in profitability terms, overtook the business of selling the output which is fish where the market are competitive and cut-throat. It is an irony -- perhaps one of the symptoms of modernisation that the commodity itself gets undervalued while the manufacturing, and services aspects bring in bigger margins.

This brings us face to face with the issue of nature of commodities, in the local, regional and the international markets.

The most successful fisheries marketing cooperative were those located close to Bombay as the market was clear and right there.

In order to develop a larger market spread, the Kanyakumari federation, instead of following the Trivandrum model of bye-passing the middleman decided to use them, but introduced an innovation quotation system, which gave prices and quantities in advance. However they are still vulnerable to cartelisation by middlemen.

The forms of distortion and manipulation of the market becomes even more sophisticated in the globalised environment. Professional Fishermen unlike farmers have always been vulnerable to trade practices. There is no such thing as a subsistence fishermen, as a fisherman who catches two fish will have to sell one in the market.

(Discussion) The SIFFS case seems to show that the issue is not so much of market access but about market control. SIFFS has been successful because it

could take control at various stages both inputs, and outputs as well as determine the price. That is the real edge.

The major success of SIFFS is also its potential threat. As a big and powerful organisation, we are in the political radar at all times. The successes of SIFFS is a threat and a slap on the face of the political system which seeks to portray itself as the sole protector of the poor. Such a political sensitive organisation is vulnerable to infiltration or abuse by political interests etc.

### **The Political Economy**

Unlike in agriculture the exploitative relationship is not ownership and wages, but in market exchange relationship namely the price and returns to fishermen.

Ownership of fishing equipment ie Net, Boats is slowly getting concentrated in fewer hands. Earlier that is before the mechanisation drive in 1980, all fishermen in our area would be considered potential members. Now ownership is confined to only 20 to 25%. Thus membership of the cooperative is automatically getting restricted to a privileged few.

While class differentiation is not yet obvious socially, there are growing problems. For crew members, the NGO has started Self Help Groups, and for women a separate savings and credit scheme. This works fine as the changes in the market place has meant that the banks can no longer afford to handle and service small loans to the poor. They therefore turn to intermediary organisations like NGOs and Co-operatives to take over the retailing and risk management of credit.

Thus in the last two to three years we have been dabbling with the social leveling though not very successfully. Not because the concept is not okay. It is just that matching the product and the market is not easy.

## **Markets and Forest Communities**

Marketing in Forest areas is particularly affected by the fact that the **forest act** has alienated the people of the forests from its produce. Further official welfare programmes have worked against providing fair market access, leave alone develop a robust decentralised or locally managed market.

The situation has become worse with the liberalisation, and the privatisation of non-timber forest produce (NTFP), as well as privatisation of mineral wealth, and mining in the same forest. This effectively means that the resources based - the forests which was taken away from the forest dwellers is now being given to private investors, in the name of efficiency.

### **ACCORD – by Ayyapan, a tribal from Gudalur**

The Tribal economy is changing from a forest economy to agriculture and within we have from food crops to actual commercial crops. Meanwhile we have lost control of our lands to outside people. Many of us became bonded labourers. Through our sangam activities we regained a lot of our land. In the late nineties, we planted tea and become a part of the market economy.

So gradually tribals have moved from being a forest economy to a wage economy as bonded labourers and then to a cash economy.

The problem with the tea crop is that the leaf is highly perishable and it has to be delivered to the factory the same evening that it is picked. that evening. Since tribal are dealing with small quantities, they are unable to reach it to the factory on their own, and therefore become vulnerable to a middleman.

We planted tea to prevent our small plots of land from being alienated. Now we are forced to get into marketing, in order to get a fair return for our crop. However there is still a very large difference between the price after factory processing and the consumer cost. We are planning to intervene in different parts of the commodity chain. More particularly we are exploring ways of reaching other producers or other items and other solidarity organisation and supply directly to them, under the Just Change banner. (The concept and need for horizontal marketing is being explored in a separate session )

### **Keystone Foundation by:Mathew Thomas**

The Keystone Foundation has been working with communities that do collection of wild honey from a species of bees and widely found in the Nilgiris. The skills of these

communities in honey collection were not recognised as earlier the honey was mixed and sold in bulk to middlemen or wholesalers.

We developed a niche products based on quality, organic nature and purity and were able to give the tribals 10 % higher than the normal wholesale price. Over time we went into processing and packaging.

In order to ensure long term economic viability, we did not take any grant to start up. We took a bank loan and set up two shops in the local towns nearby.

We marketed the product like niche products emphasising organic and health aspects. The target was not the upper class, but the local people, and we have successfully developed a large enough local market which constitutes upto 70% of our

turnover. Consumer awareness was the main vehicle of marketing. This was backed by proper labeling.

#### EXPERIENCES WITH LOCAL MARKET

- 60-70% of turnover realized from the local market
- Appreciation of quality
- Niche - `pure, natural, hill product`
- Consumer awareness building possible
- Builds strong `local clientele`

To reach outside marketing we may have to go in for eco-labelling or organic certification. We may also have to go into for Trade Mark Registration to combat spurious products.

### **Marketing of Tribal Produce in the Andhra Tribal Belt Lakhi Deori, Community Coalition Network**

The Girijan Cooperative Corporation (GCC) is a government body which has been given monopoly rights of procurement and marketing of tribal forest produce in tribal areas across 11 districts of Andhra Pradesh.

GCC is supposed to play four major functions. 1. Supply of the daily requirements (DR) which are the rice, sugar and kerosene. 2. Supply of credit 3. Procurement of tribal produce and 4. marketing of tribal produce.

The GCC has been given these functions to protect the tribals from the exploitation of the moneylenders and offers a better price for the tribal produce through their GPCMS that is the primary marketing societies. It has monopoly right over 35 items of forest produce. Only the agricultural items have been left open. However the GCC is able to procure only 15 items. There is no legal outlet for the other commodities. Tribals are therefore prone to be exploited by outsiders.

The Kovel Foundation, LAYA and CCN is taking up advocacy and struggles of this and other issues. These include implementation of the DR programme, getting the procurement at the local depot level, revamping the credit programmes which has become defunct due to low recovery to the tune of 48 crores between 91 to 95.

### **Kovel Foundation by Felix K**

Kovel Foundation, Vishakapatnam is a research organisation working for the tribals in AP. We have conducted scientific research and **development** better collection of non-timber forest produce, starting with gum kariya. Kovel then trains tribals in better collection and bettering their produce. This has resulted in improvement of quality of the produce. This has resulted in better prices and sale of produce by the GCC.

The training programme started in January 2000. Sales have shown steady rise since. It was 7 lakh rupees in 2000 and is up to 23 lakhs in 2002-2003.

Kovel is now working with Velugu, the major World Bank supported project at Velegu which plans to reach 10,000 tribals.

### **TRIMACS by Vijai**

LAYA is a facilitating organisation promoting credit alternatives which are owned and managed by tribals themselves. So far we have been successful in promoting two such organisations, TRIMEX for marketing of tribal produce and the second Manishima Manyaseema for credit.

Trimacs is a tribal mutually aided multiple purpose co-operative society which is engaged in marketing palm fibre.

Though Tribal economy is still an agro-forest based economy, the fact is that only 30% of the income generated in the tribal region of Andhra is from Minor Forest Produce - MFP and a major portion of it (70%) is through the monopoly procurement by GCC.

Most of the agricultural produce which accounts for 70% of the economy) is sold to private traders. This is a neglected area.

The case of Palm fiber: In India, annual output of palm fibre is 20,000 metric tonnes. 98% of this production is exported and 60% of these total exports is coming from three tribal districts of Andhra Pradesh. It is a ten crore business. 80% of the tribal population is dependent on this particular activity for six months from June to January. The GCC, which is supposed to protect the tribals, procured a miniscule amount ( In 1984-84, 64 metric tonnes out of the 20,000 metric tonnes) leaving the rest to middle men!

TRIMACS is able to market 90 metric tonnes of fiber, but we cannot say that the venture is a 100% operational or sustainable. The problems are the typical middleman problem, inadequate capital base and loyalty of the clientele base. We are now planning to diversify the business into manufacturing of brushes which use this raw material.

Other commodities are: turmeric and french beans. There are 20 types of french beans. It is an export oriented commodity.

Incidence of indebtedness in tribal areas is very high. It is as high as 79% as opposed to the State average of 22%. Almost 80% of tribals are dependent on non-institutional agencies for credit . We started a micro-financing institute, Manishima Manyaseema, federating 92 SHG groups. Again this entity is owned, managed and controlled by tribals.

(Discussion - Accord ) Whenever we talk of business, we end up blaming the external environment like policy environment and poor infrastructure . But we forget that the factor, which really is in our control, is the internal environment, product line and market research. For example we have developed 5-6 medicinal plants which are unique to our area and which are purchased and are available only in our area. The Kottakal Vaidyashala which has monopoly rights has into a contract in a group cartel of suppliers which is a union in Kerala. So we have ended up selling through this Union. tribals in Kerala do not have control over what happens because they are controlled and influenced by the politicians and the politics of the area. In Gudalur, which is on the border of Tamilnadu and Kerala we have a lot more control since the politicians do not have a hold on our villages.

## **Marketing for Small and Marginal Farmers**

The development of monoculture farming requires high inputs to increase outputs. Further state intervention, in the form of organising inputs like seeds, fertilisers, pesticides and subsidising them, has moved most agricultural operations into a high input costs, high risk zone. Economic programmes like minimum support price, credit have not really helped. Increased outputs have meant increasing marketing over a wider area, which again has made the farming community vulnerable to the market forces. In the age of liberalisation and WTO, most conventional crops are threatened by cheap imports, which are often subsidised by the developed countries

### **Ground Nut Marketing - by Amarnath, Basix**

Basix is into microfinance through its subsidiary, Indian Grameen Services, a section 25 company, through which we give total support services to our borrowers and non-borrowers. Why we intervened : The market yards in Anantpur are not functioning. Farmers invariably depend on the middleman. And the linkage is so well built that we wonder if we can really eliminate the middleman.

With regard to groundnut, initially we did an action research to determine where exactly intervention is needed. We thought one area is in the product enhancement and the other is in the market linkages.

Anantpur district has rainfed cultivation. 7.5 lakh hectares (17 to 18 lakh acres) of ground nut is cultivated in rainfed conditions. The major input - seed cost is almost Rs 1500 per acre. The farmers have to invest around two hundred and fifty to three hundred crores, either on seed or pre-cultivation activities.

We did not want to totally eliminate the middleman, because he is well networked with the farmers, and he provides the much needed finance. Given the nature of recurring droughts, most farmers prepare for two crop failures in three and such finance is only provided by the middleman.

After we studied the intervention points, we conducted a workshop on groundnut with all the stake holders, including the commissioning agents, the districts administration, local NGOs, Diet centres, the agriculture research stations, the oil millers and the farmers.

In product enhancement, we started a centralised unit for de-podding ( separating the shell from the kernel which used to be done by the middlemen). After initial

resistance of 5 - 6 months, we now process the produce of 250 farmers. Raising their income by 15 to 20 %.

Because of the drought last year (2002) we had anticipated the shortage of good sowing seeds for the current year. So we facilitated the supply of credit and we identified the good pods (seeds) . We worked with the SHG groups and the women's federation which are very strong in Andhra Pradesh, particularly in Anantpur district. With another NGO, we promoted the minimum irrigation support programme, which consists of making pits for storage of 25 thousand litres of water, which is sufficient to cultivate one hectare of land.

(discussion) Lending rate to farmers: Money lenders charge 36-48%. We charge 25% which is maybe high compared to the Bank rate, but we provide service like sub-sector intervention and market linkages.

Also we don't take any collateral security. We have a joint liability group (JLG) of around 5-6 members. That group is responsible to see that each one pays. If one person from the group does not pay all the other five are responsible for that. For SHG Federations, the interest rate is 15% and individual members of SHGs, the rate is 18%.

Composition of farmers small, medium and marginal: For any intervention for example in cotton, we select the big farmer because a small farmer will not be in a position to withstand experimentation. However for credit etc, say in Anantapur, stand for any experiments, 10 -20% will be the big farmers, the bulk of the farmers are the medium farmers and then again 30-40% are the poor farmers.

Any agricultural commodity, the input values are going up and output values are remaining the same. The groundnut situation is worse after we started importing palm oil from Malaysia. So we are developing a value added product, groundnut for table purposes. Since we are doing the deoiling, the good pods can be picked. For this we are developing linkages with Food World and Jain supermarket chains.

### **M S Swaminathan Research Foundation - Vijay**

M S SRF looks at the whole issue in terms of livelihood security: namely creating job opportunities or ensuring that the people are able to survive. We do not take an a priori stand on the nature of agriculture, whether it is organic or inorganic.



Whatever the market; whether it is organic or inorganic. We evaluate any technique, technology on whether it is sustainable from the point of livelihood.

For example, take an area which is growing millets, for subsistence. In traditional agriculture you have crop rotation which also gives you pulses. Thus you have food security, particularly nutritional security. Further the crop also provides fodder.

An agent would come to such areas and ask the people to grow tapioca for instance and offer a good price. Initially it would be good, but later, as people start using more fertilisers, the profit doesn't match up. Further with the cash, the people would go to the the Public Distribution System (PDS) system and then buy the rice and that too of poor nutritional quality. The whole culture also changes.

Therefore, MSSRF started an **intervention for millets production**.

We identified lost varieties of traditional millets and developed techniques for increasing productivity, and taught them to the villagers.

We also started a small de-husking mill, which took care of the major problem of small millets, which was the drudgery women had to face on this account. The mill was also used for other grain.

Production increased and the surplus had to be marketed. We converted them into flour, packaged the product and marketed the product in a niche markets as organic and health products.

{ Discussion } (Accord) Regarding horticulture, in Kerala there is a very interesting European Union supported project. Similar to the fish auctioning method, they have tried to assemble wholesale markets in which the farmers can have greater control. The Kerala Horticulture Development Programme, based in Trivandrum now has 20-30 farmer-controlled markets in Kerala.

## **Issues along the whole commodity chain: The example of Cotton**

There are four elements that are key to the cotton story:

One is the nature of the seed.

The second : the kind of industry that is using the cotton as the industry is getting modernised and changing in one particular direction, to the detriment of another kind of production.

The third is processing. Mills can only process medium or long staple cotton. The gin was invented on the basis of the American cotton. Nobody had seen or heard of short staple cottons when they(**who**) invented those machines.

Last is the whole marketing area. There is a demand for desi cotton. The issue is whether it is getting marginalised. (Discussion: after Meena Menon's presentation).

### **Experiences of an award winning Cotton farmer - Om Prakash**

I was a conventional farmer of cotton. I changed to organic farming, as the inputs and outputs were not matching. Farmers can have profits only when we reduce the cost of cultivation. So without the use of any chemicals the cost of cultivation is reduced drastically. I have been doing this successfully for 13 years now.

About seven years ago, a group of us farmers got together to form a company and market our organic produce. Cotton is one of our main products but we also have the grains, pulses and seeds. We market them in the domestic market and in the market overseas.

We guarantee about 10% higher prices to the farmer. Further if there is surplus, after deducting expenses, then that too is shared with the farmer.

Package of Practices: The main principle, is only do what is necessary, and avoid doing anything which is not required.

Conventionally, we used to follow the advice of the agricultural extension officers of the government and the agricultural universities and choose seeds, and apply fertilisers and pesticides. Now we only do what is best for the soil and environment in the long run.

(Discussion) Is there a market for organic cotton in India?

Compatibility of processing technology? The Ginning and yarn processing technology that is now available has already changed according to the needs of the power loom and large scale sector. And the organic cotton is really suitable for the mills. Is there some form of appropriate local processing cotton, that is being developed? It is difficult, but once the technological bottle neck is broken, the market size and location will improve.

We have tried to develop the handicraft or Khadi market and some international markets like the swiss market. At the moment there is no dearth of market at all. Till now our production was about two hundred tonnes of cotton a year. From this year onwards, we should reach five hundred tonnes and we feel that we will be able to market the whole stock. Till we develop new technology appropriate for organic cotton, we have no alternative but to take our produce to the mills.

### **The situation of cotton farmers by Meena Menon – Journalist Bombay,**

Cotton is chemical intensive crop. 54% of India's pesticides are used on cotton, that is barely 5 % of land area. 50% of the country grows hybrids. But the yields are very poor; and the costs are high.

There are many conventional chemical farmers like Mr More, some of whom won awards for their work at one stage and are big farmers, but have moved to organic farming because the economics was not working out.

There are a substantial amount of farmers practicing rain-fed cotton agriculture, which is organic. But this is more because the farmers cannot afford to buy chemicals and fertilizers. Most of them are not organic farmers as such. They are experimenting. They don't use chemical pesticides and use alternative locally available fertilizers.

In states like Gujarat and Maharashtra the change over to organic farming is not a movement, but it is enough to make a dent and many of them have organized into commercial ventures.

While most of the farmers are large farmers like Mr. More and his colleagues, in the last 4 or 5 years a lot of small farmers are getting into organic farming. NGOs and other intervention agencies are asking them to experiment on one acre. And if they find they are successful with that then they move to a larger area. So this is working very successfully. And in Baroda, farmers who are on their own doing

organic farming have set up a small group called **Jabak** and they are looking to gin their own cotton and market it. But it is very difficult because locally, there is no real market.

Organic farming is also prompted by reasons of self reliance, keeping the stock of wealth within the village. That is one of the reason why farmers want to grow their own crops, grow their own seeds, use available materials as fertilizer. And of course it is well established that initially there are low yields in organic cotton. But scientific experiments have shown that after three years the productivity of soil definitely increases. According to Murlibhai Balani, a small farmer from Bhavanagar (gujarat), “when you do organic farming you have less tension and you don’t have to commit suicide.”

What do the farmers want from the Government?

- A steady price for organic cotton
- Access to non-chemical fertilisers
- Research in organic farming: ( In chennai, there is a lot of research going on but this is not being passed on to the farmers!)
- Inexpensive certification procedure. There is an Indian organisation IndoCert which is now doing this, but certification is a political issue.

### **Dastkar Andhra by Seema**

We cannot be involved only in marketing. We have to intervene and advocate in the areas of policy.

In the handloom sector for example the main issue is access to proper yarn. And this is connected with a whole host of policy issues like kind of cotton production supported by the government.

Similarly credit needs of handloom weavers are not met in an adequate fashion.

The government perception of the handloom weaver to a large extent is a kind of welfare perspective. The government promotes niche marketing or exports. Whereas the handloom sector can be viable only if it reaches the large middle level in the local market.

Our attempt is to change policy, get weavers views heard, while framing policy. We also must engage with policy issues relating to International markets.

For example the handloom industry protested the Satyam Committee Report in 1999 outside parliament and the Report was withdrawn. Of course it made a back

door entry by way of the new textile policy. Later, we worked on a report for the planning commission. Weavers contributed to the study and participated in the seminar with policy makers and academicians.

The weavers were really able to pinpoint issues and loopholes in various legislations which have been passed by the government. For example in product reservation, weavers were able to show that local monitoring committees in which weavers are represented, rather than those of centralised offices would be able to deal with violations. Not that it has taken shape but at least the idea has been put to policy makers. Then there was some talk of patent protection in the larger context.

We also need to take this up as a rights issue. Right to clothing is a fundamental right, a basic human right.

On the one hand we have people whose entire livelihood is being wiped out because the cloth they are producing does not seem to have a market. On the other hand we have millions of people who are not able to access cloth or afford cloth for very basic needs.

### **Is High end Niche marketing alienating local small consumers?**

The impression some people of Dastkar's intervention is that its value addition, high end marketing, shops in urban centres are catering to the middle class, upper middle class kind of people. And this has resulted in the weavers completely giving up producing saris and dhotis.

Dastkar uses elite markets to support our long term interventions and research on things like handspun yarn. They have designed the 60 count (thicker variety) sari in order to reclaim that market for that middle level. The household network sells the 60 count. The thicker fabrics can be woven by large numbers and it will be some time before we can produce cotton fabrics for lower income group people. It is not feasible today, except in a subsidized way but that is the direction in which we are going.

### **The macro economic trends in cotton by Nishant Pandey**

India has the largest area in the world (8.9 million hectares) under cotton which is 22 million acres of land. However, we produce only 11.3% of world's production which puts us as a third largest producer of cotton after US and China. Although the production, the productivity and quality of cotton has gone up, the yield in cotton,

low at 300 Kg per hectare as compared to the world average of 568 Kg per hectare. 1/3rd of Indian export consists of textiles which includes cotton and is valued at Rs. 42,000 crores. India's share in global textiles export is only 3.1 percent.

The entire cotton chain: cultivation, processing and trade employs more than 60 million people. If we take average consumption of cotton as 20 metres per person, India has achieved self-sufficiency in cotton production. Yet, since 96-97, exports are going down whereas the imports have been coming up. Now we import about 22 lakh bales of cotton.

This is because the price of cotton drastically came down by more than 50%. In 1995-96 the price of cotton was 75 cents a pound, which in October 2001 came to an all time low of 35 cents a pound.

#### *Adverse Government Policy*

And in April 2001 the Government of India removed all quota restrictions on import saying that they will still regulate imports by imposing import duties. However the Government decreased the duty on cotton from 15 percent to 5 percent which was eventually increased to 10 percent following protests by various farming groups.

However, the export oriented textile manufacturers are already demanding import of cheaper cotton of better quality. If we translate the international prices in terms of rupees and wages it comes to somewhere between 1300 to 1500 rupees per quintal which is far less than even the minimum support price announced by the Government of India this year which was 1960 Rupees.

The entire impact of these policies is on the farmers, as is evident from the the number of suicides by cotton farmers in Andhra Pradesh and Vidharbha.

#### *International Cotton prices*

In May 2002 the Government of US came up with 51.7 billion US subsidy for their own farmers. And if we calculate the average one cotton farmer will get out of it. It is 360000 US dollars to each cotton farmer and that is equivalent to about 70 cents a pound. Interestingly US has only 25,000 cotton farmers as against 7 million cotton farmers in India and most of the subsidy is going to the largest of those farmers. So you can see on the slide, 88% is going to the largest 20% farms. EU is not far behind.

At the moment 25% of total world cotton production is being imported by countries which themselves produce cotton. Thus it is the subsidies of production

and the marketing subsidies, which is distorting the international market in cotton and creating a problem of market access for developing countries.

The other issue is that with the proposed dismantling of the multi-fiber agreement in 2005, textile industries in US could close down, resulting in the mass movement of US cotton to countries like India.

Though India is not very dependent on export as far as cotton is concerned, there are countries in Africa and Latin America, which need to have exports for survival of their cotton economy. Burkino Faso, for instance, could cut the number of people living below poverty line to half in just 5 to 6 years if it has free market access to developed countries..

### *Possible Ways Forward*

Darwin once said it is not the strongest or the wisest species which survives best -but the one which is most responsive to changing environment. Therefore in tune with the changing environment, the following measures are proposed:

- Product differentiation
- Low cost farming
- Changes in crop pattern
- Integration with local production chain
- Advocacy at national & global level

### **Low cost farming**

The choice of low cost small scale farming over high external input large scale farming is the only appropriate and sustainable way for countries like India given our resources of land, soil, irrigation, people etc. It lowers the risk and the price while lowering the margins.

So if you can't go for a low cost farming methods, there seems to be no option but to change the crop pattern either by going in for multi-cropping or shifting to another crop.

Finally the most important immediate need is: advocacy at national and global level. Nationally, we can advocate with the Government buckle under pressure of WTO, to go for removal of quotas or lowering down of import duties. We advocate enabling policies in favour of sustainable and low cost agricultural practices. At the global level again we can go for advocacy, lobbying (and Protests ) at WTO level.

## **Structural Alternatives: Local Markets, Horizontal Marketing**

**K S Gopal – Centre for Environmental Concerns**

Need to find a business model based on demands and delivery at the local level .

Price reduction of commodities like rice and wheat does not help the poorest of the poor. It only helps those existing customers.

What we need to do is identify the lower priced rice, which is in any case consumed by the poor and reach that to the village in large quantities.

The production of the poorer quality of rice is drastically coming down in the country. So unless we are able to open up their market we will not be able to produce those grains which the poorer people prefer.

To help the price of this grade of rice, the costs of finance of these lower grade poor oriented commodities to taken care of by the State, because this costs in the regular channel works out to 50 to 60%. This alone, along with the economies of scale induced by the mass movement of the second grade varieties of rice to the villages, will make the system financially viable, thus obviating the need to further subsidy.

One of the means that CEC has used to intervene to bring this process about is the food insurance scheme coupled with the revamping of the Food for Work Programme. We had a pilot project of 10,000 tones of grain, which we gave people in times of need. They paid this back by work whenever they choose to do work, that is usually the lean season. Today FFW is a big industry. Because contractors now get labour through this scheme, and the economy of the most inexpensive varieties of grain is revived.

### **Localisation by John DSouza, Centre for Education & Documentation**

There are a number of interventions by NGOs, governments and local groups. Somehow this is not adding or having a larger or general impact. It is not sufficient for us to keep on having more of the same so called "best practices". We need to re-examine the practices, in terms of its impact on the basic structure and not just individual successes. Somewhere, our efforts need to converge and make an impact on the structure, and this will not happen by chance, we have to design our interventions accordingly. We have to combine both local efforts and the advocacy, the constructive work and the agitational work, the infrastructural work with the work of building social institutions.



India has a large strong local and informal economy, on which the majority of its people survive. Many of them may be poor, but are not destitute. However hitherto survival spaces are rapidly shrinking. More and more people are becoming vulnerable to destitution. Be it because the forests and the commons including water sources are being privatised ( or socialised for that matter ) or because the money economy has infiltrated into the countryside.. many a time through development programmes of NGOs. For example most of the SHGs and micro-credit schemes have only helped the entry of the monetised economy. The reason for this is that NGOs, and local actors are not designing their programmes, with a view to impact the economic structure. They are being forced to assess their work by the individual monetary gains, and not say environmental, or social capital, gains. Even sustainability is now only being measured in terms of whether the monetary benefits are sustained or not.(very often at the cost of livelihoods, nutrition etc.)

Most of our intervention programmes, seem to be converting local resources into money. And the nature of money is such that it flows out of the area. The so called non-monetised and informal economy plus the love economy constitutes 70 % of the economic good (not goods) of society. We need to develop and modernise this economy. Some methods for this have been demonstrated and developed by the Schumacher societies, permaculture organisations related to Bill Mollison.

There is no one model. Each local economy has to develop its own "New Economics" or "permaculture". The task of developing a localized decentralized alternative to the ill effects of globalisations, is essentially economic in nature. We have to make it, for lack of a better work, "modern". We will have to retrieve the word "development" from those who used it in the "catch-up-with-the-West" sense. This development is also a social and political task. It requires developing strong local organizations and a political theory and practice, which thrives, rather than disintegrates with "decentralisation" as happens in current political parties, bureaucracies as well as governments. This is where some lessons of organisation as well as social relations have to be learnt from the women's movements and the peace movements. Till now we have been unable to convert our ideals into practical economic and political practice, even within our own organisations. The environment movement in some cases have spoken about restoring the commons to the local people, but have left the organisation of the alternative to the State as it is. Whereas there have been several examples like the Pani Panchayat which has shown how a new social organisation is possible. Thus clearly more work needs to be done along the lines of bio-regional organisations, watershed based social and community groups etc.

Besides the "modernisation" argument, we also lose out on the economies of scale argument. This is because our interventions need not be narrowly local in the geographic sense. They should be local in the control sense. Today with modern communications, it is possible to organise bio-region based market activities which take benefit of economies of scale, while ensuring that control and decision making can be localised. Earlier, economies of mega-scale, which precluded local decision making, or even differences in decisions meant that you had to give power to a centralising authority, who could decide that "in the larger interest" -- a dam could drown one area to benefit the other.

It is in this context that we also need to see our work with Panchayat Raj and other movements which seek to strengthen the Gram Sabhas. For example we need to change our joint forest management programmes. Instead of people working jointly with the forest department ( which is a mega-scale operation), we develop joint forest management jointly between the people and the local institutions.

Most of the time what is holding us back is that we are afraid to get into "politics". We prefer training our new women panchayat members in how to manage local level bureaucracy, and hope for the best, much like the ostrich burying our head in the sand.

### **Timbaktu Collective by Bablu Ganguly**

I have worked in Anantapur for over two decades, and I can see a basic loss of nutrition, a loss of nutrition to the land, and the animals and therefore to human beings. Through the new economy the nutrition is going out in the form of money. We need to develop local markets, and a local loop of production such that the nutrition stays in the area.

We start from the seed. The seed the government is giving and which is being supplied by the multinationals is worthless after a year or so. We will have to re-develop on our old ways of keeping seeds. In Timbaktu we have already tracked down 23 varieties of rice. Our major millet was Ragi which we had 15 different varieties. We have been able to track down two types. The same is true to Jowar, Bajra, Saama, and Jonna. All these are very good food which has been lost.

We have popularised these old varieties, mainly through the yearly Earth Festival that we have. We have also been talking about seeds for grass, local varieties of poultry and cattle. We are trying to get these sold in the local market.

We are working through the women's groups, the MAC Societies. We are also planning to open up shops where people can buy and sell local produce. This is because even the Ragi that we buy in the market, actually first goes out of the state and comes back. At a higher costs.

We feel that instead of rice from outside being subsidised, or distributed under the PDS system or in the Food for work programmes, it is better if the local millets were procured and distributed. It would have a bigger impact on the Food security situation.

Further the emphasis should not only be on grain, and certainly not rice, but also other essential aspects of the local economy like grass, cow dung, bio-mass, as also water, land and soil.

*Discussion:*

We should not look at the market in terms of the product, the saleability of the product in isolation. We have to look at the economy of the community, the informal economy and then the role that markets play in that economy. The fact that from the hills which have been protected by our men that every year there is more than twenty lakhs worth of grass that is taken for feeding the cattle must be taken into account. This is village economy and it does not come in the GDP. And like this there are hundreds of small small things that take place. The toddy, the dates, small berries that are sold. How does that work? These are things also that we have to look into.

Intervention should keep the following in mind employment, livelihood, and non-cash economy. Even the Food for Work programme should also be integrated by not bringing items purchased by cash from outside, but by exchange from within the area.

(Gopal)In this age of globalisation, we see that the prices of commodities has gone down over the last fifteen years. Thus we see that at the local level sometimes it is seems cheaper to buy the outside food. So the solutions lies in selling more of what we produce, and if we can produce more. What Bablu is talking about is the ends, where we produce millets and exchange. But we cannot start with this extreme position. We should begin by making sure the middle varieties of rice are offered in the Food for Work and PDS programme, and that no subsidy should be given to A grade varieties. We may have good political analysis, but to change this on the ground, we have to work through the market. This means that we have to find ways and means of using the market as an instrument to move things in a particular politically desirable direction.

The market has its own dynamic. And if we don't change its course, what happened to cotton will happen to rice. We will not get back Jowar and other millets unless somehow we get them back into the market and purchased.

(Bablu) We have to make a statement by buying and selling our own products. It has to be a choice based on the realisation of this importance, not just a monetary value, which the market price represents. Eg. The Neem Patenting issue. We should make a point of growing and selling it locally and that is how you will undermine the system which is seeking ways and means like patenting to be able to package, brand and market such products.

(John) There is no alternative but to educate people of the importance of the village economy about the need for localization, the need to consume our own rice etc.

Summing up: The local economy was not only vibrant economy, it had its own method of functioning. We produced things which we consumed. Secondly, the inputs required were also available locally. And third we had local structures that could market it.

Most important is the recognition that the market doesn't have to be somewhere else. That we are the marketers. Our people are the market.

The other important issue is the role of money. What is fundamental to the economy of our people does not figure in the GDP or in the market place. Their food production, their livelihood systems, their methods of supporting each other, are not counted. At the same time we have monetised large parts of our economy and we are losing control over these parts of the economy. We therefore need to develop a "new economics" which will keep what bablu called "nutrition" within the area, through strong local markets, local institutions etc.

While the battle continues at the global level we also have to act locally and not just wait for international agreements and international structures to impact our economy. It is possible for us to create the structures. These structures are going to challenge the international agreements. We have a proud history of civil disobedience and our work on the developing local markets can be just that.

## **Global Issues on Market Access & Fair Trade**

### **Understanding Fair Trade, Market Access and Globalisation: Vineetha - IRFT**

Fair trade is an alternative approach to conventional international trade. A trading partnership which aims at sustainable development for excluded & disadvantaged producers. It seeks to do this by providing better trading conditions by awareness raising and by campaigning.

Fair Trade is about creating market opportunities for producers who would not normally have access to exporting with their own limited resources, so that the resulting business deals enable producers to make improvement in their lives.

The thinking that these rural enterprises are ‘not for profit’ but are ‘developmental’ is the biggest deterrent in their progress and success. We are so absolutely convinced about our belief that we use ‘development’ as a cover to hide our lack of innovative thinking, planning and proactiveness.

Businesses today and the environment in which businesses are operating, are undergoing several complicated changes. Globalization, Technological innovations and Consumer Awareness are all factors that have rendered old business principles obsolete. The focus today is the consumer. This phenomenon of change applies to any business irrespective of its kind and size.

Most rural enterprises still follow the ‘Selling Concept’ where the starting point is the skill/production unit, the focus is on the product and selling this product to generate income. The shift in the market place is towards the customer, their wants, their needs,

Accessing technology, information and other resources that is otherwise difficult with our limited resources should be done through ‘strategic alliances and networks’. Designing strategic alliances and networks that create a competitive advantage for the partnership firms, create better and wider reach and reduce costs should be the key strategy for rural enterprises.

We need to think whether Networking amongst different producer groups to complement each others strengths, is possible, which might mean increased visibility, and making a louder noise in the market place.

‘Competition is between networks, not enterprises. The winner is the enterprise with a better network

## **The Make Trade fair Campaign by NUPUR- OXFAM**

Oxfam believes that trade can be a powerful force for poverty reduction. Many poor people could work themselves out of poverty by selling their products to rich countries at a decent price. The irony is that the prices of primary commodities have been falling in the past few years, while it has not come down for the consumer

Some of the factors adversely affecting the poor are:

- Subsidies of rich countries to their producers
- Trade barriers - higher tariffs which effectively the developing nations out of the markets in the developed nations.
- Non tariff barriers
- patents which locks out lots of people from entering into the global markets eg the case of medicines

The campaign “make trade fair”, says that the international trade has the potential to eliminate poverty, however rigged rules and double standards prevent poor people from working their way out of poverty and widen the gap between rich and poor and men and women.

We want to make trade fair by changing the rules of trade and the way it is practiced, so that the trade can become part of the solution to global poverty not the part of the problem.

The campaign should not be construed to say that only market access is the answer to poverty reduction, or that barriers on export to rich countries are the only market access problems facing poor producers. Or that the campaign is promoting export led growth model of development.

**Dr R.S. Deshpande, ISEC**

I have only five basic theoretical points to make here

- WTO has a more democratic structure than the World Bank or the IMF
- To get to a level playing field at the WTO, we need to come together. For example we need to form a consortium representing the interests of the small and marginal farmers.
- the stability of profitable trade by profit, depends on whether there is a "flow back" to the producers either in quality of life, or infrastructure development, livelihood (wages/remuneraton) to all actors in the chain.
- Interlocking of markets: Strings which tie the producer down to a certain production process related to the consumer, inputs provider or middleman. Contingencies required in terms of cash flow at three points producer, trade, and consumer

- Sustenance of growth in the new globalised context. Sustenance calls means self control and discipline. It has Four components: dominating, splintering, adhering, and simmering

## Understanding the modern market

– Stan Thaekekera (ACCORD)

The Fair Trade movement is on some faulty assumptions.

First, the problem is not access to the market, but who controls the market. For unless you address the issue of control you can at best create access for a small segment.

Secondly the logic of getting a few privileged consumers to pay more for fairly traded products is based on the premise that consumers are not paying a fair rate for the products. The truth however is that while the price to the producer is reducing the price of the finished product remains the same or is rising

The third assumption is that you move the product directly to the consumer so that the premium goes directly to the producer group. However we are now finding that fair trade labeling is taking over actual direct trade, and that these products are now available in multinational retail chains. The problem with this is that once again the control over the product, trade, pricing, middle men margins will shift to the powerful players. And it will soon be the retail chain who will take fair trade market decisions.

This problem has arisen because the fair trade movement works within the existing market structure and does not question the market structure at all.

Further, the system depends on the consumer's willingness to pay that extra 15% in the name of the social cause. This system only goes to strengthen the existing power equations between the capital rich communities and areas on the one side against the capital poor and labour rich areas and communities.. So capital is still in a position to buy labour even in a fair trade structure. All we have done is increase the price of labour.

Besides when we are talking about fair trade, we are only dealing in commodities and products. We are not even close to financial and the currency markets, which are determining much of the nature of the market. For example the price of South Indian tea collapsed when the Indonesian rupia collapsed and tea from Indonesia was available at 18 rupees a kilogram whereas the cost of production of south indian tea is around 30 to 40 rupees a kilogram.

As the money moves down the economic ladder, it loses its capital nature. But as soon as it leaves the hands of the local people, say into the hands of a shopkeeper it becomes capital and when we say that we are living in a capitalist economy, it means that you improve value only when you invest it or use it as capital. The others that is the local person and the producer is being paid a subsistence wage.

For example in Gudalur, the 2500 families who are members of the Adivasi Munnitra Sangam are putting 7 crore rupees in the economy plus they borrow four more crores. At the end of the year they have nothing to show for it. No car, or House, Education etc. Now after our intervention their income has gone up from Rs. 400 to 2000, but still they have nothing to show for it. The money leaves their hands, their area, and their communities.



So when we talk of globalisation, we talk about how the small products like toothpaste have effectively taken back all the money from the local areas.

It is strange that when we go to sell something the buyer determines the price, the moment we go to buy something the seller determines the price. So it is neither the producer or the consumer who controls. So when we talk of intervention in the market, we intervene in such a way that the money does not go out and that the control and ownership of the process is in the people's hands. We cannot and should not bypass all the middle men. Some middlemen play a very vital role and those are the people who actually do value addition.

Just change, a cooperative, has planned an intervention to market tea in such a way that producer has control over the process and he first decides what his costs are and demand that minimum from the chain. The consumer says what price he is willing to pay and each actor in the entire commodity chain determines transparently what they need from the system. The surplus is then divided all along the chain.

The cooperative model is based on the fact that all our organisations members form a large market. They are producers as well as consumers.

*The first primary edge that we have is that we have loyalty.* We have built this loyalty through years of political struggle and are accustomed to working collectively.

*The second edge we have is we have the infrastructure* namely the self help groups and we have communication network through which we can easily reach about 40,000 customers.

*The third edge is our ability to convince people.*

Does this make marketing sense?

We tried to work with the existing market structure through corporate partnership, but we end up tinkering around the edges of the Market, which is still owned and controlled. So if we can create another trade structure by which the groups can link up together, it should be possible for us to then determine how we will share the benefits. I am talking about creating a lateral or a horizontal market. The localization is no longer my village of 30 families. For me local is no longer might 167 tribal villages of 2500 families, but those who are willing to work with me, collaborate with me and work and trade with me in a value system that we all share.

The 5 community groups in UK who are selling our tea, they are also local, because we are relating together in a very flat equal structure, and so localization for me is globalization for some people. For me globalization is not the globalization of capital. It is the globalization of certain human values.

Ideologically, I would agree that it would be ideal to have totally self reliant communities, but today we live in a very complex world.

We are producing cloth, rice, bajra, ragi, tea, coffee, pepper, craft items. We are primary products. It is these primary products that have no value in today's market. So therefore if we can network and link up and have a structure where we all are trading with each other we will support each others economies.

An alternative is possible, but that this alternative is not going to come from the IMF, it is not going to come from the World Bank, it is not going to come through global campaigning. I am not saying this is not required, I also agree with Babloo and everybody, all this work has to go on. The Oxfams and the Action-Aides, Greenpeace of the world have to carry on their campaigns because those policies also impact but those of us who are on the ground, let us also keep our feet on the ground. Let us not get lost and thinking that our strength lies in campaigning and advocating and lobbying somewhere else, our strength lies in the fact that our feet are on the ground.

## CONCLUSIONS

### RECOMMENDATIONS OF THE WORKSHOP

We need to work together and that has come out very strongly. We need to do very concrete work with specific products, specific regions, specific communities. It is something that we need to explore because it is okay to discuss over here, but some of these ideas need to go to the level of the producer groups and this has come out very strongly. Therefore one of the key follow-up that needs to be done is issues. Like Raghav was saying taking GATT to the farmer. Taking WTO to the farmer that is also one important part.

The other part which is also important for us is that - is come out with a rights ) or control ) based approach the market . We need to link up this market work with the other work that we are involved in. We should not look at commercial organisation as different from social organisation. We need to consider how to relate this activity to the social organisations, to the social movements and the larger questions of development that are facing the country. We should not become one more fragment among NGOs and campaign organisations. We should not fragment the issues or politicise ourselves and this aspect of the work.

This will weaken our effort into isolated happenings.

The following were some suggestion for action that came up during the workshop.

- Develop bio-regional products over the universalisation of a few staples. Eg. Ragi over rice in rayalseema. This also involves encouraging organic, low external input agriculture on the production side, and developing supply chain in local retail markets using traditional weekly markets alongwith Community based organisations like Micro-credit groups, Sangams, Cooperatives etc.
- Develop literature for NGOs making them aware of the Market, to demystify the market, and emphasise the need for NGO to get involved in different ways in the local market, and local production systems. There is also need to inform NGOs on ways and means of how to empower the producer.
- There is also the need to develop a political constituency for small farm producers, artisans, fish workers.
- At the local level as well as at meso and macro level for example in the on going WTO related campaigns, we should

- involve the farmers/producers/artisans
- to take it to the government level policies
- inter-group collaborations
- efforts for capacity building for the producer groups and trades facilitation organisations which are working in tribal areas
- networking
- advocacy and lobbying
- integrate the rights-based approach

Some of the concrete recommendation and decisions at the workshop were:

- Translate material on the idea of why local Markets, and how we can develop them, including some of the ideas that came up in this workshop: Ramraju has taken the responsibility of translating into Telugu.
- Commodity study of ground nut, Cotton, Ragi
- Form commodity wise producer/marketing chain groups
- Form Network for capacity building and propagation and sharing of ideas
- Workshop on Local markets, to identify concept development, propagation and training on this issue.
- A technical Group who can counsel farmers on like low external input agriculture/agro industry, local use, and exchange, food, and basics oriented agricultural economy.

## Workshop Schedule

### Market Access and Fair Trade IS Possible for Producer Groups from Marginalised Communities

August 21 –23, 2003 at Hyderabad

August 21

- 10.30 am Introductions, Keynote address – V Vivekanandan, SIFFS  
12.00 am Artisan Communities:  
Uzamma& Seema - Dastkar Andhra(AP)  
02.00 pm Traditional Fisherfolk: V Vivekanandan SIFFS  
(Kerala and TN)  
03.15 pm Forest Communities:  
Mathew Thomas - Keystone Foundation, xyz (translated by  
Stan T) - ACCORD (Nilgiris), Lakhi Deori - CCN, Felix K -  
Kovel Foundation, Vijai - Laya, (Dandakranya,

August 22

- 09.00 am Small and Marginal Farmers - Groundnut, Cotton, Spices:  
Amarnath - Basix, Nishant Pandey -Oxfam; Meena Menon –  
Journalist bombay, Mor - ecofarms, vijay? MSSRF(TN)  
12.00 am Local markets: K S Gopal – CEC, Bablu - Timbaktu (AP); John  
(CED bom)  
02.30 pm Understanding the modern market – Stan Thaekeker  
(ACCORD)  
04.30 pm open session introduced by Walter, chaired by Nupur

August 23

- 09.00 am Understanding Fair Trade, Market Access and  
Globalisation:  
Vineetha - IRFT, Ramana - Basix, Raghav Narsaly - Focusip,  
(Mah); Nupur - Oxfam, K S Gopal - CEC, (AP); A R  
Deshpande - ISEC, (Kar), P V Satheesh - DDS  
12.00 am In Groups  
- specific (commodity / regional) trade and policy issues  
- collective issues  
- possible specific / collective actions  
02.00 pm Plenary  
- issues for possible action