

# Women Farmers Producer Companies: Expanding women's economic space in the rural economy

## Lessons from the Jeevika Project, Bihar

*Strong Self-help Groups have helped pave the way for women's entry into higher-level organisations around agriculture production and marketing. For Jeevika, this has meant investing in efforts around mobilizing women into producer organisations such as Farmer Producer Companies which are able to compete in the rural markets, traditionally the domain of men only. The intervention thus had to be steeped in strong empowerment approaches while ensuring an equal focus on strong technical support to develop women led producer organizations that have the necessary business acumen to be profitable while delivering higher returns for farmer members.*

### A. The Bihar Transformative Development Project

The Bihar Transformative Development Project (BTDP) launched in 2016, builds on lessons from JEEViKA that was initiated in 2006 and is locally still referred to as JEEViKA (Phase 2). The project's development objective is 'to diversify and enhance household-level incomes and improve access to and use of nutrition and sanitation services among targeted households'. The beneficiaries include approximately five million women from poor rural households across 300 blocks and 32 districts of Bihar. The Project focuses on marginalized communities like the SCs, STs, Minorities, Extremely Backward Castes (EBC), and Other Backward Castes (OBC), envisaged to constitute at least 60 percent of total beneficiaries.

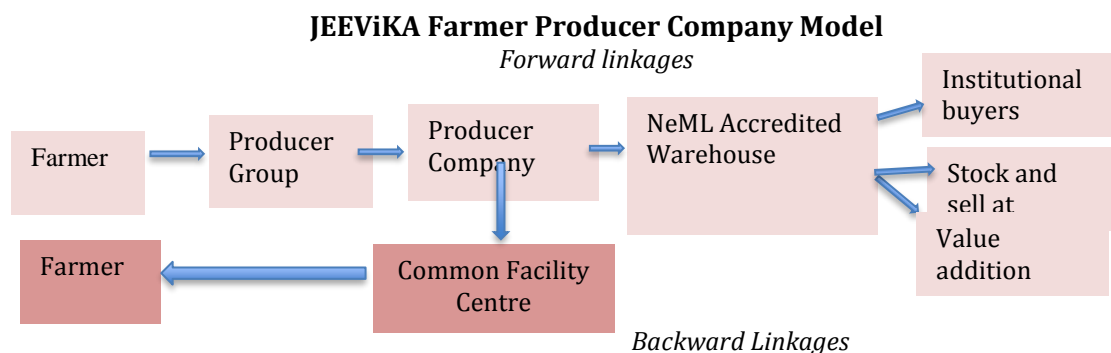
The project has five components: (I) Community Institution Development: This requires establishment of institutions of poor- Self Help Groups and their federations and development of producer organisations; (II) Community Investment Fund: This aims to diversify and enhance household income by providing CBOs financial assistance on a demand driven basis, provide POs finance support for value chain development and link youth to skill development and entrepreneurship opportunities; (III) Access to nutrition and sanitation services: Component three aims to improve SHG women and SHG households' nutrition, hygiene, and sanitation practices and increase their access to and use of nutrition and sanitation services (IV) Innovations, partnerships and technical assistance: This aims to invest in innovative pilots around new products, business and service delivery models and build partnerships with government, civil society and private sector organisations (V) Project Management: This includes facilitation of overall coordination, implementation as well as financial management, monitoring and learning of the project at state and district levels.

*The Organisational Structure.* The Bihar Rural Livelihoods Project Society, a registered society under the Department of Rural Development, GoB, is the implementing agency for the Project. The organisational structure includes a State Project Management Unit, District Project Coordination Units and Block Project Implementation Units Management. At the community level, the core model comprises of SHGs at the hamlet level, federated into a Village Organisation at the village level, further federated into Cluster Level Federations. Community institutions of the poor are central to the implementation of the project and are supported by a team of strong Community Professionals and Community Resource Persons. In addition, Producer Organisations are established drawing their memberships from this core community institutional model. A specialized cadre of resource persons, called Village Resource Persons provide technical inputs and handholding support for the Producer Organisations.

## B. Women's Economic Empowerment Model: Women Farmers Producer Organizations

*The Rationale.* In Bihar 91% of all landholdings are below 1 acre and the state's average operational holding size is 0.39 hectare (ha), one of the lowest in the country. For disadvantaged groups like Scheduled Castes (SCs), the figure is even lower at 0.3 ha. Low farm size limits the investment capacity of the farmer, restricting access to quality inputs, technology and credit needed to operate on a desired level of profitability. Moreover, small farmers lack access to the consumer market and are forced to sell their produce to local intermediaries, thereby hardly making any profits. JEEViKA's initiative to form women farmer producer organisations was intended to maximize the benefits for smallholder farmers.

*The Institutional Model.* At the village level, Producer Groups (PGs) are formed by mobilising anywhere between 20–100 women farmers. These PGs serve as effective platforms for collective orientation and capacity building of producers. PGs are federated into Farmer Producer Companies (FPCs) on a needful basis. FPCs are large registered businesses that allow more streamlined delivery of inputs and services to a set of farmers engaged in production and marketing of specific commodities. FPCs ensure collective aggregation and marketing of produce, apply strong focus on quality control and emphasize on reaching multiple markets to diversify and minimize risk. A core component of the institutional model to support FPCs has been a strong cadre of Village Resource Persons who serve as the interface between PGs and the FPCs and deliver services like training, weighing, quality assessment and daily price communication.



*Successes and Outcomes.* Working with women farmers exclusively is helping JEEViKA make significant changes in the rural and agricultural landscape of Bihar's economy. Traditionally, while women are mobilized into self-help groups fairly easily, this does not necessarily translate into their membership and leadership in Farmer Producer Companies. Broadly, this note looks at the increased produce and profits of women farmers and the social, economic and political empowerment of women has two main outcomes of the interventions.

*Increased profits for women farmers.* There are four women farmers producer companies (WFPCs) in JEEViKA that have taken up a wide variety of business activities including seed production, input procurement, seed distribution and marketing. In 2016, the WFPCs achieved combined turnover of INR 85.4 million (USD 1.3 million) while delivering 15–20% higher return for member farmers. FPOs are changing the rules of engagement in agriculture markets through producer centric approaches and fair business practices. Some of the specific benefits are: i) higher price realization owing to direct marketing by PC unlike previously where multiple layers of intermediaries kept the village level prices much lower ii) on time electronic payments iii) fair weighing practices unlike traditionally where manual weighing practices resulted in substantial amounts of produce (5–10 ≈kg/quintal) being siphoned off and iv) off-season sale at higher prices.

#### **Aranyak Agri Producer Company Ltd., (AAPCL), Purnea**

Established in 2009, the AAPCL has 5535 shareholders and involves over 144 Producer Groups. It is one of the first woman farmer producer companies to be registered under the National Commodity Exchange (NCDEX) and the NeML platform for spot and future trading and has also established linkages with accredited warehouses for storage. The company has established a farmer centric maize aggregation and marketing model delivering constantly higher price realization for member farmers.

Apart from providing 15–20% higher prices to farmers, the PC has made profits to the tune of INR 6.3 million in its first 2 years of active operation. From the pilot procurement of 1,014 MT in 2015, the PC has reached more than 10,000 MTs during the procurement season of May 2017, benefiting nearly 6,000 farmers. The turnover for FY2017 was Rs 19.67 crores. The company has leveraged institutional credit to the tune of USD 780,000 from formal financial institutions like State Bank of India and Friends of Women's World Banking.



*Women's social, economic and political empowerment.* Field observations are validated with evaluation data to show women have experienced significant social, economic and political empowerment. In a traditional and deeply patriarchal society such as Bihar, for women to be recognized as the primary farmer from their household is in itself a significant departure from the normal practice. As members of the Board, Executive Committees and as shareholders women have experienced increased mobility, increased knowledge on latest agricultural practices, access to markets that were traditionally only accessed by men and access to formal and public institutions such as Banks, various government departments and private players in the agricultural sector. Moreover, the incomes are earned by the women of the households that are members of the PGs and WFPCs. This is gradually leading to a shift in gender relations at the household and community level.

In a retrospective evaluation conducted under JEEViKA I, though not exclusively with women members of the FPCs, it was found that eight percent more women from households in treatment villages were more likely to participate in household level decisions. Five percent more women in treatment villages were likely to participate in decisions about livelihood activities and nine-and-a-half percent on decisions about education. Seven-and-a-half percent more women were likely to speak up about self-employment and three and a half percent more women were likely to discuss health expenditure. Twenty-three percent more women in treatment villages took part in decisions on credit access. Women from JEEViKA are even participating in local governance institutions and data on women winning the elections on the basis of their membership in JEEViKA's interventions is now common knowledge.

## C. Lessons Learned and Issues for Wider Replicability

JEEViKA's experience of promoting FPOs as enabling institutions toward creating pro-poor value chains holds valuable lessons for decision makers and practitioners looking to replicate the model.

*Investing in strong community institutions and human capital helps strengthen the overall ecosystem for WFPOs.* The presence of SHGs and higher federations such as Village Organisations and Cluster Level Federations ensured that there was already a cohesive social base available. Also, the community members were adept at handling regular financial transactions due to similar exposure as part of their SHGs. JEEViKA's focus on social and political empowerment of women resulted in increased voice, agency and confidence and this has allowed them to emerge as entrepreneurs, ready to take on newer, traditionally male dominated roles.

*Initial handholding support in form of high-quality technical assistance and on-ground extension is critical for developing successful WFPOs.* AAPCL's experience clearly indicates that technical assistance and handholding support are essential components of any intervention that seeks to promote small farmer's organizations as credible market players for specific commodities and value chains. Jeevika partnered with TechnoServe, an organization with technical expertise on establishing value chains. For women to enter the market and sustain their business without comprehensive and regular assistance would have been impossible. As a critical support system, it invested in creating a strong cadre of Village Resource Persons who provided critical capacity building and mentoring to the PCs.

*The role of the formal financial sector is vital and depends on a strong business model.* Women have traditionally not been seen as favourable clients by Banks and financial organisations. However, JEEViKA's efforts to help FPCs have a sound business model, professional accounting systems and a strong orientation toward achieving sustainability, helped in leveraging substantial resources from the formal financial sector as early as in the second year of their operations. For instance, the Aranyak Agri Producer Company has leveraged institutional credit to the tune of USD 780,000 from formal financial institutions like State Bank of India and Friends of Women's World Banking.

*Empowering women to use technology is the way forward for WFPOs.* The institutionalization of simple and innovative technological solutions like daily pricing information to members via mobile phones and utilization of online trading platforms to reach out to new markets proved to be significant and women were always on the top of all relevant information and market conditions.

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This note was prepared under the Lighthouse India Project of the World Bank focusing on the theme of Women's Economic Empowerment.

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