

**Building Women's Capacities to  
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The Hardware and Software  
Required**  
*Urban Agriculture Magazine*

*For*

**Department for International  
Development (DFID), India**

*May 2004*



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# Building Women's Capacities to Access Markets in the Periurban Interface: The Hardware and Software Required

In the periurban interface immense changes in livelihoods and land use occur. Expansion of cities led by globalisation and privatisation poses risks for existing livelihoods as well as opportunities for new livelihoods that make use of urban employment and markets.



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Periurban women producers selling in urban markets

**T**he periurban farmers, both rich and poor, produce a range of products including perishables (fruits and vegetables) and non-perishables (grain). The bigger farmers sell the non-perishables to regulated markets and perishables to middlemen or through contracts to larger markets. Smaller rural producers tend to sell to middlemen, while the smaller urban producers,

**Government initiatives are rarely designed for the poor, or, if so, fail to reach them.**

either market their produce directly in urban markets or resort to middlemen. Poor women are more involved in production and less in marketing. Some women do sell directly but tend to be engaged in extremely small-scale selling and have limited informal market access, often utilising *shandy* (weekly) markets, roadside spaces and door-to-door selling, which constitute more transient, risky marketing methods under difficult, often unsustainable, conditions. There is a growing corporate interest in rural and periurban

markets in India, which represents a vast and untapped potential (Velayundan, 2003). There are several unexplored market niches, both rural and urban, which will be quickly filled once they are recognised by private capital. For example, today if urban hostels, canteens or hotels need a large quantity of regular milk of about 25 litres or more, there is no central point where they can meet this need. One can easily imagine that aggregation centres for milk will appear in the future, and it is expected that these centres will locate themselves just outside the city to meet this market demand. Companies will naturally locate themselves in the periurban areas, where the cost of land is low enough to afford the space needed to process large quantities of food but the location is close enough to the urban centres to allow the distribution of perishables, which need to be sold quickly.

Decision makers in urban and rural government agencies and in development agencies alike need to recognise that these changes

are already underway, and respond in ways that turn these changes into opportunities for new livelihoods for the periurban and rural poor.

Government agencies, banks and non-governmental organisations (NGOs) working with the poor started in recent decades organising large numbers of poor people into self-help groups (SHGs). In an assessment conducted in 2000 of constraints and opportunities faced by SHGs, one major finding was that while a very large number of poor women had now been organised, few could identify activities to improve the livelihoods of poor women (Purushothaman, Varma and Purohit, 2000). In the past, a woman entrepreneur would compete at best with another rural entrepreneur but today their competition takes the form of multinational and local companies reaping large economies of scale, and effectively cornering the market completely and shutting out access to markets for poor producers who produce on much smaller scales.

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What SHGs have done for poor women is to rescue them from the clutches of moneylenders. By creating a parallel banking system that makes flexible untied credit available to women for their consumption needs, SHG members tend to no longer remain indebted. But what the SHGs have not done for women is to provide them with adequate financial instruments for production, because they tend to replicate the high interest rate structures of moneylenders. These high interest rates are then reflected in the final price of their products, which turn out to be uncompetitive.

Increasingly, production centres are located in the periurban areas, which SHGs can link to but with a different set of financial products, a different type of capacity building and different kinds of infra-structural support. This paper discusses some of the practices in place which open up marketing avenues for the poor and for women.

#### BACKGROUND OF THE STUDY

In a participatory planning initiative undertaken in 2000 with the twin goals of natural resource management and livelihood enhancement in mind, communities in six villages in the periurban interface of Hubli-Dharwad, India, drew up action plans. One finding was that none of the plans or strategies of the government and NGOs really worked for the poor (Purushothaman and Purohit, 2002), but consisted of initiatives oriented towards those with land or assets. Separate meetings with landless men and women confirmed this lacuna in the action plans. Landless women were more tied to the villages due to reproductive responsibilities and fewer acceptable options for mobility compared to landless men, who have more mobility.

This initiative was followed by meetings with poor women's *sanghas* (groups) to plan more appropriate strategies. These meetings revealed that previous income-generation efforts failed because markets have changed and products made by the women's groups were now obsolete. Unfortunately for potters, plastic pots had flooded the market, and for basket weavers rubber baskets now had replaced bamboo woven baskets, and so on. Even those who produced food products, such as pickles, were disadvantaged by

companies that produced pickles or other products at much lower rates and in more attractive packaging and that used advertising and brand names to successfully corner the market.

To create new options for the poor to access markets, the government and NGOs started several initiatives, two of which are examined below:

- ❖ a local government pilot initiative to increase access for the poor to the *raythere santhe*, or farmers' markets, in Hubli-Dharwad and Bangalore ("the hardware") and
- ❖ a new initiative, entitled MOVE (Market Oriented Value Enhancement), funded by Natural Resources Systems Programme, DFID, that brings together marketing management experts and community-based organisations in Dharwad ("the software").

#### THE HARDWARE: THE FARMERS' MARKET

A *raythere santhe* or farmers' market was recently initiated in Karnataka based on the success of similar initiatives in Punjab (Apni Mandi), Andhra Pradesh and Tamilnadu. The farmers' market is conceived of as a forum for farmers to directly sell their produce to the consumer without middlemen. The local government in Hubli-Dharwad wanted a case study conducted to understand the barriers to success faced by the *rayethra santha*, since the state government intended to upscale this initiative state-wide to all districts in Karnataka. Thus a rapid appraisal was conducted in November 2003 including interviews with farmers who had been issued identity cards to use the *raythere santhe* in Hubli Dharwad and Bangalore. The following box highlights some of the results obtained from interviews with farmers who are regular sellers at the market, APMC officials, customers, and farmers with identity cards who are not selling their produce at this market, as well as from visits to the farmers' market and the main Hubli market.

For participating periurban farmers there are clear advantages, like a market space, a clean environment, and a fair rate as prices are regulated to be "reasonable". However, there are a number of points to improve upon. In the Hubli market, only 20 of the 80 booths were occupied on

The objectives of the *rayethra santha* scheme as outlined by the Agricultural Produce Marketing Commission are to:

- establish farmers' markets without any middlemen;
- provide a forum for direct interface between farmers and consumers and to provide necessary infrastructure facilities to enable the growers of fruits and vegetables to sell their produce directly to consumers;
- ensure a reasonable price to the growers of fruits and vegetables and to increase their bargaining power;
- ensure availability of fruits and vegetables at a fair price to the consumers;
- establish a marketing system which would provide an effective platform for adoption of fair marketing practices not only in terms of selling and buying but also in terms of grading, cleaning, packing and so on;
- establish a marketing system which would ultimately enable the farmers not only to develop themselves as good growers but also as effective and successful salesmen.

average. There were enough customers but farmers still sold most of their produce in the mornings to middlemen. In regular markets farmers only spend their mornings selling to middlemen (most farmers need to get back to work on their farms). Barriers included inadequate facilities in terms of bathroom and childcare facilities and inadequate bus services to the farmers' market, due to which farmers were unable to transport goods.

The *raythere santhe* is supposed to be attractive to customers because rates are lower than those at the regular market. However, prices were found to not be consistently lower. Every morning APMC officials, together with farmers, should set rates, which are between the wholesale and retail rates to benefit the consumer but simultaneously make the market unattractive to middlemen.

Another finding was that farmers were bringing large quantities of one product, which could not be sold retail, and were thus forced to sell to middlemen. Farmers should be encouraged to diversify production so that they can sell smaller quantities of different products consistently at the *raythere santhe* at this higher rate, which would simultaneously provide the variety demanded by urban consumers.

Finally, not all farmers can engage in direct marketing if it means having to sit at the market from 8 AM-8 PM. In Madurai, for example, this is not the case. The market starts at 6 or 7 AM and all produce is sold by noon. Farmers might have more incentive to sit at the market or have a family member do so if there are more consumers and if they earned a greater profit.

## THE SOFTWARE: CAPACITY DEVELOPMENT TO ACCESS MARKETS

Under MOVE a small group of poor landless periurban women were selected, who are currently being trained in the basics of setting up and running small and micro enterprises to make themselves self-reliant in the free market economy. These women are not fully motivated, and depend on subsidies and doles offered by the government and other agencies, while on the other hand they are unable to face hardships and problems. The project team has attempted to evolve a detailed methodology of converting these zero-level potential entrepreneurs into full-blown entrepreneurs, by increasing the motivational levels and providing them with skills to understand the market.

*Motivational training* is done by the NGOs and is something that only NGOs can do. What motivates a woman is different from what motivates a traditional entrepreneur. Women want to be seen as being able to contribute towards household decision making especially financial decision making and as leaders who can make decisions in their communities. Mobilisation of women into *sanghas* is a first step. These women then need to be taught the value of sharing risks and labour, and that unity among women contributes towards building and sustaining communities.

The *training on markets* is intended to help these women:

- ❖ understand the differences between rural, city and periurban markets in order to identify the best market in which to sell their products;
- ❖ learn skills to identify niches in markets, to distinguish between qualities of products and identify where they can best situate themselves;
- ❖ understand the value chain, or where to enter the market, for example at the level of selling jowar at 8 rupees a kg, selling flour at a higher rate, or rotis at 40 rupees a kg.
- ❖ broaden their focus from production only (and selling the produce) towards marketing as a means of making money;
- ❖ learn how to negotiate with retailers;
- ❖ learn about pricing and costing: instead of simply adding ten percent to the costs to determine price, the price

depends on many more factors and needs to be assessed based on the market;

- ❖ understand the consumer: understanding and establishing a direct relationship with the consumer becomes important.

MOVE is in its inception stages and it will take another year before it can fully materialise. Early results show that the participating women became more conscious of prices after visiting different markets where they learned how to negotiate prices. They have also become more confident, have a better understanding of value addition to products (roasting, sprouting of cereals, packaging, etc.), and with some encouragement they also came up with new product ideas. Finally, the women and NGOs working with them now understand the difference between PRA-based product identification and market-oriented product identification.

## NEW HARDWARE AND SOFTWARE NEEDED

Government initiatives like the *raythere santhe* are rarely designed for the poor. Even when designed for the poor, they fail to reach them. While the farmers' market reached some farmers who could be considered poor, it would have been far more advantageous to even poorer farmers, who produce a fifth of the production capacity of existing farmers' market users and could then also sell all their produce directly to urban consumers.

Currently those who sell their products at the *raythere santhe* produce more than they can sell directly and thus are still forced to use the middleman.

Government initiatives typically only provide the "hardware", without providing any training to build marketing skills of those using the *raythere santhe*. While taking the initiative to provide infrastructure, transportation and other facilities, the government needs to be more tailored to the poor, particularly to women. Government rural credit provision programmes often come to a grinding halt in the periurban areas, the very space where credit is most needed. Access to formal banks and other financial institutions for the poor is declining in the face of the rapid retreat of government programmes, as urbanisation spreads and urban municipalities expand.

On the other hand, NGO capacity-building initiatives sometimes referred to as "software", do precisely the opposite. They build people's capacities to understand the market but do not provide the necessary infrastructure or credit. In fact, credit instruments promoted within CBOs can be detrimental to production while extremely beneficial for meeting consumption needs. One major contribution of NGOs, however, is the mobilisation of women producers, which is the building of social capital. There are several successful examples of how women, when mobilised, can more effectively negotiate with the market.

Building poor women's capacities to understand markets, mobilising them into groups to more effectively deal with other actors in the market, creating innovative financial instruments, and providing a marketing infrastructure are the most important components needed to facilitate access to markets for women. It is the combination of the software and hardware that will actually make the best use of the opportunities the periurban interface and the new markets afford.

## NOTES

This is a shortened version of a paper submitted for the Regional Symposium on Local Governance and the Informal Economy and on behalf of the Huairou Commission of the United Nations Development Programme (UNDP) and the Urban Governance Initiative (TUGI), 8-12 December 2003, Colombo, Sri Lanka. The full paper is available on [www.ruaf.org](http://www.ruaf.org)

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