

# **Empowering Women: A Case Study of Swawlambi Sakhi Producer Company (OFPO)**

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## **Abstract**

In the early 2000s, India introduced Farmer Producer Organisations (FPOs) to empower small farmers. FPOs, which can take the form of registered companies like Farmer Producer Companies (FPCs), enable collective bargaining and economies of scale. They play a pivotal role in improving small farmers' market presence and economic prospects.

To reduce India's agricultural dependency NABARD started an Off-Farm Development Department which is nurturing the Off Farm Sector Development. This department focuses on skill development, credit accessibility, and supporting rural industries and collectives. Their core functions encompass livelihood enhancement, credit facilitation, and fostering Off-Farm Producers' Organizations. This research paper extensively examines Swawlambi Sakhi Producer Company Ltd, an Off Farm Producer Company located in Hubli, Karnataka. It delves into the company's growth, product diversity, and its role in women's empowerment. The case study also scrutinizes the challenges and issues encountered by Swawlambi Sakhi Producer Company.

Key words:- FPO (Farmer Producer Company), Off Farm Producer Company (OFPO), Women skill, Handmade, NABARD, Authentic Karnataka

## **1. Introduction to Farmers Producer Organization in India:**

Many different organisational forms of collective enterprises have been promoted in India (Shah 2016). Collective action through cooperatives or associations is important not only to be able to buy and sell at a better price but also to help small farmers adapt to new patterns and much greater levels of competition (Farina, 2002), (Singh, S., 2008). Cooperatives, one of the oldest forms of producer collectives, have not been able to grow into strong member-controlled and self-sustainable business entities (Shah 2016) because of excessive dependence on government funds, political interference, bureaucratisation, and corruption (GoI 2000). As an alternative, in 2000, the concept of producer companies was recommended by a committee chaired by Y. K. Alagh. These companies were designed to bring together desirable aspects of the cooperative and corporate sectors for the benefit of primary producers, especially small and marginal farmers (Alagh 2019; GoI 2000). In 2002, the Companies Act of 1956 was amended

to allow for a new form of corporate entity, namely producer companies (PCs) (GoI 2011; GoI 2013). Since then, many government schemes have relied on producer companies as vehicles to improve the economic situation of farmers and other producers such as weavers and artisans (Neti, A. et al, 2019). The Farmer Producer Organization/ Companies (FPOs/ FPCs) model has the potential to become sustainable in terms of its significance to the livelihood of members (Trivedi, P. et al, 2022). Farmer organization and collective action are often seen as key factors in enhancing farmers' access to markets. Farmer organization is a critical factor in making markets work for the poor (Hellin, J. et al, 2009).

Belonging to a Producer Organizations (POs) improves the economic performance of farmers and enhances the bargaining position of farmers in the supply chain. Farmers that are members of POs attain higher profitability, added value, employments, labour productivity and economic viability compared to farmers that are not members of POs (Michalek, J. et al, 2018). Particularly small and marginal farmers, experience a positive socio-economic impact on their lives due to exposure to new techniques due to collectivisation (Trivedi, P. et al, 2022). Producer companies can help smallholder farmers participate in emerging high-value markets, such as the export market and the unfolding modern retail sector in India. In the environment of greater instability and competition, organization and collective action can help to enhance farmers' competitiveness and increase their advantage in emerging market opportunities (Trebbin, A. et al. 2012).

Linking small producers to markets is an important and popular policy and practice issue in improving livelihoods for millions of poor in the developing world (Farina, 2002). Small producers have many competitive advantages like lower costs, but they face threats from the demand for standardised products in global and national markets, and large volume requirements of modern markets (Singh, S., 2009). There is a need for aggregation in order to benefit from economies of scale. Organised systems are also needed for sharing services such as knowledge input, production supervision, storage, transportation, etc., and to absorb price risks to which primary produce is always subjected. Producer's organizations amplify the political voice of smallholder producers, reduce the costs of marketing of inputs and outputs, and provide a forum for members to share information, coordinate activities and make collective decisions. They also create opportunities for producers to get more involved in value adding activities such as input supply, credit, processing, marketing and distribution. On the other hand, they lower transaction costs for processing, marketing agencies working with growers under contracts. (Farina, 2002), (Singh, S., 2008).

In many ways, POs form a core part of the strategy to lift small and marginal farmers out of poverty and enhance their competitiveness in agricultural markets. Producer organizations potentially offer a unique path towards achieving sustainability and inclusive development, and therefore should be promoted and supported effectively (Tagat, V. et al, 2016). In another study by Jose, E. et al in 2019, it was found that, major reason for producer company formation is getting better prices for the products by eliminating middlemen through direct sale of produce. Major services provided by the company to members are organizational, production and marketing.

It was revealed that producer companies are a promising tool to strengthen farmers' position in their relationship with supermarket chains in India (Trebbin, A., 2014), however one needs to build trust and awareness among the farmers (Deka, N. et al, 2020). There is scope for producer companies to become part of modern retailers' supply chains in India (Trebbin, A., 2014). Inadequate training, inept management, and poor organizational skills of the members challenge the functioning of such companies which can be improved by the coordinated use of technology, training, and planning (Deka, N. et al, 2020). However, it also has to be taken into account that it takes an average three to five years to build a producer company that can successfully operate its marketing business (Trebbin, A., 2014).

The data provided by the Union Ministry of Corporate Affairs shows that, as of February 2023, there are a total of 16,000 FPCs in India. In the last three years: 2020-21, 2021-22, 2022-23, the largest increase in the number has been observed, when 65 per cent of the FPCs were registered (DTW, 2023).

## **2. Status of Non Farm activities:-**

The 2019 Situation Assessment of Agricultural Household, as per NSO data, highlights a significant shift in farm household income sources. On average, agricultural households now earn 47.35% of their income from non-agricultural activities, up from 40% in 2012-13. This emphasizes the growing importance of non-agricultural income. To enhance farm household income rapidly, it is imperative to harness both agricultural and non-agricultural avenues.

Agriculture offers valuable insights for India's 2047 development vision. Dairy, poultry, and fishery sectors show promising growth rates for this transformation. Horticulture and agro-forestry have untapped potential, requiring liberalization. While non-farm sectors promise high growth, agriculture remains vital for inclusive development, employment, renewable energy, and sustainability, integral to achieving the vision of a developed "Viksit Bharat" during the "Amrit Kaal." (From Green Revolution to Amrit Kaal July 2023)

### **3. Vital role of National Bank for Agriculture and Rural Development (NABARD):-**

To reduce the dependence on agriculture income in rural India, NABARD is encouraging alternate livelihood options (NABARD). For better income realization through aggregation and value addition, NABARD is promoting formation of Off-Farm Producer Organizations (OFPOs). They offer financing and initiatives to boost credit accessibility, support rural industries, and encourage innovation in both farm and off-farm sectors, thus curbing urban migration. NABARD's mission includes promoting the Off Farm Sector to reduce rural dependence on agriculture, curb migration, and enhance livelihoods. The Off-Farm Development Department focuses on skill development, credit accessibility, and supporting rural industries and collectives. Their core functions encompass livelihood enhancement, credit facilitation, and fostering Off-Farm Producers' Organizations.

“Off-Farm Producer Organizations are legal entities formed by producers like artisans, weavers, craftsmen etc. which provides for sharing of profits/ benefits among members” (nabskillnabard.org). Promotion and formation of off-farm producer companies is of utmost importance to encourage young entrepreneurs to move towards other sectors such as handloom. This is supposed to arrest large-scale migration of small and agricultural labourers to the urban areas in search of livelihood opportunities due to unemployment/ disguised employment in the agriculture sector (Business Today, 2020).

OFPOs play a significant role in fostering rural enterprises in handloom, handicraft and other off farm activities to boost local employment through value addition, design innovation and development, processing, brand-building, creation of storage and logistics infrastructure, mechanization and development of technology with strong forward and backward linkages. This eventually results in bringing sustainable and inclusive development through formalization and collectivization (nabskillnabard.org).

The data available states that, till 31st March 2020, there were 33 OFPOs that have been supported with grant assistance of ₹12.88 Crore which covered around 11,678 beneficiaries across 19 states. Under Companies/Societies Act, 18 OFPOs have been registered which are engaged in aggregation, marketing and input distribution operations (nabskillnabard.org).

### **4. Deshpande Foundation in India:**

The Deshpande Foundation in India has been dedicated to understanding and tackling the challenges faced by rural and semi-urban communities. Their core focus areas include Agriculture, Micro-Entrepreneurship, Skilling, and Startups. They operate as a unique social enterprise, combining business expertise with the compassion of not-for-profits. To date, they have built over seventy thousand farm ponds benefiting one lakh farmers, supported over 4,900

micro-entrepreneurs, and aided more than 300 startups across India. (deshpandefoundationindia.org)

The Micro Entrepreneurship Development Program, initiated by the Deshpande Foundation in 2011, is dedicated to empowering entrepreneurs with the skills needed for successful businesses. It primarily targets those at the grassroots level, offering essential mentorship, resources, and support to boost their annual earnings. This holistic program serves as a robust platform, creating a nurturing environment for entrepreneurs. Its overarching objective is to foster growth among individuals from rural and peri-urban areas by delivering mentorship, credit access, marketing support, and invaluable business guidance.

Through training, mentoring, monitoring, evaluation and application of best practices, Micro-Entrepreneurship Development Program (MEDP) by Deshpande Foundation assists local micro-entrepreneurs in establishing and expanding their sustainable enterprises. To help achieve their goals, MEDP works with both individual entrepreneurs as well as clusters of them. This program strives to transform rural India through its efforts.

The MEDP operates in two distinct sandboxes, covering a total of 12 districts across two states: Hubballi Sandbox in Karnataka and Kakatiya Sandbox in Telangana. This program offers a comprehensive package comprising four key elements: business coaching and mentoring, skill training and development, networking events, and marketing and sales support. These combined efforts empower women to enhance their skills and excel in entrepreneurship. MEDP has made it possible for local businesses and entrepreneurs to produce sustainable business results. In North Karnataka & Telangana, it has already begun to significantly transform the financial ecosystem of rural and semi-urban areas. (deshpandefoundationindia.org)

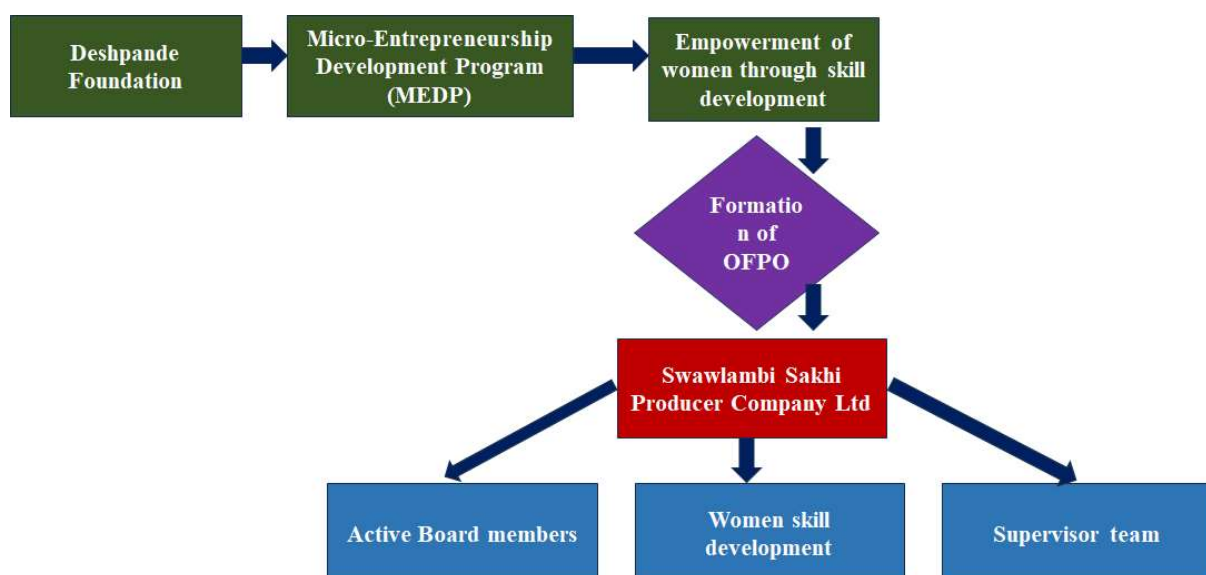


Fig 1:- Formation of Swawlambi Sakhi Producer Company with pillars of company

### **5. Genesis of Swawlambi Sakhi Producer Company Ltd. (SSPCL)**

Swawlambi Sakhi Producer Company Ltd. was born amid the COVID-19 as a start-up that made masks to fight the pandemic battle. The Micro Entrepreneurship Development Program by Deshpande Foundation recognized the need for innovation and solutions. Deshpande Foundation made these 200 women from twin cities of Hubballi-Dharwad join hands, turning the threat into an opportunity that evolved into a livelihood option and decided to supplement the family income through a new venture while their husbands were laid off or facing salary cuts amidst the lockdown. This organization got featured as an all-women embroidery unit skilled in Aari and Kantha embroidery, as well as tailoring with the help of Micro Entrepreneurship Development Program of the Deshpande Foundation. SSPCL's primary goal is to empower these women economically and establish a self-reliant community-owned organization. ([newindianexpress.com](http://newindianexpress.com)).

Swawlambi Sakhi Producer Company Ltd. (SSPCL) was registered on 9th October, 2020. It is registered at Registrar of Companies, Bangalore. Its authorized share capital is Rs. 1,500,000 and its paid-up capital is Rs. 103,500 ([zaubacorp.com](http://zaubacorp.com)). In last 2-year company has reported turnover ranges from 4 lakhs to 8 lakhs approx. This indicates that company is growing stage of Business cycle.

This community owned Off-Farm Producer Company lending a helping hand to the women to earn sustainably and become self-reliant. The working of SSPCL has expanded its presence to encompass two urban centre's in Karnataka: Dharwad and Hubli.

### **6. Evolution of 'Authentic Karnataka'- the Brand**

SSPCL has an all women unit under the embroidery wing who are Aari embroiderers, kantha embroidered products (like quilts, cushion covers etc.) and tailors. With the support of a collective of Deshpande Foundation and NABARD, a collective of 100+ Aari artisan members is working with vigorous efforts to set up production and a marketing wing for all the products of the members and Aari artisans as an OFPO.

The Micro Entrepreneurship Development Program of the Deshpande Foundation started teaching Aari embroidery in 2018 with 14 Aari certified craftsmen. Women in the area began to request more of these types of training from the team. A series of training sessions in Aari embroidery in and around Hubballi-Dharwad began with this. Following their instruction, the women craftsmen started working alone, collecting orders from their close connections or the clients they already had. These artisans had a variety of employable skills, and their pay was entirely dependent on the quality of their outputs.

Aari embroidery is known to be done primarily during festive times, and during other times the women might not receive enough orders. Thus, the concept of creating a collective for these women emerged. As a group, they are now producing goods with exquisite Aari embroidery instead of merely focusing on seasonal personalized orders. It has been dispersed across Dharwad and Hubli, two urban areas in Karnataka.

This company has formed a brand 'Authentic Karnataka' with the help of NABARD and has opened many stores in Karnataka to sell their handmade products. In Northern Karnataka, this is the first producer company that was owned by women. The brand provides the elegance of handcrafted goods as well as the mindfully curated products. With a traditional purse for everyday use or unique jewellery for special occasions, Authentic Karnataka gives the best options to complete the style.

On the one hand, the handcrafted, one-of-a-kind items help express consumers' distinct sense of style and on the other hand brings in a lot of pride to the women artisans. This effort is undoubtedly telling the tale of a revolution, highlighting the triumph of teamwork and the will of women to improve their life.

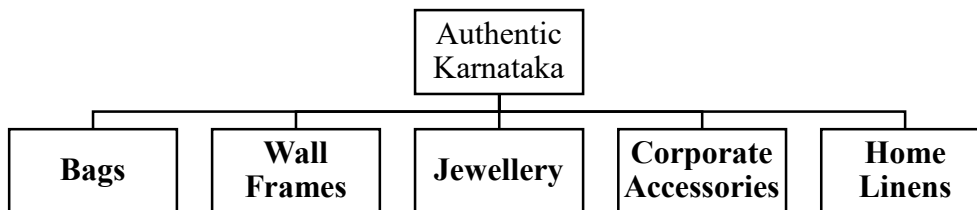


Fig 2:- Product range under Authentic Karnataka Brand

They provide a wide range of handcrafted products, including conference bags, tab covers, diary covers with diaries, laptop bags, hand embroidered wall frames and potli and tote bags with exquisite embroidery on them. These can all be personalized with an organization name or logo. Additionally, they make custom Aari jewellery (refer exhibit no. 1).

The company has a dedicated training unit exclusively for women, where they acquire expertise in Aari work. Upon mastering this skill, these women become integral to crafting distinctive handmade products. Each woman gets exposure to diverse product manufacturing processes and subsequently chooses to specialize in areas of personal interest, enhancing their ability to create high-quality handmade products that will sell under the "Authentic Karnataka" brand.

These women are self-motivated and each product category has a dedicated supervisors who manage training, production, and quality control. In addition to physical outlets across Karnataka, the company also extends its reach through [www.authentickarnataka.com](http://www.authentickarnataka.com), allowing these handmade products to reach a broader audience.

#### **7. Way forward for Swawlambi Sakhi Producer Company Ltd.**

Swawlambi Sakhi Producer Company Ltd. (SSPCL) is an Off Farm Producer Organization (FPO) committed to empowering artisans and promoting handmade Aari products. However, to succeed in today's competitive market, it is imperative for FPOs like SSPCL to secure market access and adapt to changing consumer preferences. The strategic roadmap for SSPCL is to expand its market presence, connect with corporates, explore franchise-based mall chains, target specific customer segments, leverage e-commerce platforms, and engage with the fashion industry.

**Market Access and Product Positioning:** One of the challenges faced by FPOs like SSPCL is the comparison between machine-made and handmade products, often leading to price disparities that burden artisans. To address this, SSPCL should focus on highlighting the unique value of their handmade Aari products. These products should be positioned as premium, high-quality, and reflective of traditional craftsmanship.

**Corporate Tie-Ups:** To tap into the corporate gifting market, SSPCL should establish tie-ups with IT companies and other businesses that provide corporate gifts, especially during festivals like Diwali. To facilitate this, SSPCL may consider setting up a dedicated team to liaise with corporate clients and offer customized Aari products as corporate gifts.

**Franchise-Based Mall Chains:** In urban areas, franchise-based mall chains have gained popularity. SSPCL can explore collaboration opportunities with these supermall chains to showcase their exclusive Aari products. Such collaborations can help SSPCL reach a wider consumer and gain visibility among urban consumers.

**Product Development and Customer Targeting:** Aari products are handmade and often come at a premium price, SSPCL should target the middle-upper and higher-class segments of society. Moreover, the company should constantly innovate its product offerings to meet the evolving preferences of these consumer groups. Understanding the needs and preferences of these segments is crucial to staying relevant in the market.

**E-commerce Platforms:** To expand its reach nationally and internationally, SSPCL should leverage e-commerce platforms such as Amazon, Flipkart, and Myntra. Some Aari products can be repositioned as fashion accessories, such as mobile pockets, laptop bags, and potli bags, which can appeal to a broader audience beyond traditional buyers.



**Fashion Shows and Designer Collaborations:** SSPCL can explore collaborations with fashion designers and event organizers to feature their handmade Aari products in fashion shows. This exposure can help the company position its products as trendy and fashionable while preserving the essence of traditional craftsmanship. Company can tie up with Five-star hotel and theme-based hotel for home linen's product.

## **8. Conclusion:-**

The case of Swawlambi Sakhi Producer Company Ltd. (SSPCL) demonstrates the transformative potential of Off-Farm Producer Organizations (OFPOs) in empowering rural communities, particularly women artisans. SSPCL emerged as a response to the COVID-19 pandemic, harnessing the skills of women in Aari and Kantha embroidery, and tailoring to create a sustainable livelihood option. Through the support of the Deshpande Foundation and NABARD, SSPCL has provided economic empowerment to women and established itself as a trailblazing producer company in Northern Karnataka.

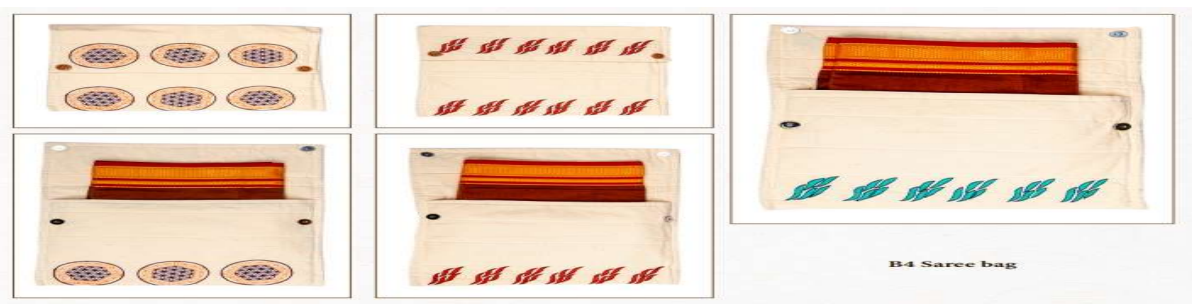
The success story of SSPCL highlights a unique business model where women are trained to create each product with exceptional quality. Each product has a dedicated supervisor responsible for overseeing the training and manufacturing. The marketing team focuses on effective promotion, and all these supervisors are women. Additionally, the board of directors actively participates in all kinds of communication.

It is strongly recommended that SSPCL position its products as premium, high-quality, and reflective of traditional craftsmanship. This strategic approach will help SSPCL address challenges related to price disparities by specifically targeting customer segments that appreciate the value of artisanal craftsmanship. Leveraging e-commerce platforms and engaging with the fashion industry will also play a pivotal role in expanding SSPCL's reach and enhancing the impact of its artisanal products.

Overall, SSPCL represents a shining example of how OFF Farm Organizations can drive sustainable and inclusive development in urban and rural areas, contributing to economic growth and the preservation of traditional crafts. As it continues to evolve and adapt to changing market dynamics, SSPCL holds the promise of not only improving the lives of its members but also enriching the cultural heritage of the region.

**Exhibit:**

**Bags:**

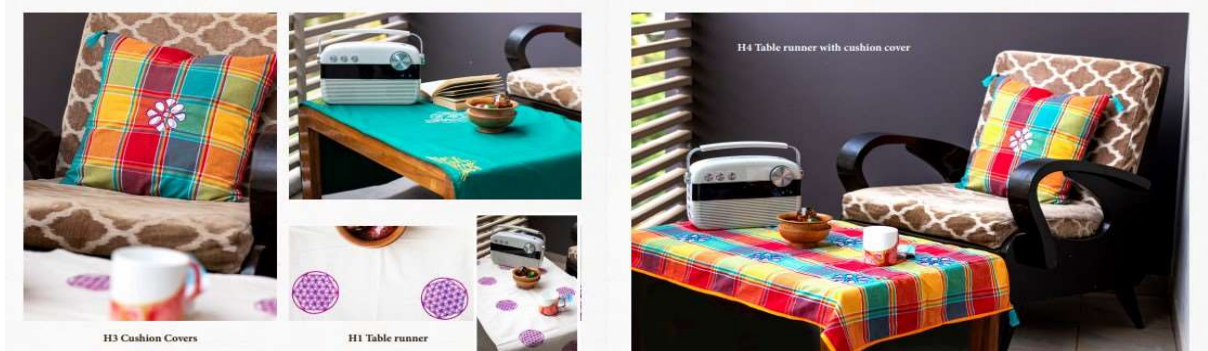


**Wall Frames:**





**Home Linens:**



**Corporate Accessories:**







C6 Tab covers/ File



C7 Jute laptop bag



C8 Khadi laptop bag



## Jewellery:



J1 - Earring



J2 Padma pendant + earring



J3 Sakhi pendant + earring



J4 mirror pendant + earring

Activate Windo



J5 Hair bands



J6 Choker necklace



J7 Cloth necklace



J8 Aari heavy embroidery pendant + earring



J9 Big earring

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