



***Supporting poor rural women to improve livelihoods:  
the SEWA experience***

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## *Supporting poor rural women to improve livelihoods: the SEWA experience*

### **Abstract**

SEWA is a member-based organization of more than one million poor women workers in the informal economy. At SEWA we try to increase the collective strength and the bargaining power of the communities by creating alternative employment opportunities for them. We follow a need based, demand driven, integrated approach. We at SEWA strongly believe that micro credit, as a one-point intervention, in most of the situations, is not enough to pull a poor household out of poverty. If we want to address the issue of poverty, the active role of women in the economy needs serious consideration. SEWA believes in the primacy of local ownership and knowledge. We therefore work on building members own economic organisations. On the basis of our experience in organizing the rural poor for their livelihood security, SEWA has adopted the approach of “Livelihood Finance”. Economic activities for the members are initiated that would ensure livelihood security for the poor both in on farm (agriculture) activities and non-farm activities. The economic activities are also initiated based on available local skill base or local resources.

The paper discusses how SEWA has used Livelihood and Agriculture Finance in organizing the poor women. It describes SEWA’s experiences through case studies, of households which have clearly come out of poverty. It summarises SEWA’s experience in some major trades of rural economy viz. salt farming, weaving, handicrafts and agriculture. For instance, the salt farmers in Surendranagar district is lack of access to formal credit and access to markets which forces them to depend on the local traders on high cost finance and sale of salt at low prices. Clearly, micro credit as a single solution is not enough since they would still be dependent on the traders for selling their produce. Hence the need for a multi-pronged “livelihood finance” approach which we discuss in the paper. Agriculture is the major occupation of two-third of the rural workers. SEWA has its ongoing agriculture campaign which helps a small and marginal farmer to get market information, linkages, and access. It also helps the farmers to develop bargaining power to get a fair price. Currently, he/she is devoid of all of these. The paper discusses in detail, how SEWA through its integrated livelihood and agriculture finance package helps the poor workers to come out of poverty.

The paper also discusses some of the lessons that SEWA has learnt from its experience in Livelihood Finance activities. Finally, the paper also estimates the time and cost required for a complete livelihood finance intervention. To generalize, it has usually taken SEWA anything from 7 to 11 years to lay the infrastructure and systems in place to help households help themselves. However, since SEWA’s purpose in many districts was totally different to begin with, and it grew into its new roles gradually according to the demands of its members, This time span could be reduced with advance planning, availability of funds and a larger group of workers.

## 1. Background

SEWA strongly believes that microcredit, as a single intervention, is not enough to pull a poor household out of poverty. This is especially the case with the poorest of the poor who are found wanting in skills, lack absolutely every facility, are often oppressed by their environment and have no bargaining power whatsoever. This is the case with any single intervention, whether it is training, healthcare or education.

On the basis of our experience in organizing the rural poor for their livelihood security, SEWA has adopted the approach of “Livelihood Finance”. Economic activities for the members are initiated that would ensure livelihood security for the poor both in on farm (agriculture) activities and land based non-farm activities. The economic activities are also initiated based on available local skill base or local resources.

The complete livelihood finance package is defined to be made up of the following constituents

- Organizing and institution building – to build collective strength and bargaining power
- Credit and other financial services (like insurance, pension) – that lead to asset building
- Productivity improvement services – capacity building
- Market linkages, Marketing services
- Human development services - health, nutrition, education

## 2. SEWA

SEWA has been working with the poor in rural Gujarat in the area of livelihood for more than three decades. SEWA was registered as a trade union in 1972. As a trade union, SEWA’s objective was to organize women so that they have a greater bargaining power and a better chance at combating oppression. Over three decades, SEWA has grown to include 14 districts and has seen its membership rise to nearly 1 million by 2007.

SEWA has had its own experience which proves that a single intervention or a single formula is not enough to pull a family out of poverty. For instance, the salt farmer’s situation in Surendranagar district is one such case in view. The salt farmers lack access to formal credit and even if they do, they lack the assets to act as collateral. Invariably they are forced to depend on the local traders who lend them money at extremely high rates of interest, and also bind the farmers into selling them their salt produce at the end of the season. Clearly, microcredit as a single solution is not enough here. Because even if the farmers could be supplied cheaper credit options, they would still be dependent on the traders for selling their produce. Overlooking the traders for credit would result in the poor farmer being oppressed when it came to selling the produce.

Purely by organizing women into groups, making them aware, empowering them to speak up, listening to them intently and acting on their demands, SEWA has managed to effectively

organize women in all those areas which are now considered to constitute the livelihood finance package – long before concepts such as “microcredit” and “livelihood finance” became buzzwords.

More often than not, members were unaware as to what their needs were, partly due to the complexity of their problems and the dynamics of their environment. SEWA’s approach therefore has been to ‘involve’ rather than ‘intervene’, gain members’ confidence, build a vibrant relationship with them, help them understand and analyze their needs and challenges and encourage them to put forth a set of demands which SEWA could act upon. This act of involvement in itself is an empowering process that equips the poor in their fight against poverty.

SEWA has always focused on a household as a unit rather than an individual woman (although the process is to be undertaken under her leadership). Naturally this has helped us at SEWA put our member’s issues in the center and enabled a far better understanding of the dynamics. The emphasis has been on holistic development of the household delivered by engaging the women of the household and making them the chief implementers.

SEWA adopts an integrated approach towards organising. The elements of this approach are:

- Organizing: The poor need to organize (through their associations) for collective strength and bargaining power and to be able to actively participate at various levels in the planning, implementation and monitoring processes of the programmes meant for them.
- Capacity building: To stand firm in the competitive market, the poor need to build up their skills, through access to market infrastructure, access to technology, information, education, knowledge and relevant training (accountancy, management, planning, designing etc.)
- Capital formation: Asset ownership is the surest way to fight the vulnerability of poverty. The poor need to create and build up assets of their own at the household level through access to financial services (savings, insurance and credit).
- Social security: To combat the chronic risks faced by them and their families, the poor need healthcare, childcare, shelter and relief.

### **3. SEWA’s model of livelihood finance - Sajeevikalay**

SEWA did not have a rigid formula for its initiatives in the districts it worked in. Its method of working relies on organizing its members, involving them and working *with* (rather than *for*) them to equip them in their fight against poverty and improve their quality of life. SEWA’s philosophy, which is very demand-driven in its approach, could be articulated in four broad steps.

- Organize women and through the strength of numbers instill in them the belief that they have a say in improving their lives.
- Empower them to speak up about the issues afflicting them.
- Enlighten them with the relevant knowledge and encourage them to debate solutions for the issues they face.
- Take up the specific demands made by the members and facilitate their efforts towards meeting them.

The next section builds a model - on SEWA's approach to equip its members to fight poverty – what could be figuratively termed as the *sajeevikalay* (house of livelihood). Later the paper attempts to estimate the time period it would take for poor households in the area of involvement to emerge out of poverty on a sustainable basis.

### ***The foundation***

Credibility, trust and ownership is the foundation upon which SEWA builds the structure.

Years of poverty and oppression builds in the villagers a high degree of helplessness and vulnerability and any outside intervention is viewed with suspicion. There's also a high resistance to any change to their precarious household situation wherein they barely make ends meet. SEWA has faced this in every district it has worked in.

For instance, in Surendranagar, when SEWA set up the first child care center for the children of the salt farmers, the women were reluctant to leave their children in the custody of SEWA caretakers. They believed that their children would be kidnapped or even poisoned. It took SEWA organizers a lot of effort to convince the women that leaving their children with SEWA would allow them to concentrate better on salt-farming activities and would eventually result in a better quality output and a higher income. It took a lot of courage for the first few women to risk leaving their children in the custody of these 'outsiders'.

Typically, it is the first few converts that are the hardest. SEWA has persisted anywhere from three months to a year to establish rapport and trust and convince the first volunteer. Things become far easier when at least one household has had a positive experience. In fact it could often be left to the word-of-mouth system of the village to get more believers organically.

For instance, it took almost a year to establish one child care centre in Surendranagar district. The very next year, five more centres were established and in two more years, there were 21 centers in the area.

Building credibility takes time and persistent efforts. Organizing is a process, and investing in organizing requires time and resources, but once the acceptability is gained, the momentum is far greater, the membership graph far steeper.

## *The floor*

After having gained the villagers' trust and having them enrolled as members of SEWA, the next task was to organize. SEWA's main goal is to organize the women worker's for full employment and self reliance. Full employment means employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter). By self reliance we mean that women should be self reliant, individually and collectively, both economically and in terms of decision making ability.

SEWA organizes these women workers through the strategy of struggle and development. The struggle is against many constraints and limitations imposed on them by the society and the economy, while development activities strengthen women's bargaining power and offers them new alternatives. Practically, the strategy is carried out through the joint action of union and cooperatives. Organizing and institutionalizing the members into groups gives them a strong voice and forms the basis for many things.

Typically SEWA has achieved its organizing purpose through campaigns. These campaigns were either to fight against oppression to secure basic rights, to induce widespread awareness and action on an issue affecting many, or to advocate for policy change.

For instance, one the earliest SEWA campaigns was for the road-side vendors in Ahmedabad against the ruthless police and AMC (Ahmedabad Municipal Corporation) workers, who harassed them and drove them away from the roads. The minimum wages campaign in Anand and Kheda district is another unique example, because of the enormity of oppression. The women tobacco workers greatly feared their masters and were reluctant to join SEWA. This wasn't helped much by the threats of unemployment by the strong tobacco owners' community.

It took success to attract believers. When SEWA's motion on behalf of 300 fired workers resulted them in them being reinstated, people turned believers and organizing became easier. Village after village joined the campaign within a couple of years.

It was the drinking water and watershed campaign in Sabarkantha which brought the women together. The campaign was against ignorance rather than against oppression by any group.

The way SEWA institutionalizes the process is striking. The first step was often to go door to door, interact with the women, listen to them, tell them about SEWA and strike a rapport. Once they have met enough people, the women are urged to meet in a large group. This meeting is facilitated by SEWA members and the discussions are steered towards the women's livelihood and their most pressing needs. At the end of the meeting, SEWA quickly gets them to organize themselves into groups and then and there encourages them to select aagewan representatives.

The selected aagewan representatives, according to their respective trades, form trade councils and trade committees. SEWA urges the new representatives to come up with a date

when the trade committee would meet every month. Groups and processes are thus firmly established. As a means of monitoring the progress, a SEWA representative is always present in these monthly meetings.

### *The four pillars*

With a strong base in place, SEWA goes on to build its livelihood and income generating activities.

The earliest activity is almost always training in some form or the other. In fact, SEWA could be considered as imparting training right from the moment they make the members aware about their basic rights. This was almost the first thing SEWA did in case of the minimum wages campaign and the street vendors' campaign. In Patan, it was to make the women aware of how valuable their crafts are – the same crafts they exchange with local traders for petty gifts. SEWA accomplished that simply by bringing a couple of women to Ahmedabad to show them the prices their products fetched in the markets.

At the next level, SEWA builds awareness among its members on the philosophy of SEWA and the importance of organizing, and how it leads to an increase in collective strength. Different forms of organizations and the characteristics of a good leader are dwelt upon.

The next level of training is usually to promote a saving habit. Members are enlightened on the importance of saving, what savings groups are, and the procedures to be followed in a savings group.

At the next level is technical training, according to the trade. For salt farmers, it could be the procedure to make higher-priced industrial salt. For weavers, it could be the 4-pawdi or the 6-pawdi or any of the other weaving techniques. For Sabarkantha's farmers, it could be the plantation of the cash crops. For craftswomen in Patan, it could be one of the 24 steps in the craft making supply chain.

SEWA has strived to bring to its members the latest knowledge from contemporary experts. This is evident in the number of leading organizations SEWA has tied up with – National Institute of Fashion Technology (for craft), Indian Institute of Ahmedabad (for training to its district co-coordinators), Anand Agriculture University (farming), CSMCRI (for industrial salt) and so on.

The second significant income-increasing pillar is micro finance.

SEWA, through its simple philosophy of reacting to its members' demands, realized the importance of microcredit as early as the 70s. In December 1973, in a meeting, members came forward with their solution for exploitative money lenders and the vicious cycle of debt. 4000 members contributed a share capital of Rs. 10 each and the Mahila SEWA Co-operative bank

was established in May 1974. Since then, SEWA bank has been offering banking services, microcredit at affordable rates, and most importantly, the respect that the women deserve.

Most of the loans are taken for building assets. These assets invariably help to generate greater income especially since the members are provided other linkages through SEWA. Working capital is another significant reason for members seeking credit. Microcredit by SEWA is obviously at much lower interest rates as compared to the local money lenders and hence invariably results in increased incomes. Consequently member households gradually emerge out of poverty over a few years. For instance, many salt farmers who had the benefit of market linkages, training and a little bit of luck in terms of ground water sufficiency, never had to look back after a year's credit. The profit they made that year was over and above the working capital they required for the next season, emancipating them almost instantly from the cycle of debt. In other cases, the effect has been gradual but certain.

SEWA's members get loans at an interest rate of two percent per month compared to what local exploitative traders charge which may be sometimes as high as 10percent a month.

Over the years, the number of loans made out by SEWA bank to district associations has steadily increased. For instance, in 2005-06, Rs. 243.7 millions was lent out in 76,857 loans. Repayment rates have been high, which makes it unsurprising that SEWA bank has been an entity with growing profits over the last few years.

Marketing services form the *sajeevikalay's* third pillar and help to increase income and make the activity viable. In some cases market linkages and microcredit are all the poor need to unshackle themselves from poverty, as just in case of formal banking options, they lack access to good markets too. SEWA has encountered this in many districts in one form or the other. The salt farmers of Surendranagar, for instance, simply lacked the wherewithal to find out how much their produce is worth. Equally ignorant were the craftswomen of Patan who had to be literally taken to a market to show them the demand their products could have.

Recognizing the importance of this service, SEWA established the SEWA Gram Mahila Haat in 1999 – an apex organization dedicated towards providing market related support to the rural producer groups. The SEWA Gram Mahila Haat (SGMH), along with the district associations went on to undertake a variety of activities. Some of the important ones are

- The SGMH tied up with the Seed Corporation of India and secured the license to distribute seeds, allowing its rural members to procure high-quality seeds at credit.
- SGMH established the brand Rudi. Further, the SGMH also acts as one of the consumers of Rudi products.
- The SGMH conducted a number of exhibitions which showcased and sold Rudi and craft products.

In 2001, SEWA relieved SGMH of the responsibility of craft and established a dedicated organization for craft – the STFC. The STFC with an annual turnover of Rs. 18.4 millions and

Rudi with an annual turnover of Rs. 15 Millions remain SEWA's most significant efforts in providing market linkages and impact thousands of rural women.

The fourth pillar of the *sajeevikalay* is represented by support services and social security namely health, child care and education. That, these services contribute to income generation is borne out by the following instances

A good quality salt produce requires consistent efforts and care throughout the season. Women on the salt pans had to spend a significant amount of time attending to their children. Simply by leaving their children at SEWA's child care centers, they increased their attention to the farms, and consequently increased the quality of produce and the corresponding income. In Patan, women gained at least one additional hour which they could spend on embroidery by leaving their children in SEWA's crèches.

Health directly affects productivity in a direct manner. Disease results in costs and lost time, and malnutrition results in low energy at work. SEWA has tied up with Apollo and organizes videoconferences on telemedicine in its five village resource centers through V-SAT equipment supplied by the Indian Space Research Organisation (ISRO). Members are educated on diseases such as eye diseases, skin problems and other common ailments of the members in the districts, symptoms and precautions. To every session, members come armed with specific queries which the doctors clarify, often recommending medicines after an online diagnosis. Over a period of time, members have benefited enormously from this initiative and they turn up for every session without fail.

Nutrition was one of the reasons for the Rudi initiative. The idea was that women deserve access to unadulterated and high quality food items at a reasonable price.

SEWA's education initiatives are two-fold. SEWA's *jeevanshala* or adult education initiatives help its members in their trades and thereby contribute to income generation. For instance, salt farmers are taught to recognize the digits on the temperature reading instruments, as it is very important to maintain a particular temperature over a period. Other initiatives fall under training and have already been covered.

SEWA's network of 40 Community Learning Centers (CLCs), help provide computer education to its members and their children, thereby helping them invest in their future. SEWA has tied up with Microsoft, and provides certificate training in Windows, Word, Excel, Access, PowerPoint, Paint, Tally and more. These trainees then go on to secure jobs with the local *panchayat* or other organizations, which in many cases often double the household's income. Some of them become trainers at the CLCs.

Apart from the above initiatives, the SEWA Academy and the SEWA Managers' School trains its grassroot members in managerial skills and instills in them leadership abilities. These grassroot trainees go on to become confident leaders and play an important role in rallying the rural members and conveying their needs to the upper levels of the hierarchy.

### ***The roof***

Savings, insurance and assets make up the roof of the *sajeevikalay*, and protect the household from negative external events like accidents and calamities.

SEWA started once it established its presence in a district was to make its members aware about the importance of savings and cultivate in them, financial discipline and a saving habit. As a result, most of its members have formed village-wise *bachat mandalis* and save an amount between Rs. 10 to Rs. 50 per month. These savings are deposited with either the SEWA bank or in a local bank with the account in the name of the *bachat mandali*.

Along with promoting a saving habit, SEWA has also encouraged its members to take up insurance policies. SEWA offers its members its own insurance policies and also connects them with policies offered by the government.

### ***Institution Building***

SEWA could undertake the above mentioned activities and make them viable, through building members' own economic organizations.

The district association – a federation of the village based producers - is a chief example of such an economic organization. The district association plays a critical role in identifying the needs of the producer groups, implementation of the designed activities, quality control and monitoring.

Its significance lies in the fact that it inculcates and builds a sense of ownership, thus leading to active involvement and participation of the members/producers, which is crucial in livelihood activities. Accountability is consequently built in, which in turn leads to increased efficiency, timely implementation, cost effectiveness, and little or no wastage.

Similarly, SEWA realized the need for dedicated efforts in other areas as well. For instance, to streamline marketing and ensure viability, SEWA built a dedicated marketing organization – the SEWA Gram Mahila Haat. Later, the SEWA Trade Facilitation Centre was established, as an organization dedicated to marketing of craft products. RUDI was recently institutionalized as an organization to streamline SEWA's retail activities. Other institutions in the SEWA family of organizations are the SEWA Bank, the SEWA Academy, Vimo SEWA (Insurance) etc. While these organizations have their specific areas of activities, they work closely with each other and are dedicated to address the needs of SEWA's members.

The following pages discuss in detail the cases of the salt farmers, craft workers and the agriculture workers. It also discusses the cost and time aspects of livelihood and agriculture finance.

#### 4. Organising the salt farmers of Surendranagar

Gujarat is one of the largest producers of salt in the country, with an annual production of about 4 million metric tones of salt. The Little Rann of Kutch (LRK) is an ideal location for salt production, given that it receives intense solar radiation for most part of the year and has a comparatively shorter rainy season. During the rainy season, water collects in the Surajbari creek and seeps into the LRK. Due to the high salinity of the soil, the seeping rainwater becomes salty, and is consequently recovered as sub-soil brine - a primary source of salt production in this region.

In this district, the primary areas where salt farming activity takes place are the talukas of Dhrangadhra, Halvad and Dasada. About 12,000 to 15,000 households from the adjoining areas migrate to these saltpans every year and toil in the hazardous conditions. SEWA has a membership of 20,000 members.

##### *The Salt Farmer*

The typical salt farmer or the *agaria* constitutes one of the poorest communities of the nation. The *agaria*'s season starts in the month of September or October and goes on for about 8 months till the end of May. *Agarias* who reside within 5 kms of the LRK travel daily to the farms, whereas the rest, which constitute the majority, migrate along with their family to the LRK.

To carry on her trade, the *agaria* requires an amount between Rs. 50,000 and Rs. 55,000 per season.

A typical *agaria* doesn't have any savings. The land she produces her salt on belongs to the forest department and has been leased out to the *agarias* for a 100 year period (Incidentally this lease has just expired and the department seems reluctant to renew the lease, which have led to protests from the farmers). Coupled with the *agaria*'s lack of assets and the relative absence of access to formal credit, the *agaria* is left with no option but to go to the local *seths*. These *seths* are essentially traders or middlemen, some of whom own units to process the raw edible salt (the *agarias* traditionally produce only edible salt) into marketable products. The trader hands out money to the *agaria* and he binds the *agaria* into selling him all of his produce at the end of the season.

At the end of the season, the trader picks up all of the *agaria*'s produce (which could vary from 500 to 1000 tonnes depending on the availability of ground water during the season) from the farms. The price at which he buys the produce varies between Rs. 60 to Rs. 80 per tonne (as compared to upto Rs. 140 per tonne in the market). From the ensuing amount he deducts the principal and the interest of the loan he had lent earlier, which typically leaves no savings, thereby completing a vicious circle of the *agaria*'s poverty.

The *agaria* and her family's health is put at risk for they spend months in the hazardous conditions of the Rann in make-shift huts which offer little protection. They work barefoot on the salt pans from 9 am to 5 pm in extreme temperatures.

The Rann offers no facilities for the health or education of the *agaria's* children. The children often lend their parents a hand in salt pan labour, thereby exposing themselves to harmful and unhygienic conditions. Coupled with poor nutrition, their growth remains weak and leaves them vulnerable to illnesses. Their mental development remains poor as well as there are no schools nearby that they could attend.

It was this deplorable condition of the *agarias'* children that was to prove the entry point for SEWA in the early nineties. By providing support services like childcare, SEWA sought to build trust among the *agarias* and also avoided taking on the traders head-on - who at that time, had almost complete control over the *agarias* and their trade. It was a conscious effort on the part of SEWA to concentrate on the periphery because it was unlikely the *agarias* would trust an outsider with their core livelihood activity.

### ***SEWA's Livelihood Initiative for the salt farmers in Surendranagar***

In 1992, SEWA opened its first child care center in the Kuda village of the Dhangadra block. Seventy-five percent of the operating funds came from the Gujarat Rural Labour Commissionerate, with the rest being contributed by SEWA. The centre started with five children, with the operational times coinciding with the work hours of the *agarias*. Child care was free, once the mother became a member of SEWA with a payment of Rs. 5. The centre also provided education and literacy classes for the older children.

By 1993, six more centres were established. By 1996, there were 21 centres in different villages, with the funds for operations contributed by SEWA and sometimes by *agaria* groups themselves. SEWA had begun to hold meetings for the *agaria* women to educate them on matters of nutrition and child care. It was in these meetings that *agaria* women started to request for help to improve their economic situation and for release from the trader's debt trap.

Acting on this demand, SEWA started *bachat mandals* (savings groups) for the *agarias*.

The *agarias* began to save Rs. 10 per month. The process was aided by SEWA organizers who traveled to the *agarias'* houses to collect the deposits. The collected sum was then deposited in the SEWA bank in Ahmedabad. This process continued for about 2 years.

In 1998, the Surendranagar Mahila Bal Vikas Mandal (SMBVM), SEWA's District Association in Surendranagar was formed and registered. District Associations are SEWA's sister organizations and SMBVM's formation falls in line with SEWA's policy of decentralization. SMBVM became the Surendranagar members' own economic organization, and subsequently led SEWA's livelihood efforts in this area.

By now, the *agaria* women had understood the importance of savings and SEWA persuaded them to come to the association to deposit their monthly savings instead of having SEWA workers going to the villages. The number of groups soon grew to about 700 with more than 14000 members. Subsequently, the account with SEWA bank was closed and the money was transferred to a local bank in Surendranagar thereby allowing the District Association to have direct relations with the local members.

By now, SEWA had also started technical training sessions for the salt farmers apart from sessions on health, education and savings. A demo salt pan was set up, where experts invited by SEWA conducted training sessions for the *agarias*. The main purpose of these trainings was to provide technical knowledge to the *agarias* in salt production. These trainings included trainings on production of edible and industrial salt, quality control increase in productivity, costing.

In 2000, SEWA started to look for ways to improve the income of the salt farmers and to free them from dependency on the traders. SEWA soon realized that industrial salt fetched a better market price as compared to edible salt. After a bit of research, they discovered that the investment required in terms of working capital was the same, although additional effort and care was required during the season because of relatively stringent quality constraints.

The district association convinced five *agarias* to make industrial salt instead of edible salt for a season. To protect them from the risk of the experiment, the district association lent them working capital from the association's revolving fund. They also, with the help of CSMCRI, conducted training sessions on the production of industrial salt for the five *agarias*.

After almost a year, when the season neared its end, the association constructed a laboratory for salt testing. The industrial salt produced by the five *agarias* passed all quality tests and fetched a price of Rs. 140 per tone. SEWA made an agreement with Gujarat Alkalis Chemical Ltd. (GACL) that they would purchase all of the *agarias*' produce.

Following this, 50 *agarias* expressed their interest in producing industrial salt. This marked the beginning of an important phase in SEWA's activities in Surendranagar. Whereas earlier, SEWA had focused only on providing supportive services to the *agarias* to avoid antagonizing the traders (who had a strong nexus among themselves), now they provided not only credit to the *agarias* at interest rates much lower than the traders, but also market linkages for their produce, thus ensuring that they could completely avoid dealing with the traders.

The results of SEWA's effort on these two fronts – financial services and marketing services – were dramatic. Some households profited by more than Rs. 30,000 in a season which they used as working capital for the next season. Effectively it meant that these households rose out of poverty within two years. Over the next five years, 30-35 *agaria* households realized such results and moved out of poverty.

In 2005, SEWA began to conduct training for home-based trades / micro-enterprises, like *agarbatti* making, *beedi* making etc, so that the *agarias* could derive income during the off-season months.

Thus, beginning from child-care, SEWA expanded to the entire range of livelihood related activities in Surendranagar. SEWA's recent efforts have been to open a processing and packaging centre in one of its centres in Surendranagar, so that the salt produced by its *agaria* members could reach its other rural members. This is being done through the Rural Distribution Network. By 2007 8000 salt farmers had been organized and 232 savings groups established. The volume of trade in 2007 was 32000 tonnes of salt.

## 5. The craftswomen of Patan

Patan, a district in the Northern part of Gujarat, was carved out from the Mehsana district and the Radhanpur and Santalpur blocks of the Banaskantha district.

The proximity to Rann and the hostile climatic conditions renders the soil difficult for growing crops. Agriculture is further made difficult by the inconsistent annual rainfall.

**In the 1980s, the poor didn't have many opportunities to work as labourers. Men sometimes worked in loading/unloading trucks and earned a few rupees per day. There was no means of income for women.** Many families migrated to other locations like the Kutch, South Gujarat or even Delhi, for up to eight months a year, where they worked in fields or on construction sites for daily wages. As a result of the constant migration, their children could not be educated.

In the mid 1980s, under the Indo-Dutch bilateral program, pipe water schemes were implemented in the Patan district. The implementers wanted the local women to take over the facilities and maintain them and in 1987-88, the government of Gujarat invited SEWA to organize women as water users. SEWA conducted a yearlong survey to better understand the existing water and livelihood situation.

SEWA found that there was massive migration of families every year, in search of work but to organize the water users, there had to be a degree of stability in the community. SEWA, therefore, began looking for economic activities which would provide the households sufficient livelihood opportunities and thereby stabilize the community.

SEWA learned that the women were skilled in traditional embroidery, and in their spare time, would make clothes for themselves and household use, with embroidery and mirror work, which they exchanged with traders for items like steel and plastic vessels and dishes. In 1990, SEWA conducted a second survey with a focus on craft. The SEWA coordinator took five *kurta* sleeves to the villagers to be embroidered.. SEWA regularly monitored these five women over the next few weeks until the work was completed. The entire survey took six months and at the

end SEWA was convinced that there was a significant prevalence of ethnic embroidery skills, which could be tapped as a livelihood opportunity.

### ***SEWA's Livelihood Initiative***

By the end of 1991, 800 women from 12 villages had joined SEWA as artisan members. Groups were formed and *aagewans* representatives were selected (by the women themselves). The criteria for deciding the *aagewans* were (a) good knowledge of craft (b) trustworthiness (c) ability to organize members (d) ability to speak up for people

SEWA placed the crafts in Dastakar, a shop in Delhi to estimate the demand in the market. Subsequently in 1992, Banascraft, SEWA's first retail outlet was opened in Ahmedabad.

By the end of 1993-94, thanks to an unwavering focus on providing livelihood, around 2000 members from 30 villages had joined SEWA, more or less corresponding to the entire area with a craft tradition.

A number of production-cum-training sessions were organized for the artisans to improve their skill levels. Craft became the only source of livelihood for many of these people, most of whom had never seen it earlier as a means of sustenance.

Around this time, SEWA started identifying ways through which the women could devote greater time to their craft activity. Based on its observations, it took the following measures.

- In **1993-94**, SEWA opened its child-care centers – essentially crèches with caretakers, where artisans could leave their children and devote time to work. Consequently, artisans were able to spend an additional hour at work.
- In 1992, SEWA organized camps for testing and correcting eyesight, which could help the women work with greater efficiency.
- Women in these regions had to travel far to fetch water, which wasted a lot of their time. Noticing this, in 1997-98, SEWA started promoting rainwater harvesting. Areas to collect rainwater were created which greatly reduced the time women spent in getting water. Consequently they could spend more time at work.

The savings program started in 1995. Members began saving from Rs. 20 to Rs. 50 per month. Various insurance schemes were also introduced

SEWA also set in motion its credit program, and members began to take loans to: (a) free up mortgaged assets (b) purchase cattle (c) As working capital (in cases where they bought their own kits) (d) set up small shops for their male members (husband or son) (e) For housing

### ***SEWA's Response To Disasters- Converting Disaster Into Development Opportunity***

The dry desert areas have been subject to a series of natural disasters – droughts, cyclones and earthquakes - causing widespread destruction and enormous physical and mental turmoil. SEWA’s response to such disasters and crises has been one of economic rehabilitation. The people affected were SEWA’s members, and SEWA could immediately assess the situation, launch into economic rehabilitation and turn the disaster into a development opportunity.

When the cyclone of 1998 rendered most homes without roofs, food and other essential resources, SEWA offered immediate livelihood opportunities to more than 5000 women, by offering instant cash for any craft products they could develop or any traditional samples they could sell. The focus on economic rehabilitation combined with relief rather than only one-time relief measures bore fruit in the long term when more than 2500 of these artisans chose to undertake training and become part of SEWA’s regular artisan base.

The worst of all disasters struck in 2001 – the earthquake which destroyed houses, farms, food and water resources and created a sense of panic and extreme helplessness in the mindset of the victims. SEWA combined livelihood opportunities with relief measures, which had a significant long-term effect. It makes a household more versatile and enables it to fight future disasters with a stronger mindset and a wider set of abilities. Many households who took up craft in wake of the disasters developed useful skills, which not only helped them cope with the after effects but also increased their household income in normal times.

### ***A change in perspective***

The scale at which SEWA conducted these activities, and the number of households that were willing to take up craft as a means of livelihood, made it necessary for the entire set of operations to be economically sustainable. During this period SEWA noticed that sales in its exhibitions were going down. It was no longer possible to large numbers of products by appealing to the people’s good will. Organizations such as Oxfam, who procured craft-based products from several organizations representing rural artisans couldn’t sell many of the craft products because of quality problems. SEWA realized that the ‘fair-trade’ market was limited in size, and that they have to get into the mainstream market - a market where the customer purchases purely on the basis of quality and doesn’t care who is making of the product.

Thus the challenge before SEWA was to continue to provide work to thousands of artisans in a manner, which made the entire operation economically sustainable. To achieve this, SEWA realized that it had to convert the economic program into a business organization and compete in the mainstream market. SEWA realized that it had to prepare its artisans for the wave of globalization SEWA began to think seriously whether its role should be an organization or as a service. SEWA soon realized that there had to be one center dedicated to craft. This centre would gather market intelligence, build business plans, decide the products /designs to make, keep accounts, take care of sales taxes and many more.

### ***The SEWA Trade Facilitation Centre – taking market linkages to a different level***

In 2003, the SEWA Trade Facilitation Centre (STFC) was initiated in Ahmedabad with 3200 artisans having a stake in the ownership and decision making process. STFC was envisioned as a design, production and marketing facility for apparel, accessories and soft furnishings, with value addition provided by rural craftswomen.

STFC embarked upon a seven-step production process which starts with market research followed by design, procurement, cutting, assembling, kit-making after which the kits are transported to Patan for ethnic value addition by rural women. Quality control happens at the district-level collection centers and the finished products are transported back to the facility in Ahmedabad for finishing and packaging.

Artisans are graded according to their skill levels, with corresponding wages. Artisans are given training to enable them to upgrade their ranking and increase their incomes. Training is typically held in the form of product development / design development workshops wherein contemporary designers are invited to the facility in the district. To keep the fashion contemporary, STFC has tied up with the National Institute of Fashion Technology (NIFT), Ahmedabad wherein SEWA's artisans get trained in the latest techniques.

In the subsequent years, the STFC built its marketing strategy further. Through a detailed market research, STFC projected the trends in the domestic and exports market and has formulated its sales, marketing and branding strategy accordingly.

STFC opened two retail outlets – Ahmedabad where it sells as brand Banascraft, and New Delhi, where it sells as brand Hansiba. Besides its retail presence, STFC also supplies to other retailers like FabIndia.

Currently in its 6<sup>th</sup> year of operations, STFC is poised for a major expansion path. In **2006**, it realized Rs. 14 millions in sales revenue, of which Rs. 4.13 millions have been disbursed as wages to the artisans.

In 2007 the total number of artisans organized in Patan (and Kutch) totaled 25000. More than 75 villages were covered in Patan district. The number of savings groups is more than 116 (1635 members). Total savings amount to Rs. 5,90,000.

## **6. Agriculture**

Agriculture has been one of the most prominent sectors of Indian economy since independence. Although contribution of agriculture and allied activities like forestry, logging and fishing in GDP has declined from 35percent in the 1980's to 18percent in 2006-2007, almost 60percent of the population, continues to depend upon it for livelihood (73percent of India's rural employment is through agriculture, according to the August 2007 Report of the National Commission for Enterprises in the Unorganized Sector (NCEUS) on Conditions of Work and Promotion of Livelihood in the Unorganised Sector). Sustainable agricultural growth in a

developing country like India, where 86 percent of the agriculture is conducted by small and marginal farmers, can largely be secured through transformation of subsistence agricultural production into a market oriented agricultural economy.

A small and marginal farmer needs market information, linkages, and access. He/she also is required to develop bargaining power to get a fair price. Currently, he/she doesnot have access to all of these.

SEWA's experience proves that a farmer needs a holistic and integrated package of financial services, organizing and collective responsibility feeling, and access to capacity building services to improve his/her condition. Credit is just one of the services, SEWA offers to its members, along with the aforementioned services. When women – as farmers are organised into farmenrs collectives, they have timely access to credit. This enables them to avail of agriculture inputs – seeds, fertilizers on time. They also have access to tools and equipment. Second, they no longer have to rely on middle men and traders for credit.

SEWA's experience shows that agriculture can develop and become sustainable. Agriculture can help reduce poverty, but needs a wholistic view in planning and an integrated approach in execution. Just giving finance alone, or only technical input alone or on capacity building alone is not the only means.

## **7. The farmers of Sabarkantha**

Sabarkantha district is in the north-eastern Gujarat adjoining Rajasthan. The district is mostly a semi-arid area, with the top-soil being predominantly sandy. In order to practice gainful farming, farmers needed to construct V-ridges (terracing) and water sheds in the area to prevent ravine formation. SEWA was invited as a partner by The World Bank and Gujarat Land Development Corporation (GLDC) to involve local farmers in their project, which saw a reluctant and apprehensive reaction from local farmers.

The local farmers were reluctant to adopt the suggestion for constructing V-ridges as they thought that some land was wasted in building ridges, which otherwise could have been used for crops. A few who attempted to build the ridges did it half-heartedly which was just not enough to achieve a desired effect and convince others to follow suit.

SEWA proceeded to initiate a community watershed campaign in seven villages. To begin with, SEWA went door to door on many streets in the seven villages and talked to the villagers. In each of the villages, SEWA conducted tri-partite meetings with SEWA, the panchayat and the GLDC. These meetings gave the villagers, for the first time, an opportunity to sit together and discuss their difficulties and possible solutions. SEWA also organized trips for farmers to other villages where watershed conservation techniques were employed so that they could have first hand exposure to the benefits of suggested activities and convince themselves.

One issue that came across in many meetings was the scarcity of drinking water. Farmers demanded a discussion on ‘water for themselves’ before debating about ‘water for the farms’. The women demanded that the bore-well be repaired before anything else.

A survey of the different water sources revealed that the problem was grave. The number of water sources was few and 40 percent of those sources were defunct. SEWA soon realized that the urgent need was drinking water and without addressing this need, it was going to be difficult to convince the villagers on other issues. The drinking water campaign was thus started in 1993 and ran in parallel with the watershed campaign.

Soon, SEWA’s organizing efforts began to show results. Farmers realized that they could not depend on outsiders to improve the situation in their villages, and began to come together. Small farmer groups were formed in all villages and group leaders (*aagevans*) started to meet to chart out future plans under SEWA’s supervision and guidance. Savings groups were also created in 1993 and farmers were sensitized to the benefits of savings. As a result, farmers started saving 10 rupees per month.

In 1994, SEWA jointed with the agricultural training institute, and began to hold technical training for the farmers. Sessions with experts in agriculture were organized, exposing the farmers to latest techniques and practices. Farmers had no knowledge of winter crops, as they had used just the monsoon season earlier. Hence, sessions were organized on what could be grown in the other seasons, what kind of cash crops could be grown, and what has to be done to ensure maximum productivity.

The agricultural productivity improved to a significant extent, even if the V-channels constructed weren’t perfect. Most important of all, the farmers could now plant crops in two or three seasons instead of just one. This practically doubled their annual income. Exposure trips to other areas, where farmers had benefited by use of these means, were organized and farmers learned from each other’s experiences.

In 1996, the *Swashrayee Mahila Khedu Mandal* – the women farmers’ association of Sabarkantha - was registered, and the (district) association decided to take up more initiatives to help members and other farmers. In 1997, the association secured the license to sell seeds, making it the first among SEWA’s district associations. The association procured seeds from the Seed Corporation of India as well as from local vendors. The farmers could purchase these seeds on credit, and the interest rates were lower than those charged by the cooperatives. What built the confidence in the farmer when they purchased SEWA’s seeds was that the seed recommendations were offered by agricultural experts.

In 1998, the association tied up with the Spices Board, which helped provide the farmers with training on how to produce quality spices. For instance, farmers were exposed to what makes *saunf* a high quality product and what are the processes to follow to ensure that such a produce is obtained. The association also helped connect the farmer to different State government schemes. By 1999, credit facilities or lending within the farmer Self Help Groups

had started. By 2001, the district association began to lend to its members. Women took loans to purchase cattle, release their mortgaged assets, construct houses, or to tackle medical expenses. Credit facilities proved to be very helpful to the members after they were organized by SEWA and linked with market and information/training resources. They could make better use of the loan amount thus ensuring low default rates (of loan repayment). Members took loans mostly for agricultural activities at different stages of the year depending upon their farming requirements.

Since 2001, numerous initiatives have been taken up by SEWA in Sabarkantha district with the district association leading in implementation and execution. Support services like awareness, healthcare and childcare are being provided to farmers' families and education for the next generation is also being taken care of through Community Learning Centers (CLCs). Market linkages have been taken to a much stronger level through an initiative called RUDI (see below).

All these attempts make Sabarkantha's Women Farmer Association as a very successful example of working model of agriculture finance. In fact, it beautifully captures almost all aspects of agriculture finance – organizing, capacity building, market linkages, support services and micro-credit or other financial services. With a proper coordinated and integrated approach, SEWA has been able to provide farmers of Sabarkantha district a sustainable livelihood in an area where farming seemed to be difficult with each passing day.

### ***The Rudi Initiative***

Over a period of time, SEWA, realized that small farmers and rural households lack access to markets, especially for their daily consumption needs. This invariably resulted in health problems and malnutrition. Often the farmers couldn't consume what they produced because of insufficient storage space at their homes. The price fluctuations in the market were high. While they faced reduced prices during the harvesting season because of markets, the prices were higher when they had to buy grains at other times. Further, SEWA's rural members often had the need to buy produce on credit, as their incoming cash flows didn't coincide with their consumption needs.

In 2001, SEWA set up a processing and packaging centre and four selling centers across the district. Grains, spices and salt from various districts were transported to the processing center in Aniyor, processed, weighed, packaged and transported to the different selling centers. SEWA has also trained its members as saleswomen. These women are popularly referred to as '*Rudiben*' as they go around the villages selling grain packets and spice pouches of high quality.

In 2003, the SEWA Gram Mahila Haat established Rudi as its brand, and the mark was subsequently printed on its packages. Selling centers soon sprung up in other districts. Rudi products also began to be sold to institutional buyers like hostels, hospitals and government midday schemes. Rudi products were sold through SEWA's *Krusha bazaar* as well.

Expansion plans are currently afoot with processing centers and more selling centers planned across the districts where SEWA operates.

Sabarkantha's membership as of 2007 stands at 30,000. Rudi's turnover in 2007 was over 15 million.

*The striking feature of the Sabarkantha experience is the way trust was built among the local farmers by addressing their immediate problem (of drinking water) first. Even in this case, micro-credit came much later, after gaining credibility, organizing, providing capacity building services and market linkages, all of which are as much important part of agriculture finance as micro-credit.*

## 8. Cost and time aspects of livelihood finance

### *Time taken to pull a family out of poverty*

It is of interest to estimate what would be the approximate time it takes to pull a family out of poverty. This time period would obviously depend on different factors –trade and local dynamics - to name a couple. SEWA, however, has worked across enough districts and SEWA's member-base spans across enough number of trades for us to estimate a reasonable range of this time period.

The starting point of the involvement could be defined as the point when the locality and the demographics are first surveyed. The assumption - as has usually been the case with SEWA when it entered a locality - is that the poor aren't aware of the people attempting to involve them.

Given the way the livelihood model has been elucidated in the previous section, it could be said figuratively that the time taken to pull the first family out of poverty is the time taken to construct the *sajeevikalay*. Once the *sajeevikalay's* infrastructure is in place, a family usually emerges out of poverty a lot quicker.

The following analysis looks at four different trades and SEWA's experience with them.

### *Agarias of Surendranagar*

SEWA entered Surendranagar in the early nineties and set up its first child center in 1992. The next 4 years saw SEWA build a platform of credibility and trust among the *agarias* and to get them organized. In 1996, when a strong platform had been built, the institutionalization drive started through savings. The savings movement attained critical mass in a couple of years and became prevalent by 2000 with scores of groups in each village. In the period from 2000 to 2001, the three important pillars – credit (for working capital), marketing linkages (tie up with

GACL) and technical training (Industrial salt training from CSMCRI) were built and the structure was complete for *agaria* families to make use of SEWA's services and launch themselves on the path of poverty eradication.

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credibility and Organizing										
Institutionalization through savings										
Training										
Credit										
Market Linkages										

From SEWA's point of view, the time taken to construct *sajeevikalay* in Surendranagar has been 10 years. Subsequent to this, the time taken to pull the first family out of poverty has been just two years. Agarias fortunate enough to be blessed with ground water benefited immensely from the training, the cheap credit and the good prices, so much that they made enough profit to act as working capital for the subsequent season, thereby obviating the need for another round of credit. A year later, they are comfortably out of poverty. *Agarias* with lesser luck, still benefit but a trifle gradually, and emerge out of poverty over a period of 5 years.

*Summarizing,*

The time it took to construct the *sajeevikalay*: 10 years.

Time taken to pull a family out of poverty: 2 – 5 years.

***Craftswomen of Patan***

SEWA's intentions in Patan were clear right from the time it entered the district in 1989. The objective was to provide the rural craftswoman a market and they lost no time in working towards it. Within a couple of years, SEWA had convinced enough women to build a strong platform of women artisans. Training went hand-in-hand with market-linkages. 1993 saw the initiation of efforts towards eye-care and childcare to increase the working hours of the artisans. Savings groups began to be formed in 1995. Credit offerings for asset building began around the same time. SEWA's marketing effort has been increasing in form and intensity ever since the first craft was purchased from the rural artisan.

	1989	1990	1991	1992	1993	1994	1995	1996
Credibility and Organizing								
Market Linkages								
Training								
Childcare, healthcare								
Savings								
Credit								

Similar to the case of weavers, the time taken to pull a rural artisan out of poverty is the time it takes for her to get trained well enough to earn a decent income. SEWA's artisan members are graded and go through much training to get a higher grade. Salaries correspond to grades, and thus the quicker an artisan's grasp is (and the harder she works), the faster she moves towards an income guaranteeing her family a nutritious meal and a reasonable rate of asset accumulation.

*Summarizing,*

The time it took to construct the *sajeevikalay*: 7 years.  
 Time taken to pull a family out of poverty: 4-6 years.

***Farmers of Sabarkantha***

The first four years in Sabarkantha were spent in the water harvesting campaign and mobilizing the villages to adopt the cause. By 1993, SEWA had built enough influence to convince the villagers to form savings groups. SEWA tied up with the agricultural institute in 1994 and began a host of trainings since then. In 1997, SEWA began to provide market linkages by securing the license to sell seeds and by linking the farmers to the *Krush*i bazaar. Credit initiative for asset creation began in 2001, thereby completing the model.

	1992	1993	1993	1994	1995	1996	1997	1998	1999	2000	2001	2004
Credibility and Organizing												
Institutionalization through savings												
Training												
Market linkages												
Credit												

Prior to SEWA's involvement, marginal farmers just about made ends meet, surviving on their own produce and an income as low as Rs. 5000 a year. SEWA's involvement in agriculture has been through supplying seeds, purchasing produce (RUDI), linking to markets and offering technical training. Invariably, over a period of 2 to 3 years this results in increased productivity and lower costs, increasing the income to as much as Rs. 15,000 per year. Increased income brings with it a greater credit rating, and households go on to borrow money to purchase cattle. A cow and a buffalo may produce enough milk to fetch as much as Rs. 30 per day, comfortably helping the household out of poverty.

*Summarizing,*

The time it took to construct the *sajeevikalay*: 11 years.  
 Time taken to pull a family out of poverty: 4-5 years.

To generalize, it has usually taken SEWA anything from 7 to 11 years to build the *sajeevikalay* – i.e. to lay the infrastructure and systems in place to help households help themselves. It must be noted that the higher end of the range may be because SEWA’s purpose in many districts was totally different to begin with, and it grew into its new roles gradually according to the demands of its members. Therefore, theoretically it might be possible to achieve this quicker given a pre-conceived design, unconstrained funds and a large group of workers.

Once the systems are in place, hard-working households who make use of the services usually help themselves out of poverty in less than 6 years. The brighter and the more enterprising ones are often able to do this much sooner.

### ***Cost of livelihood finance***

Given that we’ve estimated the time taken to pull a family out of poverty, the next logical step is to determine what would be the corresponding cost incurred per household in the effort. The following tables list some indicative expenses for the different trades. (The figures in this section are approximates and could be assumed to have been incurred by SEWA a few years after its establishment in a district)

### ***Salt farming***

<b>Organizing &amp; Financial Services Costs</b>	Yearly cost per member
Cost of organizing & collection in the initial years	Rs. 75
Cost of organizing & collection in the later years	Rs. 92
Cost of offering financial services (per group)	Rs. 2000
<b>Training Costs</b>	Yearly cost figures are for 50 farmers
Cost of technical training (from CSMCRI) (per session)	Rs. 7500
Cost of member education (per session)	Rs. 5000
Cost of worker education (per session)	Rs. 5000
<b>Marketing</b>	
Cost of transportation of produce	Rs. 130 per tonne of salt
Cost of tying up with GACL	Rs. 4590 per year
<b>Childcare/Healthcare</b>	Yearly cost figures
Cost of running a childcare center	Rs. 96000
Cost incurred towards healthcare services	Rs. 33000

### **Craft**

Cost figures are for a total of 1600 members across 25 villages.

<b>Organizing Costs (in the initial years)</b>	Yearly cost figures
Transportation, Meeting and Coordination costs	Rs. 375000
Campaign expenses	Rs. 67400
<b>Training Costs</b>	Yearly cost figures
Fees to trainers (for making master samples)	Rs. 80000
Organizers' expenses	Rs. 60000
<b>Financial services</b>	Yearly cost figures
Transportation costs (Rs. 1500 per worker per month) for 3 workers	Rs. 54000
Salaries for 3 collection workers (@ Rs. 6000 per month)	Rs. 216000
On an average, expenses per group	Rs. 1500 – Rs. 2000
<b>Childcare/Healthcare</b>	Yearly cost figures
Cost of running (20) childcare centers (@ 3100 per center per month)	Rs.744000
Cost incurred towards conducting (4) eye camps (@ 5000 per camp)	Rs. 20000

### **Agriculture**

The figures listed below represent activities in the first three years of SEWA's agricultural campaign.

<b>Organizing Costs</b>	Yearly figures for 5000-7000 farmers
Cost of Survey	Rs. 12500
Cost of organizing / campaigns in the initial years	Rs. 32500
Cost of trust building trips and other organizing costs	Rs. 8500
<b>Training Costs</b>	Yearly figures for 5000-7000 farmers
Fee to trainers from technical institutes	Rs. 24000
Costs incurred in any kind of agricultural training	Rs. 238500
Other training associated costs	Rs. 192000
<b>Marketing</b>	Yearly figures for 5000-7000 farmers
Cost of tie-ups with seed marketing companies	Rs. 3200
Transportation costs of produce	Rs. 5500
<b>Financial services</b>	Yearly figures for 30-35 savings groups
Operational costs involved in ,ending and collection	Rs. 60000

## 9. Lessons from SEWA

SEWA's approach is encouraging as well as challenging to replicate. It's important to take note of some of the salient aspects of SEWA's journey in the field of Livelihood/Agriculture Finance.

### *Organizational strength: Inspiring commitment, building bargaining power*

SEWA draws its strength from the dedication of its committed members, who work incessantly to realize the organization's dream of attaining economic and social security of women. SEWA earned the dedication of these members by placing faith in their abilities right from the beginning. The transparent and inclusive nature of SEWA's campaigns convinced its members that the organization is their 'own' organization, while the democratic nature of SEWA's organization structure instilled a sense of purpose and responsibility in its members.

### *Ownership: Inducing a sense of belonging*

A typical grass root member of SEWA, say a marginal farmer in Kheda, can rise up to the post of the President of SEWA's executive council (refer to the accompanying figure). A member of SEWA always sees someone among 'her own people' taking part in almost each level of decision making process, and that instills confidence and trust in her. She starts seeing the campaigns and activities of SEWA as being relevant and useful to her, as against one seen as foisted upon her by outsiders. SEWA's Grassroot Organizational Structure is bottom-up and democratic.

## The SEWA Grassroot Organizational Structure

### Executive Council

Elected every three years by the Representatives  
 21 elected representatives, of which 17 are from grassroots, and 4 are educated, committed members  
 Meet once every month on the 22<sup>nd</sup> of every month

### SEWA Representatives Council

Elected every three years by the Trade Council members.  
 1 Representative for every 200 to 250 members  
 Meet once on the 19<sup>th</sup> of every month

### Trade Council

Nominated by members/aagewaans  
 1 Trade Council member for every 100 to 150 members  
 Meet once between the dates 5<sup>th</sup> and 10<sup>th</sup> of every month

### Aagewaans

Grassroot leaders nominated by grassroot members  
 1 Aagewaan represents a group of 20-30 members  
 Meet multiple times a week to discuss member issues to be passed up the hierarchy

### Grassroot Members

Comprise of members across various trades and across all the operating districts

### *Exposure: Instilling a sense of belief in the members*

A new member of SEWA is constantly exposed to various activities and success stories of SEWA. Educational and inspirational trips are organized for members to learn from each other. Video films documenting the impact of SEWA's campaigns elsewhere are shown, and members are encouraged to express their views on different topics being discussed. For instance, a common vegetable grower can ask about the total accounts receivable in a financial year for SEWA Gram Mahila Haat in their annual general meeting, and many actually do so. Similarly, RUDI and STFC hold annual general meetings as well, where progress, achievements and future goals are discussed with all the stakeholders, instilling in them a sense of achievement and building in them a sense of motivation and the energy to work towards future goals.

### *Flexible approach: Thinking beyond the basic purpose*

SEWA's relationship with its members stems from the fact that the organization doesn't start its activities in a new area with a rigid framework and pre-determined set of deliverables. Unlike a typical developmental project, SEWA doesn't see her role ending when the project's original

deliverables are met. To site an example, SEWA's operations in Bodelli continued much after the *Sukhi* Dam Project was over.

SEWA's approach is very much demand driven and the goals are set in that fashion. They first satisfy the immediate need of the local communities, winning their trust and credibility, and motivating them to participate wholeheartedly, which is the foundation of the *Sajeevikalay*. With an integrated and coordinated approach, the rest of *Sajeevikalay* is built over time as seen in the examples before.

1. Involve rather than intervene
  - a. Given the years of underdevelopment, the poor need to be taken into confidence before initiating any process. A 'project' or 'mission', without involving the communities in the thinking and planning process, would fail to address their real challenges. SEWA doesn't start with a blue print, rather the blue print evolves with the participation of members in specific areas.
  - b. SEWA's major success has been due to the role played by its grassroot leaders known as *Aagewaans*, who are instrumental in involving the local communities and winning their trust and confidence, and taking decisions that are relevant.
  
2. Coordinate attempts from different sister organizations/units
  - a. Livelihood finance is not an activity that can be implemented by a single unit or organization having a specific expertise. It's an ongoing process that will involve well coordinated approach from various quarters. It's an integrated approach with the poor placed in the center.
  - b. This aspect becomes especially critical for government agencies that would invariably need to work with various government departments – a well coordinated approach is vital.
  
3. Develop community support systems (healthcare, childcare and education)
  - a. These activities contribute to 'indirect' savings of their income (lesser expenses on medication, etc.), and act as support systems in adverse times.
  - b. Most of the times, such activities are the entry point in a new area to involve local communities and understand their problems better.
  
4. Identify and develop skills
  - a. SEWA has more often than not focused on traditional skills and activities and developed them, thereby equipping the local communities for livelihood generation in contemporary markets. This is because fostering new skills and building them to a marketable level is a very cost intensive process.
  - b. Training of communities to build their capacities in alternate livelihood activities and skills is equally important. It gives them flexibility of choices in exercising different means of livelihood.

5. Build capacities before providing market services
  - a. Align activities with modern trends and developments in the outside market and world. Development of their skills in different fields would bear no fruition if no market exists for them.
  - b. Inculcate planning and managerial skills to build self sustaining systems. The local communities must be able to take care of themselves after initial hand holding.
  
6. Provide financial services
  - a. Provide financial security (Savings, Banking and Insurance)
  - b. Provide access to credit, investments and working capital
  
7. Build linkages
  - a. Market linkages (backward and forward) to save communities from getting trapped by middlemen and to put in place a system to earn livelihood.
  - b. Institutionalize the linkages. Build infrastructure and organizations to take care of the market linkages and other systems built over time.

### ***Implementation***

The biggest challenge to carry out livelihood finance and agriculture activities is to build an organization and teams that can implement the identified activities. The organization has to have various dedicated teams involved in above activities.

Clearly it is a very challenging task for a single organization to work out everything. SEWA, with its tremendous organizing and institution building abilities has been able to achieve this. SEWA has also been helped by various partners and agencies in different areas in its mission. Some of the agencies that can work together are banks and financial institutions, corporate houses, research and development agencies, government departments, NGOs, UN systems, and independent bodies like National Commission for Women or Planning Commission. Among these, various Government Departments also that have to work in close coordination which involves complexity of coordination task.

It's imperative that these departments are able to communicate and plan seamlessly. For example, it's not easy for someone sitting in finance control department to rationalize that working capital for different trades can range from 5000 to 50000 per season while the total earning capacity of households involved in these trades remain the same. Such confusions or lack of holistic picture among the various agencies involved causes bottlenecks to erupt in Livelihood Finance activities.

SEWA has been able to achieve a coordination among its different sister organizations engaged in the aforementioned activities broadly due to a decentralized and democratic decision making process.

The *aagewaans* (grassroot leaders) are the interface between the members and the different organizations of SEWA offering livelihood finance. These leaders are chosen among the locals to build trust and to better understand the challenges. The *aagewaans* are the primary interpreters and decision makers, and they submit their understandings, in shape of demands and suggestions, to their district associations of SEWA. Information gathered by the *aagewaans* effortlessly moves up the hierarchy as shown in the organizational structure – notice how the meeting dates follow an order from the bottom to the top – and quick action follows.

A similar coordinated and decentralized approach would be needed if Livelihood Finance activities are to be implemented elsewhere.

## 10. Conclusion

Livelihood finance has worked for many women for a decade. The method is evolved around financial activity but is integrated with related social, economic, and institutional aspects. Livelihood and agriculture finance invests in organising. Women and the poor, having some livelihoods of their own, are integrated into an organisation of their own: maybe in the form of a cooperative or a SHG or even a company. The finance is used to organise the members, their day, their work, their business, and their relations with the buyers and sellers and other business stakeholders. Organising is the first step of moving out of poverty with the help of livelihood.

Thus from SEWA's experience, we can see that

***Livelihood finance invests in capacity building.*** The poor women often lack resources to actively, systematically and fully build and develop their business capacity in terms of formal accounting, stock keeping or legal compliances. Livelihood finance provides these resources to build capacity at the down-to-earth level for and with these women.

***Livelihood finance invests in support services.*** Often these poor women do not have support services such as social protection or insurance or day-care for children or even a place to wash or rest. Livelihood finance provides resources to develop these support services.

***Livelihood finance invests in access to markets.*** Often the capacity and the support services is not enough. What women want is access to markets to buy, sell, trade, and grow. Markets are free but entry is too highly priced for these women. Livelihood finance invests in market access, including marketing, advertising, product design or sales planning.

Livelihood finance invests in the areas mentioned above simultaneously, not one-by-one, balancing the needs of one with the other over time and across women.

Livelihood finance makes such investments over the course of at least five to seven years in order to have stronger impact and success. Short-term three-year projects are much less suited to make the scale of change that is needed.

SEWA invites investors, authorities, individuals, donors and NGOs to join us in this process in any way they find fit for removing poverty on a large scale.

In the end what we at SEWA want is the macro rate of growth in any particular sector—say construction or infrastructure—to be equally reflected in the lives of the women who make their living in these sectors: when the construction sector grows, construction workers must also grow at the same rate.

Our members want more opportunities to create wealth for India. This is SEWA's endeavour. We hope the government will expand the enabling environment and match this with access to resources. We hope that businesses will see this potential in the women and share the market with them. The challenge is on.

## Glossary

<i>Agaria</i>	Salt farmer
<i>Aagewaan</i>	Leader, especially at the grassroots level
<i>seth</i>	Money lender
<i>bachat mandal</i>	Savings Group (Self-help group)
<i>Surendranagar Mahila Bal Vikas Mandal</i>	The Surendranagar district Women's Childcare Association
<i>Agarbatti</i>	Incense Stick
<i>Beedi</i>	A roll of tobacco
<i>Gram Mahila Haat</i>	Literally translates to Village Women's Market. Here it refers to the SEWA Gram Mahila Haat, an apex marketing institution which is set-up for the rural producers of Gujarat
<i>Kurta</i>	Long shirt traditionally worn by men of the Indian subcontinent
<i>SEWA Trade Facilitation Centre</i>	A company set-up with the main objective of promoting access to national and global markets by the women workers in the informal sector.
<i>Swasriya Mahila Khedu Mandal</i>	Self employed Women farmers' association
<i>Panchayat</i>	Village level governing body
<i>Krushhi</i>	Agriculture
<i>Saunf</i>	Aniseed used as a flavoring, snack or mouth-freshener after food
<i>Rudi</i>	Stands for small and precious in Gujarati. In the context of SEWA, RUDI is also an acronym for Rural Urban Development Initiative
<i>Rudiben</i>	RUDI's rural saleswomen
<i>Sajeevikalay</i>	House of livelihood