

Smallholder farmers market integration through Producer Organizations

**An analysis of the Producer Company model in the
context of India's emerging modern food retail sector**

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Anika Trebbin

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“I have tremendous confidence in the capacity of the poor to transform not only their own lives but also to build a just, humane, and democratic society.”

– Ruth Manorama –

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Aus Gründen der Lesbarkeit wird in der vorliegenden Arbeit stets die maskuline Form verwendet. Die feminine Form ist selbstverständlich mit eingeschlossen.

Die Zitierweise sowie die Formatierung der Literaturverzeichnisse jener Kapitel, welche Artikel enthalten, richtet sich nach den Anforderungen der jeweiligen Zeitschrift und wurde so beibehalten. Die Zitierweise sowie die Literaturverzeichnisse der übrigen Kapitel sind davon leicht abweichend, jedoch in sich einheitlich formatiert worden. Die Abbildungen und Tabellen wurden einheitlich durchnummeriert.

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Verzeichnis der Abkürzungen (List of abbreviations)

ADI	Ausländische Direktinvestitionen (Foreign Direct Investment)
AFC	Agricultural Finance Corporation
AOFC	Association of Farmer Companies India
APMA	Agricultural Produce Marketing Act
APMC	Agricultural Produce Marketing Committee
BAIF	Bharatiya Agro Industries Foundation
BBC	British Broadcasting Corporation
BIP	Bruttoinlandsprodukt (Gross Domestic Product)
Bt	Bacillus thuringiensis
CCI	Cotton Corporation of India
CEO	Chief Executive Officer
CIFA	Consortium of Indian Farmers Associations
CSR	Corporate Social Responsibility
ELS	extra long staple
EPW	Economic Political Weekly
EU	Europäische Union (European Union)
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FFA	Federation of Farmers' Associations
FPO	Farmer Producer Organization
GATT	General Agreement on Tariffs and Trade
GCC	Global Commodity Chain
GDP	Gross Domestic Product
GM	Genetically Modified
GoI	Government of India
GVC	Global Value Chain
ha	Hektar (hectare)
HVAPs	High-Value Agricultural Products
HYV	High-Yielding Variety

IAASTAD	International Assessment of Agricultural Knowledge, Science and Technology for Development
IBEF	India Brand Equity Foundation
IEG	Institute of Economic Growth
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
INR	Indische Rupie (Indian Rupee)
ITC	Indian Tobacco Company
KOFPCL	Kabini Organics Farmers' Producer Company Limited
Mio.	Millionen
MITTRA	Maharashtra Institute of Technology Transfer for Rural Areas
MPDPIP	Madhya Pradesh District Poverty Initiatives Project
NABARD	National Bank for Agriculture and Rural Development
NCUI	National Cooperative Union of India
NGO	Non-Governmental Organization
NRO	Nicht-Regierungsorganisation
PC	Producer Company
PDS	Public Distribution System
RBI	Reserve Bank of India
SFAC	Small Farmers' Agri-Business Consortium
SHG	Self-Help Group
SMR	suicide mortality rates
TNC	Transnational Corporation
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	US-Dollar
USDA	United States Department of Agriculture
VAPCOL	Vasundhara Agri-Horti Producer Company
WTO	World Trade Organization

Kapitel

1

Einleitung und Einführung in die Thematik

1 Einleitung und Einführung in die Thematik

1.1 Einleitung

In den vergangenen zehn Jahren ist Indien zu einem der attraktivsten Länder für Investitionen in den modernen Einzelhandel¹ geworden (A.T. Kearney, 2011). Insbesondere der Lebensmitteleinzelhandel ist Ziel verstärkter Aktivität großer Einzelhandelsunternehmen und unterliegt seitdem bedeutenden Transformationen. Die vorliegende Arbeit beschäftigt sich mit den Auswirkungen dieser Transformationen auf Indiens Bauern – insbesondere Kleinbauern. Sie sind im Rahmen der ab dem Jahr 1991 einsetzenden neoliberalen politischen Strategie Indiens mit einer Reihe von Veränderungen im regulatorischen und Marktumfeld konfrontiert worden und die jüngsten Transformationen in Indiens Lebensmitteleinzelhandel bedeuten für sie neue Herausforderungen und auch Chancen.

Das Hauptanliegen der vorliegenden Arbeit ist, zu klären, wie Indiens Kleinbauern an den beschriebenen Transformationsprozessen teilhaben und durch eine Integration in die Zulieferbeziehungen zu Unternehmen des modernen Einzelhandels von ihnen profitieren können. Zu diesem Zweck werden sogenannte Producer Companies als ein möglicher Weg zu einer derartigen Marktintegration analysiert. Producer Companies sind eine neue Form des kollektiven Wirtschaftens in der indischen Landwirtschaft. Sie gleichen in ihrer internen Organisationsstruktur einer traditionellen Kooperative, sind jedoch als Privatunternehmen registriert und beschäftigen sich primär mit Aktivitäten, welche ihren Mitgliedern die Bedienung der Nachfrage auf anspruchsvolleren Märkten ermöglichen soll.

In der vorliegenden Arbeit werden Producer Companies definiert als:

¹ Der Begriff des modernen (Lebensmittel-) Einzelhandels wird hier verwendet, um diese Form des Einzelhandels von traditionellen Formen des Einzelhandels abzugrenzen, wie er in Entwicklungsländern vorherrschend ist. In der Literatur werden folgende Charakteristika verwendet, um zu definieren, was der moderne Einzelhandel ist: (1) Selbstbedienung, (b) eine bestimmte Betriebsgröße (des Ladens an sich, der Kette, oder beides), (c) Besitzer ist ein Unternehmen, kann aber auch eine Genossenschaft, der Staat oder eine Privatperson sein, und (d) einheimisch oder ausländisch, (e) es werden moderne Management-Technologien eingesetzt (Reardon und Minten, 2011, S. 138; Sengupta, 2008, S. 691).

Formal registrierte Unternehmen, (1) deren Mitglieder und Besitzer ausschließlich landwirtschaftlichen Aktivitäten nachgehen, vornehmlich im Rahmen kleinbäuerlicher Landwirtschaft; (2) welche eine partizipatorische demokratische Organisationsstruktur, ein gewähltes Direktorium sowie einen externen angestellten Manager besitzen; (3) deren Hauptaktivitäten im Bereich der Wertsteigerung und Vermarktung landwirtschaftlicher Produkte und der Bereitstellung von Dienstleistungen, insbesondere in Verbindung mit der landwirtschaftlichen Produktion liegen; und (4) deren Hauptziel der Zugang von Kleinbauern zu modernen Märkten durch die erfolgreiche Etablierung ihrer Unternehmen als ökonomische Akteure in Markttransaktionen ist.

Das Konzept der Producer Companies hat seinen Ursprung in einer Initiative der indischen Regierung und kann als Teil einer neuen Strategie für Indiens landwirtschaftlichen Sektor betrachtet werden, mit der diesem zu stärkerem Wachstum, höherer Produktivität und verbesserten landwirtschaftlichen Einkommen verholfen werden soll. Diese Strategie umfasst folgende Punkte (GoI, 2001, 2008):

- (1) Diversifizierung landwirtschaftlicher Produktion hin zu höherwertigen und exportfähigen *Cash Crops* und gartenbaulichen Produkten, insbesondere im Bereich der kleinbäuerlichen Landwirtschaft, da hier größere Einnahmen pro Fläche erzielt werden können
- (2) Anbindung von Kleinbauern an neue und gewinnbringendere Märkte, wie den (urbanen) modernen Lebensmitteleinzelhandel, den Exportmarkt und die nahrungsmittelverarbeitende Industrie, und zu diesem Zweck die Etablierung von direkten Handelsbeziehungen zwischen Bauern und den entsprechenden Unternehmen
- (3) Fokussierung auf institutionelle und organisatorische Innovationen im Bereich der landwirtschaftlichen Produktion und des Handels mit Agrarprodukten anstatt des ausschließlichen Verlassens auf technologische Lösungen zur Bewältigung der Herausforderungen der indischen Landwirtschaft

Aus dem Verständnis heraus, dass derartige Ziele nicht von individuellen Bauern erreicht werden können, bzw. dass Kleinbauern ohne eine erfolgreiche Form der Organisation von den oben genannten Märkten entweder ausgeschlossen oder aufgrund ihrer schwachen Verhandlungsposition gegenüber größeren Unternehmen nicht erfolgreich auf diesen agieren können, ist das Konzept der Producer Companies entstanden (Croucher, 2010). Die vorliegende Arbeit analysierte Handelsbeziehungen zwischen Unternehmen des modernen Einzelhandels und Producer Companies in Indien aus der Perspektive des Ansatzes zu *Global Value Chains* (Gereffi et al., 2005). In diesem Zusammenhang werden Producer Companies als Zulieferer des modernen Lebensmitteleinzelhandels konzeptionalisiert. Gleichzeitig wird eine Verbindung zur *Collective Action*-Debatte geschlagen, welche in den letzten Jahren entstanden ist, um die Rolle von Bauernorganisationen im Bereich der Integration von Kleinbauern in moderne Märkte und der Armutsminderung in ländlichen Räumen von Entwicklungsländern zu analysieren (siehe u.a.: Markelova und Mwangi, 2010; Mercoiret und Mfou'ou, 2006; Ostrom, 2004). Die vorliegende Arbeit hat zum Ziel, aus der Kombination und gegenseitigen Befruchtung dieser beiden Ansätze zum einen die Debatte zur Rolle von Bauernorganisationen in kontemporären Agro-Food Netzwerken zu konkretisieren, sowie zum anderen, einen Beitrag zur *Global Value Chain*-Debatte im Agro-Food Bereich hinsichtlich der Entwicklungseffekte verschiedener Governance-Formen zu leisten.

Die konkrete Analyse der Handelsbeziehungen zwischen Unternehmen des modernen Einzelhandels und Producer Companies in Indien wird in der vorliegenden Arbeit in den weiteren Kontext globaler Agro-Food Netzwerke² und der Position von Kleinbauern in Entwicklungsländern in diesen Netzwerken eingebettet. Daher widmet sich der folgende Absatz zunächst einer Charakterisierung der aktuellen Situation der Landwirtschaft in

² Ein Agro-Food System ist definiert als “*the set of activities and relationships that interact to determine what, how much, by what methods and for whom food is produced and distributed*” (Gregory et al., 2009, S. 20). Ein Agro-Food System beinhaltet den Sektor der Nahrungsmittelproduktion, landwirtschaftliche Forschung und Dienstleistungen, die Weiterverarbeitung, den Vertrieb und Einzelhandel von Nahrungsmitteln, sowie den Einkauf, die Zubereitung und die Konsumtion von Nahrungsmitteln auf Haushaltsebene. Zusätzlich zählen zu einem Agro-Food Netzwerk staatliche und private Regulierungsorgane, welche Einfluss auf Preise, Handelsbedingungen, Nahrungsmittelqualität und Produktionsprozesse nehmen. Der Begriff des Agro-Food Netzwerks schließt zwar die gleichen Akteure wie der Begriff des Agro-Food Systems ein, betont durch die Verwendung des Begriffes Netzwerk jedoch die weniger systematische, sondern stärker variable, fragmentierte und gegenüber politischen Rahmenbedingungen anfälligere Natur von Agro-Food Netzwerken und den in ihnen agierenden Akteuren (Gregory et al., 2009, S. 20-21).

Entwicklungsländern sowie einer weiteren Einführung in die Thematik der Transformationen in globalen Agro-Food Netzwerken und geht dabei insbesondere auf die Rolle des modernen Lebensmitteleinzelhandels ein, bevor die Bedeutung von Bauernorganisationen in diesem Zusammenhang hervorgehoben und der indische Kontext einer näheren Betrachtung unterzogen wird.

1.2 Einführung in die Thematik

Die Art und Weise wie Nahrung produziert, gehandelt, vermarktet und konsumiert wird, ist in den letzten vier Jahrzehnten industrieller und globaler geworden (Pimbert et al., 2001). Für eine große Anzahl von Menschen in den wohlhabenderen Regionen der Welt stehen Nahrungsmittel zu immer günstigeren Preisen zur Verfügung. Der Anteil der Ausgaben für Nahrungsmittel eines durchschnittlichen europäischen Haushalts (EU 27) sank bis zum Jahr 2006 auf rund 13%, in Deutschland betrug er im Jahr 2012 etwa 11% und in den USA knapp 7% (Eurostat, 2008, o.S.; USDA, 2012, o.S.). Darüber hinaus sind das Angebot und die Vielfalt der erhältlichen Nahrungsmittel stetig erweitert worden, während zeitgleich die Verfügbarkeit selbst der exotischsten Obst- und Gemüsesorten in vielen wohlhabenderen Ländern zu jeder Jahreszeit im Rahmen einer *Permanent Global Summertime* gewährleistet ist.

Doch Globalisierungsprozesse in Agro-Food Netzwerken haben – wie auch in anderen Bereichen der Ökonomie und Gesellschaft – nicht zu einer weltweiten Angleichung der Ernährungsbedingungen geführt. Vielmehr sind aktuelle Agro-Food Netzwerke durch eine extreme Ungleichverteilung von Nahrung, quantitativ wie qualitativ, geprägt. Während etliche Millionen Menschen in dem oben beschriebenen Sinn von den Transformationen in Agro-Food Netzwerken profitieren und weltweit mehr Nahrungsmittel produziert als konsumiert werden, steht diese Welt des Überflusses einer stetig wachsenden Anzahl von Menschen gegenüber, die mit Mangel-, Fehlernährung und Hunger konfrontiert sind (Welthungerhilfe, 2011). Obwohl sich die Weltgemeinschaft im Jahr 2001 im Rahmen der Millennium-Entwicklungsziele vorgenommen hat, die Anzahl der Menschen, die unter Hunger leiden, sowie den Anteil der Menschen, die unter extremer Armut leiden, bis zum Jahr 2015 auf die Hälfte des Niveaus von 1990 zu reduzieren, ist die Zahl der weltweit Hungernden mit 950 Millionen heute so hoch wie nie

zuvor (FAO, 2012, o.S.). Die Anzahl der Menschen, die von weniger als 1,25 USD pro Tag leben, beträgt aktuell rund 1,4 Milliarden (IFAD, 2010, S. 9).

Mit 70% lebt der Großteil der weltweit armen und an Hunger leidenden Menschen in den ländlichen Räumen der Entwicklungsländer (IAASTD, 2009, S. 2). Viele diese Länder sind in ihrer Ökonomie und Gesellschaft agrarisch geprägt und landwirtschaftliche Aktivitäten bilden für einen Großteil der hier lebenden Menschen die Lebensgrundlage (IAASTD, 2009). Zwar wurde im Jahr 2001 der landwirtschaftliche Sektor als der weltweit größte Arbeitgeber vom Dienstleistungssektor abgelöst (ILO, 2011, S. 20), doch obwohl der relative Anteil des landwirtschaftlichen Sektors an der weltweiten Beschäftigung sukzessive sinkt, ist eine kontinuierlich wachsende Anzahl von Menschen in der Landwirtschaft beschäftigt, aktuell rund 1,1 Milliarden, davon 32% in Südasien, 28% in Ostasien und 16% in Subsahara-Afrika (ILO, 2011, S. 68).

Insbesondere in jenen Regionen der Welt, in denen ein großer Anteil der Menschen von landwirtschaftlichen Aktivitäten zur Bestreitung des Lebensunterhaltes abhängig ist, finden diese zum überwiegendem Teil auf kleinbäuerlichen Betrieben statt. Insgesamt gelten 85% der weltweit rund 525 Millionen landwirtschaftlichen Betriebe als kleinbäuerlich, d.h. sie umfassen Flächen von weniger als zwei Hektar. Rund 87% davon liegen in Asien und 8% in Afrika (IAASTD, 2009, S. 8). Kleinbauern tragen in Entwicklungs- und Schwellenländern den Großteil zur Nahrungsmittelproduktion bei und zählen dennoch zu den ärmsten Bevölkerungsgruppen (IAASTD, 2009). Dies ist eine Folge der hohen Vulnerabilität kleinbäuerlicher Haushalte, sowohl derer, die im Rahmen von Subsistenzlandwirtschaft zur Selbstversorgung produzieren, als auch derer, die für einen lokalen oder regionalen Markt wirtschaften, wobei es selten Reinformen dieser beiden Typen kleinbäuerlicher Betriebe gibt. Im Allgemeinen sind kleinbäuerliche Betriebe aufgrund ihres eingeschränkten Zugangs zu Produktionsmitteln häufig marginalisiert und äußerst anfällig gegenüber internen Schocks wie etwa dem Tod oder der Krankheit eines Familienmitglieds. Gleiches gilt für externe Schocks wie Schädlingsbefall, Naturkatastrophen, extreme Wetterlagen oder Klimaveränderungen. Darüber hinaus sind Kleinbauern als Produzenten und gleichzeitig Konsumenten von Nahrungsmitteln äußerst sensibel gegenüber Veränderungen in den Marktbedingungen und den Preisen für Nahrungs- und Produktionsmitteln (IAASTD, 2009; Murphy, 2010).

Die Nahrungsmittelkrise der Jahre 2006 bis 2008, während der die internationalen Nahrungsmittelpreise – gekoppelt mit den Effekten der globalen Finanz- und Energiekrise – auf durchschnittlich das Doppelte anstiegen, traf die arme Bevölkerung in den Entwicklungsländern besonders hart, da der Anteil der Ausgaben eines Haushalts für Lebensmittel hier mit meist über 40% bereits sehr hoch liegt (Anker, 2011, S. 12). Schätzungsweise 100 Millionen Menschen hat die Nahrungsmittelkrise weltweit zur Zahl derjenigen Menschen hinzugefügt, die von weniger als 1,25 USD pro Tag und damit in extremer Armut leben (ILO, 2011, S. 23). Ebenso viele Menschen mehr waren als Folge der Krise weltweit von Hunger betroffen (IFAD, 2010, S. 30).

Die Nahrungsmittelkrise hat jedoch auch dazu geführt, dass Fragen der Welternährung und Landwirtschaft neue internationale Beachtung gefunden haben. Erst im Jahr 2012 erreichte die Weltbevölkerung ihre siebente Milliarde. Acht Milliarden werden voraussichtlich im Jahr 2025 erreicht sein, im Jahr 2050 leben Schätzungen zufolge bereits 9,3 Milliarden Menschen auf der Erde (FAO, 2011, o.S.). Verbunden mit einer zunehmenden Nachfrage nach Energie bei knapper werdenden natürlichen Ressourcen werfen diese Zahlen Fragen darüber auf, wie und zu welchem Preis Menschen in Zukunft ernährt werden können. Im Weltagrarbericht 2009 wird die Meinung vertreten, das hoffnungsvollste Potential zur Sicherung der Welternährung in der Zukunft trage die kleinbäuerliche Landwirtschaft. Verglichen mit der energieintensiven, großflächigen industriellen Landwirtschaft, die zwar kurzfristig enorme Produktionssteigerungen hervorbringen kann, trägt kleinbäuerliche Landwirtschaft durch ressourcenschonendere Produktionsmethoden langfristig zu einer qualitativen Verbesserung der Produktionsbedingungen, zu einer gerechteren Verteilung von Ressourcen und zum Erhalt der Agrobiodiversität bei (IAASTD, 2009).

Doch nicht nur im Hinblick auf Fragen der Welternährung, sondern auch auf die Frage, wie die Armut global reduziert werden kann, wurde die kleinbäuerliche Landwirtschaft in den letzten Jahren als Lösungsoption wiederentdeckt und steht heute wieder im Zentrum von Entwicklungsdebatten, nachdem der landwirtschaftliche Sektor in Entwicklungsländern jahrzehntelang vernachlässigt wurde (Murphy, 2010; Onumah et al., 2007; Oxfam, 2007). Auch die Weltbank widmete im Jahr 2008 der Landwirtschaft nach

25 Jahren wieder einen Weltentwicklungsbericht und formuliert darin ihre „*agriculture-for-development*“ oder „*agribusiness-for-development*“ Agenda:

“Three of every four poor people in developing countries live in rural areas – 2.1 billion living on less than \$2 a day and 880 million on less than \$1 a day – and most depend on agriculture for their livelihoods. Given where they are and what they do best, promoting agriculture is imperative for meeting the Millennium Development Goal of halving poverty and hunger by 2015.”
(World Bank, 2007, S. 1)

Ein zentraler Punkt in der Debatte, wie die Lebensbedingungen von Kleinbauern verbessert und ihre Produktivität gesteigert werden kann, ist der Zugang zu Märkten (Onumah et al., 2007; Page und Slater, 2003; World Bank, 2007). Dabei spielen die zu Beginn des Kapitels angesprochenen Transformationen in Agro-Food Netzwerken eine wesentliche Rolle. Sie haben zu einer zunehmenden Dominanz globaler oder transnationaler Unternehmen (*transnational corporations*, TNCs) in allen Bereichen von Agro-Food Netzwerken geführt, sowohl in der landwirtschaftlichen Inputindustrie, der nahrungsmittelverarbeitenden Industrie als auch im Groß- und Einzelhandel. Ausländische Direktinvestitionen (ADI), die zum Ausbau dieser Dominanz und der weiteren Konsolidierung im Bereich der nahrungsmittelverarbeitenden Industrie und des Lebensmitteleinzelhandels in den letzten Jahren in Entwicklungsländer geflossen sind, sind für etliche diese Länder heute bedeutender als Zuwächse im Handelsvolumen (Reardon et al., 2009). In Lateinamerika beispielsweise kaufen Supermärkte zwei- bis dreimal so viel frisches Obst und Gemüse von lokalen Bauern wie die Region in den Rest der Welt exportiert (Reardon und Berdegúe, 2002, S. 385). Gegenstand der Diskussion ist, wie es Kleinbauern schaffen können, den zunehmend anspruchsvollen Bedingungen dieser Märkte entsprechen und in ihrem starken Wettbewerbsdruck bestehen zu können. Bauernorganisationen werden vor diesem Hintergrund als bedeutende Instrumente angesehen, durch welche sich Kleinbauern aus Entwicklungsländern in der Zusammenarbeit mit modernen Einzelhandelsunternehmen behaupten können (siehe Abschnitt 1.2.3).

1.2.1 Konzentration und Koordination in globalen Agro-Food Netzwerken

Die Transformationsprozesse, die in den vergangenen Jahrzehnten in globalen Agro-Food Netzwerken stattgefunden haben, sind auf vielfältige Weise Folge einer Reihe von Globalisierungsprozessen, die auch auf andere Bereiche der Ökonomie und Gesellschaft Einfluss genommen haben. Eine wichtige Voraussetzung für die Entstehung von aktuellen Agro-Food Netzwerken waren Innovationen im Bereich der Transport- und Kommunikationstechnologien. Fortschritte im Bereich dieser „*time-space shrinking technologies*“ (Dicken, 2011, S. 75) haben dazu geführt, dass nicht nur Daten, sondern auch Personen und Güter immer weitere Distanzen in immer kürzerer Zeit zu immer geringeren Kosten – ausgenommen meist nicht ein gerechneter langfristiger ökologischer Kosten – zurücklegen können. Diese Innovationen ermöglichten im Bereich der Landwirtschaft die Entstehung von globalen Wertschöpfungsketten und *Global Sourcing*-Strategien, selbst für schnell verderbliche Produkte (Dicken, 2011; Murphy, 2010).

Ein derartiges Handelssystem wäre wiederum nicht entstanden ohne entsprechende Veränderungen des regulatorischen Rahmens. Die politischen und ökonomischen Strategien, welche Globalisierungsprozesse begleitet und gefördert haben, favorisieren das Modell eines ‚einzigsten freien Weltmarktes‘ und haben zum Abbau politischer Barrieren im Bereich der grenzüberschreitenden Investitions- und Güterflüsse in immer mehr Ländern beigetragen. Als Folge dessen wurden weltweit sukzessive Zölle gesenkt oder abgeschafft und Handels- und Investitionsströme liberalisiert. Regionale, bilaterale oder multilaterale Freihandelsabkommen haben in den vergangenen Jahren immer größere Bedeutung erlangt, während internationale Institutionen wie die Welthandelsorganisation (*World Trade Organisation*, WTO) und der Internationale Währungsfonds (*International Monetary Fund*, IMF) als globale Regulatoren an Einfluss gewonnen haben (Dicken, 2011; Murphy, 2010). Gleichzeitig hat sich in immer mehr Ländern das als Neoliberalismus bezeichnete ideologische Konzept durchgesetzt, die Förderung eines freien Weltmarktes und des Privatsektors durch Deregulierung, Liberalisierung und Privatisierung, sowie der Rückzug des Staates auf ein notwendiges Minimum der Regulierung von Wirtschaftsprozessen sei die beste Strategie zur Herstellung von Wachstum und Wohlstand (Harvey, 2005). Von diesem politischen

Paradigma profitierten auch große Einzelhandelsunternehmen bei ihrer Expansion in Schwellen- und Entwicklungsländer in den 1980er Jahren (siehe Abschnitt 1.2.2).

Schließlich haben die oben genannten technologischen Innovationen zu kulturellen und sozialen Globalisierungsprozessen beigetragen, indem sie Lebensentwürfe, Lebensstile, Geschmäcker, soziale Rollen, Familienstrukturen, etc. über weite Entfernungen in andere Kulturen und Gesellschaften transportieren. Dies hat in etlichen Teilen der Welt zu dem Verlangen geführt, westlichen Vorbildern des Konsums oder der Lebensgestaltung zu folgen. Verbunden mit einer anhaltenden Rate der Urbanisierung, auch von Lebensstilen, und steigenden Einkommen, entstand in etlichen Ländern eine neue Nachfrage nach Konsumerlebnissen, wie sie in den westlichen Industrienationen geboten werden (Murphy, 2010; Robinson, 2004).

Aus dieser Kombination technologischer Innovationen sowie ökonomischer, politischer, kultureller und sozialer Globalisierungsprozesse- Faktoren, die sich zudem gegenseitig verstärken – hat sich das heute bestehende globale Agro-Food Netzwerk entwickelt. Zwei seiner Hauptmerkmale sind eine stetig zunehmende Konsolidierung und Konzentration in verschiedenen Segmenten des Netzwerks und die Dominanz einer relativ geringen Anzahl von TNCs im Bereich der landwirtschaftlichen Input-Industrie (Saatgut, Düngemittel und Pestizide), der lebensmittelverarbeitenden Industrie und des Einzelhandels (Tab. 1.1). Etliche dieser Unternehmen gehören heute zu den größten Unternehmen weltweit, deren jährliche Umsätze das Bruttonationaleinkommen einiger europäischer Staaten überschreiten (ETC Group, 2008).

Im Hinblick auf den Einfluss dieser veränderten Konfigurationen im globalen Agro-Food Netzwerk auf die landwirtschaftliche Produktion und Bauern spielen insbesondere Unternehmen des modernen Lebensmitteleinzelhandels eine bedeutende Rolle. Die Branche des Lebensmitteleinzelhandels dominiert im globalen Agro-Food Netzwerk hinsichtlich der getätigten Umsätze deutlich. Die Umsatzzahlen der weltweit zehn größten Lebensmitteleinzelhandelsunternehmen im Jahr 2007 überstiegen die der zehn größten Saatgutunternehmen etwa um das 73-fache, die der zehn größten agrochemischen Unternehmen etwa um das 32-fache und die der zehn größten Unternehmen der lebensmittelverarbeitenden Industrie etwa um das 2,5-fache (Tab. 1.1).

Tab. 1.1: Top 10 Unternehmen im Agro-Food Netzwerk nach Branchen weltweit

Unternehmen	Nationalität	Umsatz 2007 (Mio. USD)	Marktanteil
Top 10 Saatgut-Unternehmen*			
Monsanto	USA	4 964	23%
DuPont	USA	3 300	15%
Syngenta	Schweiz	2 018	9%
Groupe Limagrain	Frankreich	1 226	6%
Land O'Lakes	USA	917	4%
KWS AG	Deutschland	702	3%
Bayer Crop Science	Deutschland	524	2%
Sakata	Japan	396	<2%
DLF-Trifolium	Dänemark	391	<2%
Taikii	Japan	347	<2%
Summe		14 785	67%
Top 10 Agrochemische Unternehmen			
Bayer	Deutschland	7 458	19%
Syngenta	Schweiz	7 285	19%
BASF	Deutschland	4 297	11%
Dow AgroSciences	USA	3 779	10%
Monsanto	USA	3 599	9%
DuPont	USA	2 369	6%
Makhteshim Agan	Israel	1 895	5%
Nufarm	Australien	1 470	4%
Sumitomo Chemical	Japan	1 209	3%
Arysta Lifescience	Japan	1 035	3%
Summe		34 396	89%
Top 10 Unternehmen der lebensmittelverarbeitenden Industrie			Anteil Nahrungsmittel
Nestlé	Schweiz	89 700	93%
PepsiCo	USA	39 474	100%
Kraft Foods	USA	37 241	100%
Coca-Cola Co.	USA	28 857	100%
Unilever	Niederlande	50 235	54%
Tyson Foods	USA	26 900	100%
Cargill	USA	88 266	30%
Mars	USA	25 000	100%
Archer Daniels Midland Company	USA	44 018	55%
Danone	Frankreich	19 975	100%
Summe in Mio. USD		449 666	338 751

Top 10 Unternehmen des Lebensmitteleinzelhandels		Anteil Nahrungsmittel	
Wal-Mart	USA	391 135	46%
Carrefour	Frankreich	141 087	74%
Tesco	UK	100 200	73%
Schwarz Group	Deutschland	70 943	83%
Aldi	Deutschland	65 251	86%
Kroger	USA	73 053	71%
Ahold	UK	62 614	81%
Rewe Group	Deutschland	56 324	88%
Metro Group	Deutschland	73 538	71%
Edeka	Deutschland	51 272	89%
Summe in Mio. USD		1 085 417	719 630

* Marktanteil am geschützten Saatgutmarkt. Darunter wird der Teil des kommerziellen Saatgutmarktes verstanden, auf dem Saatgut unter einem Markennamen gehandelt wird, der durch Eigentumsrechte geschützt ist. Der geschützte Saatgutmarkt macht ca. 82% des gesamten kommerziellen Saatgutmarktes aus. Der kommerzielle Saatgutmarkt umfasst nicht jenes Saatgut, das von Bauern aufbewahrt und lokal oder regional gehandelt wird.

Quelle: ETC Group, 2008, S. 11–22

In den westlichen Ökonomien haben Supermärkte³ heute beherrschende Marktanteile am Lebensmitteleinzelhandel. In den USA vereinen die zwanzig größten Einzelhandelsunternehmen rund 65% der Umsätze im Lebensmitteleinzelhandel auf sich (USDA, 2010, o.S.) und in Großbritannien dominieren fünf Supermarktketten mit 83% der Umsätze im Lebensmitteleinzelhandel den Markt (USDA, 2011, S. 4). Ähnlich konzentriert ist der Lebensmitteleinzelhandel auch in Deutschland, wo im Jahr 2010 die fünf größten Unternehmen 73% der Umsätze im Lebensmitteleinzelhandel auf sich vereinen konnten (TradeDimensions, 2011, S. 1).

Derart große Marktanteile verschaffen den betreffenden Unternehmen eine erhebliche Machtposition in Agro-Food Netzwerken, die es ihnen ermöglicht, starken Einfluss auf andere Akteure und vor allem auf die Produktion und Weiterverarbeitung von Nahrungsmitteln zu nehmen. Dieser Einfluss wird häufig noch verstärkt durch die Bildung strategischer Allianzen zwischen Unternehmen des modernen Lebensmitteleinzelhandels und anderen Akteuren in Agro-Food Netzwerken, beispielsweise Unternehmen der agro-chemischen Inputindustrie.

³ Die Begriffe ‚moderner Lebensmitteleinzelhandel‘ und ‚Supermärkte‘ werden hier synonym gebraucht.

“As a result, the food system has begun to resemble an hourglass. At the top are millions of farmers and farm labourers producing the food and fibre, while at the bottom are billions of consumers, both rich and poor. At the narrow point in the middle are the dozen or so multinational corporations – the input suppliers, processors and retailers – earning a profit from every transaction” (Pimbert et al., 2001, S. 10).

Ein bedeutender Aspekt, der gleichzeitig Folge und Mitursache der Dominanz großer Lebensmitteleinzelhandelsunternehmen in kontemporären Agro-Food Netzwerken ist, sind Lebensmittelstandards. Zwar sind hierunter sowohl staatliche, verbindliche als auch private, freiwillige Standards zu verstehen, letztere haben in den vergangenen zwei Jahrzehnten jedoch eine weit größere Bedeutung in globalen Agro-Food Netzwerken erhalten (Ouma, 2010; Swinnen, 2007). Lebensmittelstandards umfassen Attribute der Produktqualität (äußerliche Merkmale, Sauberkeit, Geschmack, etc.), und der Produktsicherheit (Höhe der Pestizid- oder Hormonrückstände, Mikrobenpräsenz), sowie Eigenschaften, die auf der Produktauthentizität (bestimmte geographische Herkunft) oder der Güte des Produktionsprozesses (Beachtung der Rechte und Gesundheit der Arbeiter, Schonung der Natur, etc.) beruhen (Reardon und Farina, 2001). Private Standards sind zum einen eine Reaktion des Lebensmitteleinzelhandels und der nahrungsmittelverarbeitenden Industrie auf zunehmend kritisches Konsumentenverhalten gegenüber der Qualität, Sicherheit und Herkunft von Lebensmitteln (Jaffee und Masakure, 2005; Konefal et al., 2005). Zum anderen dient die Standardisierung von Produkten Effizienzsteigerungen in Zuliefersystemen und der Senkung von Transaktionskosten (Reardon und Farina, 2001). Darüber hinaus werden Produktstandards auch als Abgrenzungsinstrumente gegenüber Konkurrenzprodukten und -unternehmen eingesetzt (Ponte und Gibbon, 2005). Von Seiten der Produzenten in Entwicklungsländern werden die immer stringenteren Standards westlicher Einzelhandelsunternehmen zum Teil als diskriminatorische Handelsbarrieren empfunden (Jaffee und Masakure, 2005).

Besonders stringent sind Produktstandards im Bereich frischer und schnell verderblicher Lebensmittel mit einem kurzen Produktionszyklus. In diesen Produktgruppen erhöhen sich auch die Anforderungen an zeitliche und logistische Aspekte der Produktbeschaffung

und daher streben Einzelhandelsunternehmen vor allem im Bereich dieser Produkte nach einer möglichst starken Kontrolle der vorgelagerten Produktions- und Handelsprozesse. Die Handelsbeziehungen zwischen Produzenten, Weiterverarbeitern und Einzelhändlern gleichen daher weniger denen einer offenen Markttransaktion, sondern sind vielmehr streng hierarchisch organisiert. Einzelhandelsunternehmen mit ihrer beherrschenden Marktposition im Bereich des Vertriebs der Endprodukte, üben in diesen Handelsbeziehungen die größte Macht aus und sind in der Lage, nicht nur ihre Anforderungen an Produktqualität, -quantität und zeitliche Aspekte der Lieferung, sondern ebenso ihre Preisvorstellungen gegenüber den vorgelagerten Bereichen des Produktionssystems, vor allem gegenüber den Produzenten, durchzusetzen (Brown und Sander, 2007).

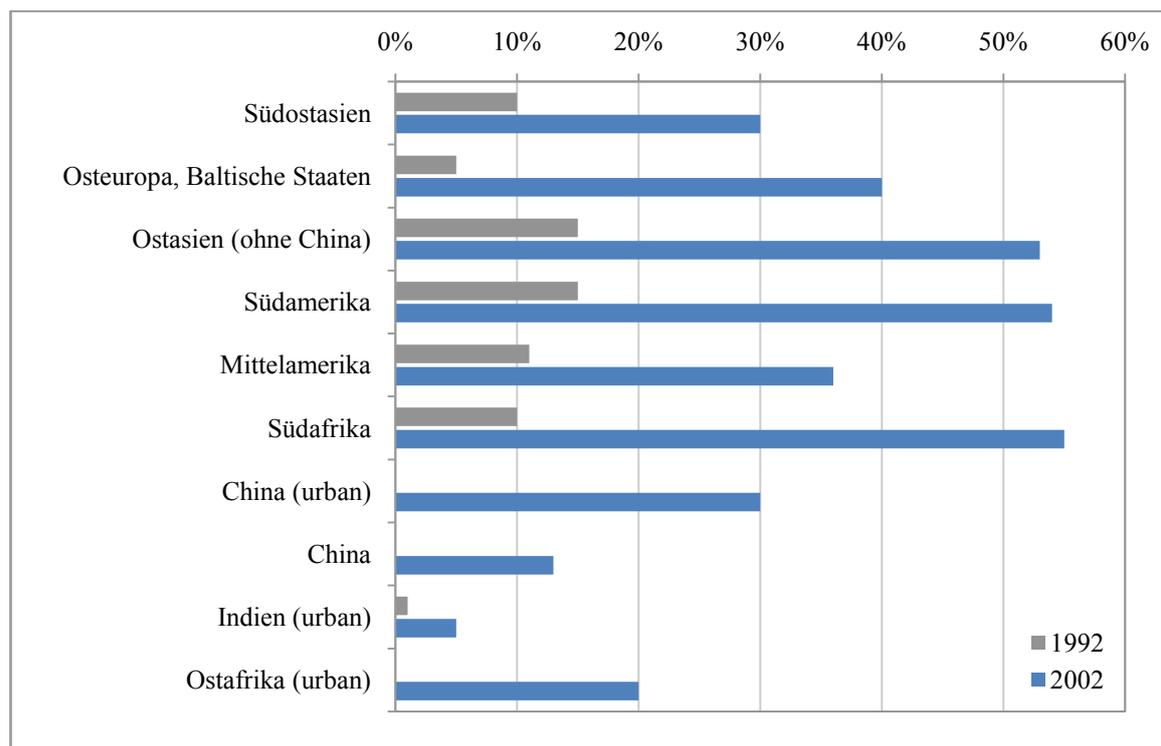
1.2.2 Expansion des modernen Lebensmitteleinzelhandels in Entwicklungsländern

Von diesen Machtasymmetrien in Agro-Food Netzwerken sind neben den Landwirten in Industrieländern zunehmend auch jene in Entwicklungs- und Schwellenländern betroffen. Galten Supermärkte noch bis vor drei Jahrzehnten als „*the rich world's place to shop*“ (Reardon et al., 2003, S. 1140), haben sich moderne Einzelhandelsformate seitdem in raschem Tempo in verschiedene Regionen der Welt hinein ausgebreitet. Die Ausgangspunkte dieser Ausbreitung von Supermarktformaten sind Nordamerika und Westeuropa. Hier ist der heute bekannte moderne Einzelhandel in den 1950 und 1960er Jahren entstanden und entwickelte sich über einen relativ langen Expansionszeitraum von etwa fünf Jahrzehnten (Reardon et al., 2007).

Aufgrund der über die Zeit zunehmenden Sättigung ihrer Heimatmärkte begannen Einzelhandelsunternehmen aus den westlichen Industrienationen ab den 1970er Jahren und insbesondere in den 1980er Jahren, ihr Geschäft zu internationalisieren (Reardon et al., 2007). Diese Ausbreitung von modernen Einzelhandelsformaten durch Internationalisierung aber auch durch innerstaatliche Konsolidierungsprozesse wurde von einem der meist zitierten Forscher in diesem Gebiet, Thomas Reardon, und seinen Kollegen in einem Wellenmodell beschrieben. Der Beginn der ersten Welle liegt demnach in den frühen bis Mitte der 1990er Jahre. Diese erste Phase der Expansion von Supermarktformaten zielte vor allem auf die größten Städte in den reicheren und größeren Ländern Lateinamerikas, die ehemaligen Ostblockstaaten (Tschechien, Ungarn, Polen,

Slowakei), die baltischen Staaten und Südafrika ab. In diesen Ländern stieg der Anteil von Supermärkten am Lebensmitteleinzelhandel von durchschnittlich 10–20% um 1990 auf 50–60% im Jahr 2000 (Abb. 1.1).

Abb. 1.1: Durchschnittliche Marktanteile von Supermärkten am Lebensmitteleinzelhandel in ausgewählten Regionen und Ländern



Quelle: Eigene Darstellung nach Reardon et al., 2007

Die zweite Welle begann Ende der 1990er und konzentrierte sich auf Ost- und Südostasien, Südosteuropa, und Mittelamerika. Hier stieg der Anteil von Supermärkten am Umsatz des Lebensmitteleinzelhandels von durchschnittlich 5–10% um das Jahr 1990 auf 30–50% im Jahr 2000. Zum weiteren Verlauf des Modells gibt es seitens der Autoren unterschiedliche Angaben. In einer Publikation aus dem Jahr 2007 wird der Beginn der dritten Welle zu Beginn der 2000er festgelegt und als betroffene Länder werden die des südlichen und des östlichen Afrikas, China und Russland sowie die weniger wohlhabenden Länder Latein- und Mittelamerikas und Asiens identifiziert. In den Ländern der dritten Welle stiegen die Marktanteile von Supermärkten am Lebensmitteleinzelhandel bis zum Jahr 2004 auf 10–20%. Die Autoren identifizieren

zudem eine bisher aktuellste und vierte Welle, die im Jahr 2005 begann und Indien, sowie Länder in Westafrika erfasste. Hier liegt der Anteil von Supermärkten am Lebensmitteleinzelhandel durchschnittlich noch bei nur 5% (Reardon et al., 2007). Demgegenüber unterscheidet eine jüngere Publikation aus dem Jahr 2011 nur noch zwischen drei Wellen, wobei die vorher differenzierte dritte und vierte Welle nunmehr als nur eine – die dritte – Welle beschrieben werden. In diese wird neben Ländern des östlichen und südlichen Afrikas, Zentral- und Südamerikas, China und Vietnam auch Indien eingeordnet (Reardon und Minten, 2011).

Die Gründe für die Internationalisierung von modernen Einzelhandelsformaten sind nur zum Teil in den Heimatmärkten der Unternehmen zu verorten, wie beispielsweise die bereits genannte Marktsättigung, die es modernen Einzelhandelsunternehmen erschwerte, weitere Umsatzsteigerungen zu erzielen, oder die Angst vor zu großer Abhängigkeit von einem einzigen Absatzmarkt (Wrigley, 2000). Genauso bedeutsam wie diese *Push*-Faktoren sind bei der Einzelhandelsexpansion Veränderungen in den Zielmärkten selbst, die als *Pull*-Faktoren für Einzelhandelsinvestitionen wirken. Etwa zeitgleich mit der Expansion von Supermarktformaten von Industrieländern in Entwicklungsländer veränderten sich in den 1980er Jahren die politischen Rahmenbedingungen in einer Reihe dieser Zielländer durch eine „erzwungene Neoliberalisierung“ (Harvey, 2005, S. 88) im Rahmen der lateinamerikanischen Schuldenkrise. Etliche lateinamerikanische Staaten hatten sich bereits in den 1970er Jahren zu günstigen Bedingungen Geld von westlichen Banken geliehen, die zu dieser Zeit großzügig Kredite vergaben, um sogenannte Petrodollar zu *recyceln*, die sie aufgrund stark gestiegener Erdölpreise nach der Ölkrise im Jahr 1973 in großem Umfang von den erdölexportierenden Ländern erhielten. Gleichzeitig wurden Erdölimporte für die Empfängerländer von Krediten ebenfalls teurer und Maßnahmen der US-amerikanischen Regierung zur Bekämpfung der Inflation durch eine Aufwertung des US-Dollar führten zu einem sprunghaften Anstieg der Schulden lateinamerikanischer Staaten bei den internationalen Gläubigern und schließlich zur Zahlungsunfähigkeit. Neue Kredite wurden diesen Ländern nur im Rahmen sogenannter Strukturanpassungsprogramme (*Structural Adjustment Programs*) des IMF als *Loan with Conditionality* zur Verfügung gestellt. Dies bedeutet, dass die betroffenen Länder sich dazu verpflichten mussten, umfangreiche Maßnahmen der Deregulierung, Liberalisierung und Privatisierung ihrer Ökonomien durchzuführen (IMF, 2012). Im Rahmen dieser

Strukturanpassungsprogramme gaben viele der betroffenen Länder ihre politische Strategie der Importsubstitution zugunsten einer exportorientierten Industrialisierung auf und auch Regulierungen zu Ausländischen Direktinvestitionen (ADI) in vielen Wirtschaftsbereichen wurden gelockert. Dies, sowie die Verfügbarkeit von Krediten zu günstigen Bedingungen auf den internationalen Finanzmärkten, erleichterte den westlichen Einzelhandelsunternehmen die Expansion in die betreffenden Länder (Swinnen, 2007).

Neben der neuen Offenheit für ADI dieser Märkte waren sie auch aufgrund demographischer Faktoren und eines veränderten Konsumentenverhaltens attraktiv für Investitionen im Einzelhandelsbereich. In etlichen der neuen Zielmärkte des modernen Einzelhandels entstand durch anhaltende Urbanisierung und ein beschleunigtes Wirtschaftswachstum eine Mittelschicht. Steigende Einkommen sowie veränderte Lebensstile und Familienstrukturen erzeugten vor allem bei dieser Bevölkerungsgruppe eine konkrete Nachfrage nach Supermarktdienstleistungen. Eine darüber hinaus äußerst geringe Marktsättigung und -konzentration im Bereich des modernen Einzelhandels und damit ein geringer Wettbewerb versprach Investoren enorme Expansionsmöglichkeiten und hohe zu erwartende Gewinne (Reardon et al., 2004; Wrigley, 2000).

Vor dem Eintritt von Supermarktformaten in die neuen Märkte, lief der (Lebensmittel-) Einzelhandel in diesen Ländern im Rahmen des traditionellen Handelssystems ab. Nicht nur in Indien, sondern auch in anderen Schwellen- und Entwicklungsländern liegt dieses in den Händen einer großen Anzahl kleiner Händler, familiengeführter Geschäfte, Straßenverkäufer und Händlern auf offenen Märkten. Der Eintritt des modernen Lebensmitteleinzelhandels bedeutet generell erhebliche Veränderungen für bestehende Handelssysteme, da moderne Einzelhandelsunternehmen zugunsten von Effizienzsteigerungen, zur Senkung der Koordinations- und Transaktionskosten sowie zur Erwirtschaftung von Skalenerträgen zentralisierte Zuliefersysteme etablieren (Berdegú und Reardon, 2008; Henson und Reardon, 2005; Reardon et al., 2004). Dies hat nicht nur erhebliche Auswirkungen auf die Händler im traditionellen Handelssystem, sondern auch auf die Produzenten landwirtschaftlicher Produkte, die seit Jahrzehnten in dieses eingebettet sind.

Generell können vom Eintritt des modernen Lebensmitteleinzelhandels in einen neuen Markt Chancen für Landwirte in dem betreffenden Land ausgehen, in neue, profitablere Zulieferbeziehungen zu diesen Unternehmen treten zu können und dadurch zum einen Zugang zu Wissen, Technologien und neuen, bzw. besseren Produktionsmitteln zu erlangen, sowie zum anderen, sich aus jahrzehntelangen nachteiligen Abhängigkeitsverhältnissen, beispielsweise zu lokalen Geldleihern, zu befreien (Brown und Sander, 2007). Was eine derartige Kooperation zwischen Kleinbauern und modernem Einzelhandel jedoch behindert sind hohe Koordinations- und Transaktionskosten, die im Handel mit Kleinbauern auftreten. Diese entstehen zum einen aufgrund einer meist schlechten Erreichbarkeit ihrer Höfe, entweder aufgrund mangelhafter Infrastruktur oder physischer Abgelegenheit. Zudem können Kleinbauern aufgrund ihrer geringen Wirtschaftsgröße und eines geringen technologischen Niveaus meist nur geringe und zudem instabile Mengen von heterogener Qualität liefern. Daher tendieren moderne Einzelhandelsunternehmen in ihrer Produktbeschaffung sowohl in Industrie- als auch in Entwicklungs- und Schwellenländern zur Kooperation mit möglichst großen Zulieferern (Boselie et al., 2003).

1.2.3 Bauernorganisationen in kontemporären Agro-Food Netzwerken

Vor dem Hintergrund des zunehmenden Einflusses moderner Einzelhandelsunternehmen auf landwirtschaftliche Produzenten auch in Entwicklungsländern haben in den vergangenen Jahren Bauernorganisationen neue Beachtung erhalten (Chirwa et al., 2005). Als Bauernorganisationen können sowohl traditionelle informelle Organisationen, die in ländlichen und landwirtschaftlichen Gemeinschaften hauptsächlich mit dem Ziel der gruppeninternen Organisation und der Verbesserung des Allgemeinwohls entstehen, angesehen werden, als auch formelle Organisationen, deren primäres Ziel die Organisation der Beziehungen zwischen ihren Mitgliedern und der externen Welt ist (Onumah et al., 2007). Die aktuelle Debatte zu Bauernorganisationen fokussiert sich auf letztere, da sie aufgrund ihrer formellen Struktur beispielsweise als Vertragspartei in ebenso formelle Handelsbeziehungen zu anderen Marktakteuren treten können.

Regierungen, (internationale) Geber- und Entwicklungsorganisationen und Nicht-Regierungsorganisationen sehen Bauernorganisationen als bedeutendes Instrument zur Reduzierung der Armut der ländlichen Bevölkerung in Entwicklungsländern, da sie (1)

verschiedenste Dienstleistungen im Bereich der Produktion und Vermarktung landwirtschaftlicher Produkte bereitstellen, (2) die Chancen des Marktzugangs für Kleinbauern durch eine Verbesserung ihrer Verhandlungsposition erhöhen, sowie (3) indem sie Druck auf politische Entscheidungsträger im Interesse ihrer Mitglieder und der ländlichen, bzw. landwirtschaftlichen Bevölkerung im Allgemeinen ausüben können (Mercoiret und Mfou'ou, 2006; World Bank, 2007).

Die Weltbank schätzt, dass heute 250 Millionen Bauern in Entwicklungsländern Bauernorganisation angehören (World Bank, 2007, S. 154). In den meisten dieser Länder hat kooperatives Handeln in der Landwirtschaft eine lange Tradition. Die Geschichte traditioneller Kooperativen wird im Allgemeinen jedoch als wenig erfolgreich dargestellt. Als Grund wird die erhebliche Einflussnahme des Staates auf Kooperativen genannt, der in vielen Entwicklungsländern in den 1960er Jahren auch die treibende Kraft hinter ihrer Etablierung war (World Bank, 2007). Mit den oben bereits genannten Veränderungen der politischen und ökonomischen Rahmenbedingungen in den 1980er Jahren zog sich der Staat zugunsten von Liberalisierungsmaßnahmen auch aus vielen seiner regulierenden Funktionen und Dienstleistungen im Agrarsektor zurück, in der Hoffnung, der Privatsektor würde in den Bereichen der landwirtschaftlichen Beratung, Vermarktung und Versorgung mit Produktionsmitteln aktiv werden. Dies ist jedoch nicht im erwarteten Ausmaß geschehen, bzw. ist der Privatsektor nur in denjenigen Regionen mit hohem Potential für Gewinne aus einem derartigen Engagement oder in Zusammenarbeit mit größeren landwirtschaftlichen Betrieben aktiv geworden (Rondot und Collion, 2001).

Dies ist insbesondere für Kleinbauern vor dem Hintergrund der Transformationen in Agro-Food Netzwerken auch in Entwicklungsländern problematisch, denn ihnen ist es aufgrund der bereits erwähnten geringen Kapazitäten in vielen Bereichen des Wirtschaftens ohne externe Unterstützung nur äußerst schwer möglich, auf Veränderungen und Anreize im Marktumfeld zu reagieren und Produkte hoher Qualität in verlässlicher Quantität und Qualität zu liefern. Zudem beinhaltet die Kooperation mit Kleinbauern für potentielle Handelspartner hohe Transaktions- und Koordinationskosten. In diesen Aspekten werden die Hauptvorteile von Bauernorganisationen gesehen, da sie durch das Aggregieren der Produktion vieler kleiner Betriebe nicht nur Skalenerträge beim Verkauf landwirtschaftlicher Produkte erwirtschaften und damit eine bessere

Verhandlungsposition am Markt erlangen, sondern auch den Einkauf von Produktionsmitteln bündeln und diese ihren Mitgliedern zu günstigeren Preise zur Verfügung stellen können. Gegenüber potentiellen Handelspartnern verringern sich in der Interaktion mit Bauernorganisationen Transaktions- und Koordinationskosten (Onumah et al., 2007). Neben diesen Kernaufgaben sind Bauernorganisationen meist in vielen weiteren Bereichen aktiv, welche unter anderem die Verbesserung der Produktion, das Allgemeinwohl der Mitglieder oder den Erhalt und Schutz der natürlichen Umwelt zum Ziel haben (Hellin et al., 2009; Rondot und Collion, 2007).

In den letzten Jahren haben die oben genannten Transformationsprozesse in globalen Agro-Food Netzwerken jedoch nicht nur den Bedarf an Bauernorganisationen als Instrumente der Marktintegration von Kleinbauern erhöht, diese Transformationen haben auch Organisationsformen und Aktivitäten von Bauernorganisationen selbst beeinflusst. Gestiegene Anforderungen auf regionalen, nationalen und internationalen Märkten stellen dabei neue Herausforderungen für das Management dieser Organisationen dar, das in der Lage sein muss, auf die gestiegenen Anforderungen mit der nötigen Qualität und Flexibilität in der Produktion und Vermarktung zu reagieren (World Bank, 2007). Insbesondere in westlichen Industrienationen ist daher zu beobachten, dass Bauernorganisationen sich von ihren traditionellen Strukturen und Zielen zugunsten einer stärkeren Konzentration auf unternehmerische Prinzipien abwenden. Diese sogenannten Kooperativen der zweiten, dritten oder vierten Generation werden eher als profitorientierte Unternehmen geführt denn als traditionelle Kooperativen. Ihre Aktivitäten konzentrieren sich nicht mehr primär auf die Produktion, sondern auf die Wertsteigerung von Produkten zur Bedienung der Nachfrage auf einem bestimmten Markt. Die Mitgliedschaft ist nicht mehr offen, sondern auf eine bestimmte Anzahl von Mitgliedern als Anteilseigner beschränkt, wobei einige Kooperativen sich komplett in Aktiengesellschaften umwandeln, in denen wiederum Kooperativen die Mehrheit der Anteile halten (Datta, 2004).

Auch im Hinblick auf Entwicklungsländer wird es als notwendig angesehen, dass Bauernorganisationen nicht nur eine größere Rolle in der kleinbäuerlichen Landwirtschaft im Allgemeinen spielen, sondern dass sie ihre organisatorische Struktur und ihre Ziele in Richtung einer stärkeren Marktorientierung anpassen, da nur so eine stärkere Integration

von Kleinbauern in die Zulieferketten des modernen Einzelhandels oder der modernen lebensmittelverarbeitenden Industrie gelingen könne (Onumah et al., 2007; Rondot und Collion, 2001). Äußerst selten formieren sich derartige Organisationen jedoch von selbst aus kleinbäuerlichen Gemeinschaften heraus, da es gerade hier an den nötigen Qualifikationen mangelt, die zur Etablierung dieser neuen Form von Bauernorganisationen notwendig sind. Im Regelfall wird der Aufbau daher von Seiten eines externen Akteurs, etwa einer NRO, einer staatlichen Institution, oder einer Geberorganisation, unterstützt.

Angesichts der in den letzten Jahren stark zunehmenden Beachtung von Bauernorganisationen, sowie dem bereits angesprochenen Rückzug des Staates aus zentralen Funktionen im landwirtschaftlichen Sektor einer Reihe von Entwicklungsländern, können Bauernorganisationen als „*a new mode of economic and social regulation*“ to replace governments' hierarchical coordination“ (Chirwa et al., 2005, S. 1) konzeptionalisiert werden. Kritischere Betrachter der zunehmenden Bedeutung, die der Rolle von Bauernorganisationen in der Minderung von Armut unter ländlichen Haushalten in Entwicklungsländern in jüngster Zeit zugedacht wird, sehen die Gründe dahinter wie folgt:

„The impact of structural adjustment has, in many cases, been devastating to the most vulnerable socioprofessional groups of the population; poverty has increased, especially in rural areas, and living standards have deteriorated. Fearing that the credibility of the neoliberal model on which these reforms are based will be severely eroded, many institutions are investing in production rehabilitation programs from which they are expecting swift and significant results. [Here], POs [Producer Organizations] appear to be potentially valuable partners“ (Rondot und Collion, 2001, S. 4).

Aus dieser Perspektive betrachtet wird Bauernorganisationen heute vielfach die Aufgabe zugedacht, die Lücke an regulierenden, ökonomischen und unterstützenden Funktionen zu schließen, die der Staat im Rahmen eines neoliberalen Rückzugs hinterlassen und die der

Privatsektor nur unzureichend gefüllt hat – insbesondere mit Hinblick auf die kleinbäuerliche Landwirtschaft (Chirwa et al., 2005; World Bank, 2007). Gleichzeitig wird mit dieser Verlagerung von Aufgaben das Grundprinzip des IMF und der Weltbank unterstützt „*to get governments out of agricultural operations and to put farmers in charge*“ (Rondot und Collion, 2001, S. 1). In diesem Sinne dienen Bauernorganisationen als Instrument, Bauern dazu zu befähigen „*to pull themselves out of poverty*“ (Rondot und Collion, 2001, S. 4) und „*to fulfill their own needs through market mechanisms instead of relying on state largesse*“ (Sharma, 2008, S. xvi).

Das Modell der Producer Companies in Indien wird in der vorliegenden Arbeit aus einer ähnlichen Perspektive heraus und vor dem Hintergrund der Transformation von Bauernorganisationen im Rahmen einer Anpassung an sich verändernde Rahmenbedingungen analysiert. Zwar hat auch Indien eine lange Tradition im Bereich der landwirtschaftlichen Kooperativen, diese haben in den vergangenen Jahrzehnten jedoch ihren Ruf und das Vertrauen ihrer Mitglieder eingebüßt. Formale Kooperativen wurden in Indien bereits zu Beginn des 20. Jahrhunderts seitens des Staates, bzw. der Kolonialmacht, ins Leben gerufen, um Bauern vor Ausbeutung durch lokale Geldleiher zu schützen und sie von Armut und Schulden zu befreien. Heute gibt es in Indien rund 595.000 Kooperativen, die 97% der Dörfer des Landes abdecken. Davon sind 151.000 landwirtschaftliche Kooperativen mit rund 183 Millionen Mitgliedern (NCUI, 2010, o.S.). Die sehr enge Verbindung der Kooperativen zum Staat, der über diese Institutionen nicht nur die Kreditvergabe an landwirtschaftliche Haushalte, sondern auch das *Public Distribution System*⁴ organisiert, führte über die letzten Jahrzehnte zu einer Instrumentalisierung von Kooperativen durch Politiker für populistische Kampagnen und zu erheblicher Korruption (Datta, 2004).

1.2.4 Der indische Kontext

Transformationen im indischen Agro-Food Netzwerk haben sich erst relativ spät vollzogen, da viele wirtschaftliche Sektoren – etwa der Groß- und Einzelhandel von Lebensmitteln oder die nahrungsmittelverarbeitende Industrie, sowie weite Bereiche der

⁴ Das *Public Distribution System* (PDS) besteht aus einem Netzwerk von Geschäften (allgemein bekannt als *Ration Shops* oder *Fair Price Shops*), über die der indische Staat Lebensmittel (hauptsächlich Weizen und Reis) und Kerosin zu stark subventionierten Preisen an Haushalte unterhalb der Armutsgrenze verkauft (Ramaswami, 2010).

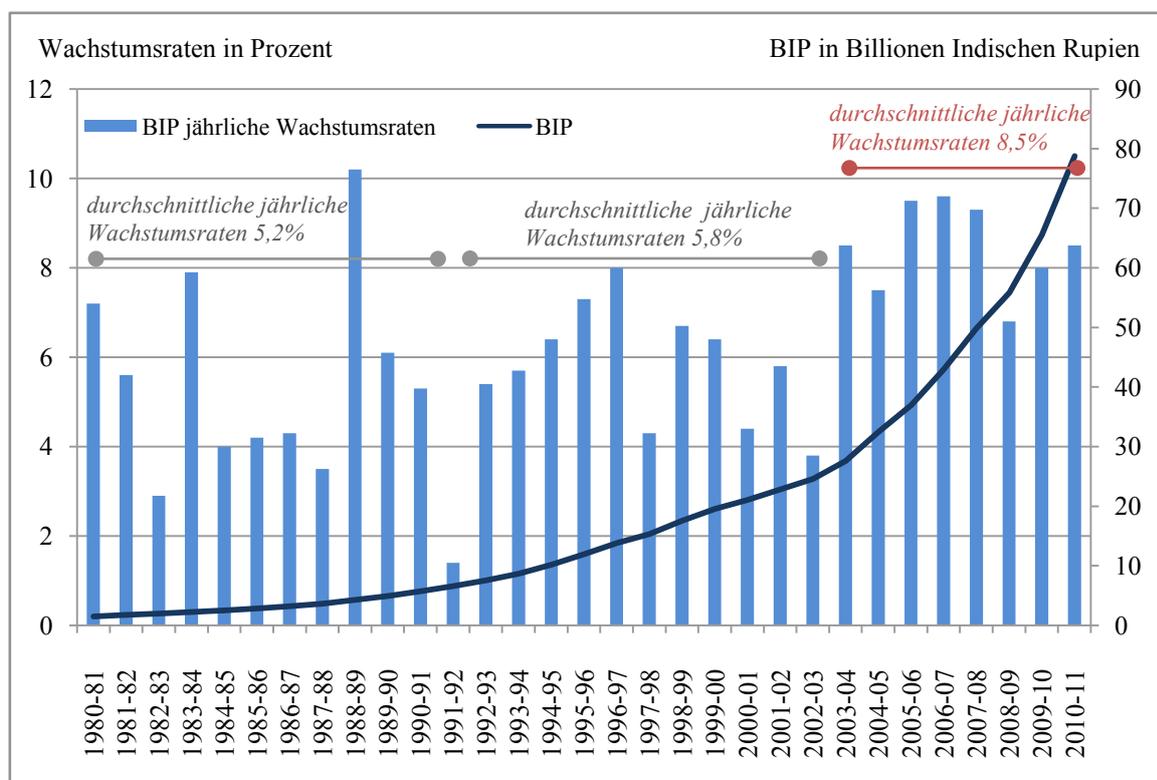
Landwirtschaft – aufgrund ihrer großen Bedeutung für die Gesamtwirtschaft und die Beschäftigung lange nicht in ihrem Status quo angetastet oder für größere, bzw. ausländische Investoren geöffnet wurden. Eine Abkehr von der sogenannten *Nehruvian Economy*, einer Politik der starken staatlichen Intervention und Regulierung von Wirtschaftsprozessen, und der Politik der Importsubstitution begann erst Anfang der 1990er Jahre. Ähnlich wie in dem bereits erwähnten Fall Lateinamerikas wurde auch in Indien der politische Paradigmenwechsel durch eine Krise herbeigeführt.

Mehrere Faktoren trugen Anfang der 1990er Jahre zu Indiens extremem Außenhandelsdefizit und der Zahlungsunfähigkeit gegenüber internationalen Banken bei, bei denen sich das Land in den vorangegangenen Jahren Geld zur Finanzierung seines Staatshaushaltes geliehen hatte. Zum einen verlor Indien mit dem Zusammenbruch der Sowjetunion einen wichtigen Handelspartner und eine bedeutende Quelle von Hilfszahlungen, während indischen Politikern gleichzeitig das Scheitern des planwirtschaftlichen Wirtschaftsmodells vor Augen geführt wurde. Darüber hinaus führte der Golfkrieg im Jahr 1991 zu einem Anstieg der Erdölpreise und der Inflation in Indien, was den Schuldenberg des Landes weiter anwachsen ließ, während Indien zudem bedeutende Summen von Geldsendungen verloren gingen, da etwa 130.000 indische Arbeiter aus den Golfstaaten in ihr Heimatland zurückkehren mussten. Als die Rückzahlung der Kredite dann Anfang der 1990er fällig wurde, waren Indiens Devisenreserven derart geschrumpft, dass das Land zur Rückzahlung seiner Schulden die Hilfe des IMF in Anspruch nehmen musste (McLeod, 2002).

Wie im Falle der lateinamerikanischen Staaten war auch an diese Kredite des IMF die Bedingung struktureller ökonomischer Reformen geknüpft, d.h. die Forderung nach der Liberalisierung der indischen Wirtschaft. Dieser ökonomische Reformprozess wurde beginnend mit dem Jahr 1991 durch den neu gewählten Premierminister Narashimha Rao und seinen Finanzminister Manmohan Singh in Gang gesetzt und im Jahr 1995 trat Indien der neu geschaffenen Welthandelsorganisation bei, die im Rahmen der Uruguay Runde das bis dahin bestehende Allgemeine Zoll- und Handelsabkommen (*General Agreement on Tariffs and Trade*, GATT) ablöste, in dem Indien seit 1948 als Gründungsmitglied aktiv gewesen ist (WTO, 2012). Mit dem Beitritt zur WTO bekannte sich das Land offiziell zu einer Integration der indischen in die Weltwirtschaft. Im Rahmen der

Reformen wurde vor allem der Handel durch erhebliche Senkungen von Zöllen und den Abbau von Importkontrollen für Investitions- und Produktionsgüter angekurbelt, während das Schuldenproblem Indiens mit einer Öffnung für ADI, ausländisches Aktienkapitel und Goldimporte gemildert wurde (McLeod, 2002; Virmani, 2010). In der Folge stiegen nicht nur Indiens Exporte und damit Deviseneinnahmen sprunghaft an, sondern die gesamte Volkswirtschaft erfuhr ein über Jahre kontinuierlich starkes Wachstum, welches die als „Hindu rate of growth“ (Sachs, 2006, S. 219) bezeichneten geringen Wachstumsraten von durchschnittlich 3–4% der vorhergehenden planwirtschaftlich geprägten Wirtschaftsperioden des unabhängigen Indien weit übertraf. Ab dem Jahr 2003–04⁵ lagen die jährlichen Wachstumsraten des indischen Bruttoinlandsproduktes (BIP) durchschnittlich bei 8,5% (Abb. 1.2), während sie in den 1980er und 1990er Jahren um 5,5%, in den 1960er und 1970er Jahren um 3,5% gelegen hatten (RBI, 2011, o.S.).

Abb. 1.2: Wirtschaftswachstum Indiens von 1980 bis 2011

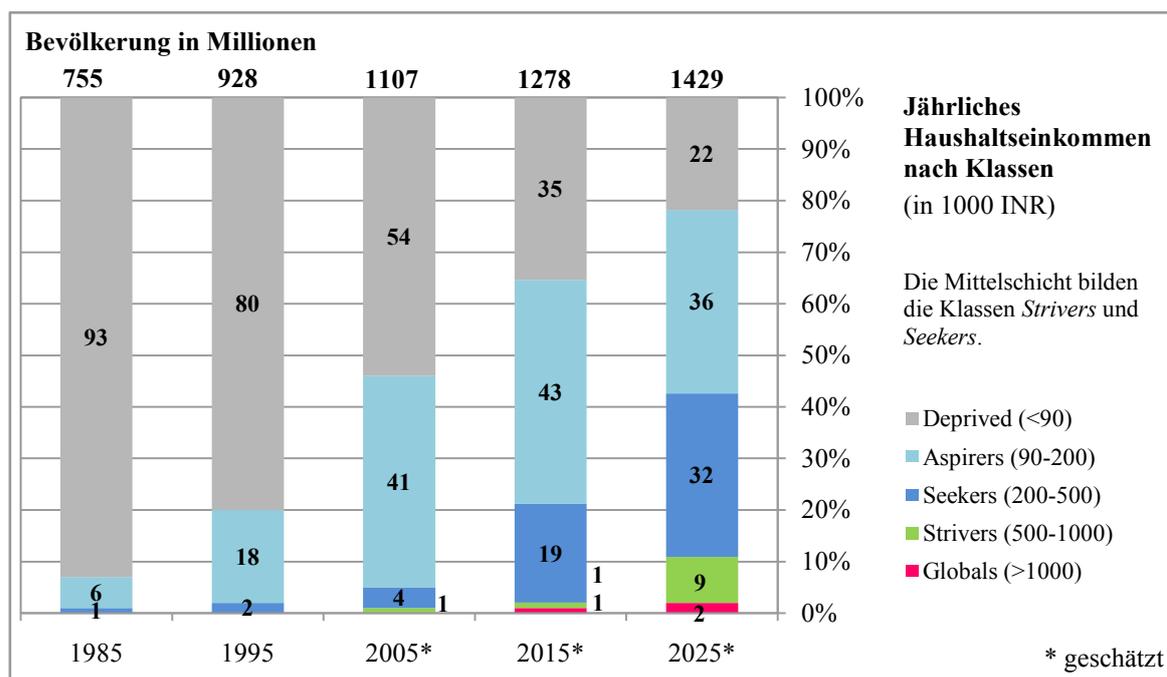


Quelle: Eigene Darstellung nach RBI, 2011, o.S.

⁵ In Indien beginnt das finanzielle am 1. April und endet am 31. März.

Dieses starke Wirtschaftswachstum brachte auch eine Verbesserung der Einkommenssituation vieler indischer Haushalte mit sich. Im Durchschnitt stiegen die indischen Einkommen um mehr als das Doppelte an (McKinsey, 2007, S. 9). Besonders gut ausgebildete junge Menschen in den rasch wachsenden urbanen Zentren, beschäftigt in einer der boomenden Branchen des Dienstleistungssektors haben von diesem Aufwärtstrend profitiert. In diesen Jahren bildete sich die indische Mittelschicht⁶ heraus (Abb. 1.3), die sich durch höhere verfügbare Einkommen, veränderte Lebensstile, häufig die Berufstätigkeit auch der weiblichen Haushaltsmitglieder und neue Konsumwünsche auszeichnet. Die Nachfrage und Größe dieser Mittelschicht sind die Hauptgründe für die Attraktivität des indischen Marktes für Investitionen in den Einzelhandelssektor (A.T. Kearney, 2011).

Abb. 1.3: Verteilung der indischen Bevölkerung nach Einkommensklassen



Quelle: verändert nach McKinsey, 2007, S. 12

⁶ Die genaue Größe der indischen Mittelschicht ist bisher nicht einheitlich definiert. Das globale Consultant-Unternehmen *McKinsey and Company* setzt als Grenzwert ein jährliches Haushaltseinkommen von 200,000 bis zu einer Million Indischer Rupien (INR) oder 3,600 bis 18,000 USD an (McKinsey, 2007), wonach aktuell rund 50 Millionen Menschen zur indischen Mittelschicht zählen. Indische Quellen nennen Zahlen zwischen 100 und 250 Millionen Menschen (Ravallion, 2010, S. 446).

Der indische Einzelhandel war einer der Sektoren der indischen Wirtschaft, der von den ökonomischen Reformprozessen lange Zeit ausgenommen blieb und erst in den vergangenen Jahren sukzessive liberalisiert wurde. Die jüngste Entscheidung zur weiteren Öffnung dieses Sektors für ADI wurde von der indischen Regierung am 15. September 2012 getroffen (BBC, 2012, o.S.). Mit diesem Schritt wird die Hoffnung verbunden, ausländische Einzelhandelsinvestitionen würden erheblich zur Modernisierung landwirtschaftlicher Wertschöpfungsketten und damit zu einem verbesserten Marktzugang für Indiens Bauern beitragen. Indiens staatlichen Märkten, über die ein Großteil der landwirtschaftlichen Erzeugnisse gehandelt wird, fehlt es meist nicht nur an der grundlegendsten Infrastruktur, ihnen mangelt es auch an Transparenz und Fairness in den Handelspraktiken gegenüber Bauern. Im traditionellen Handelssystem dominieren die Mittelsmänner. Im Bereich gartenbaulicher Produkte etwa liegt der Anteil der Bauern am Einzelhandelspreis dadurch bei durchschnittlich nur 12–15% (GoI, 2010b, S. 6). Fehlende Kühltechnik, inadäquate Lagermöglichkeiten und schlechte Infrastruktur führen besonders beim Handel mit frischen Produkten zu Verlusten von 30–40% der Erntemengen und verschärfen die ohnehin schlechte Einkommenssituation der Bauern weiter (GoI, 2008, S. 24). Aus diesen Gründen hat die indische Regierung zu Beginn der 2000er begonnen, Unternehmen des Privatsektors darin zu ermuntern, eigene Märkte und direkte Handelsbeziehungen zu Bauern zu etablieren. Durch derartige Investitionen sollen das landwirtschaftliche Wachstum angekurbelt und die ländliche Armut reduziert werden.

Trotz des starken wirtschaftlichen Wachstums Indiens und der Verbesserung der Einkommenssituation eines Teils der Bevölkerung, gibt es Bereiche der indischen Ökonomie und Gesellschaft, die von diesen positiven Entwicklungen quasi ausgeklammert wurden. Dazu gehört der landwirtschaftliche Sektor. Er verliert – gemessen an der Gesamtökonomie Indiens – zunehmend an Bedeutung. Sein Anteil am BIP sank bis zum Jahr 2010 auf 19% (RBI, 2011, o.S.). Dennoch ist Indien ein agrarisch geprägtes Land. Noch immer leben etwa 70% der Bevölkerung in ländlichen Gebieten (FAO, 2011, o.S.) und etwa die Hälfte der Inder – und eine steigende Gesamtzahl – verdient ihren Lebensunterhalt mit der Landwirtschaft (Tab. 1.2).

Tab. 1.2: Kennzahlen zum Status der Landwirtschaft in der indischen Ökonomie und Gesellschaft

	1980	1990	2000	2010
Ländliche Bevölkerung (Mio.)	538	651	762	857
Anteil der ländlichen an der Gesamtbevölkerung	76,9%	74,5%	72,3%	70,0%
Landwirtschaftliche Bevölkerung (Mio.)	439	504	559	592
Anteil der landwirtschaftlichen an der Gesamtbevölkerung	62,7%	57,7%	53,1%	48,4%
BIP der Landwirtschaft und landwirtschaftsnaher Aktivitäten (Mrd. Indische Rupien)	473	1 508	4 496	13 869
Anteil der Landwirtschaft und landwirtschaftsnaher Aktivitäten am BIP	35,7%	29,3%	23,4%	19,0%

Quelle: Bruttoinlandsprodukt: RBI, 2011; Bevölkerung: FAO, 2011

Insgesamt lebt mehr als ein Drittel der Menschen, die weltweit von weniger als 1,25 USD pro Tag leben – etwa 500 Millionen Menschen – in Indien (UNDP, 2012, o.S.). Etwa drei Viertel der Armen Indiens leben in ländlichen Gebieten und für den Großteil dieser Menschen bildet die Landwirtschaft die Lebensgrundlage (GoI, 2008, S. 80). Der landwirtschaftliche Sektor ist jedoch mit einer Vielzahl von Problemen behaftet und immer weniger in der Lage, der steigenden Anzahl der von ihm abhängigen Menschen ein Auskommen zu ermöglichen, weshalb im indischen Kontext von einer Agrarkrise gesprochen wird, deren Ursachen zu einem Großteil in der starken Fragmentierung der landwirtschaftlichen Betriebe liegen (Reddy und Mishra, 2009). Diese Fragmentierung hat sich in den vergangenen drei Jahrzehnten immer weiter verschärft. Im Jahr 2005–06 betrug die durchschnittliche Größe eines landwirtschaftlichen Betriebs in Indien 1,23 Hektar (GoI, 2010a, o.S.). Betriebe mit Flächengrößen von weniger als einem Hektar machten im selben Jahr rund 65% aller Betriebe aus (GoI, 2010a, o.S.), während es im Jahr 1982 noch 56% gewesen sind (GoI, 2008, S. 3).

Verbunden mit seit Mitte der 1990er Jahre stagnierenden Wachstumsraten der Produktion und ebenso stagnierender Produktivität in nahezu allen Kulturen bedeutet dies äußerst geringe vermarktbarere Überschüsse und damit Einkommen für bäuerliche Haushalte (GoI, 2008; Mishra, 2007). Der mit dem politischen Paradigmenwechsel einhergehende Rückzug des Staates aus der direkten Unterstützung der Bauern und die geringe Beachtung des landwirtschaftlichen Sektors in der Zuweisung von Mitteln in den letzten Fünfjahresplänen haben zu geringen öffentlichen Investitionen in die Landwirtschaft und

zu einem inadäquaten Zugang zu landwirtschaftlichen Beratungsdienstleistungen für Bauern geführt. Stattdessen verfolgt die indische Regierung die Strategie, die nötigen Investitionen im Bereich der Technologie und Infrastruktur vom Privatsektor tätigen zu lassen, dem zu diesem Zweck immer größerer Spielraum eingeräumt wird (GoI, 2008). In einigen Bereichen (beispielsweise im Bereich des Saatguts, siehe Kapitel 4) haben Privatunternehmen bereits dominante Marktpositionen erlangt und können den Preis ihrer Produkte durch Druck auf die Regierung stetig erhöhen. Für Bauern, die sich heute in starker Abhängigkeit von externen Produktionsmitteln befinden, nehmen damit die Produktionskosten zu. Bei gleichzeitig geringen Einkommen oder Einkommensausfällen durch sich häufende Naturkatastrophen oder Wetter- und Klimaveränderungen sowie mangelnden Zugang zu formalen Krediten, führt dies insbesondere bei Kleinbauern zu einer häufig fatalen Abhängigkeit von informellen Geldleihern und Verschuldung (Mishra, 2007).

Die Strategie der indischen Regierung zur Steigerung bäuerlicher Einkommen liegt in der Propagierung von Produktdiversifizierung hin zu sogenannten *High-Value Agricultural Products* (HVAPs) wie Obst und Gemüse und anderen *Cash Crops*, der Bedienung eines weiter auszubauenden Exportmarktes sowie der wachsenden urbanen Nachfrage nach diesen Produkten (GoI, 2001). Zudem sollen durch die Modernisierung des Handelssystems Verluste reduziert und durch eine direkte Kooperation zwischen dem modernen Einzelhandel und Bauern Mittelsmänner umgangen und damit die Gewinne der Bauern gesteigert werden (GoI, 2010b). Darüber hinaus soll die Weiterverarbeitung schnell verderblicher gartenbaulicher Produkte zum einen zur Reduzierung von Verlusten, zum anderen zur Befriedigung einer entsprechenden urbanen Nachfrage gefördert werden. Indien produziert etwa 9% der Weltproduktion an Obst und 11% der Weltproduktion an Gemüse. Im Vergleich zu anderen bedeutenden Produzentenländern wird in Indien jedoch mit nur rund 2% ein sehr geringer Teil der Obst- und Gemüseproduktion weiterverarbeitet, während es beispielsweise in China 23% und im Fall der Philippinen 78% sind (GoI, 2008, S. 122). Der sich in den letzten Jahren im indischen Markt etablierende moderne Lebensmitteleinzelhandel (siehe Abschnitt 1.2.2) spielt bei der Realisierung dieser Ziele eine tragende Rolle, indem er nicht nur eine entsprechende Nachfrage nach höherwertigen landwirtschaftlichen Produkten im indischen Markt generieren, sondern zudem den Export dieser Produkte vorantreiben und

notwendige Investitionen zur Modernisierung des agraren Handelssystems tätigen soll (GoI, 2010b).

1.3 Fragestellung der Arbeit

Die Fragestellung der Arbeit ordnet sich in die Diskussion ein, wie Kleinbauern in Entwicklungsländern durch Bauernorganisationen in die Zulieferketten des modernen Lebensmitteleinzelhandels eingebunden werden können. Ziel der Arbeit ist, diese Verbindung im indischen Markt anhand des Fallbeispiels der Producer Companies zu untersuchen. Die Fragestellung widmet sich damit einem hochaktuellen Thema, das im indischen Kontext jedoch noch nicht bearbeitet wurde. Zwar gibt es mittlerweile zahlreiche Arbeiten zur Etablierung des modernen Lebensmitteleinzelhandels in Indien und dessen Auswirkungen auf den traditionellen Einzelhandelssektor und Landwirte, Bauernorganisationen wurden vor diesem Hintergrund jedoch noch nicht betrachtet.

Der Antrieb zur Bearbeitung dieser Fragestellung leitet sich aus der Aktualität des Themenbereichs ab. Bauernorganisationen und ländliche, bzw. landwirtschaftliche Entwicklung werden – wie zu Beginn des Kapitels einleitend dargestellt – als zwei der Hauptinstrumente zur Reduzierung von Armut in Entwicklungsländern angesehen. Armut und ländliche Entwicklung sind auch im indischen Kontext von größter Bedeutung, da das Land nicht nur Heimat eines großen Teils der weltweit armen Bevölkerung ist, sondern der Großteil dieser Bevölkerung auch direkt von der Landwirtschaft zur Bestreitung des Lebensunterhaltes abhängig ist. Darüber hinaus ist die Entwicklung des modernen Einzelhandels in Indien ein aktuell zu beobachtendes Phänomen und neue Handelsbeziehungen zwischen landwirtschaftlichen Produzenten und Supermarktketten befinden sich noch in einer frühen Phase der Entstehung. Auch das Modell der Producer Companies ist noch jung und damit bietet der indische Kontext einen interessanten Fall, zum einen die Strategien der Produktbeschaffung der modernen Einzelhandelsunternehmen sowie zum anderen die Rolle von Bauernorganisationen in den sich neu etablierenden Zulieferstrukturen zu untersuchen.

Die Fragestellung der Arbeit lässt sich in den folgenden Punkten zusammenfassen:

- Welche Rolle spielen aktuell Producer Companies in der indischen Landwirtschaft?
- In welchen Bereichen des landwirtschaftlichen Produktions- und Vermarktungsprozesses sind Producer Companies vornehmlich aktiv und wie kann ihr Erfolg bewertet werden?
- Wie unterscheiden sich Producer Companies von anderen Formen kooperativen Wirtschaftens in der indischen Landwirtschaft?
- Lassen sich Producer Companies in Indien in den weiteren Kontext der Transformationen von Bauernorganisationen vor dem Hintergrund der Ausbreitung des neoliberalen Paradigmas einordnen?
- Was sind die Motivationen seitens der Bauern, Mitglieder von Producer Companies zu werden und welche Vorteile ergeben sich daraus für sie?
- Welche Strategien der Produktbeschaffung im Bereich frischer Produkte lassen sich bei Unternehmen des modernen Lebensmitteleinzelhandels in Indien identifizieren? Welche Rolle spielen Bauernorganisationen im Allgemeinen und Producer Companies im Speziellen in ihren Zulieferketten und was sind die Gründe dafür?
- Sind Producer Companies ein potentiell Instrument, mit dem Gruppen von Kleinbauern sich als Zulieferer für Supermarktketten in Indien etablieren können?
- Welche Faktoren beeinflussen, ob Handelsbeziehungen zwischen Producer Companies und Unternehmen des modernen Lebensmitteleinzelhandels zustande kommen und welche Faktoren sind ausschlaggebend dafür, wie diese Handelsbeziehungen sich gestalten?

1.4 Aufbau der Arbeit – Übersicht über die Artikel

Im Anschluss an dieses Kapitel wird in Kapitel 2 das der Arbeit zugrunde liegende Forschungsdesign erläutert. Die Kapitel 3 bis 5 setzen sich aus den verfassten Artikeln zusammen. Die ersten beiden Artikel widmen sich spezifischen Fallstudien, wobei der erste Artikel darauf abzielt, zu analysieren, wie aus der Sicht von Producer Companies Handelsbeziehungen zu Unternehmen des modernen Einzelhandels etabliert werden können, während der zweite Artikel stärker die internen Organisationsstrukturen und Probleme von Producer Companies als Fokus hat. Der dritte Beitrag ist demgegenüber im Sinne eines konkludierenden Übersichtsartikels organisiert und baut auf der Analyse

sämtlichen erhobenen Datenmaterials auf. Er betrachtet Handelsbeziehungen zwischen Unternehmen des modernen Einzelhandels und Producer Companies aus der Perspektive der Einzelhandelsunternehmen. Das letzte Kapitel enthält die Zusammenfassung und Diskussion der Ergebnisse.

Der erste Artikel in Kapitel 3 „*Farmers' producer companies in India: a new concept for collective action?*“ stellt das Modell der Producer Companies in Indien im Kontext des Wachstums des modernen Einzelhandels und einer Liberalisierung des ökonomischen Umfelds vor. Unter Anwendung theoretischer Ansätze zur *Value Chain Governance* (Gereffi et al., 2005) und *Collective Action* im Bereich der kleinbäuerlichen Landwirtschaft, analysiert dieser Artikel, welche Rolle Producer Companies in Indien spielen können, um Kleinbauern in einem kompetitiveren Marktumfeld die Integration in Zulieferketten des modernen Lebensmitteleinzelhandels zu ermöglichen. Der Artikel baut auf der detaillierten Analyse einer Producer Company aus dem Bundesstaat Maharashtra als Fallbeispiel auf, die sich auf die Produktion und Vermarktung von Mango- und Cashew-Produkten spezialisiert hat.

Der zweite Artikel in Kapitel 4 „*Collective action for cotton alternatives- Producer companies as local solutions to counteract India's Bt cotton mainstream*“ nutzt ein anderes Fallbeispiel, um den Entstehungsprozess und die potentiellen Probleme in der Organisation von Producer Companies herauszuarbeiten. Bei der analysierten Fallstudie handelt es sich um eine Producer Company im südindischen Bundesstaat Karnataka. Da diese Fallstudie den Baumwollsektor behandelt, kann sie die Frage nach der Rolle von Producer Companies zur Integration von Kleinbauern in Zulieferketten des modernen Lebensmitteleinzelhandels in Indien nicht direkt beantworten helfen. Mit dem Baumwollsektor wird in diesem Artikel jedoch ein Sektor der indischen Wirtschaft behandelt, in dem sich ökonomische Liberalisierungsprozesse besonders dramatisch niederschlagen. Auch dieser Sektor wird, wie die indische Gemüseproduktion, von Kleinbauern dominiert, welche sich seit Beginn der ökonomischen Integration Indiens in den Weltmarkt in einer zunehmend prekären Lage befinden. Vor diesem Hintergrund analysiert der Artikel kritisch, welche Möglichkeiten Kleinbauern durch die Organisation in Producer Companies haben, diesen Entwicklungen entgegenzuwirken und alternative lokale Lösungen aufzubauen. Der Schwerpunkt dieses Artikels liegt auf der Analyse von

Producer Companies als einer kontemporären Form von Bauernorganisation, welche im Kontext eines zunehmenden Rückzugs des Staates aus dem landwirtschaftlichen Sektor in Zukunft ein bedeutendes Gegengewicht zur Dominanz privater Unternehmen der landwirtschaftlichen Inputindustrie aufbauen können.

Beim dritten Artikel *“Linking small farmers to modern retail through Producer Organizations – Experiences with Producer Companies in India”* handelt es sich um einen zusammenführenden Beitrag, der aus der Analyse nicht einzelner Fallstudien sondern des gesamten erhobenen Materials zu Producer Companies und dem modernen Lebensmitteleinzelhandel in Indien erstellt wurde. Die zentrale Frage dieses Artikels ist, ob und wie Producer Companies indischen Kleinbauern dabei behilflich sein können, weniger hierarchisch und asymmetrisch organisierte Zulieferbeziehungen zum modernen Lebensmitteleinzelhandel einzugehen. Der indische Fall wird hierbei mit anderen Ländern, in denen Bauernorganisationen mehr der weniger erfolgreich Verbindungen zu Supermärkten etabliert haben, verglichen.

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Kapitel

2

Forschungsdesign der Arbeit

2 Forschungsdesign der Arbeit

Die Fragestellung der vorliegenden Arbeit wird aus dem konzeptionellen Verständnis der relationalen Wirtschaftsgeographie heraus bearbeitet (Bathelt und Glückler, 2003). Im Zentrum der Analyse stehen die Beziehungen zwischen Produzenten landwirtschaftlicher Güter in Indien, deren Organisationen, und Unternehmen des modernen Einzelhandels als (potentielle) Abnehmer der Produkte. Es geht bei der Betrachtung weniger um eine technische Beschreibung der in dem System herrschenden Input-Output-Beziehungen. Vielmehr sollen durch die Analyse – im Sinne der Perspektive einer relationalen Wirtschaftsgeographie – die ökonomischen und sozialen Beziehungen zwischen den beteiligten Akteuren, die zwischen ihnen herrschenden Machtverhältnisse sowie die Organisationsstrukturen des betrachteten Handelssystems und seine Einbettung in den regulatorischen Kontext herausgearbeitet werden (Bathelt und Glückler, 2003).

Die Literatur zur relationalen Wirtschaftsgeographie nennt selbst nicht ausdrücklich ein bestimmtes methodisches Instrument oder eine methodische Vorgehensweise, nach der ein relational forschender Geograph seine Datenerhebung ausrichten sollte. Es wird jedoch betont, dass relationale Methoden eine Offenheit hinsichtlich der zu gewinnenden Erkenntnisse, sowie gegenüber dem Forschungsfeld und neuen Perspektiven auf die Forschungsfrage gewährleisten sollten. Boggs und Rantisi (2003) schlagen daher vor, methodische Ansätze der Wirtschaftssoziologie zur Analyse von Akteursnetzwerken zu nutzen. Durch den Fokus der relationalen Wirtschaftsgeographie auf dynamischen Prozessen und Akteursbeziehungen seien Erkenntnisgewinne insbesondere aus Analysen einzelner Fallstudien zu erwarten (Boggs und Rantisi, 2003). Auch Yeung (2002) schlägt reflexive, ergebnisoffene und kontextualisierende Methoden zur Bearbeitung einer Fragestellung aus der Perspektive der relationalen Wirtschaftsgeographie vor, die sich durch eine interdependente und intersubjektive Beziehung des Forschers zu den zu untersuchenden Phänomenen auszeichnet.

Entsprechend dieser wissenschaftstheoretischen Ausrichtung der vorliegenden Arbeit wurde das Forschungsdesign ausgerichtet. Die empirische Datenerhebung ist anhand qualitativer Methoden erfolgt, die in Abschnitt 2.2 detailliert erläutert werden, und der

Erkenntnisgewinn zur Bearbeitung der Forschungsfrage erfolgte im Sinne der *Grounded Theory* oder der „in den Daten gegründete[n] Theorie“ (Häder, 2010, S. 265). Die theoretische Kontextualisierung und Analyse der gesammelten Daten erfolgte unter Anwendung des Ansatzes der *Global Value Chains* nach Gereffi et al. (2005). Dabei soll an dieser Stelle betont werden, dass dieser Ansatz im Rahmen der vorliegenden Arbeit nicht als Modell oder Theorie verstanden wird, mit dem der betrachtete Ausschnitt eines Agro-Food Netzwerkes als Teil ökonomischer Globalisierung erklärt werden soll. Vielmehr dient der Ansatz der *Global Value Chains* als methodisches Instrument zur Analyse des spezifischen, gewählten Ausschnittes. Der Erkenntnisgewinn und die weitere Erklärung der erforschten Strukturen und Prozesse ergeben sich erst durch die Einbettung derselben in den weiteren epistemologischen Rahmen.

2.1 Epistemologisch-analytischer Rahmen

“Yet, to me, at its [economic geography’s] heart has always been the goal of accounting for and redressing unequal livelihood possibilities. Explaining and redressing persistent inequalities, from place to place, in the ability of humans to pursue and attain the livelihoods that we envision for ourselves must be central to emancipatory social science.” (Sheppard, 2006, S. 11)

Das Anliegen der Wirtschaftsgeographie ist es seit Jahrzehnten, die räumliche Verteilung von unterschiedlichen wirtschaftlichen Aktivitäten und ungleichen Lebensbedingungen und Wohlstandsniveaus auf der Welt zu beschreiben und zu erklären (Sheppard, 2006). Dabei haben sich Konzepte, Perspektiven, Theorien und Methoden bei der Bearbeitung dieses Problems über die Jahrzehnte hinweg verändert und diversifiziert. In den 1950er und 1960er Jahren entdeckten Wirtschaftsgeographen gemeinsam mit Regionalwissenschaftlern die Standorttheorien von Max Weber, Johann Heinrich von Thünen und August Lösch wieder und unternahmen Versuche, anhand dieser Theorien die räumliche Struktur ökonomischer Aktivitäten in verschiedenen Regionen der Welt zu erklären (Scott, 2010). Obwohl die Erklärungsversuche der Raumwirtschaftslehre – durch ihre theoretische Verwurzelung in der neoklassischen Ökonomie – eine Reihe zu

abstrakter und damit unrealistischer Annahmen machten (u.a. isoliertes und homogenes Staatsgebiet, komplette Information, rational handelnde Akteure, statisches Equilibrium) wird diese Phase der Wirtschaftsgeographie als bedeutend für die weitere Entwicklung der Disziplin angesehen, denn mit ihr vollzog sich die Abkehr von einer bloßen Beschreibung und die Hinwendung zu einer Erklärung wirtschaftlicher Aktivität im Raum (Hudson, 2006; Scott, 2010).

Bedeutende Kritik an der Raumwirtschaftslehre kam später jedoch nicht nur von Seiten der behavioristischen Geographie, die das Konzept des *Homo Oeconomicus* in Frage stellte, sondern in den 1970er und 1980er Jahren auch von Vertretern der politischen Ökonomie, welche die neoklassischen Theorien und die Raumwirtschaftslehre sinngemäß kritisierte als „*apologetic technocratic constructions, silently and unselfconsciously serving to mask the structurally determined injustices of capitalism*“ (Scott, 2010, S. 25). Bis heute für die Geographie bedeutende Vertreter politökonomischer Theorien wie Immanuel Wallerstein (u.a. 2004a, b) oder David Harvey (u.a. Harvey, 2001; 2006) bedienen sich marxistischer Theorien, um zu erklären, wie die Kräfte der kapitalistischen Akkumulation und der damit verbundenen Strukturen (die dominante Produktionsweise, die gesellschaftliche Ordnung, die existierenden sozialen Klassen, der Wert und Austausch von Gütern, etc.) räumlich unregelmäßige geographische Realitäten schaffen (Hudson, 2006; Zündorf, 2010).

Der Zeitraum, in dem Geographen in Nordamerika und Westeuropa marxistische Theorien wiederentdeckten, zeichnete sich durch bedeutende politische und ökonomische Umwälzungsprozesse aus. Die späten 1960er und 1970er Jahre markierten das Ende des fordistischen Produktionssystems und die Abkehr vom Modell des keynesianischen Wohlfahrtsstaates in den USA und Großbritannien. In diesen Zeitraum fiel die Krise der amerikanischen Stahlindustrie und der Niedergang der Automobilindustrie in den Midlands Großbritanniens. Gemeinsam mit der Ölkrise im Jahr 1973 führten diese Entwicklungen zu hoher Inflation und hohen Arbeitslosenquoten (Scott, 2010). Auch heute hat die politische Ökonomie, bzw. haben die Theorien und Denkweisen, die sie hervorgebracht hat, eine bedeutende Position in der Wirtschaftsgeographie. Und damals wie jetzt werden Erklärungsansätze und theoretische Modelle von gesellschaftlichen und ökonomischen Rahmenbedingungen der aktuellen Realität geformt.

Als die bedeutendste Entwicklung, die Wirtschaftsgeographen in den letzten zwei bis drei Jahrzehnten beschäftigt hat, kann die Globalisierung genannt werden. Dieses Konzept zur Erklärung der aktuellsten „Phase der Entwicklung des kapitalistischen Weltsystems“ (Schamp, 2000, S. 131) etablierte sich parallel zu und beeinflusste zeitgenössische Ansätze in der Wirtschaftsgeographie wie die *New Economic Geography* und die relationale Wirtschaftsgeographie, die neben ökonomischen verstärkt soziale Aspekte in die Analyse einbezieht. Den Begriff der Globalisierung prägt eine Vielzahl von Interpretationen und Bedeutungen und hier soll der Fokus auf der ökonomischen Globalisierung liegen. Vorbedingung für die im Rahmen der Globalisierung ablaufenden Prozesse waren technologische Innovationen, die schon in Kapitel 1 angesprochen wurden. Diese technologischen Innovationen, vor allem im Bereich der Kommunikation und des Transports, ermöglichten die extreme Zunahme von inter- und transnationalen Transfers von Informationen, Gütern, Personen, Produktionsprozessen und Investitionen, welche wiederum zu einer zunehmenden funktionalen Integration der Weltwirtschaft führten (Dicken, 2011; Schamp, 2000). Für manche schien es als führten diese neuen globalen Prozesse zu einer endgültigen Überwindung des physischen Raums als relevanter Faktor ökonomischer Aktivität und damit zum „*Death of distance*“ (Cairncross, 1997) und zum Ende der Geographie (O'Brien, 1992).

Doch nicht nur der Raum und die physische Distanz würden entsprechend dieser Interpretationsweise durch Globalisierungsprozesse unbedeutend, eine ähnliche Rhetorik betrifft die Rolle des Staates und beschreibt ein „*withering away*“ oder ein „*hollowing out of the nation-state*“ (Peck, 2010, S. 70–71). Dies geschehe erstens – einer neoliberalen Denkweise folgend – durch Deregulierung und den Rückzug des öffentlichen zugunsten des Privatsektors und damit einer Re-Kalibrierung der Grenze zwischen Staat und Markt, in deren Folge letzterer dominiere. Zweitens werde die Rolle des Staates durch Umverteilungsprozesse von Macht und regulatorischen Funktionen zugunsten untergeordneter (regionaler, lokaler), übergeordneter (supranationaler) und externer (translokale und -nationale Netzwerke) Institutionen geschwächt (Peck, 2010).

Die hier vertretene Perspektive ist die der relationalen Wirtschaftsgeographie, nach der zwar die Existenz und Wirkung der „*time-space shrinking technologies*“ (Dicken, 2011, S. 75) anerkannt, aber gleichzeitig argumentiert wird, diese führten weder zur Irrelevanz

des Raums noch des Staates (Dicken, 2011). Zudem wird nicht die These vertreten, Globalisierungsprozesse führten zu einer weltweiten Homogenisierung sozialer und wirtschaftlicher Beziehungen, sondern stattdessen zu einer stärkeren Differenzierung und Diversifizierung derselben, zu immer größeren Disparitäten zwischen Armut und Wohlstand, zu einer neuen globalen Arbeitsteilung und zu einer veränderten Konfiguration derjenigen Regionen und damit Menschen, die in globale ökonomische Austauschprozesse integriert oder von diesen ausgeschlossen werden. In diesem Sinne wird Globalisierung im Gesamten nicht als ein Phänomen der letzten Jahrzehnte betrachtet, sondern in die längere Geschichte der räumlichen Organisation des Kapitalismus eingeordnet.

“The contemporary form of globalization is nothing more than yet another round in the capitalist production and reconstruction of space. It entails a further diminution in the friction of distance through yet another round of innovation in the technologies of transport and communications. It consequently entails a geographical restructuring of capitalist activity (deindustrialization here and reindustrialization there, for example) across the face of planet earth, the production of new forms of uneven geographical development, a recalibration and even recentering of global power (with far greater emphasis upon the Pacific and newly industrializing countries) and a shift in the geographical scale at which capitalism is organized” (Harvey, 2001, S. 24).

Die Wirtschaftsgeographie hat sich in den vergangenen Jahren umfangreich damit befasst, zu untersuchen und zu beschreiben, wie diese neue globale Arbeitsteilung in der Produktion in verschiedenen Industrien (beispielsweise der Automobil-, Elektronik- oder Textilindustrie) organisiert ist. Viel Beachtung wurde in diesem Zusammenhang auf große transnationale Unternehmen als Treiber und Koordinatoren (*Lead Firms*) dieser neuen globalen Arbeitsteilung und ihre ökonomischen Strategien gelegt. Zur Beschreibung und Analyse haben Wirtschaftsgeographen dabei Konzepte und Theorien aus anderen Disziplinen übernommen und weiterentwickelt. Breite Beachtung und Anwendung fand und findet dabei das Konzept der *Global Commodity Chains* (GCC)

(Gereffi und Korzeniewicz, 1994), das sich in der Wirtschaftssoziologie aus einer traditionellen Verbindung zur Weltsystemtheorie und der hier bereits früher konzeptionalisierten *Commodity Chains* (Hopkins und Wallerstein, 1977) entwickelt hat.

Mit dem GCC-Ansatz beschreiben Gereffi und Korzeniewicz (1994) funktional integrierte jedoch geographisch disperse Produktionssysteme, die von den Autoren als neues, herausragendes Merkmal der globalen Ökonomie nach dem Zweiten Weltkrieg betrachtet werden (Bair, 2008). Zur Erklärung, wie derartige Produktionssysteme entstehen und organisiert werden, führen Gereffi und Korzeniewicz (1994) den Begriff der Governance ein, welcher definiert wird als „*the authority and power relationships that determine how financial, material, and human resources are allocated and flow within a chain*“ (Gereffi und Korzeniewicz, 1994, S. 97). Trotz der Bezeichnung des Konzepts als Kette verstehen die Autoren *Global Commodity Chains* als Netzwerkstruktur: „*A GCC consists of sets of interorganizational networks clustered around one commodity or product, linking households, enterprises, and states to one another within the world-economy. These networks are situationally specific, socially constructed, and locally integrated, underscoring the social embeddedness of economic organization*“ (Gereffi und Korzeniewicz, 1994, S. 2).

Im GCC-Ansatz verstehen die Autoren Governance als treibende Kraft, die von dominanten Unternehmen als *Lead Firms* ausgeht. Während der Ansatz zunächst vor allem auf die verarbeitende Industrie angewendet wurde, erkennen die Autoren später die zunehmend bedeutende Rolle von Einzelhändlern und „*brand marketers as key drivers in the formation of globally dispersed and organizationally fragmented production and distribution networks*“ (Gereffi et al., 2005, S. 82) an. Zur Beschreibung der Macht dieser „*new global buyers*“ (Gereffi et al., 2005, S. 82) differenzieren die Autoren zwischen zwei Idealtypen von Governance-Strukturen – producer-driven und buyer-driven. Während demnach in *Producer-driven Commodity Chains* produzierende und verarbeitende Industrieunternehmen in kapital- und technologieintensiven Industriezweigen die Kernakteure sind, sind es in *Buyer-driven Commodity Chains* Handelsunternehmen und Markenproduzenten, die großen Einfluss auf die ihnen vorgelagerten Glieder der Wertschöpfungskette ausüben (Gereffi et al., 2005). Als ein frühes Beispiel der Anwendung dieses Konzepts auf den Agro-Food Bereich zur

Hervorhebung der Rolle von Handelsunternehmen als *Driver* kann eine Studie der Handelsbeziehungen zwischen Supermärkten in Großbritannien und Gemüseproduzenten in Kenia und Simbabwe von Dolan, Humphrey und Harris-Pascal genannt (1999) werden.

Der GCC-Ansatz wurde zu Beginn der 2000er unter anderem aufgrund der strikten Zweiteilung von Wertschöpfungsketten in die genannten Kategorien zunehmend kritisiert. Als Reaktion auf diese Kritik führten Gereffi, Humphrey und Sturgeon (2005) den Ansatz der *Global Value Chains* (GVC) ein, in dem sie fünf mögliche Governance-Kategorien darlegen, deren Ausbildung sich an drei voneinander unabhängigen Variablen orientiert: (1) die Komplexität von Informationen und Wissenstransfers, die nötig sind, um eine Transaktion durchzuführen, (2) der Grad, zu dem Informationen kodifiziert werden können und (3) die Kompetenz der Zulieferer. Je nach Ausprägung dieser Variablen (niedrig oder hoch) können sich fünf Governance-Typen (Markt-basierte, modulare, relationale, gebundene, hierarchische) ergeben, die sich jeweils durch eine mehr oder weniger starke explizite Koordination seitens der *Lead Firm* auszeichnen (Gereffi et al., 2005).

Gegenüber dem GCC-Ansatz hat sich im GVC-Ansatz das Verständnis von Governance in Richtung einer Konzeptionalisierung derselben als eine Form der Koordination verschoben (Gibbon et al., 2008). Zudem betrachtet der GVC-Ansatz nicht mehr eine Wertschöpfungskette in ihrer Gesamtheit, sondern rückt stärker von seiner Verwurzelung in der Weltsystemtheorie ab, indem nur ein bestimmter Ausschnitt in der Interaktion zwischen zwei Unternehmen betrachtet wird: „*In essence, it is an effort to scale down the concept of governance from a characterization of the chain in its entirety to a description of the mode of coordination prevailing at a particular link in the chain*“ (Bair, 2008, S. 354). Die Ersetzung des Begriffes *Commodity* mit dem Begriff *Value* betont dabei die qualitative Hochwertigkeit der gehandelten Produkte sowie die erhöhten Anforderungen an Produzenten in den betrachteten Wertschöpfungsprozessen (Gibbon et al., 2008).

Das veränderte Konzept der *Global Value Chains* findet heute im Agro-Food-, bzw. Agrobusiness-Bereich häufige Anwendung, wobei die in Kapitel 1 angesprochene zunehmende Industrialisierung und Globalisierung in den Bereichen der Produktion, des Handels und des Vertriebs von Nahrungsmitteln sowie der Aufstieg mächtiger Unternehmen in diesen Sektoren dazu führt, dass derartige Produktionssysteme anderen

industriellen Produktionssystemen immer mehr gleichen (Dicken, 2011). Stark hierarchisch geprägte Governance-Formen im Agro-Food Bereich, in denen *Lead Firms* aufgrund erheblicher Marktmacht starke Kontrolle über vorgelagerte Bereiche des Produktionssystems besitzen, werden im Rahmen bestehender Analysen mit dem Begriff der vertikalen Koordination oder vertikalen Integration beschrieben (Humphrey und Memedovic, 2006). Zudem werden Folgen dieser starken Machtasymmetrien in Agro-Food Netzwerken auf Landwirte, insbesondere in Entwicklungsländern untersucht und mit Hilfe der im GVC-Ansatz identifizierten Variablen wird analysiert, wie Handelsbeziehungen zwischen landwirtschaftlichen Produzenten und dominanten Unternehmen in Agro-Food Netzwerken weniger hierarchisch und damit mit positiveren Effekten auf Landwirte organisiert werden können (Stamm, 2004, 2008).

Diesen Ansätzen wird in der vorliegenden Arbeit gefolgt. Dabei wird der GVC-Ansatz mit der *Collective Action*-Debatte verknüpft (siehe u.a.: Markelova et al., 2009; Mercoiret und Mfou'ou, 2006; Ostrom, 2004), welche die Rolle von Bauernorganisationen zur Verbesserung der Position von (Klein-)Bauern – insbesondere in Entwicklungsländern – in kontemporären Agro-Food Netzwerken untersucht (siehe Abschnitt 1.2.3). Derartige Analysen bedienen sich größtenteils der einfachen Transaktionskostentheorie (Bernard und Spielman, 2009; Fischer und Qaim, 2012; Hellin et al., 2009; Jia und Huang, 2011; Michelson et al., 2012; Narrod et al., 2009; Wijerathna und Varma, 2006) oder der neuen Institutionenökonomik (Barth, 2004; Jia und Huang, 2011), um Handelsbeziehungen zwischen verschiedenen Formen von Bauernorganisationen und modernen Einzelhandelsunternehmen in Entwicklungs- und Schwellenländern zu analysieren.

In der vorliegenden Arbeit wird demgegenüber der GVC-Ansatz zur Analyse von Handelsbeziehungen zwischen *Producer Companies* als einer neuen Form der Bauernorganisation in Indien und dem modernen Lebensmitteleinzelhandel angewendet. Die im GVC-Ansatz betonten Faktoren, welche Einfluss auf die Form der Governance haben – etwa die Komplexität von Informationen und Wissenstransfers, die nötig sind, um eine Transaktion durchzuführen, der Grad, zu dem Informationen kodifiziert werden können, die Kompetenz der Zulieferer, Strategien zur Reduktion von Kosten der Governance und Risiken, Machtasymmetrien und Konzentration – können die *Collective Action*-Debatte dahingehend bereichern, indem sie helfen, zu identifizieren, in welchen

dieser Gebiete Bauernorganisationen den größten, bzw. effektivsten Beitrag leisten können, um ihren Mitgliedern eine größere Teilhabe am Wert zu ermöglichen und Governance-Strukturen in ihren Beziehungen zu großen Handelsunternehmen für sich zu verbessern.

In der vorliegenden Arbeit werden Producer Companies in Indien daher im Sinne des GVC-Ansatzes als *Supplier* konzeptionalisiert. Dies ist unter anderem auch deswegen naheliegend, da Producer Companies explizit als formale Unternehmen registriert werden und diese unternehmerische Struktur als eines ihrer bedeutendsten Merkmale herausgestellt wird. Da Bauernorganisationen allgemein einem Trend zu einer stärkeren Betonung unternehmerischer Prinzipien unterliegen (siehe Abschnitt 1.2.3), ist dieses Vorgehen nicht nur im Hinblick auf indische Producer Companies sinnvoll. Darüber hinaus soll durch eine derartige Perspektive untersucht werden, ob im Bereich der Agro-Food Netzwerke weitere Faktoren bestimmte Formen der Governance beeinflussen und welchen Entwicklungseffekt verschiedene Governance-Formen haben können. Damit wird ein Ansatz von Altenburg (2006) verfolgt, der weitere, die Form der Governance bestimmende Faktoren in landwirtschaftlichen Wertschöpfungsketten zwischen Kleinbauern und Handelsunternehmen in Entwicklungsländern identifiziert.

2.2 Methodik

Zu der im Rahmen dieser Arbeit untersuchten Thematik waren im Vorfeld ausgesprochen wenige Daten vorhanden, so dass im Laufe des Forschungsprozesses zu Producer Companies in Indien zunächst eine Datengrundlage geschaffen werden musste. Dies wurde bereits zu Beginn des Forschungsprozesses festgestellt und daher eine entsprechende eigene empirische Erhebung geplant, um einen Datensatz zu generieren, der eine befriedigende Bearbeitung der Fragestellung ermöglichen würde. Aufgrund der lückenhaften anfänglichen Datenlage und der wissenschaftstheoretischen Einbettung des Forschungsvorhabens wurden qualitative Erhebungsmethoden zur Erarbeitung der Datengrundlage angewendet, die im späteren Forschungsprozess durch eine quantitative Datenerhebung ergänzt wurden. Die qualitative Forschung gewährleistet das gewünschte Maß an Offenheit bei der Erhebung und die Einbeziehung verschiedenster Randbedingungen, die das Handeln von Akteuren sowie ihre Beziehungen zueinander

beeinflussen. Diese relationalen Aspekte in der Interaktion von Individuen, Organisationen und Institutionen sind im Rahmen weniger flexibler, standardisierter Methoden schwer zu erfassen (Häder, 2010), für die analytische Bearbeitung der Forschungsfragen jedoch von großer Bedeutung. Zudem zeichnet sich der qualitative Forschungsprozess, ebenso wie der zu untersuchende Forschungsgegenstand, nicht durch Linearität, sondern durch Zirkularität und reflexives Vorgehen aus. Anstatt *ex ante* Forschungshypothesen aufzustellen und diese dann im Feld zu überprüfen, geht qualitative Forschung induktiv vor und ist bemüht, von der detaillierten Untersuchung einzelner Fälle auf das Verallgemeinerbare zu schließen. Dabei können neue und auch unerwartete Aspekte, die sich im Laufe des Forschungsprozesses ergeben, jederzeit in den Forschungsverlauf integriert werden, denn im qualitativen Forschungsprozess geht es nicht um die „Reduktion von Komplexität durch Zerlegung in Variablen, sondern um die Verdichtung von Komplexität durch Einbeziehung von Kontext“ (Flick, 2007, S. 124).

2.2.1 Methoden der Datenerhebung

Als primäre Form der Datenerhebung wurde die qualitative Befragung in Form von persönlich-mündlichen Interviews gewählt. Diese Befragungen fanden zum überwiegenden Teil in Form von problemzentrierten Interviews von Einzelpersonen statt. In einigen Fällen wurden Interviews auch mit bis zu vier Personen geführt. Qualitative Befragungen etwa durch problemzentrierte Interviews sind wenig standardisiert. Der Interviewer folgt hierbei einem teilstrukturiertem Leitfaden, um die Zielperson stärker zu Wort kommen zu lassen und stärker in die Tiefe gehen zu können (Häder, 2010). Entsprechend der zu befragenden Akteurs-Zielgruppen (siehe Abschnitt 2.2.2) wurden unterschiedliche Leitfäden ausgearbeitet. Insgesamt wurden sechzig problemzentrierte Interviews geführt, davon 17 mit Vertretern von Producer Companies, zwölf mit Experten übergeordneter Institutionen, zehn mit Mitarbeitern staatlicher Behörden, neun mit NROs, acht mit Einzelhandelsunternehmen, vier mit Landwirten, sowie zwei mit Bauernverbänden. Darüber hinaus fanden zwei Gruppendiskussionen bei der staatlichen Bank für Landwirtschaft und ländliche Entwicklung (*National Bank for Agriculture and Rural Development* – NABARD) mit Förderern und Vertretern von Producer Companies statt. Die durchschnittliche Länge der geführten Interviews beträgt ca. 50 Minuten pro

Interview. Bis auf zwei Gespräche konnten durch Einwilligung des Gesprächspartners alle Interviews mit einem digitalen Aufnahmegerät aufgezeichnet werden.

Neben den problemzentrierten Interviews spielten Fallstudien zur detaillierten Untersuchung ausgewählter Producer Companies eine bedeutende Rolle bei der Datenerhebung. Hier wurden insgesamt acht Producer Companies im Rahmen von Feldbesuchen abgedeckt (siehe Appendix II). Im Rahmen dieser Feldstudien, die je nach Producer Company einige Tage und bis zu zwei Wochen in Anspruch nahmen, wurden problemzentrierte und narrative Interviews mit Angestellten, Direktoren, Managern und Mitgliedern der Bauernorganisationen geführt. Die Befragung der Bauern fand in kleineren Gruppen von vier bis fünf Personen und mit Hilfe eines indischen Übersetzers statt. Darüber hinaus wurden zwei Bauernversammlungen von jeweils etwa fünfzig Personen zur Befragung im Sinne der Einholung eines Meinungsbildes zu Producer Companies genutzt. Sämtliche Gespräche wurden auch hier mit einem digitalen Aufnahmegerät aufgezeichnet.

Neben der qualitativen mündlichen Befragung wurde eine standardisierte Datenerhebung aller bekannten Producer Companies angestrebt, nachdem im Anschluss an die Befragung der Experten eine annähernd komplette Liste aller registrierten Producer Companies zusammengestellt worden war. Daten zu jenen Producer Companies, für die Kontaktinformationen bereitstanden, sollten in Form einer standardisierten schriftlichen Befragung mit einem standardisierten Fragebogen (siehe Appendix I) erhoben werden, der nach vorheriger Kontaktaufnahme und Klärung der Bereitschaft zur Teilnahme per E-mail verschickt wurde. War dies nicht möglich, wurde die betreffende Producer Company telefonisch anhand des Fragebogens befragt. Der Fragebogen wurde im Vorfeld gemeinsam mit Wissenschaftlern des *Institute of Economic Growth* (IEG) in Neu Delhi besprochen und nach einem Pretest im Rahmen einer Befragung von zwei Producer Companies leicht angepasst. Durch die relativ komplexe Struktur des Fragebogens war der Erfolg bei der schriftlichen und telefonischen Datenerhebung gering. Von 78 in dieser Weise kontaktierten Producer Companies füllten lediglich zwölf den Fragebogen nahezu komplett aus.

Schließlich wurde während des gesamten Forschungsprozesses eine Sekundärdatenanalyse durchgeführt. Hierbei wurden vor allem Projektberichte zu

Producer Companies, die seitens der unterstützenden NROs erstellt wurden, Geschäftsberichte der Producer Companies sowie Dokumente staatlicher Stellen und Mitteilungen aus den Medien analysiert. Entsprechend einer methodischen Vorgehensweise nach der *Grounded Theory* oder der „in den Daten gegründete[n] Theorie“ (Häder, 2010, S. 265) wurden diese verschiedenen Datenquellen genutzt, um im Laufe des Forschungsprozesses die gewonnenen Informationen schrittweise zu generalisieren.

2.2.2 Auswahl der Interviewpartner

Im Rahmen qualitativer Forschung wird aufgrund der induktiven Ausrichtung des Forschungsprozesses meist nicht angestrebt, Totalerhebungen vorzunehmen. Die Auswahl der Interviewpartner findet häufig gezielt statt und unterscheidet sich je nachdem, ob Wissen über die Grundgesamtheit vorhanden ist. Ist dies der Fall, können besonders typische oder atypische Fälle ausgewählt werden, oder aber besonders gewichtige, die aufgrund bestimmter Merkmale die Verteilung in der Grundgesamtheit bestimmen (Häder, 2010). Ist die Größe und Merkmalszusammensetzung der Grundgesamtheit nicht bekannt, können Fälle mit der Methode des theoretischen Sampling gezielt so ausgesucht werden, dass sie das Wissen über das Forschungsfeld systematisch erweitern. Es handelt sich hierbei um einen iterativen Prozess, an dessen Anfang meist nur Kenntnisse über einige zu untersuchende Fälle oder zu befragende Personen vorhanden sind. Im Laufe des Forschungsprozesses erweitern sich diese Kenntnisse durch die Befragung von Personen, die für das Thema besonders relevant sind und/oder die über bedeutendes Wissen über die zu erforschenden Sachverhalte verfügen (Flick, 2007). Im Rahmen des theoretischen Sampling können weitere Interviewpartner mit der Schneeballmethode ausfindig gemacht werden. Dabei geben bereits bekannte Interviewpartner Informationen über weitere mögliche Interviewpartner, die aufgrund ihrer Position in dem betrachteten Forschungsfeld und ihres spezifischen Wissens über bestimmte zu erforschende Sachverhalte den Forschungsprozess voranbringen können. Die Schneeballmethode setzt voraus, dass die Personen, zu denen durch diesen Prozess Kontakt hergestellt werden soll, sich untereinander kennen, d.h. über Netzwerke miteinander verbunden sind (Häder, 2010).

In der vorliegenden Arbeit wurden mehrere Methoden zur Auswahl der Interviewpartner angewendet, die sich an den zu befragenden Akteursgruppen orientierten. Entsprechend der Fragestellungen der Arbeit standen die folgenden vier Akteursgruppen im Fokus der Befragungen:

- (1) Bauernorganisationen (Producer Companies)
- (2) Unternehmen des modernen Lebensmitteleinzelhandels
- (3) Staatliche Stellen
- (4) Experten übergeordneter Institutionen (Nicht-Regierungsorganisationen, Wissenschaftler)

Im Falle der Datenerhebungen zu Producer Companies, zu denen wie bereits erwähnt, äußerst wenige Daten zur Verfügung standen und daher kein Wissen über die Grundgesamtheit vorhanden war, wurden in der ersten Phase des Forschungsprozesses zu untersuchende Fälle durch theoretisches Sampling ausgewählt. Parallel dazu fand die Befragung von Experten statt. In diesem Fall wurde ebenfalls mit der Methode des theoretischen Sampling und der Schneeballmethode gearbeitet. NROs sowie staatliche Stellen, die im Aufbau und der Unterstützung von Producer Companies aktiv sind, waren zu Beginn des Forschungsprozesses bereits durch vorhergehende Forschungsaufenthalte bekannt. Durch Interviews und darüber hinaus anhaltenden Austausch mit diesen Akteuren wurde die Datengrundlage zu Producer Companies stetig erweitert, so dass eine nahezu komplette Datenbank der bis zum April 2012 in Indien existierenden Producer Companies erstellt werden konnte. Diese Liste umfasst rund 270 Producer Companies in 23 der indischen Bundesstaaten, wovon sich mit jeweils etwa 17% die Mehrheit in den Bundesstaaten Madhya Pradesh und Maharashtra befindet. Auf Basis dieser Datengrundlage wurde angestrebt, alle Producer Companies im Rahmen einer standardisierten Befragung zu erfassen (Totalerhebung) und einige Beispiele gezielt für detaillierte Fallstudien im Rahmen einer qualitativen Befragung auszuwählen. Die Auswahl der Fallstudien erfolgte bewusst, orientierte sich jedoch nicht daran, möglichst repräsentative Fälle zu untersuchen. Als Kriterien für die Auswahl wurden die folgenden fünf angelegt wovon jeweils mindestens vier zutreffend sein sollten:

- (1) Marktorientierung der Aktivitäten der Producer Company, bzw. ist die Verbesserung der Vermarktung ein angestrebtes Ziel
- (2) Aktivität der Producer Company seit mindestens einem Jahr
- (3) Zusammensetzung der Mitgliederbasis aus Kleinbauern
- (4) Aktivität der Producer Company in Madhya Pradesh oder in Maharashtra
- (5) Bekanntheit der Producer Company als erfolgreiches Beispiel, bzw. als Knotenpunkt für die Bildung weiterer Producer Companies durch die Ausübung einer beratenden Rolle

Das erste und das dritte Kriterium dient dem Ziel der Arbeit, Producer Companies als verbindende Institutionen zwischen Kleinbauern und dem modernen Einzelhandel in Indien zu erfassen, während das zweite Kriterium aus praktischen Gründen angelegt wurde, da Producer Companies, die sich noch in der Gründungsphase befinden, meist noch wenig aktiv in der Vermarktung landwirtschaftlicher Produkte sind, bzw. hier wenig Daten über die Mitgliederbasis zu erhalten sind. Das vierte Kriterium dient dazu, zu erfassen, warum das Modell der Producer Companies in den Bundesstaaten Indiens unterschiedlich angenommen wird, und die Rolle staatlicher Institutionen bei der Förderung dieser Organisationen herauszuarbeiten. Das fünfte Kriterium ergibt sich aus der Methodik des theoretischen Samplings. Hierbei wurden von Gesprächspartnern jeweils diejenigen Producer Companies empfohlen, deren Aktivitäten als besonders erfolgreich oder beachtenswert eingestuft wurden. Dieser Einschränkung entgegenzuwirken war die Absicht der standardisierten Befragung aller bekannten Producer Companies.

Im Falle der Befragung der Unternehmen des modernen Einzelhandels waren die Akteure durch die Analyse entsprechender Literatur bekannt. Da die Fallzahlen hier begrenzt sind, war auch im Fall dieser Unternehmen eine Totalerhebung geplant, die jedoch nicht standardisiert sondern in Form problemzentrierter Interviews mit Angestellten oder leitenden Persönlichkeiten aus dem Bereich des *Supply Chain Management* ablief. Die Auswahl der Interviewpartner wurde von Seiten der Einzelhandelsunternehmen vorgenommen, indem diese nach Kontaktaufnahme eine oder mehrere geeignete Person(en) für das Interview vorschlugen. Im Rahmen der Interviews wurden die

Gesprächspartner auch hier durch Anwendung der Schneeballmethode nach weiteren interessanten Fällen und Gesprächspartnern befragt.

2.2.3 Methoden der Datenanalyse

Die vorliegenden verbalen Daten wurden im Anschluss an die Datenerhebung zunächst transkribiert. Daraufhin erfolgte die Analyse des Gesprochenen im Sinne einer Inhalts- und nicht einer Konversationsanalyse. Dabei wurden sprachliche Eigenheiten oder für die Forschungsfragen irrelevante (beispielsweise persönliche) Themen der Interviews von der Analyse ausgeschlossen. Entsprechend dem Verfahren nach Mayring (1993) zur Inhaltsanalyse nicht oder teilstandardisierter Daten wurden zunächst die wesentlichen Aussagen des Textes herausgearbeitet und zusammengefasst und daraufhin auf einzelne Themenschwerpunkte reduziert. In einem zweiten Schritt wurden fragwürdig erscheinende Aussagen durch Vergleich mit weiteren zur Verfügung stehenden Materialien geklärt (Explikation) (Häder, 2010). Schließlich wurde das Kernmaterial der Texte unter Anwendung verschiedener Kategorien herausgefiltert. Die Daten, welche über die standardisierte Form der Befragung per Fragebogen erhoben wurden, wurden lediglich deskriptiv statistisch ausgewertet. Einiger dieser Daten wurden aus Gründen der Anschaulichkeit mit ArcGIS graphisch dargestellt.

2.3 Anmerkungen zur empirischen Arbeit

Das Forschungsvorhaben war aufgrund der anfänglich mangelhaften Datenlage durch ein exploratives Vorgehen gekennzeichnet. Dementsprechend wurden geeignete Methoden ausgewählt, um im Laufe des Forschungsprozesses einen möglichst umfassenden Blick über das Forschungsfeld zu erlangen. Diese Methoden, etwa die Schneeballmethode, setzen voraus, dass die Personen/Organisationen, die befragt werden sollen, über ein Netzwerk miteinander verbunden sind, zu dem seitens des Forschers Zugang besteht. Bei der Erarbeitung des Forschungsdesigns war durch vorherige Aufenthalte in Indien und erste Voruntersuchungen zum Forschungsthema bekannt, dass die zu befragenden Akteure in einem solchen Netzwerk miteinander verbunden sind. Im Laufe des Forschungsprozesses zeigte sich, dass wie erwartet in dem untersuchten Fall der Producer Companies, viele Informationen über Schlüsselpersonen weitergegeben werden, die

wiederm untereinander verbunden sind. Dies können entweder Mitarbeiter bestimmter NROs sein, die im Aufbau von Producer Companies landesweit oder in bestimmten Bundesstaaten besonders aktiv sind, oder leitende Angestellte in Regierungsstellen, die an der Planung und gesetzlichen Implementierung des Modells der Producer Companies mitgewirkt haben, beziehungsweise dieses jetzt im Rahmen unterschiedlichster Förderprogramme unterstützen. Im Laufe des Forschungsprozesses wurde immer wieder auf diese Schlüsselpersonen verwiesen, so dass relativ sicher ausgeschlossen werden kann, dass sich weitere bedeutende Personen außerhalb dieses Netzwerkes befinden. Dennoch besteht in dieser Hinsicht eine geringe Wahrscheinlichkeit und daher ist die Verallgemeinerbarkeit der Ergebnisse, die im Forschungsprozess unter Anwendung der Schneeballmethode generiert wurden, wie bei dieser Methode allgemein, in Frage zu stellen (Häder, 2010).

Zudem schränkt die geringe Antwortquote der quantitativen Befragung die Aussagekraft dieses Teils der Datenerhebung der vorliegenden Arbeit ein. Die gewünschten stärker generalisierenden Aussagen zu Producer Companies in Indien können daher nur sehr eingeschränkt getroffen werden. Da der Schwerpunkt der empirischen Datenerhebung der Arbeit jedoch aufgrund ihrer wissenschaftstheoretischen Ausrichtung auf qualitativen Methoden liegt, wird dadurch nicht die Aussagekraft der übrigen Ergebnisse geschmälert oder die Beantwortung der Forschungsfragen behindert.

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Kapitel 3

Farmers' producer companies in India:
a new concept for collective action?

3 Farmers' producer companies in India: a new concept for collective action?

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Abstract

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. As elsewhere in the developing world, in India, small farmers' livelihoods are being threatened due to the liberalization and privatization of Indian agriculture and the increasing interest of private capital in the agribusiness sector. The withdrawal of the state from productive and economic functions, and changes in the organization of marketing channels, present new challenges for small-scale farmers. In this environment of greater instability and competition, organization and collective action can help to enhance farmers' competitiveness and increase their advantage in emerging market opportunities. We build on the ideas of value-chain governance and collective-action literature and introduce the functions and organizational structure of producer companies in India within this context. On the basis of a case study of a specific producer company in Maharashtra, which produces and markets mango and cashew nuts, we discuss the potential benefits for rural communities and the reempowering effect of this form of farmer organization.

Keywords: collective action, value chains, governance, agrifood network, smallholder, India

3.1 Introduction

In comparison with many other countries, the transformation of the agrofood system in India started relatively late. Here, the corporatization of retail, and later of agriculture, started from 1991, when the Indian government started to deregulate and liberalize the economy. A major focus in political strategies has been placed on economic, trade, and industrial policies. This has had, and continues to have, a particular impact on India's population in the nonindustrialized sectors, such as agriculture. The deregulation and the subsequent decline in state subsidies for production inputs such as water, electricity, fertilizer, and seeds created an economic environment of unknown competition for many smallholders (Motiram and Vakulabharanam, 2007; Sharma, 2007).

At the same time, the Indian market environment changed also affecting smallholder farmers. Along with changing consumer demands, new corporate actors are entering Indian agrofood networks, such as corporate retailers, processors, or exporters of quality produce. These firms are often aiming to execute vertical coordination in their supply chains, which ensures them greater control over the production processes and thus to source produce which meets their strict requirements and standards (Barghouti et al, 2004). Within the frame of vertical coordination, links between farmers and buyers are becoming tighter to replace conventional open-market relations (Humphrey and Memedovic, 2006). This type of procurement organization is also the result of the changing national policy orientation in India, following somewhat neoliberal tendencies, which is also affecting agriculture and trade (Landes, 2008; Pitale, 2007).

However, the Indian government not only aims to initiate new organizational forms in agricultural production and marketing to integrate large firms, but also aims to encourage groups of small-scale primary producers to connect with corporate buyers. With the amendment of the Companies Act 1956 in 2002, the Indian government introduced the concept of 'producer companies', which constitute an attempt to establish basic business principles within farming communities, to bring industry and agriculture closer together, and to boost rural development (Kumar Sharma, 2008).

Farmers' producer companies can be seen as hybrids between private companies and cooperative societies. The producer-company concept is aimed to combine the efficiency of a company with the 'spirit' of traditional cooperatives. Producer companies aim to integrate smallholders into modern supply networks minimizing transaction and coordination costs, while benefiting from economies of scale (Lanting, 2005). They are run and owned by farmers, financially facilitated by the government or donor agencies, and managed by professionals. The concept of producer companies is still in its infancy in the agricultural sector and has captured almost no attention in the literature particularly outside India. Our general intention in this paper, therefore, is to analyze the potential of the producer-company model as a bottom-up approach for smallholder participation in emerging markets.

The paper is based on material collected in India during two visits, in 2008 and 2010. In total, forty-five in-depth interviews were conducted with representatives of producer

companies, buyer organizations, interest groups, and government agencies. The methodological idea was to gather information at different scales of organization. Therefore, representatives of higher level organizations were approached, to collect material to aid our conceptual understanding about producer companies and the regulatory framework behind them. In addition, interviews were conducted with local actors at producer-company level, for specific case-study data, at seven producer companies and their supporting organizations in the states of Karnataka, Tamil Nadu, Gujarat, Madhya Pradesh, and Maharashtra. The specific information on VAPCOL, the case-study described in this paper, is based on six interviews with representatives of this particular producer company, in addition to a three-day field visit to various VAPCOL sites in Maharashtra in 2008. The selection of VAPCOL as an analytical case study for producer companies was based on the impression gained during field work, and the subsequent analysis of the primary data, that VAPCOL represents a rather successful example of this type of farmer organization. It has been running for more than one season and, therefore, its organizational structures and procedures were fully operational.

The paper is organized into four sections. In section 2 we outline an analytical framework in relation to arguments from the value-chain governance and the collective action debates. In section 3 we deal with the structural characteristics of agriculture in India and the regulatory framework on which the concept of producer companies is based. In addition, in this section, we outline the ideal and typical characteristics of producer companies. In section 4, the case study of VAPCOL is presented and analyzed in relation to the success of this producer company in empowering farmers and improving their livelihood. In the final section, we conclude that producer companies are a promising new model of smallholder organization, but one which needs continued support and further critical analysis.

3.2 Reempowering farmers through collective action

The global food system is characterized by high levels of influence of powerful firms from the trading, processing, manufacturing, and retail fields. Large retailers, for example, are able to control agricultural production in more and more regions of the world through rapid internationalization and their increase of market share in food sales

across the globe (Brown and Sander, 2007; Pimbert et al, 2001; Reardon et al, 2009; Reardon et al, 2004). Along with the spread of supermarkets, public and private standards related to food quality and safety are gaining in importance including in developing countries (Coe and Hess, 2005; Henson and Reardon, 2005).

As outlined in a more general perspective by Gereffi et al (2005), increased specificity of products and higher standards requirements in globalized production and trade systems lead to tighter governance of value chains. This assertion is based on the transaction-costs approach, which states that more complex transactions lead to greater segments of the production process being controlled by, or integrated into, the same firm (Gereffi et al, 2005). In the case of smallholder agriculture, transaction costs for firms dealing with small farmers are particularly high for a number of reasons: for example, the small units of output per farming household, low capacity, low information levels of farmers, uncertainties in dealing with farmers, as well as simple physical distance because of underdeveloped infrastructure.

In a scenario of (1) high complexity of transactions, (2) low ability to codify transactions, and (3) low capabilities of the supplier base, high levels of explicit coordination occur in value chains (Gereffi et al, 2005, page 87). Within the literature on agrofood systems, the term 'vertical coordination' is used to describe the explicit coordination of agricultural production processes by lead firms, such as retail chains (Humphrey and Memedovic, 2006). In this context, vertical integration describes the most explicit types of agrofood chain governance where buyers have strong control over the means of production. Network coordinations of vertical integration include food-production systems, such as contract farming or outgrowing schemes. Therefore, vertical integration in agrofood networks falls into the governance typology of Gereffi et al (2005, pages 87 ^ 89) of 'captive' and 'hierarchy', in which lead firms have strong control over suppliers.

Product and logistic requirements are especially high in the case of high-value agricultural products such as fresh fruits and vegetables, which makes transactions complex. Many case studies have shown, for a number of countries and product groups, that large retail chains tend to integrate transactions between the farm gate and the retail outlet vertically to ensure product quality and safety, traceability, and timely aspects of supply (Brown and Sander, 2007; Dolan and Humphrey, 2004; Key and Runsten, 1999;

Masakure and Henson, 2005; Shepherd, 2005). As Dolan and Humphrey (2000; 2004) have shown for the case of vegetable exports from Kenya to the United Kingdom, increasing requirements lead to increases in explicit coordination and vertical integration of farm production, when they are not accompanied by either codification or higher supplier competence.

It can be argued that such reorganization in contemporary agrofood networks does not predominantly lead to an increase in production, which should equate to value creation but, rather, changes the mode of value distribution through a reorganization of power structures (Chossudovsky, 2003; Dicken, 2011; Harvey, 2003; 2006). According to Harvey (2006), redistributive rather than generative economic strategies lead to the movement of assets from the less to the more powerful, or from the more to the less vulnerable. Applied to contemporary agrofood networks, the ongoing trends of concentration lead to less income going to the less-concentrated parts of the network that is, the producers' end (Humphrey and Memdovic, 2006). Here, disempowerment occurs because farmers risk becoming simple pieceworkers on their land, while corporate enterprises control the means of production and the output, and capture most of the value circulating in the system (Potter and Tilzey, 2007; Wilson, 1986).

The risk for farmers becoming exposed to and suffering from unequal relationships with large firms, if they are integrated into their supply networks, is particularly high in developing countries with a large number of smallholder or subsistence farmers. Here, agrarian structures are less suited to feed into the industrialized model of producing, processing, and selling food. A number of case studies have shown that small farmers in particular in developing countries struggle to cope with the aforementioned trends in the global agrofood system, which confront them with challenges they find difficult to meet (Markelova et al, 2009; Maskaure and Henson, 2005; Narrod et al, 2007; 2009; Reardon et al, 2009). As a result, only the most productive and competitive, and usually the largest, farmers have the potential to be recast as suppliers of inputs into a much larger network of processors, distributors, and retailers (Potter and Tilzey, 2007; *The Guardian* 2005). Many small and family farmers who are not included in these networks find themselves on the margins, and with increased threat to their livelihoods. This is

especially the case in India where smallholder farmers, who cultivate less than 2 ha of land, account for the overwhelming majority of farming households (Misra, 2008).

Smallholder agriculture faces several constraints related to the small size of the operation. These include the inability to create scale economies, low bargaining power because of low quantities of marketable surplus, scarcity of capital, lack of market access, shortage of knowledge and information, market imperfections, and poor infrastructure and communications (Barham and Chitemi, 2009; Biénabe and Sautier, 2005; Mercoiret and Mfou'ou, 2006; Teshome et al, 2009). Against this backdrop, a renewed interest in farmer organization has developed in recent years (Barham and Chitemi, 2009). Much emphasis has been placed on its potential role for poverty alleviation within a so-called 'smallholder revolution' in the 2008 World Bank report (World Bank, 2007a). Most of the collective-action literature emphasizes increasing economies of scale as well as the lowering of transaction and coordination costs as the main benefits of organizing farmers (Bernard and Spielman, 2009; Biénabe and Sautier, 2005). The creation of countervailing power, access to capital markets on favorable terms, risk management, and income improvements are other major reasons for establishing farmers' organizations (Datta, 2004). Most farmer organizations act as multipurpose organizations and offer a wide range of services to their members, independent of the specific type of organization (see Tab. 3.1).

In view of the trends within global agrofood systems and the strong power concentrations in buyer organizations, farmers' organizations, especially in the Western world, are in the process of adapting their organizational structures. This includes strategies to develop structures as regular commercial companies (Datta, 2004; Singh, 2008). Strategic reorientations are largely reactions to problems at several organizational scales. Cooperatives in particular, as a prominent form of farmer organization, experienced problems in relation to their leadership, member commitment, as well as opportunism and free riding. This has resulted in a lack of performance, as well as problems with financial and managerial resources (Datta, 2004; Singh, 2008). Therefore, cooperatives are developing towards greater market orientation in the form of so-called 'new generation cooperatives' for which examples exist in the agricultural sector of the USA and Canada (Singh, 2008).

Tab. 3.1: Services provided by farmers' organizations

Organizational Services	organizing farmers, catalyzing collective action, building (strategic) capacities, establishing internal monitoring systems
Production Services	input supply, facilitation of (collective) production activities
Marketing Services	transport and storage, output marketing, processing, market information and analysis, branding, certification
Financial Services	savings, loans and other forms of credit, financial management
Technology Services	education, extension, research
Education Services	business skills, health, production
Welfare Services	health, safety nets
Management of resources	water, pasture, fisheries, forests, soil conservation
Policy advocacy	

Source: Hellin et al., 2009; Markelova et al., 2009; Narrod et al., 2009; Rondot and Collion, 2007

Also with regard to developing countries there is a demand for farmer organizations to engage in the improvement of market performance and to create an 'entrepreneurial culture' (Barham and Chitemi, 2009) in rural communities (Lundy et al, 2002; Markelova et al, 2009), because impeded access to markets is viewed as one of the major factors preventing smallholder farmers from prospering in the global economy. However, as Hellin et al (2009) emphasize, there is still a need to clarify: (1) the most appropriate type of farmer organization; (2) the type of crop undifferentiated or high-value crop for which organization makes more or less sense; (3) whether the public or the private sector is best-placed to support these organizations; and (4) the conditions necessary to ensure their economic viability.

Within this context of hybrid organizations between institutions of collective action and market-driven private enterprises, we aim to analyze the model of farmer producer companies which is emerging as a new type of formal farmer organization in the agricultural sector of India. Producer companies are an example of changes towards more profit-oriented forms of organization arising among farming communities. In India these changes can be seen as reactions to a new market and regulatory environment. Unlike top-down models of smallholder market integration, such as contract farming or outgrowing, producer companies create and nurse an entrepreneurial spirit at the community level. By leaving production decisions and major assets in the hands of farmers, they contribute to

their reempowerment. At the same time, producer companies try to enable access to new markets by establishing flexible linkages to highly specialized demand.

3.3 The reorganization of agrofood production in India

These new forms of demand are largely the result of socioeconomic and socio-cultural changes within India. Throughout the last two decades, this country has experienced significant changes within both its economy and its society. However, despite the decreasing contribution of agriculture to the Indian GDP, its role as a source of employment remains significant: 55% of India's economically active population was employed within the agricultural sector in 2009 (FAO, 2010). This figure had dropped only very slowly over the course of the past three decades, as it was 68% in 1980 (FAO, 2010). In this context the number of people depending on agriculture and allied activities for their livelihoods increased by around 35% in the past three decades, from 434 to 585 million between 1979 and 2009 (FAO, 2010).

One key characteristic of India's agricultural sector is the fragmentation of landholdings: around 80% of India's farmers cultivate small and marginal holdings of up to 2 ha. For vegetable crops the share of small and marginal holdings increases to around 90% (Datanet India, 2010). Over the past two decades there has been an increase in the total number of small and marginal holdings, while the trend in the case of medium and large holdings has been the reverse (see Tab. 3.2). Between 1995/96 and 2005/06, the number of marginal holdings increased by around 17.6%, while the total area cultivated under marginal holdings increased by only 13.9%. In 2005/06, 83.3% of all holdings were small and marginal, and covered 41.1% of India's arable land (see Tab. 3.2).¹

This fragmentation in Indian agriculture creates problems for the supply side as well as the demand side of the market. On the supply side, farmers of small holdings are often unable to apply knowledge and technologies. Low levels of technology input usually result in low levels of output productivity, low incomes, and low creation of surplus value to support the family livelihood. On the demand side of the markets, it is often difficult to find a sufficient supply of produce meeting certain quality standards at the required time.

¹ In India, the financial year runs from 1 April to 31 March.

In addition, large-scale distribution organizations, such as the evolving retail chains in India, are searching for alternatives to the existing supply models, in which a number of independent intermediaries such as small aggregators, traders, and wholesalers are also involved between smallholder production and retail distribution (Trebbin and Franz, 2010). Therefore, supplying a growing domestic or export demand for, for example, high-value produce, from smallholder agriculture is a challenge in terms of constant volumes as well as quality.

Tab. 3.2: Number and area of holdings by size group in 1995-96 and 2005-06

<i>size of holding in ha</i>	1995 - 96 total holdings		2005-06 total holdings	
	<i>number in million</i>	<i>area in million ha</i>	<i>number in million</i>	<i>area in million ha</i>
marginal (below 1 h)				
total number	71.12	28.1	83.7	32.0
per cent of total holdings	61.6	17.2	64.8	20.2
small (1-2 ha)				
total number	21.7	30.7	23.9	33.1
per cent of total holdings	18.7	18.8	18.5	20.9
semi-medium (2-4 ha)				
total number	14.3	39.0	14.1	37.9
per cent of total holdings	12.3	23.9	10.9	23.9
medium (4-10 ha)				
total number	7.1	41.4	6.4	36.6
per cent of total holdings	6.1	25.3	4.9	23.1
large (10 ha and above)				
total number	1.4	24.2	1.1	18.7
per cent of total holdings	1.2	14.8	0.9	11.8

Source: Government of India, 2010

A common mode of production in many developing countries, especially in the case of high-value produce, is the implementation of contract farming or similar forms of vertical integration of production. In this case, 'vertical integration' has to be understood as captive supply relations or explicit coordination of production processes (see section 2). In India, until 2003, such practices were prevented by the Agricultural Produce and Marketing Act (APMA) 1951. After the APMA amendment in 2003, almost all Indian

states removed restrictions which constrained wholesale of agricultural commodities to only state-regulated markets and promoted the setup of markets in the private and cooperative sector. This happened in a context in which the national government implemented neoliberal policy strategies following almost two decades under the "indirect rule of the IMF" (Chossudovsky, 2003, page 169). As a result, contract farming is expanding, for example, in the fertile and irrigated areas of Punjab and Maharashtra, while the establishment of a regulatory framework lags somewhat behind (World Bank, 2007b, page 51).

In this current setting, without effective organization, Indian farmers "are likely to face either a life of continued poverty and exploitation at the hands of those controlling value chains, or progressive isolation from active involvement in economically viable agricultural activities" (Croucher, 2010, page 6). Therefore, and in view of the various problems facing Indian farmers and agriculture as a whole (such as sluggish growth, stagnating productivity, ecological degradation of the production base, and climate change), there is a need not only to improve the situation through technology-driven solutions but also through institutional reforms.

In an attempt to move into this direction, the Indian government introduced a new form of organization which offers farmers the opportunity to compete with other business organizations: the Companies Act 1956 was amended on 6 February 2002. Since then, producer companies have been recognized as a fourth form of corporate entity alongside companies limited by shares (public limited and private limited companies), companies limited by guarantees, and unlimited companies. The new legislation ensures that producer companies maintain unique elements of cooperatives while the regulatory framework is similar to that of other company types. By the end of 2009 around 150 producer companies were established across India, either as start-ups or through the transformation of existing cooperatives (AOFC India, 2009).

"The concept of producer companies in India is a very recent development. These are just like cooperatives, but they are registered as companies. The requirement is that the members, the shareholders of this company, are producers themselves. No nonproducer can be a member of the company."

They get together; they combine their share capital, register as a company, employ a professional to run the company and do value addition, whatever is possible. Some of them even have their own processing units” (interview with representative of the National Bank for Agriculture and Rural Development, NABARD, in 2010).

The emphasis on the collective spirit of these new producer companies stems from the idea that groups of stakeholders (that is, primary producers) are best suited to commonly and sustainably manage and develop community resources such as land and water. As land and water scarcity are likely to be the largest constraints in Indian development, large corporate enterprises engaged in Indian agriculture, through organizational forms such as contract farming, have used these resources rather exploitatively (Singh, 2002). In contrast, farmers' organizations are, as outlined in section 2, concerned with a wider range of activities, such as environmental conservation, in addition to their overall business goals. Small farmers and their organizations can, therefore, be regarded as critical for local food security and as managers of key environmental services in the self-interest of those living from and working the land (Seville et al, 2011).

However, the reason why producer companies as a new form of farmer organization was needed in India is only partially explained by the changing economic and regulatory environment. It also correlates with the decline in success and the increasing problems of cooperatives. Cooperatives are a very prominent form of collective action in agriculture, and have long been established in India, and especially Maharashtra, in a vast range of sectors. However, the direct benefits for the farmers involved and confidence in this form of organization has continuously decreased over the last decades.

“Cooperative farming was up to the 1970s, 80s very successful. They tried to be entrepreneurs, to improve the productivity, the land cultivation and to improve the incomes of farmers. However, that attitude has gone. There is nowadays an exploitative attitude they have developed” (interview with representative of EPW research foundation, in 2008).

To prevent the same problems occurring in the cooperative sector, the producer company legislation contains some important changes. Government control is very limited, as no state representative is part either of the organization as such or of its management. Producer companies are formed only among primary producers, that is, only people engaged in activities connected to primary production can join the company. The minimum number of founding members is ten individual members, or two institutional members such as self-help groups (SHGs), cooperatives, or any other formal farmer organization. The seed capital of the company is generated through an initial sale of shares. The producer companies studied made it an obligation for farmers interested in becoming a member to buy at least one share in the company. The share value, on average, is very low, ranging from 50 to 200 Indian Rupees (information gathered on field visits). As it is difficult to raise high levels of capital stock among small-scale producers, the Companies Act allows the suspension of the requirement for capital companies to have a minimum capital stock of 100 000 Indian Rupees, so that producer companies are free of this requirement. Instead, the liability of the members is limited to the amount they have spent on shares. Hence, farmers do not risk losing their land or any other assets should the company go bankrupt. Shares cannot be publicly listed and traded; they are only transferable among members. This ensures that successful producer companies do not risk takeover by other companies or TNCs (interview with the Agricultural Finance Corporation, AFC, in 2010).

Managerial capacities are regarded as key capacities for farmer organizations integrated into contemporary agrofood networks, and are generally hard to find among smallholder farmers (Barham and Chitemi, 2009; Bieñabe and Sautier, 2005). Therefore, the producer-company legislation requires the appointment of a professional manager, at least in the form of a chief executive, selected by the board of directors. Every producer company must have a minimum of five but not more than fifteen directors. The members of this board of directors are appointed from within the participating farming communities. Hence, the farmers also have direct voting rights, which is a source of democratic power. The directors are a group of members of the village community and are, in consequence, deeply embedded within local social structures. This kind of recruitment practice and representation ensures leadership acceptance from within the community, and is a crucial point in successful farmer organizations (Wilson, 2009).

In producer companies, the professional manager's wages are variable: they are basically paid an incentive on their business performance. However, fieldwork evidence suggests that the recruitment of qualified managers is a major problem for most Indian producer companies:

“The professional leadership is a major problem. In this model there has to be a manager, or a CEO. Most producer companies I visited had either no one in that capacity or, if there was one, the handling and experience was not very good” (interview with the Indian Tobacco Company, ITC, in 2010).

The primary goal of producer companies is to link smallholders to markets. Therefore, they predominantly work on the downstream end of the production system (see Tab. 3.3). The benefits of the entire concept, however, can be seen both on the supply side as well as on the demand side of the market. Individual smallholders would be unable to deliver directly to and interact with large-scale customers. The producer-company organization replaces intermediaries between market participants. Through this, profits which otherwise would be paid to intermediary organizations such as wholesalers are captured by the farmers themselves because they are shareholders in the producer company. In addition, through the collective market appearance, small-holders are able to access market information in terms of required standards and prices and to integrate this information into their production planning and methods.

Producer companies are also implementing programs to upgrade farmers' production methods. In particular, production organization, production planning, and knowledge and technology transfers are critical aspects increasing the chances for farmers to work profitably and, therefore, to enhance their livelihoods. This also involves the timely supply of production inputs, such as seeds and fertilizer. These inputs are procured centrally in bulk, and can therefore be supplied to farmers at lower cost. This procurement and supply of inputs also includes the organization and facilitation of finance credits to farmers to allow such procurement. With these activities listed in Tab. 3.3, producer companies cover much of the services which farmer organizations generally provide for

their members (see also Tab. 3.1). This is an important aspect, because it means that concentrating on generating a profit in a market does not mean that an organization cannot be of greater service to its members, the community, and the environment. As such, producer companies prove that organizations beneficial to the public need not necessarily be nonprofit organizations.

Tab. 3.3: Fields of assistance from producer companies to farmers

Field of assistance	Smallholder farmer	Producer Company
marketing	small volumes, limited bargaining power	aggregation and marketing
market information	limited access, but increasing with the spread of mobile phones	direct links between PC and potential buyers
transportation	often time-consuming and/or costly	transportation is organized within / facilitated by the PC
cold storage	no facility	set up of cold / ripening chambers as shared infrastructure
irrigation	no irrigation facility or dependence on the well owner / water supplier	establishment of community wells / construction of collecting tanks / laying of pipes
extension services and technology	no access / one-sided information	farmers' education and regular training session from farmer to farmer, preservation of traditional farming practices
input supply	need to buy in the market, credit problem	provided by the PC at lower than market price through bulk buying, in-house production of organic manures and pest killers / links to banks
production planning	short time horizon	constant information flows of market processes to the farmer / allows a more systematic planning approach.
excess production	risk of distress sales or waste	further processing, value addition
branding	none	brands might be introduced by the PC or the buyer

3.4 The Vasundhara Agri-Horti Producer Company (VAPCOL)

As stated in the literature on collective action and farmers' organizations, facilitating agencies, such as nongovernmental organizations (NGOs), have an essential role not only

in the establishment of any form of producer organization, but also in organizing and maintaining its operations (Barham and Chitemi, 2009; Hellin et al, 2009; Kaganzi et al, 2009; Markelova et al, 2009; Murray, 2008; World Bank, 2007a). This is also true in the case of VAPCOL, which has been promoted by an Indian NGO, the Bharatiya Agro Industries Foundation (BAIF).

Our case study, the Vasundhara Agri-Horti Producers' Company Ltd (VAPCOL), transformed into a producer company through the merger of various farmer organizations, including cooperative societies, farmers' associations, and SHG federations. VAPCOL commenced its operations in 2008, and within its first year had already generated a turnover of 34 million Indian Rupees through the sale of mango and cashew products (BAIF, 2011). Currently, VAPCOL includes thirty-seven members from districts in the Indian states of Gujarat, Karnataka, Madhya Pradesh, Maharashtra, and Rajasthan, but is centrally managed from its headquarters in Pune, Maharashtra (BAIF, 2011). It is one of the largest producer companies presently existing in India. The internal organizational structures, therefore, are relatively complex, but are similar in the different federal states. Our case study is based on the analysis of the VAPCOL Maharashtra branch.

Fig. 3.1: Organizational structure of Vasundhara Agri-Horti Producer Company (VAPCOL) Maharashtra

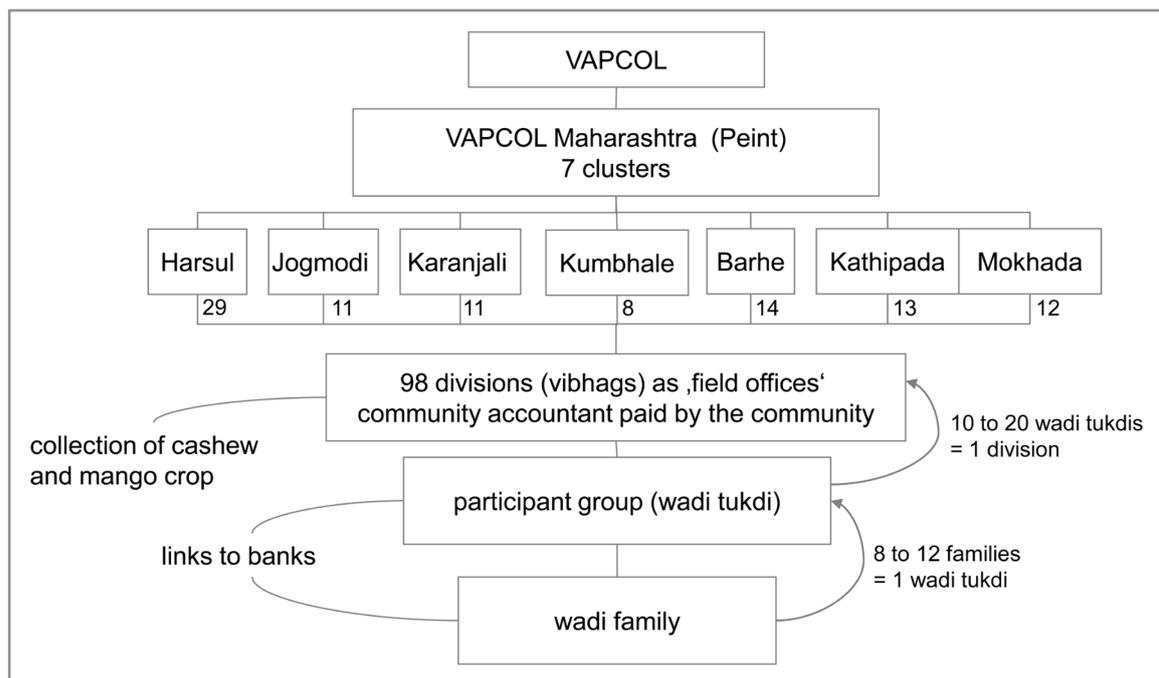


Fig. 3.1 outlines the hierarchical organization and structure of VAPCOL Maharashtra. Groupings are formed at different organizational and spatial scales. The basis of the organization is individual farmer families (wadi families). Their average annual family income lies between 10 000 and 30 000 Indian Rupees (MITTRA, 2008). Between eight and twelve families form together into wadi tukdis (participant groups). As wadi tukdi, they are able to access finance capital, as group-based microcredits, and market information. The next organizational level is the vibhag, which includes ten to twenty wadi tukdis. This level of organization is responsible for the collection of produce from and the distribution of revenues back to wadi tukdis.

Tab. 3.4: Vasundhara Agri-Horti Producer Company Maharashtra participant coverage details

Name of the block	Name of the cluster	Number of villages	Number of participating families	Estimated wadi areas (rounded)			Total area (ha)
				0.2 ha (0.5 acres)	0.4 ha (1.0 acres)	0.61 ha (1.5 acres)	
Peint	Harsul	77	3 681	985	2 667	55	3 242
	Jogmodi	30	1 363	515	905	51	1 239
	Karanjali	31	1 716	355	1 358	76	1 650
	Kumbhale	30	1 037	354	793	11	987
Surgana	Barhe	35	2 475	873	1 589	74	2 137
	Kathipada	32	1 891	559	1 301	36	1 635
Mokhada	Mokhada	23	1 685	726	1 017	17	1 406
Totals		258	13 848	4 367	9 630	320	12 294

In total, there are ninety-eight vibhags within VAPCOL's Maharashtra branch, which are bundled into production clusters. Within Maharashtra there are seven of these clusters of farming activity. These clusters, which are managed from a headquarters in Peint, in Nashik district, form VAPCOL Maharashtra. In September 2010 a total of 13 848 families in 258 villages were organized into the Maharashtra branch (MITTRA, 2011). As shown in Tab. 3.4, the cultivated land totalled 4975 ha (12 294 acres), in which 67% of the families worked on land of around 0.40 ha (1 acre), 31% of the plots had an approximate size of 0.2 ha (0.5 acres), and only 2% of the plots reached 0.61 ha (1.5 acres). The average wadi size was around 0.34 ha (0.85 acres) (MITTRA, 2008). The

incongruity between the number of wadi and the number of participating families in Tab. 3.4 stems from the fact that some of the participants are landless families, and some of the families are also working together on one wadi. Since the agricultural sector of India predominantly consists of smallholders, this hierarchy of VAPCOL outlines how producer companies create structures to manage the enormous number of actors involved. It also shows that producer companies allow even very poor, marginalized families as well as very small farmers, who would otherwise be ignored as potential business partners, to participate in a marketing enterprise.

VAPCOL has a focus on the marketing of mango and cashew nuts. In Maharashtra in the case of cashew nuts, the produce is collected at vighag level and transported to one of the four village-level processing units set up by this producer company. The main activities here are the boiling, cutting, peeling, and drying of the cashew nuts [see Fig. 2(a)]. From there, the semiprocessed nuts are transported to VAPCOL's headquarters in Peint, where they are graded and packed for sale under VAPCOL's own brand – Vrindavan.

Fig. 3.2: A landless woman peeling cashew nuts (left) and the mango-processing facility in Peint (right)



Source: (left) author; (right) BAIF, 2011b

Whereas the value-creation processes for cashew nuts are primarily conducted within four decentralized processing units, the processing of mango is conducted in a single modern processing facility in Peint [see Fig. 3.2(b)]. In the case of mango processing, value

creation is a centralized process because of the relatively high demand for finance capital required for the purchase of the machinery, as well as for hygienic reasons.

VAPCOL's main goal as a producer company and multistate marketing company is to establish market linkages between producers and corporate bulk buyers. They conduct negotiations with buyer organizations centrally, and transfer information on market demand to lower spatial and organizational scales. The relatively loose linkages within the network of participating farmers allows a relatively flexible reaction to changes in demand. The potential to react on the elasticity of demand, therefore, increases the chances of avoiding unfavorable market lock-ins of farmers.

“Producer companies organize farmers. They link them right up to the final market. For example: the Pune area farmers may be having some 80 000 hectares under their command. Basically, they are growing vegetables and flowers. They can be organized into some of a network. The network plans and tells them: ‘this is what is feasible for us. If we do this, probably we get the best out of the market next year. These kinds of flowers we will have to grow in this season and this is what we should do in the vegetable growing area’. They tell people how to produce and then help them to bring their produce to a place where it could be processed, preserved, and then taken up for further marketing. The second part is to invest in processing capacities. It is very difficult to do a diversified cropping in some regions. So you might do the same crop, but you need to know how to safely take out the excess production” (interview with an independent agroconsultant, in 2008).

In 2008 VAPCOL managed to organize the sale of the mango crop through various channels. Through their organizational market proximity, they were able to sell 21% of the entire crop (around 54 tonnes) to ITC, which also operates as a large food retailer within India. Of the remaining crop, 47% was sold to local traders and 32% consumed at household level (by the wadi family or extended-family members). Prices realized with corporate buyers in 2008 were considerably lower than those paid by local traders. For

semiripe Kesar mangos sold in bulk to ITC, the retail company paid only 15 Indian Rupees per kilo and 8 Indian Rupees for semiripe Rajapuri mangos. In the open market the farmers realized prices between 35 and 50 Indian Rupees per kilo for Kesar mangos and 15 to 20 Indian Rupees per kilo for Rajapuri mangos per kilo (MITTRA, 2008). As reported by Singh (2010), for the following year VAPCOL closed a deal with ITC for 40% of the VAPCOL farmers' mango crop, for 15% to 20% more than the market price. This agreement with ITC included various processes along the value chain, including the production and aggregation, as well as the sorting and grading of produce.

As this example shows, prices vary, with differing results for the producer company in relation to the average market price each year. However, selling bulk volumes to larger business partners at pre-agreed prices also has significant advantages for actors on both sides of the market. For example, on the supply side, this allows farmers some economic-planning security and reduces dependency on short-term market changes: highly volatile and fluctuating market prices are common in India's agrofood markets. Especially during times of peak harvest for perishable produce, there is an immense volume of produce available on the market: this affects the price mechanism and often results in extremely low prices levels and negative incomes for farmers. In these circumstances, sustaining the livelihood of the farming household and making investments for the new season become problematic. To avoid this market situation, VAPCOL's efforts to generate preagreed contracts for large quantities of perishable produce help farmers to plan their economic situation for longer periods.

The organization by VAPCOL, as well as the value addition and collective marketing done by the company, had positive effects on participating farming families in addition to opening another marketing channel for them. These effects are related to the producer companies' additional beneficial services for its members (see Tab. 3.3). The introduction of vegetable cultivation, for example, of tomatoes, radish, bitter gourd, chili, beans, cucumber, and pumpkins in kitchen gardens, has not only improved the nutritional basis of the families but also allows them to earn extra income through their sale in local markets. In addition to the introduction of new marketable crops among participating families, soil-conservation and rainwater-harvesting methods were introduced in the community form via regular training and farmers' meetings (*kisan melas*). In similar

meetings, called mahila melas (women's meetings) basic health and hygiene issues were discussed.

These core and additional activities conducted by VAPCOL improved the awareness of the participating families of a wide range of issues. Most importantly, VAPCOL also generated employment opportunities among the community, and hence allowed wadi families to improve their economic situation and, at the same time, reduced labor migration: 42.5% of the participating adult family members had employment through VAPCOL for between 8 and 12 months in the company's first year. Another 38.7% were employed for between 4 and 8 months. Only 6.5% of the participants had no additional employment opportunity during this time period (MITTRA, 2008). This creation of employment opportunities has led to a considerable reduction of labor migration, both in time and in distance. Before VAPCOL started, 865 family members were migrating to find labor for a period of 80 to 180 days a year and travelled as far as 45 to 180 km. After VAPCOL's first year, the number of migrating participants decreased to 211; the number of days away fell to between 60 and 90, while the migration distance remained almost the same (MITTRA, 2008).

And producer companies like VAPCOL can have positive effects not only among the farming community, but also on the demand side of the market. There they offer the significant advantage to the buyer that transaction costs for procurements are lower when dealing with a single representative of producers. In addition, buyers will get an agreed volume of produce at prearranged prices and times. This makes this form of business transaction relatively calculable for buyers; otherwise, they would have to search market places to secure and satisfy their demand. Therefore, the long-term goal of VAPCOL is to intensify and create more links between participating families and corporate buyers.

“There are so many small farms there, hardly 1 hectare plots. I don't see a large-scale movement towards large farms in the near future. It is going to be the other way. But to have many, many small farms working for you as a buyer also has potential for a lot of flexibility. If I am a supermarket and I want 100 kilos broccoli, fresh corn of about 2 tonnes, and maybe 500 kilos of egg plants, there is no problem for this within the given frame of a

producer company. If you take a large farm, they will deliver on contracts only. You need several farms to get all this. For a producer company it is no problem” (interview with representative of MITTRA in 2008).

This interview quote highlights the potential for the producer company to organize a network of individual farmers to react relatively flexibly to changes in market demand. The producer-company concept allows farmers to obtain their independence and to improve their position of power within the production system. Given the increasing flexibility requirements, producer companies can successfully collaborate with larger organizations of retailing and processing industries. In the medium to long term, this form of producer organization might allow farmers to move into a more relational form of value-chain relationship with corporate large-scale buyer organizations.

3.5 Conclusions

The start of the Indian IMF-inspired national policy framework of neoliberal orientation in 1991 also changed the potential ownership structure and access to community resources. In general, this policy orientation represents an increasing threat of farmers being expelled from their land which is often their only economic resource and security. The disempowerments of smallholder farmers and the takeover of primary production by large private enterprises has occurred within the integration of Indian agriculture into the global economy. Nevertheless, and paradoxically, the importance of smallholder agriculture is emphasized not only in international strategy papers dealing with rural development and poverty reduction, but also in the Indian government's Eleventh Five Year Plan. Indeed, the Indian government mainly supports private enterprise activity in agriculture, but also tries to encourage groups of primary producers to connect with corporate buyers. A strategic step in this direction has been the introduction of the concept of 'producer companies' which try to establish principles of profit-oriented contemporary business organizations within farming communities, to connect these with corporate buyers from the rapidly transforming Indian retail landscape.

The concept of producer companies can be analyzed within the general trend of farmer organizations transforming into more market-oriented and business-oriented forms of

institutions. It represents a tool for smallholder farmers to get organized and to reap benefits not only from joint action, but also from links to evolving high-value markets in India's urban centers. The organizational structure of producer companies borrows much from the cooperative idea, but they are professionally managed to ensure economic viability and to prevent political leverage. The success of producer companies, however, depends on more or less the same factors as for cooperatives, because it depends on farmers' commitment to the company. The integrity and quality of the leadership, its acceptance within the community, as well as the market environment are the most crucial factors for a successful producer company. It has to be economically beneficial for the participating farmers to market their excess production through the company. At the same time, the company has to provide appropriate knowledge to generate excess production from within the community in order to maintain linkages to the target markets. Nevertheless, concerns can be raised when it comes to the role of NGOs in the support of producer companies. Setting up a producer company is a lengthy and demanding undertaking, which cannot be done on smallholders' individual initiatives alone. Nevertheless, there is a need to define limits of support, especially when the aim of the new model is to establish competitive and independent business units.

Furthermore, the fact that, to date, the concept of producer companies has captured so little attention, even in India needs to be addressed. The Indian government does not actively promote those companies, but leaves their setup to civil society organizations. This suggests that there is little belief on the government's side in this concept as an alternative to the privatization of agriculture as designed by the WTO. However, with farming being a rather risky enterprise due to the natural processes underlying it, and assuming that these risks will increase over time, producer companies might become attractive trading partners for corporate buyers seeking to avoid the risks of production themselves. Producer companies have the advantage of flexible production methods, they integrate local knowledge, are locally embedded, they are more sustainable with regard to the environment and to the livelihoods of the people involved, and, last but not least, they leave the means of production and most of the decisions related to the production process in the hands of the farmers. In this way, they empower smallholder farmers while giving them the opportunity to deal with contemporary market actors and to enter high-value markets within the Indian economy and abroad.

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Kapitel

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Collective action for cotton alternatives:
Producer companies as local solutions to
counteract India's Bt cotton mainstream

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Abstract

India has developed into the world's second largest cotton producer in the past years. Much of this success is based on the introduction of genetically modified Bt¹ cotton which has rapidly gained dominance in India. Today, the overwhelming presence of Bt cotton is threatening India's organic cotton production, which is the largest in the world. The lack of alternatives to genetically modified cotton in India is the result of the liberalization of the seed sector which allowed private seed companies to dominate the seed market while Indian state governments have withdrawn from it – even to complete absence in the case of the south Indian state of Karnataka. In this paper we present producer companies as a new form of farmer organizations in India which could help build alternatives to India's Bt cotton mainstream. Based on a case study example from Mysore district in Karnataka, we show how these farmer-owned enterprises work along the organic cotton value chain to improve the farming families' income and livelihoods.

Keywords: producer companies; smallholders; cotton; collective action; South Asia; India

4.1 Introduction

Today, India is the world's second largest cotton producer, consumer, and exporter. This ascent can be mainly attributed to most recent technological advances, above all the introduction of genetically modified (GM) cotton varieties, and market liberalization (Cotton Incorporated 2009). From 2002-03² onwards, when the commercial planting of Bt cotton was first permitted in the country, the area under this crop has expanded to cover an estimated 80% of the total cotton area in India in 2009-10 (Cotton Incorporated 2011). Almost simultaneously, India emerged as the world's largest producer of organic cotton (Textile Exchange 2010b). However, due to the overwhelming dominance of Bt cotton, non-GM cotton seeds have now become unavailable in many parts of the country and some see the conventional, non-GM cotton sector as at the edge of extinction in India (Nemes 2010).

¹ Bt cotton is a genetically modified cotton which bears genes from the *Bacillus thuringiensis* (Bt) to improve resistance against some of the most common cotton pests.

² In India, the financial year runs from April 1 to March 31.

This situation developed in consequence of the liberalization and privatization of the Indian seed sector in the frame of which the Indian government allowed private seed companies to enter and dominate the cotton seed market while it completely ceased its own cotton seed production in some states. This move is part of the wider neoliberal withdrawal of the Indian government as the major provider of agricultural extension services to increase scope for investments by the private sector. However, in the cotton sector, these transformations have led to an oligopolistic market environment, rising seed prices, and a gradual crowding out of alternatives to Bt cotton. Moreover, the small size of plots in Indian cotton farming makes cross-pollination and contamination by Bt cotton almost unavoidable. This scenario is especially threatening to those farmers and regions where the incomes from Bt cotton are low or even negative while growing organic cotton would generate higher returns.

In this paper we present the Kabini region in the south Indian state of Karnataka as such a region which is very well suited for the production of high-quality organic cotton but in which other than Bt-cotton seeds have become unavailable in the past years. In this context, we present producer companies as a new model of collective action in the Indian agricultural sector which enables farmers not only to counteract the cotton crisis by building a local network of alternative seed and organic cotton production, but also to respond to the withdrawal of the public and consequent dominance of the private sector in the seed market. The aim of this paper is twofold: Firstly, we aim to analyze the evolution of producer companies in the neoliberal policy environment of contemporary India, using the cotton sector as an example for the effects of globalization and liberalization on agriculture. The second aim of this paper is to contribute to the understanding of the producer company model as a new form of farmer organization in India and to analyze its potentials as a community-based approach to counteract a private sector imposed mainstream in cotton farming.

To do so, we take an organic cotton producer company in south India as a case study example. Data on this specific producer company and the regulatory environment into which producer companies are embedded were gathered in India in November and December 2010 and in December 2011 through qualitative interviews with representatives of several producer companies, interest groups and government agencies.

After information was first collected at higher scales of organization for a better general understanding of the producer company concept, data on the specific case study Kabini Organics were collected on field visits, through internal reports, and through interviews with the producer company staff, the supporting non-governmental organizations (NGOs), and farmers in December 2010 and May 2012.

Following this introduction, the paper is organized into four sections. First we outline the analytical framework against which the case study is analyzed. Here, we connect the collective action debate to the debate on the neoliberal state and show how the model of producer companies in India can be positioned in this context. Section 3 summarizes major developments in the Indian cotton sector and also discusses the transforming role of the Indian state since economic reforms. Concluding that the state has withdrawn to complete absence in the specific case study region, we lead over to section 4 which presents the functioning and roles of the Kabini Organics producer company. In the final section, we discuss the potential of the producer company model as a collective action approach that aims at the re-empowerment of smallholder farmers in the neoliberal economic environment of contemporary India.

4.2 Collective action in a neoliberal policy environment

Within the past two to three decades, agro-food systems around the globe have changed drastically. An important feature of these transformations is the increasing degree of concentration and consolidation in the areas of food retailing and food processing as well as in the agricultural input industry (Pimbert *et al.* 2001). While at the retailing end, powerful transnational companies are able to strongly influence and control production processes and entire value chains through huge market shares in food retail sales in a growing number of countries, companies from the agricultural input industry control ever larger shares of the world's seed, pesticide and fertilizer market. In 2004, the world market share of the four largest firms was 60% in agrochemicals, 33% in seeds, and 38% in biotechnology patents (World Bank 2007, 136). Such high degrees of concentration of market power among companies from the retailing and input industry leads to growing power asymmetries in the global agro-food system, allowing the more powerful actors to capture most of the value that circulates in the system (Humphrey and Memedovic 2006).

At the same time, governments are withdrawing from agricultural marketing and extension services in the frame of neoliberal political strategies including economic liberalization and deregulation and public marketing boards are being dismantled (Biénabe and Sautier 2005). This leaves farmers without alternatives to the solutions offered by the private sector, or even with very few technical and financial services in case the private sector engagement excludes them. As a number of case studies have shown, especially smallholder farmers in developing countries are affected by these trends and find themselves on the margins and under increased threat to their livelihoods (Masakure and Henson 2005, Markelova and Mwangi 2010). Because of the small size of operation, small farmers are not only unable to create scale economies, have low bargaining power because of low quantities of marketable surplus, they also lack capital, knowledge, information and market access, and suffer from market imperfections, and poor infrastructure and communications (Teshome *et al.* 2009, Biénabe and Sautier 2005, Mercoiret and Mfou'ou 2006, Barham and Chitemi 2009). This is also the case in India where smallholder farmers, which cultivate less than two hectares of land, account for the overwhelming majority of farming households (Misra 2008).

Against this backdrop collective action and farmer organizations have gained renewed interest in recent years from governments, donors and NGOs alike who see them as appropriate institutions for building capacity among farmers by helping them participate in more competitive and globalized market environments (Rondot and Collion 2001, World Bank 2007). Collective action is understood here in the rather wide sense of a “voluntary action taken by a group to achieve common interests [whereby] members can act directly on their own or through an organization” (Meinzen-Dick and Di Gregorio 2004, 3). As such collective action can exist in the absence of farmer organizations, which are understood here as a formal expression of collective action in the agricultural sector. Farmer organizations can be oriented either towards improved production or marketing, or both. They often act as multi-purpose organizations that offer a wide range of services to their members, independent of the specific type of organization, for example in the areas of production technologies and input supply, marketing, financial services, education, health, welfare and environmental conservation (Rondot and Collion 2007, Markelova *et al.* 2009, Hellin *et al.* 2009, Narrod *et al.* 2009).

The increasing demand for farmer organizations to play a greater role in agricultural development and poverty reduction through the empowerment of farmers can be interpreted as part of a trend of neoliberal transformation of states towards more streamlined and efficient institutions. Regarding the agricultural sector, neoliberal policies follow the IMF's and World Bank's objective of getting 'governments out of agricultural operations and [putting] the farmers in charge' (Rondot and Collion 2001, 1). Further it is argued that 'to be in charge, farmers need strong and independent farmers' organizations' (Rondot and Collion 2001, 1) which often fill the gaps created when governments pull out and the private sector is slow to take over. It needs to be stressed here, however, that in most cases, farmer organizations do not form by themselves, but formation is supported by an outside agent. Indeed, the strong promotion of farmer organization in recent years is seen by some as 'a new mode of economic and social regulation' (Rondot and Collion 2001, 3) to replace governments' hierarchical coordination.

The farmer organizations that are to be promoted in this context have a focus on enhancing farm income through improved production, marketing, and local processing activities. In contrast to traditional and informal forms of farmer organizations that emerge autonomously in rural societies to 'regulate the relations between their members' (Rondot and Collion 2001, 2), farmer organizations that are discussed in contemporary literature act more as interface structures to 'organize the relations with the external world' (Rondot and Collion 2001, 2). This transformation of farmer organizations can be interpreted as a response to the increasing competition in markets (Datta 2004). The new types of farmer organizations concentrate more on commercial business with their main aim being to ensure a remunerative market for their members' produce.

The new concept of producer companies in India, which has been introduced into the company law with the amendment of the Companies Act 1956 in 2002 (Kumar Sharma 2008), corresponds well with this new form of farmer organization. The primary goal of producer companies is to link smallholders to markets, i.e. to larger corporate buyers. The model was created at the sight of increasing corporate investment in the food retail, food processing and agricultural sector in India which also directly impacts Indian farmers, and with the thought that without 'effective organization, Indian farmers are likely to face either a life of continued poverty and exploitation at the hands of those controlling value

chains, or progressive isolation from active involvement in economically viable agricultural activities' (Croucher 2010, 6).

Currently, there are about 265 active producer companies in 23 out of India's 35 states and union territories, most of them being formed in 2010, 2011 and 2012. Producer companies are basically farmer-owned micro-enterprises which can be regarded as hybrids between private companies and cooperative societies. The producer company concept intends to combine the efficiency of a company with the 'spirit' of traditional cooperatives, while eliminating any possibility of state interference (see Tab. 4.1) which has played a considerable role in the decline of the traditional cooperatives in India, which have lost their once good reputation amongst farmers as organizations that work in their interest (Datta 2004).

Tab. 4.1: Key differences between cooperatives, producer companies and private companies in India

Parameter	Cooperative	Producer Company	Private Company
Registration	Cooperative Societies Act	Indian Companies Act	Indian Companies Act
Objective	single objective	multiple objectives	no specific objective (should be lawful)
Membership	any ten or more individuals not belonging to the same family, cooperatives	any individual, group, association engaged in primary production	any two individuals or companies
Area of operation	limited to villages, districts, maximum to state level	can operate across the country	can operate across the country
Voting rights	one member, one vote, but government and registrar of cooperatives hold veto power	one member, one vote, members not having membership cannot vote	governed by the Article of Association
Role of registering authority	significant	minimal	minimal
Reserves	created if there are profits	mandatory to create every year	governed by the Article of Association
Scope of business tie-ups with other organizations	mandatory to make business agreements with the same type of organization	the company can make agreements with any other business organization of national or international level	has business flexibility as per their Article of Association and not restricted by law
Liability of members	limited or unlimited, depending on the type of cooperative	limited to the amount unpaid on shares (company limited by shares)	limited or unlimited by the Article of Association

Source: Interview with Action for Social Advancement (ASA), Mondal 2010

The producer company law, therefore, contains some important changes compared to the cooperative law (see Tab. 4.1). Producer companies are entirely owned by the producers themselves, i.e. only by persons engaged in any activity connected to primary produce. Producers become members of a producer company by buying shares whose value typically ranges between ten and hundred Indian Rupees³ to allow even the smallest farmers to join. Being a shareholder gives the farmers a voting right in the decision making process of the company. The professional management of producer companies through a chief executive, who is selected and controlled by the company's board of directors, is one of the most important features of this new model of farmer organization. The chief executive is mainly responsible for gathering market information and establishing market linkages, but also for production planning and ensuring the timely supply of production inputs.

As is the case for farmer organizations in general, producer companies can generate economies of scale in input purchase as well as produce marketing, lower transaction and coordination costs compared to individual farmers entering markets, and increase bargaining and countervailing power towards larger market actors. Although the main objective of producer companies is to better connect smallholders to modern markets, these farmer-owned enterprises are also very active in enhancing production techniques and access to technologies and inputs (Trebbin and Hassler 2012). As such they can be regarded as filling functions which have been abandoned by a government following a more neoliberal political strategy and have not been adequately taken over by private sector actors.

4.3 Liberalization processes in the Indian cotton and cotton seed sector

Since 2007, India ranks second in world cotton production only behind China and it is also one of the world's top exporters of cotton (FAO 2011). Cotton is one of India's principal crops, both in terms of area grown, and in terms of quantity of production (DACNET 2011). Cotton farmers in India are typically resource-poor smallholders with an average land holding size of 2.35 ha (Osakwe 2009). They have won notoriety when from the mid 1990s onwards more and more farmer suicides were reported, mainly from

³ 1 USD = 52.11 Indian Rupees = 0.77 EUR (September 2012 exchange rates)

the four states Andhra Pradesh, Maharashtra, Karnataka and Kerala. By 2003 the ratio between the average total male population's suicide mortality rates (SMR) and male farmers' SMRs had risen to 6:1 in Kerala, 3:1 in Maharashtra and 1.5:1 Karnataka (Reddy and Mishra 2009, 31). Although suicides are not a problem among cotton farmers alone, they constitute the majority of farmers committing suicide in India. The reasons for this plight of Indian cotton farmers can be mainly attributed to the declining profitability of cotton farming due to increasing costs and relatively low yields (Mishra 2009). Underlying factors, however, are much more complex and we can only address those aspects that are most relevant for this paper's message. As problems occur on the marketing as well as production side of cotton these two aspects are dealt with in greater detail below.

Cotton marketing in India has changed considerably since economic liberalization, mainly because of increasing exposure of domestic production to global market forces through the reduction of import barriers such as import tariffs from 35% in 2000 to 5% in 2002–03 (Mishra 2009, 133). This has led to Indian cotton prices being increasingly affected by world prices which are extremely volatile and deteriorated by dumping of highly subsidized cotton from the US which is sold at prices 50% lower than production costs on average (Mishra 2009, 133). About 90% of the Indian cotton production reaches the domestic textiles industry which plays a pivotal role in the Indian economy (IBEF 2011). It is to ensure cheap inputs for the domestic textiles industry that cotton exports from India are still restrictively regulated and, therewith, domestic cotton prices are kept low (Mishra 2009).

The marketing of cotton in India is an interaction of many unconnected actors in a complex supply chain ranging from the mostly unorganized cotton farmers to intermediaries such as traders, ginners, textile mills, weavers, apparel manufacturers and retailers. The cotton supply chain is characterized by high disparities in economic status and consequent vulnerability of primary producers towards others in the chain (ICCO 2010). Cotton farmers often have to sell their output to one of the village level moneylenders because they depend on informal credit for their input purchase. In harvest time farmers often stand in queues in the cotton market and have to wait for several days to sell their cotton. Such distress sales obviously happen because of low bargaining power

and lack of holding capacity. Cotton prices usually drop in times of peak harvest and start picking up when most of the cotton has left the market. The price difference can be as much as 50% of the average cotton price (Pitale 2007, 74, CCI 2011). Therefore, having storing facilities or contractual agreements with buyers would improve the farmers' income situation considerably, as would collective action of cotton farmers to improve bargaining power.

Cotton yields in India are relatively low, as are the average land holdings of cotton farmers and thus their output. The average cotton yield in India was around 528 kg/ha in 2009, which is far behind the Chinese figure of 1,331 kg/ha and also below the world average of 766 kg/ha (Cotton Incorporated 2011). However, over the past decade, the Indian cotton production has witnessed a substantial increase, predominantly caused by improved yields through the introduction of genetically modified cotton in 2002. Yields which were almost stable at a level of around 200 kg/ha in the pre-green revolution era, and slightly improved to around 300 kg/ha between 1984 and 2002 have shot up to almost 600 kg/ha in the past 10 years (USDA 2009).

The Indian government allowed the commercial plantation of Bt cotton in a time when frequent and substantial yield losses and the high costs of cultivation have made cotton cultivation uneconomic in many parts of the country (Manjunath 2008, Qaim *et al.* 2006). High cultivation costs in cotton occur because the crop is highly vulnerable to a number of insect pests. While estimates for yield losses due to insect infections are between 15–25% of world annual production (UNCTAD 2010, Gandhi and Namboodiri 2006), the figures amount to up to around 50% in Indian production (Gandhi and Namboodiri 2006, 7, Nemes 2010, 4). Due to this severe pest problem, pesticide use in Indian cotton production is massive and cotton farmers spend an average 72% of their input expenses on pesticides (Singh 2009, 69). Bt cotton, which is toxic to some of the major cotton pests, seemed to offer the much needed solution to the Indian cotton plight (Gandhi and Namboodiri 2006). Subsequent to the new technology's introduction in India, the area under Bt cotton has expanded rapidly. After only seven years of Bt cotton in India, the area under this crop has increased dramatically to eight million hectares in 2009 and the numbers of farmers planting Bt cotton has augmented in the same speed. By 2009–10 India ranked first in the world in terms of area planted under Bt cotton, accounting for

65–87% of the country's total cotton growing area (Nemes 2010, Sadashivappa and Qaim 2009).

This rapid spread of Bt cotton was possible because regulations on technology and foreign direct investment (FDI) were reduced and the development and distribution of seeds was privatized within the frame of the overall economic liberalization process that started in India in 1991 (Reddy and Mishra 2009). With regard to cotton seeds, the public sector, which had a virtual monopoly of developing and distributing HYV (high-yielding variety) seeds in the green revolution period, has been almost completely replaced by private and foreign seed companies (Reddy and Mishra 2009). By 2009 the Bt gene had been incorporated into over 500 hybrid cotton varieties, most of them being commercialized by private sector multinationals (Choudhary and Gaur 2010, Sadashivappa and Qaim 2009). In consequence, monopolistic market structures are beginning to evolve which in turn lead to the crowding out of non-Bt seeds as well as excessive prices being charged for Bt cotton seeds, resulting in lower farm profits and restricted technology access, especially for resource-poor farmers (Sadashivappa and Qaim 2009).

In view of the overwhelming dominance of Bt cotton in the country, private seed companies as well as the public sector have lost interest in the production of non-Bt cotton varieties and hybrids (ICCO 2010). As non-Bt cotton seeds are disappearing from the market, many of the Indian organic cotton projects face a severe seed supply crisis, and to some it seems as if the non-GM cotton sector is 'at the edge of extinction in India' (Nemes 2010, 1). This is also true for the Indian organic cotton sector which has grown rapidly over the past few years. While in 2008–09 India produced 68% of organic cotton globally, this figure rose to 81% in 2009/10. India is the world's top organic cotton producer since 2007 (Textile Exchange 2010a, 13).

Organic cotton production has to take place without the use of synthetic chemicals such as pesticides and fertilizers and using non-GM seeds (Singh 2009, Rieple and Singh 2010). The integrity of the production process is of outmost importance for the marketing process of organic cotton including certification. Recalling the above outlined developments in the usage of Bt cotton in India, the supply with and access to non-GM cotton seeds has become a critical bottleneck for organic cotton farmers in India in the

past years. This situation is aggravated by the small size of land holdings in Indian cotton production which makes cross-pollination and contamination from nearby Bt or conventional cotton fields as well as pesticides and fertilizer drifts and runoffs from neighboring conventional plantations almost inevitable (Nemes 2010).

Reasons for farmers to switch to organic cotton production are often negative effects of conventional or Bt cotton production either on the environment or their health, or because of lower costs of production given that no chemical inputs need to be purchased and that non-Bt cotton seeds can be bought at much lower prices. Certainly, price premiums paid for organic cotton might also be an incentive for farmers to switch to organic production. Generally, an organic premium of 8-20% was paid for organic cotton in India. However, because of an escalation of prices for conventional cotton, which remain the benchmark for organic cotton prices, there is little or no significant organic premium since 2008 (ICCO 2010). Nevertheless, since Bt cotton is a medium staple length⁴ cotton, its market price is less than that for long and extra long staple (ELS) length cotton, which can be grown under organic conditions (GoI, 2003). This indicates that there remains an incentive for farmers to grow other than Bt cotton in the country. Adding to this argument is the fact that most of India's cotton imports are imports of ELS cotton for which there are supply shortages in the country (CCI 2011).

4.4 The Kabini Organics producer company

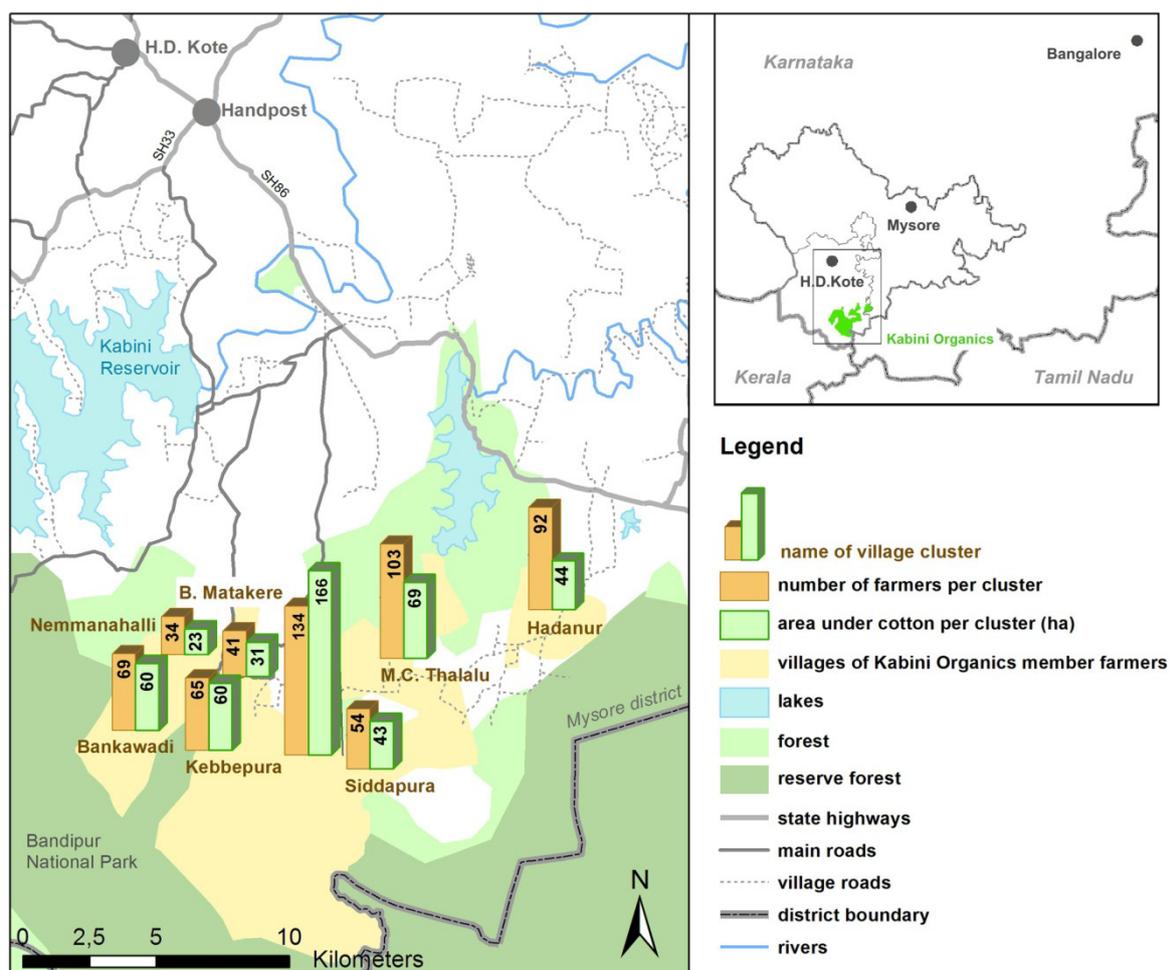
Such incentive to grow ELS cotton exists in the case study region in Mysore district in Karnataka (see Fig. 4.1). Its very favourable natural conditions such as 950-1,000 mm annual rainfall and good soils (black cotton soil, red sandy loam soil) make it predestined for the production of ELS cotton under organic conditions. The case study producer company Kabini Organics Farmers' Producer Company Limited (KOFPC, hereafter referred to as Kabini Organics) lies within Heggadadevanakote taluk⁵, locally known as H.D. Kote, in the Mysore district. H.D. Kote taluk is the prime cotton-growing taluk in the district, accounting for 66% of the production. Despite the area's potential to grow

⁴ Cotton is categorized by the length of its fiber, known as the staple. The longer the staple, the stronger, finer and higher quality the fiber is, ranging from short (below 20.0 mm) to medium (20.5-27 mm), long (27.5-32 mm) and extra long (32.5 mm and above) staple cotton (CCI 2011).

⁵ A taluk is a territorial unit between the district and the village (Panchayat) level.

ELS cotton, 90% of H.D. Kote's cotton farmers are already using Bt cotton, which, as mentioned before, produces only cotton of medium staple length.

Fig. 4.1: Location and details of the Kabini Organics farmers' villages



Source: Base map for terrain from Open Street Map, for roads Google Maps, for villages and boundaries Mysore District, 2011; details on farmers were obtained through interviews with Kabini Organics

This extreme dependence of farmers in the region on Bt cotton seeds became dramatically obvious in May 2011, when the region was hit by a severe seed supply crisis at the time when farmers usually start sowing cotton. The seed shortage occurred both in Bt as well as hybrid cotton seeds and took many farmers to the streets to protest for government action to remedy the crisis (The Hindu 2011a). What was later supplied by the seed companies were exclusively Bt cotton seeds at an average 15-30% higher prices than

prior to the shortage. The government later reported that the shortage occurred artificially because the seed producing companies withheld existing stocks to re-negotiate the prices with the seed distributing authorities (The Hindu 2011b). This demonstrates the shift of power towards private seed companies in a liberalizing political economy.

In this context, the formation of the producer company Kabini Organics can be regarded as the attempt to build an alternative cotton seed and organic cotton production system. But there are several other factors which led to the establishment of the organic cotton producer company. Firstly, covering around 50% of the agricultural land in the region, cotton is the dominant crop. The direct neighborhood to a national reserve forest (see Fig. 4.1) implies frequent visits of elephants to the farmers' fields and forces farmers to grow cash crops such as cotton and tobacco because they are less susceptible to wild animal attacks. Consequently, many farmers are depending on the income they can generate from cotton for their livelihoods. Secondly, cotton prices are extremely volatile in the region. In recent years, when the development of cotton prices was favorable, many tobacco farmers switched to cotton farming, making the marketing situation even more difficult. Specializing in the niche market of organic cotton production and marketing at premium prices seemed to offer a promising solution.

Thirdly, farmers already were or were made aware of the benefits of organic cotton production in the region.

“In the yield there is a huge difference. I got only two quintals in double Bt cotton [Bollgard II⁶], which is much more costly than usual Bt. In organic I had 450 kg [per acre], or 4.5 quintals last year, which is more than double. [...] This year, I planted only organic cotton and got about nine quintals per acre. [...] In Bt the investment is more and I also got less yield. And I also knew earlier that GMO seeds will affect the soil and human health. That is why I shifted from Bt to organic this year”
(interview with a Kabini Organics farmer).

⁶ The variety named 'Bollgard II' promises increased resistance against the bollworm. The pest has already developed resistance against the Bt cotton variety 'Bollgard I' in some regions in India in the past years.

A survey on cultivation cost that was done at the end of the growing season in 2010 with ten organic, ten conventional and ten Bt cotton farmers in the Kabini village clusters clearly supports this statement from one of Kabini Organics farmers and proved a cost-benefit ratio in favor of organic cultivation with major savings in the areas of seeds and nutrient management (see Tab. 4.2).

Tab. 4.2: Cost of cultivation details in different cotton production practices in H.D. Kote

Operation	Cost for one hectare in Indian Rupees		
	Bt	Organic	Conventional
Land Preparation	6,124	6,196	5,694
Sowing	4,184	723	741
Cost for inter crop sowing	1.66	1.46	0.00
Nutrient Management	1,697	56	2,430
Weed Management	3,962	4,182	5,354
Bud Nipping	124	124	124
Pest Management	704	1,007	0.00
Harvesting	4,053	4,843	3,464
Grading	0.00	445	0.00
Total cost	20,845	17,577	17,807
Yield (quintals per ha)	9.39*	12.03*	9.83*
Gross returns**	30,768	38,593	31,728
Returns through intercroops	329	291	0.00
Profit	10,252	21,307	13,921
Benefit cost ratio	1.48	2.20	1.78

* The Central Institute for Cotton Research (CICR) sets the yield average at 15–20 quintals per hectare.

** Dependent on quality and market rate.

Source: Kabini Organics survey

Consequently, more farmers were willing to convert their cotton production into organic but had major difficulties accessing the right seeds. Because of the rapid spread and dominance of Bt cotton, not only in H.D. Kote taluk but in the entire state of Karnataka, good quality non-GM cotton seeds have become unavailable. Depending on the specific type of soil in their fields, Kabini Organics farmers use either seeds of the variety DCH–32 or Varalaxmi which are both ELS and non-GM cotton varieties. DCH–32 is even reported to yield more under organic than under conventional conditions (Nemes 2010). According to the Kabini Organics farmers, other cotton varieties are either less

suiting for the type of soil in the region, yield less, or the vegetative part of the cotton plant is sweet and thus cannot be grown in H.D. Kote taluk because it would attract wild animal attacks (interview with Kabini Organics farmers). Being part of a farmer organization that would take care of the timely procurement of quality inputs was one of the major motivations for farmers to join Kabini Organics.

Kabini Organics was officially registered as a producer company on 31 May 2010. The formation of the producer company was – as is the case with most producer companies in India – supported by two NGOs, namely ETC India and MYKAPS (a society of MYRADA, Mysore Resettlement and Development Agency) which already possess a long experience of working in the region. The work of ETC India and MYKAPS with the Kabini Organics farmers started as early as 2008 and involved the main step in the formation of any producer group, which is social and community organization. In the following year (2010-11) the then officially registered producer company had its main focus on input supply, above all on the procurement of cotton seeds, while in its third year (2011-12), the focus shifted more towards the marketing and processing of cotton.

The initial community organization was facilitated by the fact that almost every person in each village in H.D. Kote taluk was already organized into some sort of informal group such as village level Self-Help Groups (SHGs, 115 pre-existing), organic farmers groups (12), or village watershed committees (3). The pre-existence of such informal groups is an important facilitator in the establishment of a producer company because they can act as focal points in the development of the organization. Not only is it easier to approach farmers to discuss their expectations from a new collective action initiative when they are already organized in an informal way. More importantly, these farmers are already acquainted with matters relating to group functioning and norms, and opinion/group leaders might have emerged among them.

As a next step, the NGOs organized several village meetings (*grahm sabhas*) in the region to interact with farmers and to identify interested individuals within the farming community and inform them about the producer company model. Such information and trust building is essential for the functioning of the producer organization because farmers who are not committed to the group, either due to lack of understanding or lack of trust, rarely contribute to it or drop out after a short period of time. During the village meetings,

the collective marketing of organic certified cotton, the assistance in organic production methods and the improvement of the seed supply situation were singled out as the most important functions the farmers expected the new producer organization to fulfill. In the case of Kabini Organics, the organizational form of a producer company was chosen because the supporting NGOs wanted to emphasize the business function and the participatory way of management of this new farmer organization:

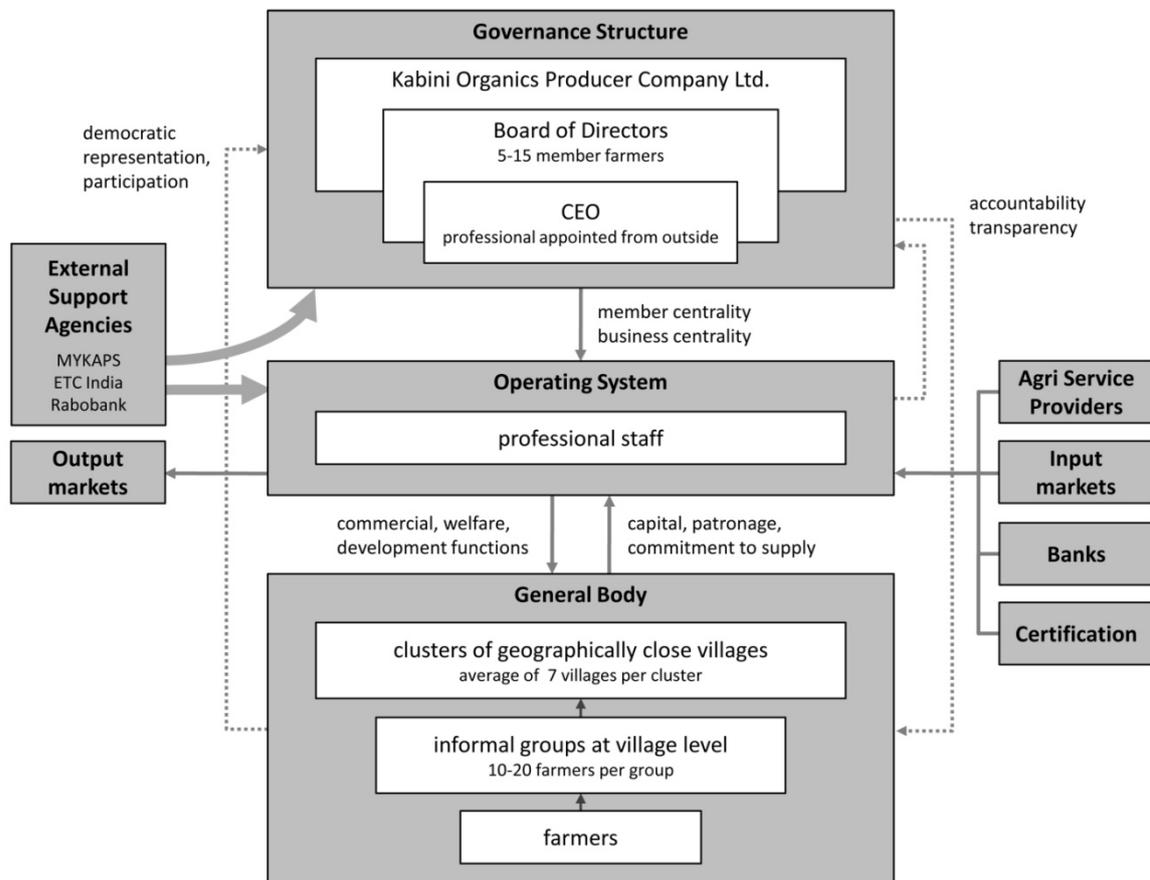
“We promoted Self Help Groups and watershed groups but all of these are mostly doing social functions. Recently we got into helping the farmers to market their produce and we were looking for an appropriate institution to do this job. We first thought of a cooperative society but unfortunately, today, they are seen as stepping stone for politics. [...] The farmers do not feel they are part of it, they see it as an extension of the government rather than a people’s institution. So we thought we will go for the producer company model where people feel ‘this is ours’” (interview with MYKAPS).

By the end of 2010 Kabini Organics had 692 member farmers from 42 villages. They were organized into seven village clusters, each of them comprising between 35 and 200 farmers (see Fig. 4.1 and 4.2). The cotton producing area at that time was 548 ha which means that each member farmer had about 0.79 ha under cotton, on average 60% of his land. The remaining 40% of the land is used for food crops such as finger millet, pulses, chili, sesame and turmeric, to support the farming family’s sustenance and income. The collective marketing of organically produced food crops is planned after the launch of a new producer company called Kabini Foods but preparations have not yet started. As of mid 2011, Kabini Organics membership reached around 1,500 farmers which rose to around 2,250 farmers by May 2012. The membership, however, is still restricted to farmers from H.D. Kote taluk.

In the process of forming the producer company farmers became shareholders of Kabini Organics by buying at least one share of the company at a price of 100 Indian Rupees each. Being a shareholder gives the farmers a voting right in the decision making process

of the company, which is organized under the principle of one member one vote. The farmers directly elected their board of directors which consists of ten member farmers. The board of directors is part of the management of the company and also selects a full-time chief executive (see Fig. 4.2). In the case of Kabini Organics, this function is still being filled by an NGO staff member as the company has still not gained sufficient financial scope to hire an external manager.

Fig. 4.2: Organizational structure of a producer company by the example of Kabini Organics



Source: based on SFAC, 2011

As mentioned before, one of the main aims when starting Kabini Organics was to facilitate the farmers' timely access to quality non-GM cotton seeds. Because of the overwhelming demand for Bt cotton seeds in the area, no institutional mechanism to supply non-Bt cotton seeds existed for the farmers and the Kabini Organics farmers

feared that they might be forced to switch back to conventional farming methods. However, Kabini Organics managed to buy seeds of the DCH-32 variety from the department of agriculture, and seeds of the Varalaxmi variety from private sector companies in 2010. But not only were the quantities not sufficient, the seeds were three years old so that germination, purity, and quality of the cotton were substantially reduced. It therefore needed a greater effort if the organic cotton project was to be continued.

“We sent letters to the government department so many times, asking them to give us seeds. They told us they have stopped the production at the university because there is no demand for the extra long staple cotton seeds. [...] Hybrid seeds used to be supplied by a government department but they created an artificial scarcity because giant companies like Monsanto want to sell their GM seeds. The policy in India usually is that you can say that there is no demand for the seeds, and when there is no demand, then why should you produce it? But here, in fact, we have demand for more than 5,000 kg for both, DCH-32 and Varalaxmi, but the government is not producing it. [...] The government is withdrawing from all kinds of support they should actually give to the farmers, and they are liberalizing this sector instead. [...] We went there and they were not able to give us seeds and told us to go for the GM seeds. I said sorry, we are organic we cannot go for these seeds” (interview a Kabini Organics director).

Consequently, in 2010, Kabini Organics started their own seed production on a total area of 1.5 ha. The seeds got certified by the Karnataka State Seed Certification Agency in the same year and Kabini Organics planned to expand the seed production to be able to sell them outside the producer company. However, in 2011 the seed production failed because of heavy rains (more than twice the usual amount) in the Kabini region. Not being able to get the required variety and amount of seeds from any institution in Karnataka, Kabini Organics established contact with four organic cotton producer companies in the neighboring states of Maharashtra and Andhra Pradesh that farm around 250 ha of cotton each. Procuring their seeds in bulk the producer companies can access them at lower

rates. In cooperation, such network of producer companies can also be able to overcome the problem of obtaining foundation seeds (parental lines) which were necessary for producing hybrid seeds but were no longer available at state institutions.

The cooperation between Kabini Organics and other organic cotton producer companies in the region also extends into marketing activities, besides the production of cotton seeds. In 2010, an organic cotton mill in the neighboring state Tamil Nadu orally agreed to buy the entire production of the Kabini Organics farmers which was around 31 tons at that time. However, the buyer finally procured only about 50% of the production and at a lower than market rate because the cotton quality was not as expected. Because of the limited success in its first marketing attempts and the company's inability to negotiate a significantly higher than the market price, Kabini Organics decided in 2012 to undertake the ginning itself instead of selling seed cotton to a ginning mill and thereby improve the financial situation of the company. For this purpose the company leased an organic ginning mill in the nearby district of Chamarajanagar in Karnataka. To assure for economies of scale in the collective ginning process, Kabini Organics is not only ginning the cotton of its own farmers but an additional 1,000 tons of cotton from three other organic cotton producer companies in the region.

Besides these direct effects in the area of seed procurement and cotton marketing the producer company is active in procuring other inputs used in organic farming, such as black lentil, mung bean and finger millet seeds to be planted as food crops, and neem oil used as a biopesticide. Sorghum and pigeon pea were introduced as buffer crops along with okra, cowpea, marigold and castor, which act as trap crops in pest management. The usefulness and application of these plants and neem oil were taught to member farmers within the frame of the regular trainings taking place in the villages. In addition, biomass generation, vermi-composting and the production of farm yard manure is actively promoted by Kabini Organics as it is essential for organic farming.

This work of Kabini Organics did not only help its member farmers in learning more about organic farming techniques but also facilitated accessing various government schemes for funding, for example for cow shed improvement and seedling nurseries. Additionally, the producer company assisted around 40 farmers to purchase milk animals and 15 SHGs to get a total of 0.6 million INR group loans by establishing bank linkages.

Moreover, the producer company organized exposure visits for cotton seed production for selected farmers and agricultural marketing trainings for the company directors. After three years of activity from Kabini Organics, member farmers have increased their knowledge on organic cotton production methods and organic certification and were able to stabilize their seed supply situation. Despite a still rather rocky marketing and continuing problems in the seed supply the member farmers are benefiting from the company because it delivers a row of other services that help improve their livelihoods.

4.5 Conclusions

In the frame of economic reforms in India towards a greater integration of the Indian into the world economy, the state increasingly withdraws from supportive activities in agriculture, while opening the sector to more foreign direct investment and trade. In this paper, the cotton sector and the cotton seed sector were taken as examples for the impacts of more neoliberal political strategies on Indian agriculture and farmers. The shift in the cotton seed sector from public to private sector governance has led to the introduction and rapid dominance of genetically modified Bt cotton. Non-Bt cotton seeds have become practically unavailable in many regions of the country despite the fact that India has emerged as the world's largest organic cotton producer in the recent past.

The cotton example clearly illustrates the lacuna public sector withdrawal can create in agricultural marketing and extension services. In the case of cotton seeds, the private sector has been in no way reluctant or too slow in taking over the government's job but has been very selective by focusing exclusively on the production and promotion of Bt cotton. The complete withdrawal of the state in the case study region has given the seed producing companies complete control over supply and prices and has paved the way for monopolistic market structures to evolve.

In this context the work of the Kabini Organics producer company has helped a group of farmers in an area that is well suited for the production of high-quality organic cotton which is dependent on a seed supply alternative to the Bt cotton mainstream. Getting organized into a producer company has helped these farmers overcome the seed supply crisis and reach organic certification. Although the marketing process remains a challenge, the producer company has been of great service to its members through a row

of activities which helped farmers tap till then unknown or unreachable sources of credit and funding to stabilize their livelihood situation. Extensive training programs substantially increased the farmers' knowledge in organic production techniques and have given some of them local employment perspectives.

It can be concluded that the Kabini Organics producer company is targeting a gap left by public sector withdrawal and has improved the member farmers' livelihood perspectives. However, it needs to be kept in mind that the status quo is not at all stable because the company is still dependent on outside sources for their seed supply which can dry out in a matter of years if the trend in the cotton seed sector continues unchanged.

“In two to three years time there will be no non-GM seeds available in India. The farmers can go and protest but who is going to bother with that? [...] Unless the entire Karnataka state wakes up and says, sorry. The farmers even said something but they [the state] don't move, nothing happens. In two to three years time you will not have organic cotton being grown in India. That is my prediction” (interview with a Kabini Organics director).

To be able to counteract such as scenario, the scale of local seed production would have to be increased. The collaboration of Kabini Organics with other organic producer companies is a good sign that the establishment of a larger network of such companies is possible and that such a network could become a local or regional supplier of alternative cotton seeds.

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Kapitel 5

Linking small farmers to modern retail through
Producer Organizations
Experiences with Producer Companies in India

5 Linking small farmers to modern retail through Producer Organizations Experiences with Producer Companies in India

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Abstract

Since the early 2000s India's food retail sector is undergoing profound transformations towards greater market share of modern retail formats. This also impacts Indian agriculture and farmers as supermarkets reorganize supply chains towards more explicit forms of coordination. Compared to other developing countries, little has been said in the Indian context about what role farmer organizations can play to help especially smallholder farmers improve their position in those emerging value chains. In this paper we address this gap and find that producer companies are a promising tool to strengthen farmers' position in their relationship with supermarket chains in India, but one which needs further improvement.

Keywords: producer companies; supermarkets; value chain governance; South Asia; India

5.1 Introduction

Supermarket chains are regarded as pivotal change agents in agricultural production systems today, especially in developing countries into which modern food retail¹ formats began to spread around two to three decades ago. This spread of supermarket² formats and the internationalization of supermarket chains from their home markets in the western economies into developing countries has been described in a model of waves by Thomas Reardon and colleagues (e.g. Reardon and Berdegúe, 2002; Reardon et al., 2007). India, where major transformations in the retail sector in general, and the food retail sector in particular, started to pick up speed in the early 2000s, is classified as part of the third wave of supermarket spread together with countries in eastern and southern Africa, Russia, and China (Reardon and Minten, 2011b).

The emergence of modern retailers in a country's food retail market also affects agricultural production and farmers as supermarkets build new or modernize existing

¹ Characteristics mentioned in literature to define what modern retail is involve the following: (a) self service, (b) certain scale of operation (the store itself, the size of the chain, or both), (c) the owning entity is a corporate entity but can also be state, cooperative, or private, and (d) foreign or domestic, (e) use of modern management techniques (Reardon and Minten, 2011b, p. 138; Sengupta, 2008, p. 691).

² The terms 'modern retail' and 'supermarkets' are used synonymously throughout the paper.

supply chains to facilitate the enforcement of stringent quality standards. This transformation of supply chains often goes in hand with tighter governance structures and increasing direct cooperation between supermarkets and farmers (Berdegué and Reardon, 2008). Generally, such transformations present greater challenges for smallholder farmers in the countries concerned as they often find themselves in unfavorable bargaining positions towards supermarket chains, if they are at all considered as being part of their supply chains. Against this backdrop, there has been a re-emerging interest in farmer producer organizations in recent years from governments, donors and non-governmental organizations alike who see them as appropriate institutions for building capacity among smallholder farmers and for helping them participate in more competitive and globalized market environments (Rondot and Collion, 2001; World Bank, 2007).

Regarding the Indian context, a growing amount of literature has come up in recent years which addresses the supermarket-led transformation in the retail sector and its potential impacts on consumers, the traditional trading system, and farmers (see for example Chari and Raghavan, 2012; Franz, 2010, 2012; Harper, 2009; Minten et al., 2010; Neilson and Pritchard, 2007; Pritchard et al., 2010; Reardon and Minten, 2011a, b; Sengupta, 2008; Trebbin and Franz, 2010). Surprisingly, the debate on how farmers may be affected has not at all been connected to the abovementioned debate on the new role of farmer organizations in building capacity among farmers and establishing linkages to modern retailers. Such studies, however, were conducted in other countries, where modern food retail is a similarly recent phenomenon, for example in China (Jia and Huang, 2011), Vietnam (Moustier et al., 2010), Honduras and El Salvador (Hellin et al., 2009), Peru and Ecuador (Devaux et al., 2009), Nicaragua (Michelson et al., 2012), Kenya (Fischer and Qaim, 2012) and Uganda (Kaganzi et al., 2009).

These case studies suggest that farmer organizations are in many cases successful in linking smallholders to more sophisticated markets such as the modern retail sector, but conditions for success cannot be generalized as they depend on a number of factors such as the specific regional and market context, the product groups traded, the actual terms of agreement between the FPOs and the supermarket, as well as the levels of skills and professionalism of the producer group, and the costs in traditional marketing channels. Generally, the emergence of agreements between supermarket chains and farmer

organizations is more likely in the case of high-value products with high perishability and a high frequency of production (Fischer and Qaim, 2012; Hellin et al., 2009). Supermarkets are also more likely to enter into an agreement with an FPO when the specific group organizes most of the production of one product in a region (Jia and Huang, 2011) or when the group conducts group branding or certification of its members' produce which is not available with individual farmers outside the group but important for the marketing process (Moustier et al., 2010). The case studies also suggest that FPOs with higher levels of skills and capabilities are more successful in negotiating agreements with supermarket chains (Hellin et al., 2009; Moustier et al., 2010).

This paper aims to join this debate on the role of FPOs in linking smallholder farmers to modern retail with an analysis of the current status of so-called producer companies in India. The concept of producer companies was initiated by the Indian government in 2003 at the sight of ongoing agro-food transformations in the country. Almost a decade after the first producer company was officially registered in India we aim to look at the current potential producer companies have to integrate their members into modern retailers' supply chains. We embed our discussion of the producer company model into the theory of value chain governance and link it to the general debate on the role of farmer producer organizations in contemporary agro-food networks in developing countries. Therewith we aim to address two gaps that currently exist in literature. The first is about the role of FPOs in the Indian retail transformation. The second is the conceptualization of FPOs within the framework of value chain governance theory which can help understand if and how FPOs might be able to move farmer-supermarket relationships in developing countries towards more relational forms of governance.

Following this introduction and a short section on methods section 3 deals with the current debate on supermarket expansion in developing countries which is being embedded into the theory of value chain governance and then linked to an outline of the renewed interest in farmer producer organizations. Section 4 gives background information on the development of modern retail in India, before in section 5 the concept of producer companies and its potential to link smallholder farmers in India to the emerging modern food retail sector are analyzed. In the final section we discuss our findings and draw conclusions.

5.2 Methods

The paper is based on material gathered through interviews and field visits that have taken place during several months in 2010, 2011 and 2012 as well as on a review of secondary data and literature. While interviews and site visits with major food retail chains were undertaken to understand their supply chains and the role producer organizations play therein, eight producer companies were visited for one to two weeks each to understand their operations on the ground. During these visits, company staff and farmers were interviewed and company records were sighted. In addition, interviews were conducted with policy makers and government agencies that are active in promoting producer companies as well as development agencies and researchers regarding general supply chain issues in Indian agriculture. The research also comprised working group meetings with funding agencies and existing producer companies as well as those interested in forming producer companies to exchange experiences and ideas. Furthermore, those producer companies for which contact data were available (78 out of around 260) were contacted through e-mail and/or by phone to get an overall picture of their current status and operations.

5.3 Theoretical background

Over the past two decades modern retail formats and transnational retail chains increasingly spread into developing countries where food retailing has been traditionally dominated by wet markets, neighborhood shops, and street hawkers. This supermarket spread has significant impacts on existing food supply chains, consumption patterns, and agriculture within these economies. In the countries that were part of the early phase of supermarket development, retail chains today account for a considerable share in the food retail sales, similar to that in the western economies from where much of the retail internationalization emanated (Reardon et al., 2004). Large shares in food retail sales are giving retail companies tremendous influence over the organization of food supply chains, the food processing sector, and also over farm-based production. This is often manifested in the re-organization of supply chains (1) away from fragmented, decentralized procurement to centralized supply systems with large, integrated procurement catchment areas, (2) the use of specialized/dedicated wholesalers and

logistics firms instead of traditional wholesalers and spot markets, and (3) the increasing use of preferred suppliers operating under de facto contracts (Berdegué and Reardon, 2008; Henson and Reardon, 2005). Re-organizations of supply chains aim in particular to implement and enforce stringent quality standards which are generally used as a mean to guarantee food quality, safety, traceability, and originality, and are a response to growing consumer awareness about these issues. But private standards also serve as competitive barriers against the informal sector or competitor products (Coe and Hess, 2005) and they represent entry barriers for small or less capable producers (Altenburg, 2006).

From a value chain governance perspective, higher product standards lead to higher product specificity and thus more information being exchanged in value chains, which in turn adds to the transaction costs. While different types of transactions have different effects on the transaction costs, the specific characteristics of transactions determine the type of governance that is chosen to execute them. Such characteristics are: asset specificity, environmental uncertainty and complexity, frequency and scale of transactions, behavioral uncertainty (for example bounded rationality and potential opportunistic behavior of trading partners) and connectedness to other transactions (Bijman and Wollni, 2008; Stockbridge et al., 2003). Value chain governance theory names asset specificity, supplier capabilities, and the ability to codify transactions as the three main factors that determine the type of governance applied in value chains. Here, Gereffi et al. (2005) distinguish between five different types of value chain governance, placing market-based and hierarchical relationships among network actors at the two opposite ends of a spectrum of explicit coordination, with modular, relational and captive relationships being the intermediate modes of governance. From the hierarchical governance type (an integrated firm) to the market type the capabilities of the supplier base increase, while the complexity of transactions and the power asymmetries between network actors decrease (Gereffi et al., 2005, p. 87).

Applied to the agro-food sector, higher asset specificity leads to higher degrees of explicit coordination in value chains if it is not accompanied by an increase in supplier capabilities and if the transaction cannot be easily codified (Gereffi et al., 2005). The most explicit type of value chain coordination in agro-food value chains is referred to as vertical integration (Humphrey and Memedovic, 2006). Contract farming and outgrowing

schemes are examples for forms of vertical integration in agricultural value chains and match the governance types of ‘captive’ or ‘hierarchy’ (Stamm, 2008; Trebbin and Hassler, 2012). They are more likely to occur in product groups where there is the greatest need for consistency and quality, such as fresh and perishable high-value agricultural products. However, also in the agro-food sector, there are examples where value chain governance can move more into the direction of modular or relational value chains. These cases usually go in hand with increasing supplier capabilities. Gereffi et al. (2005) take the value chain between UK supermarkets and Kenyan fresh produce suppliers as an example for a modular value chain wherein the supermarket chains increasingly rely on African exporters as suppliers that have specific capabilities and with whom they work jointly on product development, logistics and quality issues. If there is mutual dependence between buyers and suppliers or when both parties are committed to common values, relational value chains can evolve, for example in fair-trade or organic products (Stamm, 2008).

In an attempt to assess the diverse development impacts of different types of value chain governance, Altenburg (2006) adds more factors that may determine which form of governance is chosen in value chains. We believe that five of them are particularly relevant to understand how direct cooperation between modern retail chains and smallholder farmers in developing countries is organized. Moreover, they help to highlight the potential role of farmer producer organizations (FPOs) to contribute to a positive effect of such cooperation on the livelihoods of smallholder farmers. Similar to Gereffi et al. (2005), Altenburg (2006) also singles out (1) supplier capabilities as one of the major factors that determine a firm’s make-or-buy decision, arguing that firms in locations with a lack of competent suppliers need to interfere, i.e. control, more in order to ensure their supplies needed. In turn, low levels of supplier competencies are among the main reasons why value chains do not produce win-win situations, because suppliers with low capacity levels can be easily substituted and have a weak bargaining position.

Additionally, Altenburg (2006) identifies (2) relationship-specific investments and (3) institutional framework conditions as further factors influencing the specific type of governance chosen. Relationship-specific investments are necessary investments for a firm to enter into a trading relationship with another party. In the case of cooperation with

smallholder farmers such investments could for example be knowledge transfers in the area of production technologies and production inputs. According to Altenburg (2006), relationship-specific investments favor vertical integration because they increase the cost for the investor to switch to other trading partners and because the buyer does not want to become dependent on the supplier who finds himself in an improved bargaining position. In this context, vertical integration increases the chances for the buyer not to lose the investment he made because the supplier cannot sell to another party. However, and related to the aspect of institutional framework conditions, the regulatory environment might not allow the buyer to legally enforce vertical integration, i.e. oblige the supplier to sell to him after he made the investment. In such cases, (4) informal institutions such as social bonds, trust and reputation may act as substitutes to complete contracts. As has been observed during field work in India, smallholder farmers who received considerable amounts of training and support from the buying company often feel obliged to sell to them. A last aspect mentioned by Altenburg (2006) – (5) capital intensity and the cost of capital – reinforces this mechanism and the trend towards vertical integration. The author states that, in case of high costs of capital or when an activity requires high amounts of capital, firms tend to buy from independent suppliers. Likewise, it can be argued that, if capital costs are high for farmers, they are more likely to enter into more vertically integrated trade relations provided the buyer bears some of the costs or risks associated with production and marketing (Michelson et al., 2012).

With regard to all these aspects mentioned, which could support tighter vertical integration of value chains, farmer producer organizations (FPOs) are a tool to reduce the amount of power asymmetries between large retail chains and farmers and contribute to more relational forms of value chain governance. One of the main benefits of FPOs is their ability to create scale economies through horizontal coordination, aggregation and marketing of the farmers' produce in larger units. The same advantage of scale economies applies to input purchases. In both cases FPOs can negotiate better prices because of an improved bargaining position. Regarding the most critical point of supplier capabilities, FPOs can assist their members in the fields of technologies and inform the farmers about potential markets and buyers, prices, as well as quantity, quality and timely requirements, which makes relationship-specific investments by the buyer less necessary and reduces the farmers dependency upon him. Through vertical coordination, FPOs can also involve

in value-adding process such as grading, processing, and packing which also increases their bargaining power. With regard to the institutional framework conditions, FPOs can represent the institutions that regulate compliance with an agreement between many farmers and the buyer through internal group mechanisms, and bear the risk of non-compliance towards the supermarket chain, even when there is no legally enforceable contract existing between the two parties. Additionally, FPOs can reduce the cost of seeking information, both for their member farmers as well as for potential buyers of produce. In a group the farmers increase their visibility and credibility as potential suppliers of certain products and negotiating with them becomes easier. From the perspective of a supermarket chain, FPOs also facilitate the passing on of specific requirements to the individual farmers and therewith contribute to the codification of information.

Because of these and other functions (e.g. financial services, education, health, welfare and environmental conservation) farmer producer organizations (FPOs) have gained renewed interest in recent years from governments, donors and non-governmental organizations (NGOs) alike who see them as appropriate institutions for building capacity among farmers and helping them participate in more competitive and globalized market environments (Markelova et al., 2009; Rondot and Collion, 2001; World Bank, 2007). Farmer organizations as such are nothing new, but the forces that are driving transformations in agricultural marketing systems worldwide also appear to affect the types of FPOs that are operating today. Generally, FPOs can take many different forms, varying both in size and, as mentioned above, in the services they provide (Trebbin and Hassler, 2012). They can be formal cooperatives, associations, societies, or informal village level self-help groups, commodity interest groups, and the like. The new types of FPOs that are being discussed in contemporary literature as a means for improving smallholder market access, however, are radically different from those that traditionally exist in rural societies. The latter are inward-oriented, often informal and emerge autonomously among rural communities to regulate the relations between their members. Their *bonding* function and welfare orientation are the main attributes of these types of FPOs. The new types of FPOs, in contrast, are outward-oriented, that means their main purpose is to perform a *bridging* function and act more as interface structures between their members and the external world. They are more formal types of FPOs, organized on

economic principles but rooted in local customs. Compared to the inward-oriented type, they are run in a more professional way and are more exclusive with regard to their membership (Onumah et al., 2007; Rondot and Collion, 2001). However, informal groups often still form the basis onto which formal groups are built to connect a larger group of farmers to a targeted market.

The new concept of producer companies in India, which has been introduced to the company law with the amendment of the Companies Act 1956 in 2002 (Kumar Sharma, 2008), corresponds well with this new form of farmer organization. Producer companies are basically farmer-owned micro-enterprises which can be regarded as hybrids between private companies and cooperative societies. Their way of membership organization and participation is much like that of a cooperative while the integration into cooperate law allows more professionalism and flexibility in their business activities compared to a traditional cooperative (for more details on producer companies see Trebbin and Hassler, 2012). The primary goal of producer companies is to link smallholders to markets, i.e. to larger corporate buyers. The model was created at the sight of increasing corporate investment in the food retail and food processing sector in India which also directly impacts Indian farmers, and with the thought that without ‘effective organization, Indian farmers are likely to face either a life of continued poverty and exploitation at the hands of those controlling value chains, or progressive isolation from active involvement in economically viable agricultural activities’ (Croucher, 2010, p. 6).

5.4 Transformations in the Indian food retail market

Direct cooperation between farmers and supermarkets plays an increasing role in India’s changing retail landscape. Supermarket retailing was virtually non-existent in the country only a decade ago. However, since the early 2000s India’s retail sector is experiencing profound transformations with the rapid growth of modern retail formats. For the past decade the country is being hailed as one of the most attractive destinations for retail investments globally and was ranked three times (2006, 2007, 2009) in A.T. Kearney’s Global Retail Development Index as the most promising target for global retail investments (A.T. Kearney, 2010). The pace of modern retail growth in India was five

times higher than GDP growth in the past years and among the fastest in the world (Reardon and Minten, 2011b).

Food and grocery retail has the lowest share within the entire modern retail segment in India (1.3% country wide, 5-6% in urban areas) although it dominates the total Indian retail market with 68% (Images Group, 2010, p. 85). Food retailing in India still lies in the hands of the traditional sector, i.e. millions of small shopkeepers, traders on wet markets, and street hawkers, to many of which retail trade represents one of very few income options. Especially for buying fresh fruits and vegetables, Indian consumers still rely on the traditional retailers which provide freshness and low prices at the doorstep and to whom often longtime relationships exist. However, the food and grocery segment is not neglected by modern retailers in India. In contrast, it is this segment which has received most attention from retail investors and which has grown at the fastest rate of all retail segments with growth estimated at 49% annually from 2001 to 2010 (Reardon and Minten, 2011a, p. 134). The importance this segment has for India's modern retailers is reflected in the share of fresh fruits and vegetables in total food sales which lies between 18–24% (see Tab. 5.1) (Reardon and Minten, 2011b, p. 155). Considering the early stage of retail development in India and the fact that usually, modern retail tends to penetrate first into staple and processed foods where supply chains are much easier to organize, these figures are surprisingly high (Reardon and Minten, 2011b).

Because of the overall rapid growth in recent years, the Indian retail transformation is often perceived as being a phenomenon of the past decade or so. But the growing importance of modern retail in India is rather a process of evolution spanning three to four decades. As outlined by Sengupta (2008) and Reardon and Minten (2011b) the transformation away from the traditional retailing system already started in the 1960s/1970s with government retail chains, followed by cooperative retail chains in the 1970s/1980s, and later by private modern retail partially in the 1990s but mainly in the 2000s. However, with regard to the impact of the retail transformation on agricultural supply chains and farmers, it seems as if the most recent developments are having more profound effects. Here, we will therefore concentrate on the period of growth of modern food retail from the early 2000s onwards.

Tab. 5.1: Main retailers and wholesalers in India

Company	Store name	Number of outlets	Turnover in 2010 in million USD (growth rate 2009-10)	Percent Food 2010 (percent F&V of food sales)
Retail				
Future Group	Big Bazaar, Food Bazaar, KB Fair Price	> 600	1,717 (33%)	25 (21%)
Reliance Retail	Reliance Fresh, Reliance Super, Reliance Mart	> 750	682 (28%)	81 (20%)
Shriram Group (acquired Vishal)	Megamart	> 150	400 (9%)	4
Aditya Birla (acquired Trinethra)	More	> 610	380 (55%)	61 (24%)
RPG Group	Spencer's	> 200	213 (8%)	34 (20%)
REI Agro Limited	6 TEN	> 345	204 (55%)	86 (20%)
Tata Trent & Tesco (UK)	Star Bazaar	~10	103 (75%)	46
Bharti Retail	Easyday	> 110	97 (259%)	51 (18%)
Landmark Group (Dubai, UAE) & Spar International	Spar	~30	73 (247%)	39
Wholesale				
Metro (Germany)	Metro Cash & Carry	10	281 (32%)	55 (18%)
Bharti Walmart (India/USA)	BestPrice Modern Wholesale	17	116 (427%)	54 (18%)
Carrefour Group	Carrefour Wholesale Cash & Carry	2	-	-

Source: Images Group, 2010; Reardon and Minten, 2011b; company websites

The impacts of this most recent and intense period of supermarket growth on agricultural supply chains are more profound because in this period the Indian government has also deregulated other sectors of the economy that are relevant to food production, processing,

wholesale, and retail. Liberalization started with the wholesale sector where 100% foreign direct investment (FDI) was allowed in 1997. Additionally, the wholesale, retail, processing and logistics sector were taken off a list of sectors in which only small and medium enterprises were allowed to operate, thus admitting also large companies in these sectors (Reardon and Minten, 2011a). In 2003, the Agricultural Produce and Marketing Act (APMA) of 1951 was reformed which had restricted the wholesale of agricultural commodities to only state-regulated (APMC) markets and had prohibited contract farming, direct marketing, private markets, and collection centers run by private retailers, wholesalers or processors. The amended act promotes the setup of markets in the private and cooperative sector as well as the direct procurement of private companies from farmers (for more details on the history, role and reform of APMC markets see Reardon and Minten, 2011a). In addition to these specific reforms, the general economic liberalization process that was started in India in 1991 triggered rapid economic growth which provided the scene for modern retail to take off. With growing incomes more people joined and are still joining the Indian middle class³ while urbanization, also of lifestyles, continues, bringing about a change in consumption patterns and therewith demand. Satisfying this demand is one of the main pull factors for investors in the Indian retail market. Other important factors are its sheer size (around 462 billion USD) and low penetration by modern retail formats (8% of the total, around 1% of the food segment) (Images Group, 2010).

Despite the huge interest global retailers have shown in the Indian retail market, the sector remains strictly regulated towards FDI. While 51% FDI in single-brand retail⁴ was approved in 2006, multi-brand retail⁵ is still completely closed to FDI. The modern Indian food retail sector is, therefore, dominated by domestic firms, many of which are part of large Indian conglomerates, and foreign investors, till date, are only active in the

³ There is no official definition of the middle class. Classifications and numbers range widely. The global management consultant McKinsey & Company estimates its current size at around 50 million people with annual incomes ranging between 200,000-1 million Indian Rupees (3,600-18,000USD) (Ablett et al., 2007, p. 12). Indian sources claim that between 100 and 250 million people belong to the Indian middle class (Ravallion, 2010, p. 446).

⁴ Single-brand retailers are those selling only products of a single brand. These products are branded during the manufacturing process and sold under the same brand name internationally (Chari and Raghavan, 2012, p. 81).

⁵ Multi-brand retailers are all retailers that stock and sell products of multiple brands, for example large retail companies like Walmart, Carrefour, etc. (Chari and Raghavan, 2012, p. 81).

wholesale segment (see Tab. 5.1). However, it needs to be noted that some of the wholesale stores are effectively operating in retail space as the minimum of a single purchase is set at only 500 or 1,000 INR, or a minimum of 1 kg in fruits and vegetables (Franz, 2010; Singh, 2010). In November 2011 the government of India had taken a step towards a further liberalization of the retail sector by approving 51% FDI in multi-brand retail but revoked the decision a few days later when the parliament was disrupted by parties calling for a rollback (The Economic Times, 2011). This step was commented on with much disappointment not only from potential investors in the Indian retail market, but also by some of the larger farmers' associations:

“We farmers want retail liberalization to come, we welcome FDI in retail and we have no problem expecting that ultimately Walmart will come to the farmers. For example, in the case of vegetables in India, nobody can compete with Indian producers. [...] The only thing is that we need some backward integration, we need some technologies, we need somebody to give extension services, somebody to give us quality seeds and train us how to produce in a scientific manner. [...] The majority of the farmers I represent are illiterate and ignorant about politics. But all of these farmers are adopting new technologies. So if tomorrow a new technology comes that will benefit us, we will be immensely happy to adopt that. [...] It should be the producers and the consumers who decide what is good for them, not the traders or the politicians” (interview with the chairman of the Consortium of Indian Farmers Associations (CIFA) and the Federation of Farmers' Associations (FFA) in 2011).

As expressed in this quote, it is hoped that the activities of modern retailers in building new or modernizing supply chains would lead to technology spillovers, efficiency enhancements through a shortening of supply chains, and would open up alternative and more remunerative marketing channels for farmers. The traditional marketing system for agricultural products in India contains substantial costs, especially for smallholder farmers and in fresh and highly perishable foods. Vegetable marketing chains, for example, can contain up to eight intermediaries from village-level consolidators,

transporters, wholesalers and commission agents in state-regulated government markets (APMC markets) to retailers. This long chain of intermediaries balloons the prices paid by the end consumers which often are 200-300% higher than what the farmers receive. Additionally, farmers often find themselves in very unfavorable bargaining positions as their holding capacity and market information is low and local traders and moneylenders are often one and the same person. Moreover, untransparent trading practices in the government markets through trader collusion and improper or no weighing procedures, lack of market infrastructure such as pre-cooling facilities, as well as inadequate transport and logistics infrastructure lead to wastages that can amount to up to 30% in fresh produce supply chains (Chari and Raghavan, 2012; Trebbin and Franz, 2010).

Critics of increased investment activity of modern retailers in supply chains, however, justifiably fear negative effects on the traditional trading system and the exclusion of smallholder farmers (Franz, 2012; Trebbin and Franz, 2010). But it also needs to be taken into account that especially for smallholder farmers who work on up to two hectares of land and constitute for 80% of India's farmers (Datenet India, 2010), agreements with processors or retailers are often the only source of inputs and assistance, especially because government extension programs are highly inadequate. Furthermore, considering that modern food retail in India is still largely an urban phenomenon, the retailers' sourcing areas of fresh products are rather defined by the time in which fresh produce can be transported from the fields to the centers of demand, rather than by the size of farmers. In other words, with the vast majority of farmers in India being small or marginal farmers and transport infrastructure being one of the major constraints in sourcing fresh products, modern retailers often do not have a choice but source from smallholders if they chose to source directly from farmers. In this scenario it is important to prepare smallholder farmers for a potential collaboration with retail chains to ensure their best possible bargaining position, for example by organizing them into producer organizations. The following section examines the role producer companies can play in this context and presents the current sourcing strategies of a number of modern retailers in India.

5.5 Producer companies as new interface structures between smallholders and modern food retail in India

At present, supermarket chains in India follow diverse strategies to source fresh products for their stores whereby they apply a mixture of establishing new supply chains and using the traditional trading system. Generally, there are fresh products which can move over larger distances, such as apples, pomegranate, grapes, and oranges in the fruits segment and potato and onion in the vegetables segment. As stated by Reliance Fresh, one of the major supermarket chains in India (see Tab. 5.1), product groups that move across the country account for about 7% of the fresh foods assortment basket. Another 17% comes from around 500-750 km distance from the stores, 24% from within the vicinity of 250-500 km and 50-57% of the produce comes from within 100-250 km. Compared to the product groups that can be traded over larger distances, organizing the daily supply of highly perishable products that constitute the majority of the retailers' assortment basket, is a greater challenge. Here, supermarket chains either operate through (1) a centralized system of collection and distribution centers with or without direct support for the farming community, (2) so-called 'contact' farming arrangements where produce is being picked up from the farms and often inputs are supplied to the farmers, (3) the renting-out of retail space to concessionaires and purchasing agreements with traditional traders, and, in the case of one retailer, (4) the purchase from strongly linked farmer associations who grow and supply the products according to an annual crop calendar supplied by the retailer.

In all of these strategies, the retail chains still rely on the traditional wholesale markets (APMC markets) as a kind of backup or reserve source of products in case the other channels do not deliver as expected. Future Group, for example, which is the leading corporate retailer in India with regard to turnover in 2010, but has a relatively low share of fresh food sales, currently purchases 80% of the fresh produce through its system of farm collection and distribution centers, and 20% from the APMC markets (interview with Future Group in 2012) while Reliance, which has a much greater share of fresh food sales, buys around 60% of their requirements from farmers in a similar system of collection centers, and gets the remaining 40% on the APMC markets (interview with Reliance in 2012). Mother Dairy which sells exclusively fresh fruits and vegetables in its outlets called SAFAL in and around Delhi, procures around 60% of its supplies from

farmer associations, 20% from village aggregators, and another 20% from the APMC markets (interview with Mother Dairy in 2012). In all retailers' supply chains that were covered during the study, the current APMC market prices remain the benchmark in the price discovery process between any of these companies and the supplying farmers. This was also found in a similar study by Punjabi and Sardana (2007).

In most cases, the direct contact between farmers and retailers in India remains rather loose and few retailers are till date active in establishing forms of governance in their supply chains that would allow them to execute stronger control over farmers. The main reason for this is that fresh food sales in Indian supermarkets are still relatively low (see Tab. 5.1) as are the absolute volumes of fresh fruits and vegetables that supermarket chains sell across the country and therefore, the market can be characterized as a demand oligopoly. As stated in interviews with retail chains and also found by Reardon and Minten (2011b) the average amount of fresh fruits and vegetables sold per modern retail outlet lies around one ton per day. Applying this to the around 2,800 stores listed in Tab. 5.1 and assuming they each sell one ton of fresh fruits and vegetables on 365 days a year, which probably is an outside estimate, the total amount of fruits and vegetables sold through supermarkets in India would lie around one million tons per year. This, in turn, is equivalent to only 0.55% of India's total production of fruits and vegetables and to 0.69% of the ten most important fruits and vegetables, which account for 80% of fruits and vegetables produced in the country (FAO, 2012). Small volumes required by supermarket chains are thus the major limiting factor in direct buying relationships between farmers and supermarkets in India today.

“The current situation is that we are not able to source everything from the farmers because of our small scale. That is the problem” (interview with Walmart India in 2012)

“Now the farmers want to join our model but our capacity is still too small compared to the supply we could have” (interview with Future Group in 2012)

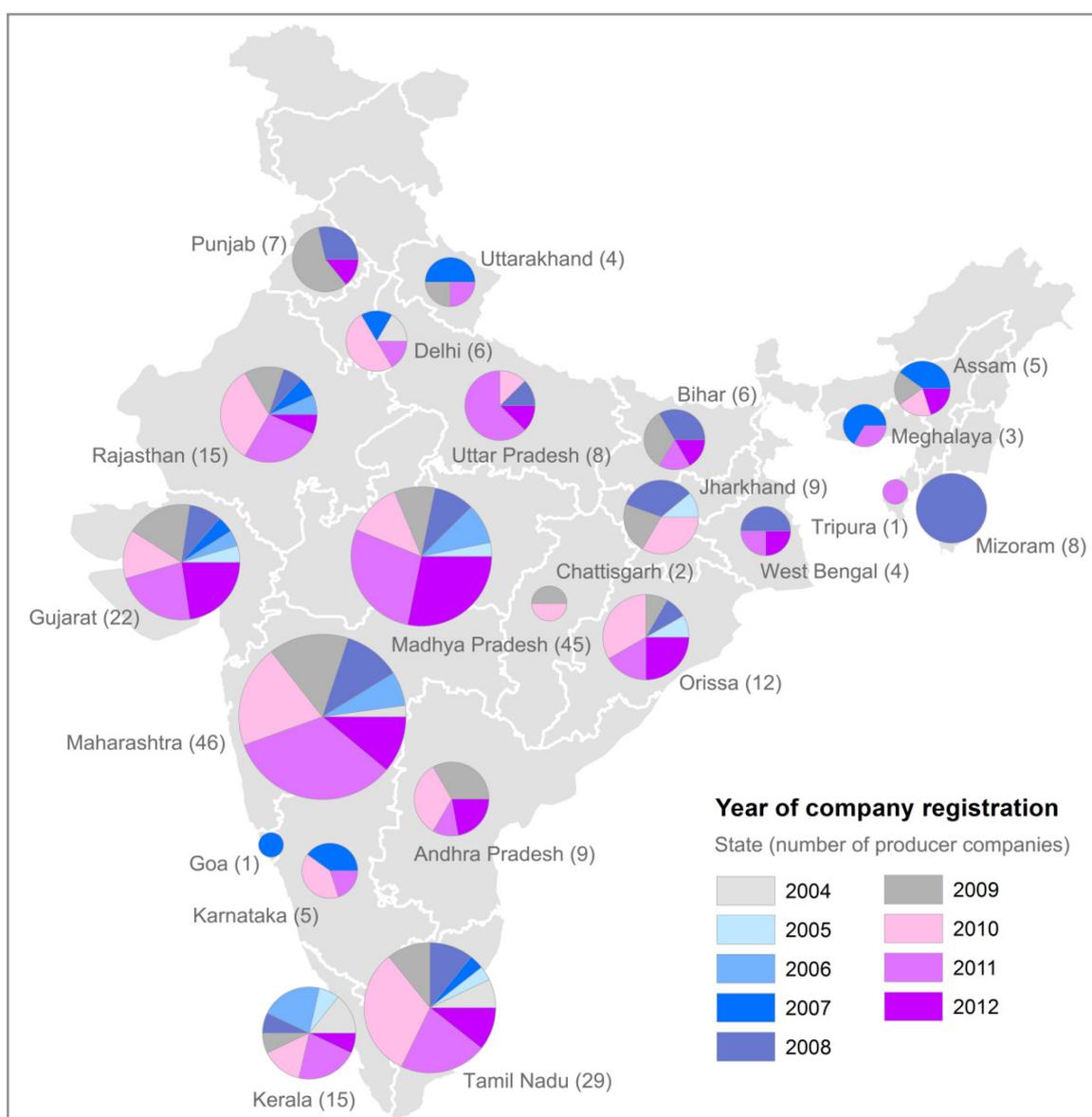
However, even in procuring these relative small volumes, supermarket chains are facing problems which are mainly related to product quality as conveying specific quality requirements and standards to farmers is a major issue. The most common strategy to tackle this problem is often used within the frame of ‘contact’ farming or the collection center model and comprises training of farmers on production methods and new varieties, guidance on input use and application, and sorting and grading of produce. This is done either on a lead farmer’s model farm, as is the case with Walmart India, or in the farmers’ fields. Often, these advisory services are carried out by a third party, such as an agro-chemical company (Trebbin and Franz, 2010). They are given to farmers free of cost, which in turn are expected to sell to the company but cannot be obliged to do so as agreements between the retail chains and farmers are not made in legally binding form. On the other hand, retail chains are also not obliged to buy a farmers’ (entire) production and frequently reject produce which does not match their quality requirements. Hence, there is uncertainty and risk on both sides.

In this scenario, producer companies were thought of as appropriate institutions that could develop into competent trading partners for supermarkets in India. Producer companies, being a new form of farmer producer organization, can create the same advantage of scale economies like any other FPO, while they have a special focus on establishing market linkages through a professional management of the company. While the legal requirement for forming producer companies allows only persons directly engaged in primary production to become members (i.e. shareholders) of the company, the chief executive officer (CEO) can be appointed from outside the member community. Compared to cooperatives, producer companies have more freedom with regard to the regions in which they operate which can be India-wide and they also have more freedom in developing linkages to potential business partners such as the freedom to enter into alliances and joint ventures and to form subsidiaries. However, shares cannot be sold outside the company therewith restricting investment from outsiders and preventing possible take-over from business entities that are not part of the direct farming community.

Until April 2012, there were around 260 producer companies in India. Although the possibility to form them exists since almost a decade, their development was rather slow until 2008. Most of the producer companies operating today were formed in the past four

years and especially in 2011 and 2012 (see Fig. 5.1). The leading states with regard to the absolute numbers of producer companies are Maharashtra and Madhya Pradesh. The western zone with the states of Maharashtra, Gujarat, Rajasthan and Goa and the southern zone with Tamil Nadu, Kerala, Andhra Pradesh and Karnataka account for over 50% of all producer companies in India, while the northern and eastern states are underrepresented.

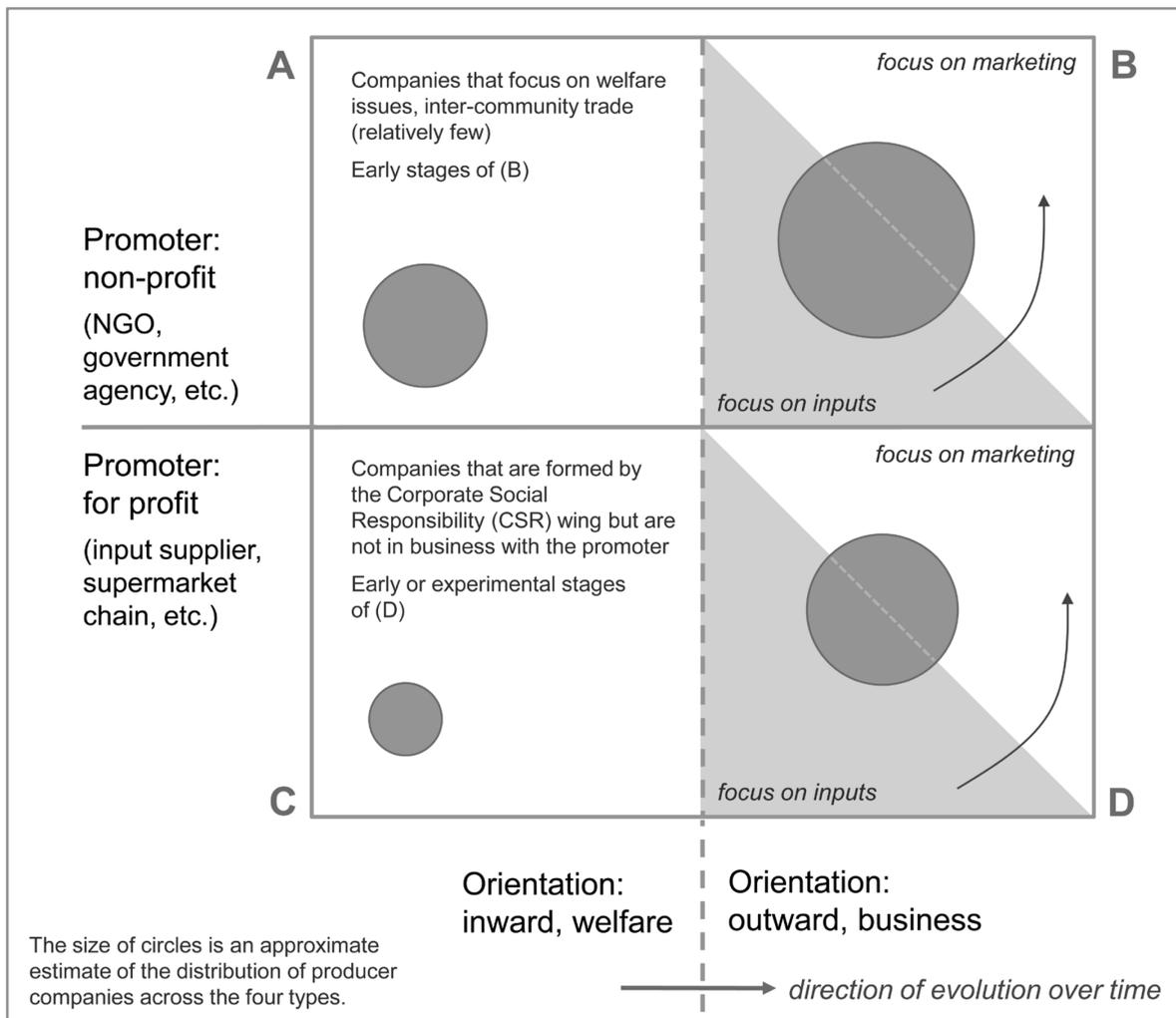
Fig. 5.1: Status of producer companies in Indian states as of April 2012



Data source: Written communication with the Indian Ministry of Corporate Affairs, the Small Farmers' Agribusiness Consortium (SFAC) and the Institute of Economic Growth (IEG) in New Delhi

Fieldwork suggests that four types of producer companies can be tentatively distinguished (see Fig. 5.2). Most of the producer companies existing today are promoted by an NGO (types A and B). Only very few of them, represented by type A, are not focusing on marketing to outside actors at all. This type also represents early stage of type B as most producer companies concentrate on input linkages first and later evolve into developing market linkages. Starting with less capital intensive activities like trading and supplying inputs to the members by getting dealership from input suppliers, allows these companies to earn margins, overcome the costs of administration, and earn profits. Building on this they can start to develop market relationships and move into becoming procurement companies for example for a retail chain, also doing some value addition like grading and packing (type B).

Fig. 5.2: Typology of producer companies in India



Type C is very rare but can evolve into type D. Monsanto for example is currently planning to develop 15 producer companies in Maharashtra through its Corporate Social Responsibility (CSR) wing. To build up the producer companies, Monsanto has invited large Indian seed and irrigation companies, McDonalds and Walmart into the consortium to better understand the model of producer companies and to develop them into potential business hubs through which inputs sales and product purchases can be channeled. These fall into the category of type D producer companies. They are slowly growing in numbers since the past year or so because firms have by now had the chance to learn about the producer company model and have seen first success stories. Reliance, for example has built up a vegetable producer company in Madhya Pradesh to source products from its farmers for their stores. Generally, the challenge in all types of producer companies is the balance between inward and outward orientation. While the types A and B, which are promoted by NGOs, often lack the business skills to develop effective market linkages, in types C and D the promoter might be too aggressive in building market linkages and fail to understand social dynamics within the group or develop long-term welfare effects. A mixed promoter consortium of NGOs, input suppliers, and potential buyers might be a possible solution.

The model of producer companies has started to pick up over the past few years and the learning process of how to best build these new farmer groups is ongoing. The Small Farmers' Agri-Business Consortium (SFAC), which is a public development institution aiming to improve linkages between Indian farmers and consumers by supporting diverse agri-businesses, is currently implementing an India-wide project of pooling 250,000 farmers into producer companies of 1,000 members each which are strategically linked to agricultural input suppliers, as well as providers of agricultural machinery, insurance, irrigation systems and the like. The idea is to increase access to these services among farmers and enable them to negotiate better rates and at the same time allow the partnering companies to reach out to a large number of farmers at once (interview with SFAC in 2012). In addition to this project run by SFAC, the National Bank for Agriculture and Rural Development (NABARD) has launched a support fund for producer companies earlier in 2012 in the frame of which 20% of the support is given as grants, to motivate the establishment of more producer companies (interview with NABARD in 2012). The activities in forming producer companies has already increased

in response to this increased funding and it can be expected that more producer companies will evolve into matured enterprises in the coming years.

As of now, the number of producer companies which are having direct agreements with corporate buyers, such as supermarket chains, is low and purchases from retailers happen only sporadic and in limited volumes (for a case study example see Trebbin and Hassler, 2012). However, as the interviewed retailers state, farmers groups could play an increasing role as suppliers in the future, given their capabilities match the product requirements. In this scenario, producer companies have a potential to position themselves as suppliers or contractors to supermarket chains. Future Group, for example, besides working with individual farmers who deliver their products to rural collection centers, is sourcing from a farmer group in the case of strawberries. In that particular case, a cooperative brings together a large number of strawberry growers in Mahabaleshwar region in Maharashtra which is the main strawberry producing region in India. The cooperative is grading and packing the strawberries while Future Group arranges for the transportation. While for the cooperative, Future Group is not the only marketing partner, it makes sourcing much easier for the retailer by pooling the farmers and thus reducing transaction costs.

“We are working with a farmer group in Mahabaleshwar, with strawberries. There a cooperative organizes all the farmers and Mahabaleshwar grows about 90% of Indian strawberries. It is like a hub. [...] We believe in farmer associations. Individually it becomes challenging so we are creating cooperatives and we are encouraging the farmers to do a cooperative so that we can plug them into our system. [...] The farmers are so scattered, it is difficult for us to go to everybody. So we say, come together and everybody will make money” (interview with Future Group in 2012).

Also in the case of Walmart India, there is a trend towards sourcing from farmers groups. The company started with farmer training centers to introduce their product requirements, farming technologies, new varieties as well as specific inputs to be used. As the quantities

purchased from farmers grew, Walmart built basic infrastructure for collection and dispatch of products in the production areas and introduced model farms on a lead farmers' field to demonstrate production techniques. When the number of cooperating farmers in the currently five sourcing regions exceeded 40,000 Walmart India started to organize them into registered societies:

“Once we have the critical mass in every area we move away from the individual lead farmer model and start forming societies of these farmers. We said that one individual farmer has a low capability of managing things and when you have many farmers there is a need to be more structured and more transparent in transactions. So we have registered societies and these societies have been registered as supplier in our books” (interview with Walmart India in 2012).

However, payments are still made directly to farmers through bank transfer and the farmers groups till date have a very limited role. Because Walmart wants to execute very tight governance over their supply chain, the societies are not evolving into any sort of intermediary or contractor for the retailer which involves any cash transfer between Walmart and the society:

“We want to keep sourcing in our hands and we want to keep the management of sourcing in the hands of the societies. This is more about making payments, more about maintaining accounts, rather than [the societies] getting actually into buying from the farmers and then selling to us. These are not the sellers to us but they are providers of services to us” (interview with Walmart 2012).

In interviews, representatives of ITC⁶ and Reliance have expressed similar opinions. In fact, both retailers would appreciate the service of a producer company to aggregate

⁶ ITC is one of the leading Indian business conglomerates and part of their business is in food retailing. The company is generally well known for its 'e-Coupal' initiative, an internet-based sourcing system of agricultural commodities that are mainly geared towards exports (ITC, 2008).

produce of a large number of small producers into larger units, but raised concerns about the quality produced by these farmer groups and their ability to deliver the right amount of quality produce at the right time. With regard to the benefits of producer companies selling to modern retail, Reliance added that:

“We cannot pay higher to the producer organization because we also have to compete with the market. A producer company will produce 1% of the total production, but we have to compete with the 99% people in modern retail. If my prices will go up who will buy from me? So what benefit can producer companies get? I think the main benefits are through increasing crop intensity [productivity] working closely with the retail chains, and improve in pre- and post-harvest. They can increase their earning by saving the 25-30% that is normally going waste” (interview with Reliance in 2012).

Despite these concerns raised by some retailers, there is a way to integrate farmers groups into a retailer’s supply chain and ensure for quality, which is being followed by Mother Dairy for their fruit and vegetable outlets in Delhi named ‘Safal’. Here, 220 farmer organizations with a membership between 15 and 300 farmers each were formed by the company and constitute the backbone of the supply chain. These farmer organizations produce according to an annual crop plan which is being provided by the company and which tells the farmers groups the quantities and products required by Mother Dairy for every month of the coming year. In the production process, the farmer organizations are supported by a field team which provides technical guidance and they are also being linked to input suppliers to make sure farmers get quality seeds in time and also at a better than market price. Although there is no written contract between the farmer organizations and the company, their relationship is based on mutual interdependence as farmers receive training for free and a quality incentive of 6% higher than market price on their products, while the company benefits from improved quality and assured availability of the produce that they require which is a clear advantage to sourcing from the APMC market (interview with Mother Dairy in 2012).

5.6 Discussion and conclusions

From the above mentioned it became clear that there is scope for producer companies to become part of modern retailers' supply chains in India but that only relatively few have succeeded in doing so till date. On one hand this can be attributed to a lack of capabilities among the producer companies themselves. Substantial and targeted support for these new forms of farmer organization started only in the past year when the Indian government realized that the model was not picking up as expected. As it takes an average three to five years to build a producer company that can successfully operate its marketing business while at the same time managing its internal and production related issues, not many producer companies in India have reached these stages. Therefore, the overall experience of modern retailers with producer companies is oftentimes negative and the expectations of what producer companies are able to deliver with regard to product quality and timely aspects of supply are low.

Another factor which is till date inhibiting stronger relations between producer companies and modern retailers are limited quantity requirements by modern retail in the area of fresh produce, but these are expected to grow in the future. As the opening of multi-brand retail for at least 51% FDI is generally anticipated, new actors will enter the Indian food retail market and these actors too will get into sourcing of fresh produce so that volumes sourced by modern retail can be generally expected to increase. At the same time it is likely that these new multinational actors will put an even stronger focus on quality standards as they have to retain an international reputation and therefore, asset specificity will increase further. Additionally, new and foreign entrants into the Indian food retail market might find it more difficult to work in the specific Indian environment and establish relationships with and build trust among traders and farmers. These new retailers, therefore, will possibly be looking for capable business partners whom they can formally integrate into their supply chains to do the sourcing of fresh products for them. A well managed and professionally run producer company might undertake the role of such a partner in the future.

The general orientation of producer companies towards improving the production capabilities of their members while also working on establishing favorable market linkages through a professional management can be regarded as the right mix for an

intermediate structure to organize more equal trading relationships between farmers and supermarkets. Through the further learning and development processes that are currently taking place more and more producer companies can be expected to evolve into more smoothly and professionally run institutions in the future. These learning processes will also show what the exact conditions are based on which supermarkets agree to enter in to buying arrangements with these farmer organizations. So far, fieldwork suggests that, also in the Indian case, such agreements are more likely in high-value and more specialized products such as rare or exotic vegetables, where the degree of demand oligopoly in the market is less distinct. If another major issue producer companies are facing is solved in the future, which is a serious shortage of working capital, they might be able to vertically expand their activities in the value chain, for example by building storage and cooling infrastructure or organizing their own transport. Being less dependent on such services being born by the buyer of produce, also in this regard the farmers' bargaining position can be improved.

Finally, it remains to be said that the model of producer companies in India has inspired a series of other trading activities among farmers which are not targeting modern retailers' supply chains. These comprise for example, local direct marketing between producer companies and urban consumers in an internet-based 'vegetable box' model where consumers can chose from a weekly assortment of products which are being delivered to their homes. In other cases, producer companies are selling directly to processors or exporters or are sending their produce to larger AMPC markets across the country through preferred traders, as is the case for a small number of apple and litchi producing producer companies from the northern and north-eastern regions of India. According to that, the evolving modern food retail sector in India is not the only potential business partner for producer companies and probably should not be. But the increasing activity in building these new forms of farmer organization was initiated by the emergence of modern food retail in the country and this might be regarded as a trigger for a return of cooperative farming in India. Such a development would be much welcomed at the sight of the various challenges Indian farmers are facing of which many are based on the small scale of operation.

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Kapitel

6

Zusammenfassung und Diskussion
Summary and Discussion

6 Zusammenfassung und Diskussion (Summary and Discussion)

6.1 Zusammenfassung

Indiens Agro-Food Netzwerk hat sich seit der im Jahr 1991 offiziell einsetzenden generellen Liberalisierungspolitik nur sehr langsam verändert. Erst die jüngsten Maßnahmen der Deregulierung und Liberalisierung, nicht nur im Einzelhandelssektor, sondern ebenso in anderen bedeutenden Bereichen des Handels mit und der Verarbeitung von Nahrungsmitteln sowie der Landwirtschaft, haben zu einer Verstärkung dieser Transformationen beigetragen. Ein bedeutender Teil der Veränderungen in Indiens Agro-Food Netzwerk spielt sich im Lebensmitteleinzelhandel ab. Etwa seit der letzten Jahrtausendwende hat der moderne Lebensmitteleinzelhandel im indischen Markt zunehmend Fuß gefasst und weitet seinen Anteil am Lebensmittelhandel stetig jedoch von einem äußerst geringen Niveau von weniger als zwei Prozent – aus. Waren aufgrund der Regulierungen zu Ausländischen Direktinvestitionen im Einzelhandel ausländische Unternehmen vom großen und wachsenden indischen Markt zunächst ausgeschlossen, erlauben jüngste Reformen einen Anteil ausländischen Kapitals von bis zu 51% im sogenannten *Multi-Brand Retail*, zu dem auch transnationale Einzelhandelsunternehmen wie Tesco oder Walmart zählen (BBC, 2012).

Die vorliegende Arbeit setzt sich damit auseinander, was die zunehmende Etablierung des modernen Einzelhandels in Indien für die Bauern des Landes bedeutet und wie diese von den Transformationen profitieren können, indem sie in die Zulieferketten der im indischen Markt agierenden Unternehmen integriert werden. Der Fokus bei der Betrachtung, wie eine solche Marktintegration von Kleinbauern gelingen kann, liegt auf sogenannten *Producer Companies*, die als Teil einer von der indischen Regierung angestoßenen institutionellen Reform betrachtet werden können, die angesichts sich stark verändernder Rahmenbedingungen in der Landwirtschaft durch Liberalisierungs-, Privatisierungs- und Globalisierungsprozesse als Ergänzung zu technologischen Innovationen notwendig erschien, um eine stärkere Einbeziehung der kleinbäuerlichen Bevölkerung in diese Entwicklungen zu erreichen.

Die vorliegende Arbeit untersucht das Modell der Producer Companies in diesem Zusammenhang daraufhin, ob es für eine derartige Marktintegration von Kleinbauern geeignet ist und analysiert den aktuellen Status und bisherigen Erfolg des Modells in Indien. Die Analyse wird theoretisch eingebettet in die die Debatte zu *Collective Action*, bzw. neuen Formen von Kooperationen in der kleinbäuerlichen Landwirtschaft. Die konkrete Analyse der Position von Producer Companies als ökonomische Akteure in neu entstehenden Handelsbeziehungen mit Unternehmen des modernen Einzelhandels wird mit dem Ansatz der *Global Value Chains* (Gereffi et al., 2005) durchgeführt. Producer Companies werden im Rahmen dieser Analyse als potentielle Zulieferer von Unternehmen des modernen Lebensmitteleinzelhandels in Indien konzeptionalisiert. Die Frage ist, ob und wie es in Producer Companies organisierten Bauern gelingen kann, die Governance-Form der Handelsbeziehungen zu großen Unternehmen des modernen Einzelhandels in eine weniger stark von Machtasymmetrien geprägte, hierarchische Form zu lenken, d.h. in Richtung einer eher relationalen Form.

Der erste Artikel "*Farmers' producer companies in India: a new concept for collective action?*" zeigt anhand des Fallbeispiels der Vasundhara Agri-Horti Producer Company (VAPCOL), dass Producer Companies Kleinbauern und benachteiligten ländlichen Gemeinschaften helfen können, sich in einem neuen und anspruchsvolleren Marktumfeld zu positionieren und in Handelsbeziehungen zu großen Einzelhandelsunternehmen zu treten, indem sie wertsteigernde Prozesse durchführen und Skalenerträge bei der Vermarktung der Produkte erwirtschaften. Dadurch sinken nicht nur Transaktionskosten, für die beteiligten Bauern sinkt durch einen größeren Handelspartner auch das Risiko der Vermarktung, da die Abnahme eines großen Teils der Produktion gesichert ist. Der Artikel zeigt zudem, dass Producer Companies aus Gründen einer derartigen Risikominimierung eine größere Menge der Produktion einem größeren Abnehmer verkaufen und dabei auch einen geringeren als den maximal erzielbaren Marktpreis in Kauf nehmen. Das in diesem Artikel analysierte, äußerst erfolgreiche Beispiel VAPCOL macht deutlich, dass Producer Companies neben der Vermarktung der Produktion und der Bereitstellung landwirtschaftlicher Produktionsmittel und Beratungsdienstleistungen, die zu einer Steigerung der Qualifikationen der Bauern führen, viele weitere positive Effekte auf ihre Mitglieder haben können, indem diesen etwa der Zugang zu Krediten und vielfältigen Beratungsangeboten im Bereich der landwirtschaftlichen Produktion, aber

auch der Gesundheit, Bildung und Hygiene ermöglicht wird. Es ist diese Gesamtheit an Funktionen, die im Falle VAPCOLs zu einer Verbesserung der Lebensbedingungen der beteiligten Familien beiträgt.

Der zweite Artikel „*Collective action for cotton alternatives – Producer companies as local solutions to counteract India’s Bt cotton mainstream*“ zeigt, dass Producer Companies ein Instrument sein können, mit dem Kleinbauern ihre Abhängigkeit von Unternehmen der landwirtschaftlichen Inputindustrie verringern, ihre Markt- und Verhandlungsposition verbessern und die vom staatlichen Rückzug hinterlassene Lücke der landwirtschaftlichen Beratungsdienstleistungen schließen können. Dieser Artikel bezieht sich anhand des Beispiels des Baumwollsektors und einer Fallstudie aus dem südindischen Staat Karnataka stärker auf die Funktionen einer Producer Company als gemeinschaftliches Unternehmen von Kleinbauern, das in allen Bereichen der Produktion und Vermarktung aktiv ist. Als solches ist die analysierte Producer Company im Bereich der Produktion sehr erfolgreich, hat jedoch bedeutende Probleme im Bereich der finanziellen Stabilität und Vermarktung. Dieser Artikel hebt anhand der Fallstudie der *Kabini Organic Farmers’ Producer Company* bedeutende Schwierigkeiten hervor, die etliche Producer Companies betreffen und die einen breiteren Erfolg des Modells derzeit noch verhindern. Zu nennen sind hier vor allem die mangelnde Verfügbarkeit von Start- und Betriebskapital, die hohe Abhängigkeit der Producer Companies von externen Akteuren, die ihren Aufbau unterstützen, die mangelhafte Verfügbarkeit von qualifiziertem und engagiertem Managementpersonal, sowie teils mangelndes Engagement und Verständnis der Mitglieder für das Konzept der Producer Companies.

Der dritte Artikel „*Linking small farmers to modern retail through Producer Organizations – Experiences with Producer Companies in India*“ ist im Gegensatz zu den beiden vorhergehenden Artikeln ein zusammenführender und konkludierender Artikel, der die Möglichkeit einer Kooperation zwischen Producer Companies und dem modernen Lebensmitteleinzelhandel in Indien aus Sicht der Einzelhandelsunternehmen analysiert und mit Fallstudien aus anderen Ländern, in denen eine Kooperation zwischen Bauernorganisationen und Supermärkten bereits seit längerer Zeit stattfindet, vergleicht. Die Hauptaussage des Artikels ist, dass die Integration von Bauernorganisationen wie Producer Companies in die Zulieferbeziehungen des modernen Einzelhandels in Indien

für beide Seiten durch die Minimierung von Transaktions-, Koordinationskosten und Risiken Vorteile hat, die relativ geringe Nachfrage seitens der abnehmenden Unternehmen jedoch derzeit der Hauptfaktor ist, der die Ausweitung einer solchen Kooperation blockiert. Obwohl moderne Einzelhandelsunternehmen in Indien der Idee der Zusammenarbeit mit Producer Companies positiv gegenüber stehen, müssen letztere die momentan bestehenden Probleme des Modells überwinden und eine größere Anzahl professionell und wirtschaftlich geführter Beispiele vorweisen können. Dazu ist nicht zuletzt die Unterstützung von staatlicher Seite vonnöten, welche dazu beitragen kann, die in den letzten Jahren hervortretenden Schwächen in der Etablierung von Producer Companies zu beseitigen und mehr dieser Unternehmen durch die Start-Up Phase zu helfen. Wirtschaftliche stabile Producer Companies könnten sich in Zukunft aufgrund ihrer Organisation einer großen Anzahl von Mitgliedern zu *Business Hubs* in ländlichen Räumen entwickeln, von denen nicht nur Unternehmen des modernen Lebensmitteleinzelhandels gebündelte Mengen qualitativ hochwertiger Nahrungsmittel einkaufen, sondern über die Bauern als Mitglieder hochwertige Produktionsmittel direkt und damit zu günstigeren Konditionen von der landwirtschaftlichen Inputindustrie beziehen können.

Die aus der Empirie zu Producer Companies in Indien gewonnenen Erkenntnisse und Ergebnisse lassen sich wie folgt zusammenfassen:

(1) Producer Companies haben sich seit der Aufnahme eines entsprechenden Artikels in das indische Kapitalgesellschaftsrecht (*Companies Act*) zunächst recht zögerlich entwickelt. Die meisten der aktuell rund 260 existierenden Producer Companies sind seit 2010 entstanden und konzentrieren sich räumlich auf den Süden und Westen Indiens, insbesondere in den Bundesstaaten Maharashtra und Madhya Pradesh, da ihr Aufbau hier staatlich gefördert wurde. Demgegenüber ist die Zahl der Producer Companies in den nördlichen, nordöstlichen und östlichen Bundesstaaten bisher sehr gering.

(2) Existierende Producer Companies sind fast ausnahmslos von einem externen Akteur, meist einer NRO, aufgebaut und auch finanziell unterstützt worden. In einigen Fällen sind es auch progressive Bauern, die eine derartige Gründung initiieren, sowie in einigen wenigen, jüngeren Fällen Unternehmen des modernen Einzelhandels oder der landwirtschaftlichen Inputindustrie.

- (3) Die Etablierung von Producer Companies basiert auf der Bereitschaft der Bauern, ein solches Unternehmen zu wagen. Es handelt sich dabei um einen *Bottom-Up* Ansatz. Die externen Akteure sind auf organisatorischer und administrativer Ebene behilflich und kanalisieren die Unzufriedenheit der Bauern mit dem *Staus Quo* in eine entsprechende Strategie, was mit der Producer Company für die Bauern erreicht werden soll und wie es erreicht werden kann.
- (4) Der Aufbau von Producer Companies wird durch bereits existierende informelle, lokale Organisationsstrukturen erleichtert, da durch sie bereits Erfahrung mit der Entscheidungsfindung und Arbeit in Gruppen besteht, Interaktionen in der Gemeinschaft stärker ausgeprägt sind und sich eventuell Meinungsführer herausgebildet haben, die auch in einer Producer Company eine wichtige Funktion übernehmen können. Allerdings können vorhergehende negative Erfahrungen mit kollektiven Ansätzen auch zu Widerwillen und Misstrauen gegenüber dem Producer Company Modell führen.
- (5) Im Regelfall wird ein Zeitraum von drei bis fünf Jahren angenommen, in dem eine Producer Company finanziell und organisatorisch eigenständig wird. In vielen Fällen bestehen jedoch weiterhin Abhängigkeiten von dem externen Förderer und bisher kein Modell, wie ein problemloser Rückzug organisiert werden kann.
- (6) Zwei bedeutende Eigenschaften, welche Producer Companies von Kooperativen unterscheiden – der Verkauf von Unternehmensanteilen an die Mitglieder und das professionelle, externe Management – sind in der Praxis bisher häufig problembehaftet. Zum einen bringt der Verkauf von Anteilen an Bauern meist nur sehr geringen Mengen Startkapital auf, zum anderen bringt er in etlichen Fällen nicht den gewünschten Effekt, dass Bauern sich dem Unternehmen stärker verpflichtet fühlen. Das Problem im Bereich des Managements ist es, qualifizierte und engagierte Personen für einen derartigen Posten zu gewinnen, weswegen er häufig mit einem Mitarbeiter der NRO besetzt wird, was die Abhängigkeit der Producer Company von externen Akteuren weiter verschärft.
- (7) Die Analyse von Producer Companies im Rahmen des GVC-Ansatzes konnte zeigen, dass diese bäuerlichen Unternehmen hauptsächlich Vorteile durch die Verbesserung der Kompetenzen ihrer Mitglieder als Zulieferer, durch die Kodifizierung von Informationen bezüglich der Anforderungen an die Produktqualität, sowie durch eine

Senkung von Transaktions- und Koordinationskosten bringen. Da sie hauptsächlich in Produktgruppen, in denen Anforderungen an die Qualität der Produkte und die Logistik höher und Transaktionen damit komplexer sind, aktiv sind, machen sich diese Vorteile gegenüber potentiellen Handelspartnern besonders bemerkbar.

(8) Dennoch gibt es bisher nur relativ wenige Beispiele einer konstanten, erfolgreichen Kooperation zwischen Unternehmen des modernen Lebensmitteleinzelhandels und Producer Companies. Die Ursachen hierfür liegen zum einen darin, dass es eventuell interessierten Einzelhandelsunternehmen an Positivbeispielen einer derartigen Kooperation mangelt, zum anderen darin, dass die seitens des modernen Lebensmitteleinzelhandels nachgefragten Mengen noch zu gering sind.

(9) Neben den bereits genannten beeinflussen folgende weitere Faktoren die Handelsbeziehungen zwischen Unternehmen des modernen Einzelhandels und Kleinbauern, welche in Producer Companies organisiert sind:

- Unsicherheiten und Risiken bei Markttransaktionen: Einzelhandelsunternehmen in Indien sind oft mit Unsicherheiten konfrontiert, ob Bauern, mit denen sie zusammenarbeiten, ihre Produktion tatsächlich an sie verkaufen, während andererseits bei Bauern dieselben Unsicherheiten bezüglich der Unternehmen als Abnehmer bestehen. Da es in Indien momentan keine eindeutige anfechtbare Regelung bezüglich der Handelsbeziehungen zwischen Bauern und abnehmenden Unternehmen und häufig keine schriftlichen Verträge zwischen Handelspartnern gibt, bieten Producer Companies den Vorteil, dass derartige Verträge hier möglich sind, bzw. wenn sie nicht gewünscht sind, Producer Companies die Einhaltung der Vereinbarung seitens der Bauern durch interne Gruppenmechanismen forcieren können
- Investitionen in Zulieferer: Einzelhandelsunternehmen investieren momentan in Indien häufig in Bauern als potentielle Zulieferer im Bereich der Produktion, um eine bestimmte Produktqualität sicherzustellen. Durch die Aktivitäten einer Producer Company im Bereich der Kompetenzen der Bauern als Zulieferer sind diese Investitionen seitens der abnehmenden Unternehmen nicht mehr nötig, wodurch sich die Verhandlungsposition der Producer Company verbessert.

- Kosten alternativer Handelswege: Das traditionelle Handelssystem für Agrarprodukte in Indien, das moderne Einzelhandelsunternehmen derzeit noch zur Produktbeschaffung nutzen, beinhaltet hohe Kosten durch Verluste und Ineffizienzen für Bauern. In einem solchen Szenario stimmen die Mitglieder von Producer Companies bisweilen weniger vorteilhaften Handelsvereinbarungen mit Einzelhandelsunternehmen zu, um die Kosten des traditionellen Handelssystems zu vermeiden. Gleichzeitig geben diese hohen Kosten Producer Companies die Möglichkeit, durch eigene Effizienzsteigerungen bei gleichen wie den Marktpreisen bessere Margen zu erwirtschaften.

(10) Bezüglich möglicher Entwicklungseffekte des Producer Company Models konnte die vorliegende Arbeit feststellen, dass deren Mitglieder bisher primär von Dienstleistungen der Producer Company im Bereich einer Verbesserung der Produktionstechniken und des Zugangs zu Produktionsmitteln profitieren und erst an zweiter Stelle von einem verbesserten Marktzugang. Dies kann daran liegen, dass etliche Producer Companies sich erst als sekundäres Ziel der Vermarktung widmen. Producer Companies, die wertsteigernde Maßnahmen durchführen, haben zudem positive Beschäftigungseffekte in der betreffenden ländlichen Gemeinschaft. Positive Effekte von Producer Companies auf ihre Mitglieder ergeben sich darüber hinaus dadurch, dass diese meist weitere Ziele verfolgen, welche die Umwelt und die Gemeinschaft im Ganzen betreffen. Während dies zum einen – insbesondere in der Frühphase der Organisation – zu einer Überlastung und Ablenkung des Fokus von den zunächst wichtigeren Aufgaben der Producer Company führen kann, ist eine solch weite Perspektive aus Gründen der sozialen und ökologischen Nachhaltigkeit dieser Unternehmen positiv zu bewerten.

6.2 Diskussion

Obwohl die Möglichkeit, Producer Companies zu gründen, bereits seit knapp zehn Jahren besteht, muss diese neue Form der Bauernorganisation in Indien noch als ein junges Modell betrachtet werden. Dies liegt insbesondere daran, dass die indische Regierung im Jahr 2003 zwar ein zentrales Gesetz geändert hat, die tatsächliche Umsetzung jedoch in den Händen der Bundesstaaten liegt und auf dieser Ebene äußerst unterschiedlich reagiert wurde. Während der Bundesstaat Madhya Pradesh diese neue Möglichkeit der

Organisation von Bauern in ihren eigenen Organisationen in sein staatliches Programm zur Bekämpfung ländlicher Armut (*Madhya Pradesh District Poverty Initiatives Project*, MPDPIP) integriert und mit Hilfe finanzieller Mittel der Weltbank gefördert hat, hat es in anderen Bundesstaaten zum Teil sehr lange gedauert, das Modell bekannt zu machen. Erst ein im Jahr 2012 von der Nationalen Bank für Landwirtschaft und Ländliche Entwicklung (NABARD) initiiertes Fonds zur Indien-weiten Förderung von Producer Companies hat zu einem sprunghaften Anstieg in der Gründungsaktivität im Bereich dieser Unternehmen geführt. Eine derartige Förderung ist angesichts der finanziellen Probleme, die Producer Companies in ihrer Anfangsphase haben, äußerst wünschenswert. Allerdings sollte diese einen realistischen quantitativen und zeitlichen Rahmen umfassen. Zudem wäre neben der direkten Förderung von Producer Companies eine Änderung in der landwirtschaftlichen Förderpolitik in Richtung einer stärkeren Kanalisierung von Mitteln durch Bauernorganisationen wie Producer Companies sinnvoll. Eine derartige Abwendung von auf Individuen abzielenden Subventionen auf die Subvention von Gruppen würde wahrscheinlich nicht nur die Attraktivität einer Mitgliedschaft in Bauernorganisationen erhöhen, sondern auch die Wirkung der Subventionen, da individuelle Bauern sich häufig nicht bewusst über Fördermöglichkeiten sind, oder nicht in der Lage, diese abzurufen. In einer Bauernorganisation kann zudem die Verwendung der Mittel überwacht werden.

Bezüglich der noch relativ geringen Präsenz von Producer Companies in Märkten kann angenommen werden, dass sich dies in den kommenden Jahren durch die jetzt verstärkte Aktivität in der Gründung von Producer Companies verändern wird. Die bisherigen Erfahrungen mit Producer Companies haben zudem eine Diskussion über eine mögliche Anpassung des Modells angestoßen, mit der einige der größten Probleme der heute existierenden Producer Companies behoben werden könnten. Da in den vergangenen Monaten zunehmend große Unternehmen der Inputindustrie, der Nahrungsmittelverarbeitenden Industrie sowie des modernen Lebensmitteleinzelhandels Interesse an dem Modell gezeigt haben, wäre es denkbar, anstatt einer einzelnen NRO, eines einzelnen Unternehmens oder einer Einzelperson, die Gründung einer Producer Companies einem Konsortium zu übertragen. Teil dieses Konsortiums könnten Vertreter von NROs, Unternehmen und staatlichen Institutionen sein. Der Vorteil eines solchen Modells wäre der Zugang zu unterschiedlichen Arten von Expertise bei gegenseitiger Kontrolle der Mitglieder des Konsortiums, sowie die Möglichkeit, einen größeren

Investor in den Aufbau von Producer Companies zu integrieren. Gleichzeitig muss bei einem solchen Vorgehen beachtet werden, dass die Interessen der Bauern der zentrale Aspekt bei der Gründung einer Producer Company bleiben.

Ob Producer Companies sich als Zulieferer des modernen Lebensmitteleinzelhandels in Indien etablieren können hängt nicht zuletzt von der weiteren Entwicklung dieses Sektors selbst ab, wozu es nicht nur in der wissenschaftlichen, sondern auch in der öffentlichen indischen Debatte stark unterschiedliche Auffassungen gibt. Während auf der einen Seite davon ausgegangen wird, der moderne Lebensmitteleinzelhandel gehe weiter einen Weg des „*Indian exceptionalism*“ (Pritchard et al., 2010, S. 436) und befinde sich keineswegs auf direktem Kurs zu weiterer Expansion, ist jedoch gerade diese mit der jüngsten Entscheidung der indischen Regierung zur weiteren Liberalisierung des Sektors für ADI wahrscheinlicher geworden (BBC, 2012, o.S.). Während die indische Regierung vor allem zur Modernisierung der Zuliefernetzwerke und Infrastruktur auf Investitionen des Privatsektors setzt, sind diese in der bisherigen Phase der Expansion des modernen Lebensmitteleinzelhandels noch größtenteils ausgeblieben. Es ist zu vermuten, dass sich die Regierung nun derartige Investitionen von ausländischen Unternehmen erhofft. In welchem Umfang diese erfolgen und ob es zwischen den Beschaffungsstrategien indischer und ausländischer Einzelhandelsunternehmen Unterschiede geben wird – wie sie beispielsweise Michelson und Reardon (2012) in Nicaragua ausmachen konnten – ist ein spannendes zukünftiges Forschungsfeld. Es kann angenommen werden, dass sich auch für ausländische Investoren in Indiens Lebensmitteleinzelhandel Probleme beim Aufbau der Zulieferketten sowie beim direkten Handel mit Bauern ergeben werden, da diese wenig mit dem indischen Markt vertraut sind. In einem solchen Szenario könnten Producer Companies geeignete Handelspartner sein, an die ein Segment der Produktbeschaffung ausgelagert werden kann.

Positiv ist, dass die indische Regierung den Schritt zur Förderung von Bauernorganisationen in Form von Producer Companies relativ früh gegangen ist und diese sich dadurch parallel zum modernen Lebensmitteleinzelhandel entwickeln können. Ob es in Zukunft zu einer stärkeren Zusammenarbeit zwischen diesen beiden Akteursgruppen kommt, hängt von den Entwicklungspfaden auf beiden Seiten ab. Zudem ist es unbedingt notwendig, dass zwischen beiden Seiten ein Kommunikationsfluss

stattfindet, so dass Unternehmen des moderne Einzelhandels bekannt ist, wo Producer Companies zu finden und was sie zu leisten fähig sind, während gleichzeitig Producer Companies darüber Informationen haben, wer potentielle Kunden und was deren Anforderungen sind. Eine derartige Schnittstelle fehlt heute noch größtenteils und es wäre denkbar, dass eine staatliche Institution, die einerseits einen Überblick über den Status der Producer Companies in Indien hat und andererseits mit Unternehmen des modernen Einzelhandels, der nahrungsmittelverarbeitenden Industrie und der Inputindustrie in Verbindung steht, eine derartige Kommunikationsplattform initiiert.

Schließlich bleibt anzumerken, dass potentielle Handelsbeziehungen zu Unternehmen des modernen Lebensmitteleinzelhandels nicht für alle Producer Companies ein anzustrebendes Ziel sein können oder müssen. Zum einen liegt das an der räumlich ungleichen Verteilung der Aktivitäten moderner Einzelhändler, welche Regionen, die sich in zu großer Entfernung zu den Zentren der Nachfrage befinden, derzeit noch ausschließen. Derartige Märkte sind damit unerreichbar für Produzenten leicht verderblicher Produkte, die sich in zu großer Entfernung von bedeutenden urbanen Zentren befinden. Dennoch ist auch hier die Bildung von Producer Companies sinnvoll, da Skalenerträge und eine verbesserte Verhandlungsposition auch auf lokalen und regionalen Märkten wirken, genauso wie auch hier wertsteigernde Prozesse zu besseren Preisen führen können. Allerdings kommen in diesem Kontext neben Producer Companies auch andere Modelle der Bauernorganisation in Frage wie etwa traditionelle Kooperativen.

Tatsächlich haben die Transformationen im indischen Agro-Food Netzwerk und vor allem Veränderungen des regulatorischen und Marktumfeldes eine Reihe neuer Ansätze und Initiativen in der Landwirtschaft hervorgebracht. Das Modell der Producer Companies ist dabei zwar das zahlenmäßig größte, es gibt jedoch auch andere äußerst interessante Projekte des Zusammenschlusses von Bauern in Kooperativen oder rein privaten Unternehmen, die erfolgreich urbane oder gar Exportmärkte bedienen. Diese Initiativen können als bedeutende Schritte und Vorbilder für eine Wiederbelebung der kooperativen Idee in der indischen Landwirtschaft betrachtet werden, die im Rahmen der neuen Herausforderungen, mit denen der Sektor sich in den vergangenen Jahren konfrontiert sieht, sehr wünschenswert ist. Das Modell der Producer Companies kann in

diesem Prozess eine wichtige Position einnehmen. Producer Companies sind ein *Bottom-Up* Modell, das die Produktionsmittel und Produktionsentscheidungen in den Händen der Bauern belässt und ihnen eine stärkere Beteiligung an dem von ihnen geschaffenen Wert ermöglichen kann. Im besten Fall verschafft dieser gemeinschaftliche Zusammenschluss Bauern nicht nur ein besseres Einkommen, sondern trägt zudem zu einem positiven Investitionsfluss in ländliche Räume und zur Schaffung von Arbeitsplätzen in der Weiterverarbeitung von Lebensmitteln nahe dem Ort der Produktion bei.

Bezüglich eines Beitrags zur *Collective Action*-Debatte konnte die vorliegende Arbeit bestätigen, dass der Trend zu stärker unternehmerisch orientierten Formen von Bauernorganisationen auch in Indien – in Form von Producer Companies – besteht. Auch hier liegt der Ursprung dafür in einer neoliberalen Paradigmenwende in der politischen Strategie des indischen Staates, welche ein Vakuum im Bereich der unterstützenden Dienstleistungen im Agrarsektor hervorgerufen hat, das insbesondere für Kleinbauern vor dem Hintergrund der durch Globalisierungsprozesse hervorgerufenen Transformationen dieses Sektors problematisch ist. Das indische Beispiel hat jedoch auch gezeigt, dass diese neuen unternehmerisch ausgerichteten Formen von Bauernorganisationen zumindest in ihrer Anfangsphase, welche drei bis fünf Jahre umfasst, externe Unterstützung – nicht zuletzt seitens des Staates – benötigen. Die Analyse von Producer Companies im Rahmen des GVC-Ansatzes hat gezeigt, dass diese neue Form der Bauernorganisation neben der Erwirtschaftung von Skalenerträgen und der Senkung von Transaktions- und Koordinationskosten aus der Perspektive der abnehmenden Einzelhandelsunternehmen weitere Vorzüge haben kann. Eine Analyse von Handelsbeziehungen zwischen Bauernorganisationen und modernem Einzelhandel aus der GVC-Perspektive bringt demnach Ergebnisse, die auch in der *Collective Action*-Debatte von Interesse sein können.

6.3 Summary

Since the official start of economic liberalization in 1991, transformations in India's agro-food systems were relatively slow. Only the more recent steps towards a further deregulation and liberalization, not only of the retail sector, but also of other sectors relevant to the trade with and the processing of food, and agriculture, have accelerated these transformations and here, the food retail sector plays an important role. Starting in

the early 2000s, modern food retailers increasingly gained foothold in the Indian market and are since then expanding their share in the country's food retail sales, even though starting from a fairly low level of below two percent. While strict regulations on FDI in India's retail sector initially banned foreign retail companies from entering the country, the most recent reforms allow up to 51% of foreign capital in multi-brand retail, therewith also allowing transnational retailers such as Tesco and Walmart into the Indian market (BBC, 2012).

The core question of this thesis is what the emergence of modern retail in India means for India's farmers and how they can be able to profit from the developments in the retail sector through an integration into modern retailers' supply chains. The focus of research on such market integration of smallholder farmers is on so-called Producer Companies which can be regarded as part of a government-initiated institutional reform in the Indian agricultural sector which seemed necessary due to its increased exposure to liberalization, privatization and globalization processes.

Against this backdrop, this thesis examines the Producer Company model's ability to integrate smallholder farmers in India into markets and analyzes the actual status and success of the model. The analysis is theoretically embedded into the collective action debate in agriculture. The concrete analysis of Producer Companies as economic actors in emerging trade relations with modern retailers is conducted using the Global Value Chain framework (Gereffi et al., 2005). Within the frame of this analysis, Producer Companies are conceptualized as potential suppliers to the modern retail sector in India. The main question is, if and how smallholder farmers that are organized into Producer Companies can influence trading relationships to large retailing companies to shift towards more relational governance types.

The first article "Farmers' producer companies in India: a new concept for collective action?" uses the case study of the Vasundhara Agri-Horti Producer Company (VAPCOL) to show that Producer Companies can help smallholder farmers and underprivileged rural communities to position themselves in a more demanding market environment and to establish trading relations to modern retail companies by conducting value adding processes and generate economies of scale in output marketing. By selling larger quantities to a larger buyer, not only transaction costs are reduced, but also the

marketing risk. The article also shows that, for Producer Companies, reducing the risk of marketing is sometimes more important than realizing the best possible price available in the market. Analyzing the very successful case study example VAPCOL, the article stresses that Producer Companies carry out a series of functions for their members besides providing agricultural inputs, extension services and taking care of the marketing process, which lead to an increase of farmer capabilities. Additionally, Producer Companies can facilitate access to credit for their members, and to consulting services in the fields of health, education, hygiene and others. It is this sum of functions the Producer Company provides for its members that enhances the farmer families' livelihoods.

The second article "Collective action for cotton alternatives- Producer companies as local solutions to counteract India's Bt cotton mainstream" shows that Producer Companies can be a tool for farmers to reduce their dependence on private companies in the area of input supplies, improve their market and bargaining position, and fill the gap left by the public sector's withdrawal from agricultural extension services. Taking the cotton sector and a specific case study from the southern state of Karnataka as an example, this article focuses on the functions of a Producer Company as a farmer owned company in the areas of production and marketing. While the Producer Company analyzed in this article is successful in the production of organic cotton, it has a series of problems in the areas of marketing and hence financial stability. By the example of the Kabini Organic Farmers' Producer Company the article emphasizes and analyzes the challenges and problems that currently hamper a greater success of the Producer Company model in India. Among the most important are shortages of starting and working capital, a high dependence of Producer Companies on external actors that support their formation, a lack of qualified and dedicated management personnel, as well as sometimes poor commitment to and understanding of the idea behind the Producer Company among members.

The third article „Linking small farmers to modern retail through Producer Organizations – Experiences with Producer Companies in India” brings together all major findings from the research and instead of presenting a case study, the potential for cooperation between Producer Companies and modern retailers is analyzed from the modern retailers' perspective. In this context, the Indian scenario is compared to experiences from other

countries, where cooperation between supermarket chains and farmer organizations already exists. The article's main message is that the integration of farmer organizations, such as Producer Companies, into modern retailers' supply chains brings advantages for both sides through a reduction of transaction and coordination costs as well as marketing risks. However, a relatively low demand from the modern retailers' side is currently hampering the quantitative and qualitative expansion of such cooperation. Generally, modern retailers in India welcome the idea of working with a Producer Company as a supplier. However, due to a relative lack of positive examples of such cooperation, and due to the problems Producer Companies are still facing, well functioning trading relations between modern retailers and Producer Companies in India are still rare. To change this, more Producer Companies need to evolve into vibrant and smoothly running companies. To do this, government support is needed to help Producer Companies through the often bumpy start-up phase. In the future, economically stable Producer Companies might evolve into *Business Hubs* in rural areas from which modern retailers can source large quantities of quality produce and through which member farmers can get access to production inputs and technology at favorable price.

The findings from the empirical work on Producer Companies in India can be summed up in the following way:

- (1) Since the amendment of the Indian Companies Act in 2003, the development of Producer Companies was rather hesitant. Most of the presently existing 260 or so Producer Companies were formed after 2010 and they geographically concentrate in India's southern and western zone. Numbers are especially high in the two states of Maharashtra and Madhya Pradesh where the model was financially supported by the state governments. In the northern, north-eastern and eastern states their numbers are still very low.
- (2) The founding of most of the existing Producer Companies was facilitated and financially supported by an outside agent, mostly an NGO. In some cases, progressive farmers themselves initiated the formation of a Producer Company and, in more recent and rare cases, the initiative came from larger companies such as modern retailers or agricultural input suppliers.

(3) The basis for the formation of a Producer Company is the farmers' willingness to dare to start such an undertaking. Building a Producer Company is a bottom-up process. The external actors involved help on an organizational and administrative level and channel the farmers' discontent with the status quo into a strategy regarding what the Producer Company is expected to reach for its members and how it can be reached.

(4) Pre-existing, often informal, local collective structures of organization facilitate the formation of Producer Companies because they ensure a certain level of experience among the community of how to work and take decisions in a group. Also, frequent interactions among community members might be more common. Additionally, such existing informal structures of organization might have lead to the emergence of opinion leaders from among the community who might also take responsibilities in the newly established Producer Company. On the other hand, negative experiences with other forms of collective action might have lead to reluctance or distrust towards working together in a new collective enterprise such as a Producer Company.

(5) As a rule, Producer Companies are expected to have stabilized and become financially and organizationally independent three to five years after being formed. However, in many cases, dependencies towards the external actor supporting their formation continue after that period. Till date, there is no model available as to how a smooth withdrawal of these actors could be organized.

(6) Two features that differentiate the Producer Company model from that of traditional cooperatives – the sale of company shares to the members and the external professional management – are often fraught with problems in the field. On the one hand, selling shares to members (smallholder farmers) often does not raise enough starting or working capital and it also rarely leads to farmers feeling more committed to the company. On the other hand, converting a qualified and dedicated external person do the job as a company manager is a challenge. Therefore, the CEO position is often filled by a staff member of the supporting NGO which in turn increases the dependence of the Producer Company on the external actor.

(7) The analysis of Producer Companies within the GVC framework has shown that Producer Companies mainly bring benefits by improving their members' capacities as

suppliers, by codifying information regarding product requirements, and by reducing transaction and coordination costs. As they are mainly active in those product groups where quality and logistics requirements and thus complexity of transactions are high, these advantages are especially important.

(8) Nevertheless, till date, there are only few examples of cooperation between modern retailers and Producer Companies. The reasons for this are a lack of positive examples for such cooperation and as a result lack of trust in Producer Companies from modern retailers, as well as the low volumes demanded by modern retailers till date.

(9) Besides the ones already mentioned, further factors that influence trading relationships between modern retailers and smallholder farmers that are organized into Producer Companies can be identified:

- Uncertainties and risks in market transactions: Modern retailers in India often face uncertainties when trading with smallholder farmers regarding whether those will sell their produce to them, while in turn farmers face the same uncertainties with regard to modern retailers as buyers, as there is currently no enforceable legislation in India to regulate such relationships. In such a scenario, Producer Companies reduce risks and uncertainties for both parties as they are legal entities that can enter into contracts with modern retailers, while they are also able to enforce compliance with agreements towards their members through internal group mechanisms.
- Investment into suppliers: To be able to procure the desired products from farmers, modern retailers in India often have to invest in farmers in the area of production technologies. The activities of Producer Companies in the area of enhancing their members' capabilities as suppliers obviates such investments and in turn enhances the Producer Company's bargaining position towards the buying company.
- Costs of alternative marketing channels: The traditional trading system for agricultural products in India, which is currently still being used by modern retailers, contains huge costs for farmers through inefficiencies and wastages. In such a scenario, members of Producer Companies might enter into less favorable agreements with modern retailers to avoid the costs of the traditional

marketing channel. On the other hand the high costs of the traditional marketing system give Producer Companies the opportunity to profit from higher margins by increasing their own efficiency and saving wastages while not selling at a higher price to the retail company than the open market.

(10) Regarding the potential development impacts of the Producer Company model this thesis found that members of Producer Companies primarily benefit from improved production methods and an improved access to production inputs, and only secondarily through an improved market access. Part of the reason might be that the Producer Companies studied, and many Producer Companies in general, have still not reached sufficient maturity in their marketing operations. Producer Companies that conduct value-adding processes have positive employment effects on the member community. Positive effects of Producer Companies also stem from the fact that they often pursue additional aims which concern the wider community, such as in the areas of environmental conservation, health, and education. While this may, especially in the early phases of company establishment, distract the focus from more important tasks and lead to an overload of staff and the collapse of the entire project, such wider aims can be generally welcomed with regard to the social and ecological sustainability of Producer Companies.

6.4 Discussion

Although the possibility to form Producer Companies exists since almost a decade, this new form of farmer organization in India has to be regarded as a young model. Reasons for the slow start can partially be found in the way the Indian government promoted and disseminated information about the model. After amending the Companies Act in 2003 and including the section on Producer Companies, the federal states were left with handling the new model and they reacted differently on it. While for example Madhya Pradesh included the formation of Producer Companies into its state program to combat rural poverty (Madhya Pradesh District Poverty Initiatives Project, MPDPIP) and financially supported the formation of Producer Companies with the help of the World Bank, other states took longer, even until now, to react. However, a newly established fund for the India-wide promotion of Producer Companies initiated by the National Bank for Agriculture and Rural Development (NABARD) lead to increased activities in

forming Producer Companies from mid-2012 onwards. Taking into account the financial problems of Producer Companies discussed above, such a fund can be very helpful in the further development of Producer Companies. At the same time it is important that this funding scheme defines realistic quantitative and temporal limits to the support. What would additionally help not only Producer Companies but farmer organizations in general is a change in the way the Indian government allocates subsidies. A shift towards targeting groups rather than individuals would not only increase the attraction of becoming a member of a farmer organization, it would also contribute to the effectiveness of subsidies as individual farmers are often unaware of them or unable to access them. Additionally, the proper usage of subsidies can be controlled more easily in a group.

With regard to the still relatively low presence of Producer Companies in markets, the recently increased activities in the area of establishing Producer Companies can be expected to bring about a change. The experiences made with the Producer Company model till date have initiated a discussion about how the model can be improved in order to correct some of the major problems they are facing. In recent months, larger companies from the agricultural input and the processing industries as well as the retail sector showed increased interest in the Producer Company model. Instead of leaving the establishment of a Producer Company to a single NGO, a state institution, a single company or a single farmer, forming a consortium among these actors to support the formation of Producer Companies might bring better results as it allows including different perspectives and expertise. Furthermore, consortium members would be able to control each other to ensure a more balanced orientation of the Producer Company's activities while at the same time a larger investor could be integrated into the formation. However, doing so, it has to be kept in mind at all times, that the focus in establishing a Producer Company should always take the farmers' interests as central.

Whether Producer Companies will be able to establish themselves as suppliers to modern retail in the future does not least depend on the future development of the modern retail sector itself. Here, opinions and prognoses vary greatly, not only within the academic but also within the public debate in India. While, on the one hand, it is anticipated that modern retail in India will continue its way of „Indian exceptionalism“ (Pritchard et al., 2010, p. 436) and is not poised to continue a straight path of further rapid expansion, this,

on the other hand, is exactly what became more likely with the most recent step towards further liberalization of the sector (BBC, 2012). While the Indian government mainly hopes for private investment to modernize supply chain infrastructure, such investments have not reached the levels desired in the current phase of food retail expansion (which was mainly based on domestic capital). It can be assumed that, therefore, the Indian government is now expecting such investments to come from foreign retailers. Whether and how there will be a difference between the procurement strategies of foreign retailers compared to their Indian competitors – as has been observed in the case of Nicaragua by Michelson and Reardon (2012) – is a very interesting field of future study. It can be assumed that, given that they are less familiar with the Indian market environment, foreign retail companies will face even greater difficulties in organizing their fresh produce supply chains and in sourcing directly from farmers. In such a scenario, Producer Companies might be suitable business partners for these companies to outsource the product procurement to.

Generally, it is positive that the Indian government has stepped onto the path of promoting producer organizations relatively early and therefore, Producer Companies are able to develop alongside modern retail in India. Whether there will be more cooperation between these two depends on the future development path of both, Producer Companies and modern retail. For this to happen, it is absolutely necessary to enable a stronger communication flow between the two sides. This would help modern retailers to know where Producer Companies can be found, what they are doing and how well they do it. At the same time, it would help Producer Companies learn who and where potential corporate buyers are and what their exact requirements are. Such a communication platform is presently not available but could for example be developed by a government institution which is well informed about Producer Companies and also in close contact with companies from the agricultural input and the food processing industries as well as the retailing sector.

Finally, it needs to be said that it is neither feasible nor desirable for all Producer Companies to enter into trading relationships with large retail companies. Part of the reason for this is the geographically uneven distribution of modern retailers' activities which till date, excludes many remote regions, i.e. regions that are too far away from the

centers of demand. Such markets are inaccessible for producers of highly perishable produce that are too far from these urban agglomerations. Nevertheless, forming Producer Companies is also useful in such scenarios as economies of scale and a better bargaining position also have an effect in local or regional markets, just as value adding processes also increase the market price of farmers' produce. However, in these markets, other forms of collective action than the Producer Company model are conceivable.

Indeed, the recent transformations in India's agro-food system and changes in its regulatory and market environment have led to the emergence of a series of new approaches and initiatives in the agricultural sector. The Producer Company model is the largest new collective action initiative with regard to numbers, but there are many other interesting projects of farmer organizations such as cooperatives or private companies, which are successful in supplying the domestic urban or even the export market. All these initiatives can be regarded as important steps towards and examples for a revival of the cooperative concept in Indian agriculture. Such a development would be highly desirable considering the width and depth of challenges the sector is currently facing. The Producer Company model can play an important role in this process. Producer Companies are a bottom-up model which leaves the means of production and production decisions in the hands of the farmers and allows them to capture a greater share of the value created. In the best case, this new form of collective action does not only help provide a better income to farming families, but also contributes to investment flows into India's rural areas and creates off-farm employment through food processing activities in the areas of production.

Regarding a contribution to the Collective Action debate, this thesis confirmed that also in India, there is a trend among farmer organizations to develop more corporate or entrepreneurial structures. Also in India, this transformation of producer organizations derives its origin from the shift of Indian political strategies onto a more neoliberal path. This shift has generated a lacuna in the area of agricultural extension and other services which is especially problematic for smallholder farmers and in the context of the wider challenges the agricultural sector faces in the era of globalization. The Indian example has also shown that these more entrepreneurial forms of farmer organization, too, need – especially in their early phase of formation – external support, not least from the

government. The analysis of Producer Companies from the GVC perspective has shown that this new form of farmer organization has advantages in the area of creating scale economies and reducing transaction and coordination costs for buying companies. But, it has also highlighted, that other factors affect whether trading relationships evolve between these two parties or not. An analysis of trading relationships between farmer organizations and modern retailers from the GVC perspective can, therefore, produce interesting results also for the Collective Action Debate.

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Appendix I

Fragebogen an Producer Companies (Questionnaire to producer companies)

General information on the Producer Company		
1.	Name of the Producer Company (plus short form)	
2.	Exact address	
3.	Names of the states and districts covered by the Producer Company	
4a.	Name of the chairperson	
4b.	Contact number of the chairperson	
4c.	Contact e-mail of the chairperson	
5.	Date of registration of the company (dd/mm/yyyy)	
6.	Main business of the company	
7.	Covered crops	

History of the Producer Company		
8.	Who facilitated or supported the establishment of the company?	
9.	What kind of support was given? (financial, manpower, office rent, etc.)	
10.	Period of support	
11.	Were the member farmers organised in any way before the company was formed? (cooperatives, SHGs, informal groups, common interest groups, etc.)	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, please explain how:
12.	Value per share	
13.	Has the share value increased or decreased over time?	
14.	Minimum number of shares per member (required)	
15.	Maximum number of shares per member (limit)	
16a.	Does the company have a professional manager (CEO)?	<input type="checkbox"/> no <input type="checkbox"/> yes
16b.	If yes, please give his name:	
16c.	If yes, please give his profession:	
16d.	If yes, which state is he from?	
17.	Number of professional managers (CEOs) since the company got registered	

Members of the Producer Company		
18.	Number of members/shareholders at starting date	Members: Shareholders:
19.	Actual number of members/shareholders	Members: Shareholders:
20.	Have you reached the desired number of shareholders in your company?	<input type="checkbox"/> no <input type="checkbox"/> yes The targeted number is:
21.	Is there a maximum number of shareholders you will allow in your company?	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, what is the maximum number?
22.	Do you have any selection criteria for who can become a shareholder of your company?	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, what are the criteria?
23.	Type of members (individuals, SHGs, cooperatives, federations, common interest groups, etc.)	
24.	Number of members in the board of directors	male: female:
25.	Number of villages covered	
26.	Maximum distance of member farms from the company office (in km)	
27.	Average land holding size of shareholders (in hectares)	
28.	Minimum land holding size of shareholders (in hectares)	
29.	Maximum land holding size of shareholders (in hectares)	
30.	Main social group of shareholders (SCs, STs, etc)	

Farmers' awareness and commitment to the Producer Company		
31.	How many of the member farmers are aware of the company? (rough percentage)	Aware: Unaware:
32.	How many of the member farmers understand the aim and functioning of the company? (rough percentage)	Understanding: Not understanding:
33.	What is the attitude of member farmers towards the concept of shareholding?	<input type="checkbox"/> they understand it and buy the required amount of shares <input type="checkbox"/> they understand it and buy more shares than required <input type="checkbox"/> they understand it but lack capital to buy shares <input type="checkbox"/> they do not understand it but buy the amount of shares required <input type="checkbox"/> they are reluctant to buy shares, either because of capital shortage or because they do not want to spend money on shares <input type="checkbox"/> other:
34.	What is the attitude of most of the member farmers towards the company?	<input type="checkbox"/> positive because they see its benefits <input type="checkbox"/> rather negative because they see no benefits for themselves <input type="checkbox"/> indifferent because they do not fully understand its functions <input type="checkbox"/> other
35.	How much of their main output do the member farmers sell to the company? (estimated average in percent)	
36.	What are the main reasons for the member farmers to sell to the company?	
37.	What are the main reasons for the member farmers NOT to sell to the company?	
38.	How many of the member farmers take part in regular meetings/trainings? (estimated percentage)	

Business of the Producer Company		
39.	Total turnover in the first year (please also indicate the year)	
40.	Actual total turnover (please also indicate the year)	
41.	Which is the company's most important business?	
42.	What other services does the company offer to its members?	
43.	Is the company charging a service charge from its members?	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, please give details
44.	Does the company have an own processing unit?	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, please give details:
45.	Does the company have an own warehouse/go-down?	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, please give details:
46.	Turnover from business segments (please give a rough percentage; for example: 70% through input sale to farmers, 30% through sale of farmers' produce)	
47.	How much of the company's business is made with its own members and/or with non-members (rough percentage)?	Members: Non-members:
48.	How much is the company's authorized share capital?	
49.	How much is the company's paid up capital?	
50.	How much is the company's working capital?	

51.	Did the company take any loans?	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, please indicate the amount and source:
52.	Can the shareholders get a loan/credit through the company?	<input type="checkbox"/> no <input type="checkbox"/> yes
53.	Has there been a share capital increase or decrease compared to the last year?	<input type="checkbox"/> decrease <input type="checkbox"/> increase Please estimate the rough percentage of increase/decrease
54.	Does the company hold any licenses?	<input type="checkbox"/> APMC license <input type="checkbox"/> pesticide license <input type="checkbox"/> fertilizer license <input type="checkbox"/> seed license <input type="checkbox"/> import license <input type="checkbox"/> export license <input type="checkbox"/> other <input type="checkbox"/> other
55.	Number of staff of the company	
56.	Annual wage of the professional manager	
57.	Total annual staff costs of the company	
58.	Other costs per year (please indicate what kind of costs, for example office or warehouse rent, licenses etc.)	
59.	Actual total profits (please also indicate the year)	

Problems and future of the Producer Company		
Does the company face problems in any of these aspects? Please answer and explain.		
64.	Are there problems related to the working capital?	<input type="checkbox"/> no <input type="checkbox"/> yes
65.	Are there problems with the input supply?	<input type="checkbox"/> no <input type="checkbox"/> yes
66.	Are there problems in produce marketing?	<input type="checkbox"/> no <input type="checkbox"/> yes
67.	Are there problems with the professional management?	<input type="checkbox"/> no <input type="checkbox"/> yes
68.	Are there problems getting licenses?	<input type="checkbox"/> no <input type="checkbox"/> yes
69.	Are there problems related to corruption/paying bribes?	<input type="checkbox"/> no <input type="checkbox"/> yes
70.	Are there problems related to farmers' awareness and commitment to the company?	<input type="checkbox"/> no <input type="checkbox"/> yes
71.	Any other problem you would like to mention	
72.	What steps have to taken to tackle these problems? (please indicate the respective problem)	
73.	What are the next steps planned for the company?	

Appendix II

Liste der Fallstudien (List of case studies)

1 Vasundhara Agri-Horti Producer Company Limited (VAPCOL)	
Bundesstaat	Maharashtra
Distrikt, Ort	Nashik, Peint
Zeitraum der Feldstudien	Dezember 2008, Dezember 2010
2 Kabini Organics Farmers Producer Company Limited (KOFPCCL)	
Bundesstaat	Karnataka
Distrikt, Ort	Mysore, Heggadadevana Kote (H.D. Kote)
Zeitraum der Feldstudien	Dezember 2010, Mai 2012
3 Sironj Crop Producers Company Private Limited	
Bundesstaat	Madhya Pradesh
Distrikt, Ort	Vidisha, Sironj
Zeitraum der Feldstudien	Dezember 2011, Januar 2012
4 Just Change India Farmers Producer Company Limited	
Bundesstaat	Tamil Nadu
Distrikt, Ort	Nilgiris, Gudalur
Zeitraum der Feldstudien	Dezember 2011
5 Khargone Producer Company Limited	
Bundesstaat	Madhya Pradesh
Distrikt, Ort	Khargone, Ohjer
Zeitraum der Feldstudien	Januar 2012
6 Nimad Farmers Producer Company Limited	
Bundesstaat	Madhya Pradesh
Distrikt, Ort	Barwani, Rajpur
Zeitraum der Feldstudien	Februar 2012
7 Abhinav Farmers Producers Company Limited	
Bundesstaat	Mahrashtra
Distrikt, Ort	Pune, Pune
Zeitraum der Feldstudien	März 2012
8 Devnadi Valley Agricultural Producers Company Limited	
Bundesstaat	Mahrashtra
Distrikt, Ort	Nashik, Sinnar
Zeitraum der Feldstudien	März/April 2012, August 2012

Appendix III

Die Seiten 184-186 (Wissenschaftlicher Werdegang) enthalten persönliche Daten. Sie sind deshalb nicht Bestandteil der Online-Veröffentlichung.