

A TREND IN FARMING: FAIR TRADE PRACTICE FOR SUSTAINABLE LIVELIHOOD

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Fair trade is an innovative trade that supports and strengthens resource-poor farmers and creates opportunities for sustainable livelihood. Fair trade, being a global movement, offers significant marketing facilities and brings welfare to farming community. Major portion of India's population is dependent on agriculture. Hence, fair trade is an opportunity for India to guarantee support for her resource-poor farmers. Introduction and promotion of fair trade will significantly benefit India's farmers and their households.

Keywords: fair trade, livelihood, development, fair trade certification

India has the fastest growing economy in the world and is ranked fifth at the global level (Silver, 2020). A major portion of it lies in the agricultural sector where 70% of the population's livelihood is directly or indirectly dependent on it. However, sustainability of livelihood is a question and as an answer to this, countries have developed a creative trade practice proved as relatively successful over the years.

According to the Institute of Development Studies (IDS), "A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base" (Krantz, 2001, pp.7-8). Asset or capacity building equips a farmer to face various types of challenges. Asset building creates the possibility for sustainable livelihood, thereby leading to improved living

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standard among the farmer community. Trade has a prominent role in ensuring sustainable livelihood for producers. Here arises the importance of a new model of trade where equity and justice are placed as the central themes. About 7 million smallholder farmers, workers, and their families are better off now in developing countries because of the alternative trade or fair trade practice (www.fairtrade.net/). Fair trade is a global movement made up of a diverse network of producers, companies, shoppers, advocates, and organizations putting people and planet first. In India, Fair Trade Forum-India (FTF-I) introduced the concept among the farmers and artisans (www.fairtradeforum.org/).

Concept of Fair Trade

Developing countries have adopted fair trade as the new method of trade in the conventional market, as it is a form of trade based on the partnership between producers and consumers. By choosing fair trade, people can create change through their everyday actions. A product with the fair trade mark means producers and business have met internationally agreed standards, which are certified independently. The fair trade practice makes the mainstream business more responsible socially and environmentally. Most of the fair trade principles ensure the implementation of Sustainable Development Goals (SDG-2030 agenda of the United Nations). Therefore, fair trade practice brings a number of welfare effects in the lives of the resource poor farmers.

Fair trade began as a partnership between non-profit importers, retailers in the North, and small-scale producers in developing countries. At that time, low market price and intermediaries were the main challenge faced by them. They considered fair trade as the pathway to create direct linkage with the North and to protect and ensure their livelihood. Over the years, many Alternative Trade Organizations (ATOs) evolved in many countries. In 1988, the Dutch ATO came up with a more effective trade practice without compromising the trust of consumers in fair trade products and their origin. Later on, many organizations followed this idea, and in 1997, all these organizations together formed an umbrella organization—the Fairtrade Labelling Organization (FLO) International—with a mission to support, inspect, certify disadvantaged producers and integrate fair trade message

across the movement. In 2003, FLO introduced a new international Fairtrade certification mark which made the fair trade products more acceptable to the consumers. Additionally, the certification makes the trade fairer and supports sustainable business. Thus, FLOCERT, a leading global certification body for fair trade, provides certification to various ranges of trusted services, supports sustainable businesses, and makes global trade fairer (www.flocert.net/).

Fair trade provides a safety net for producers by setting a minimum price for all major commodities. The unique Fairtrade Premium, 'Social Premium', provides extra funds to farmers and workers. The amount is mainly used for the development of the primary producer community.

Evidence from Existing Literature

A study conducted on banana and coffee cooperatives in Peru and Costa Rica measured the impact of fair trade practice by comparing the welfare effects of fair trade (FT) farmers with non-fair trade farmers. The study focused on three major areas such as direct impact of FT practice in the human assets, indirect effects of FT practice in the financial assets and the physical assets. The findings show that the fair trade practice capitalizes farmers and strengthens their organizations (Ruben, Fort & Zúñiga-Arias, 2009). The fair trade serves as vehicle of progressive change and international development (Raynolds & Greenfield, 2015). The study also focused on the holistic development of the producer community.

An empirical research conducted in China and Sri Lanka among the organic and certified farmers, to identify the contributions of certified organic crops to the household economy shows that fair trade production provides economic and social benefits to the communities where farm income is the main source of household income (Qiao, Halberg, Vaheesan, & Scott, 2016).

A household survey conducted in 2010, among 256 coffee farmers from the tribal communities in southern India shows that Fairtrade certification has a positive impact on farmers' income. However, the incidence of poverty in the community is very high, with 84% of the farmers being extremely poor (Ranjan & Grote, 2017).

The coffee crisis in Nicaragua during December 2000 deepened the livelihood crisis of millions of farmers and rural communities. To overcome

this distress, the Coffee Cooperatives decided to scale up the certification programmes including fair trade. Consequently, a household and community level research was conducted from 2000 to 2006 to assess the response to the post coffee crisis. In 2006, a participatory action research team surveyed 177 households selling into conventional and fair trade markets. The results were evaluated within the context of United Nations Millennium Development Goals. The major findings show that the households involved with Fairtrade Cooperatives experienced significant positive impact on education, infrastructure investment, and monetary savings, and helped them reduce several important livelihood insecurities such as low incomes, high emigration and food scarcity among all small-scale producers (Bacon, Mendez, Gomez, Stuart & Flores, 2008).

In the Dominican Islands in the eastern Caribbean, part of the premium was obtained by the sale of bananas, which funded certain developmental projects that had not been funded by the government due to structural maladjustment. As a step taken as part of democratic decision-making, the social premium strategy acted as a link between the development policy and local practices (Moberg, 2016).

Fair Trade: An Opportunity to Sustainable Livelihood through Asset/ Capital Building

Fair trade creates a positive impact on the livelihood of the farmer community even though it creates certain insecurities. Fair trade practice is one of the best models for asset building in people and becomes more successful when a community effort involves. By instructing nature-friendly farming, high quality products reach the market, the quality of air and water improves, easier access to clean affordable energy is facilitated, infrastructural development such as road for affordable transportation, medical care, etc., are improved, educational opportunities to household members, more services such as banking, local grocery stores, etc., are created. Farmers can be introduced to the latest methods in farming and be provided with training and activities to keep global standards, which advance the knowledge and skills of the people participating in fair trade.

Households, communities, and organizations are given due importance so that transparency results in governance. A resourceful community involvement leads to social benefits. The level of cooperation and interconnectedness

among the people involved will increase and lead to strong networking. Where more partnership and collaboration occur (based on trustful relationships), a sense of solidarity arises. Since households play a major role in fair trade practice, greater family support will further strengthen this practice. In order to support the structure of the governing body for organizing the farmers group at the grass root level, certain local community leadership is needed. People involved in fair trade must acquire more abilities such as self-esteem and self-confidence. These qualities will help for a creation of an environment for personal wellbeing and sustainable livelihood.

Fair trade is a global movement, so market availability of products is much better compared to the conventional marketing system. It creates an environment with availability of credits and sources of regular money flow. All trading activities take place keeping the global relationships and global standards in focus. People in the developed world would consume these products knowing that their habit of consumption would create better living standards for the producer or the farmer community.

Conclusion

The Indian Fair Trade Movement initiated in 2000 has shown initial advantages for small farmers by way of Fairtrade Premium for their products from global sales. The Farmers Producer Companies (FPCs)—introduced in India as a legal entity—are gathering momentum to organize and build up capabilities of resource-poor farmers for their development by creating sustainable livelihoods and markets. Fairtrade certification creates a competitive advantage for such FPCs in the global market. The governmental agencies at various levels have to create ‘enabling’ as well as ‘supporting’ environment for fair trade and must scale-up the Fairtrade movement to benefit millions of farmers in India. Enlargement of fair trade is an enabling opportunity for India to show support for small farmers and demonstrate that it can actually lead to ethical consumption. Promotion of Fair trade is an immediate way for citizens to directly support the poor farmers and the environment.

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