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Fair Trade and sustainable rural development: case studies on the role of producer companies in India

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Abstract: *Sustainable development has acquired a new thrust with the focus on the Sustainable Development Goals (SDGs) by the United Nations. At the same time, there are many public and private sustainability standards in the food and fibre sector which address sustainability, such as organic, ethical, and Fair Trade as market-based systems. This paper assesses the impact of Fair Trade on the SDGs at the local level in terms of income of the producers by considering both Fair Trade and Non-Fair Trade farmers in the specific context of the producer companies involved in Fairtrade-Certified peanut production and its marketing in Gujarat, India. It was found that Fairtrade provided an alternative outlet for farmer produce though it had poor impact in terms of uptake of Fairtrade-Certified produce and prices delivered were low compared with those in existing channels. On the other hand, worker issues were not addressed due to the prevalence of labour tenancy in the study area.*

Keywords: producer companies, sustainable development, India, peanut, Fair Trade

Various standards and movements have emerged over the years in order to address issues of sustainability involving economic, social, and environmental dimensions, in the form of the triple bottom line in the domain of agribusiness as in other domains. These comprise food safety standards, environmental standards, ethical standards, organic food standards and the like (Singh, 2019). Fair Trade (FT) standards can be seen as one means to address the problems faced by the marginalized and the underprivileged producers, and workers in the developing world.

FT refers to a 'trading partnership based on dialogue, transparency, and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to and securing the rights of, marginalized producers and workers— especially in the South' (Argade and Singh, 2016: 134). It has been actively involved in delivering some of the sustainable development goals (SDGs) such as: zero hunger (2), gender equality (5), decent work (8), responsible production and consumption (12), climate action (13), peace, justice and strong institutions (16), and partnerships (17). The vision of FT, 'a world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future' (FTI, 2013: 5), and its goals of making trade fair, empowering

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producers and workers, and fostering sustainable livelihoods directly address the SDGs (FTI, 2013). Producer organizations have a key role to play in FT by helping the smallholder producers mitigate the transaction costs involved in market entry and problems associated with economies of scale. These measures lead to higher market participation of smallholders, and help them realize higher prices (Karki et al., 2016; Abraham and Pingali, 2017).

This paper contributes to the growing body of literature on the impact of FT on producers and the role played by the farmer collectives in helping primary producers to meet the FT standards and at the same time achieve the SDGs. Currently, there is ample research on the impact of FT on improving farmer livelihoods (Raynolds et al., 2004) and increased access to education, water supply, off-farm income generation activities, and gender equality (Raynolds et al., 2004; Ruben and Van Schendel, 2008). Studies have also looked at the contribution of FT towards long-term investments, women's empowerment, and long-term capacity building of the producers and community development (Mook and Overdevest, 2017; Ranjan and Grote, 2017). However, FT impact suffers from limited awareness among the producers, an expensive certification process, inability to meet standards, lack of producer control over premiums, and impact on worker livelihoods (IIED, 2000; Hira and Ferrie, 2006; Fair World Project, 2012; Elliott, 2012; Holm and Lindgren, 2017). With the exception of a few studies, for instance one in Malawi about the impacts of FT on peanut producers and the role of the producer collectives (Pound, 2013; Smith, 2013), the majority of these impact studies have focused on crops such as tea, coffee, and cotton, most of which are plantation crops.

The real challenge in assessing the impact of FT is in understanding the processes and mechanisms involved in driving the impact of FT at the local level (Nelson and Martin, 2012). However, these mechanisms and processes have not been examined in most of the studies. This paper attempts to explore the impact of FT on the income of the peanut producers and examines the new mechanism of producer companies (PCs) which is in line with the market requirements of small farmers in liberalized and globalized markets with a diminished role of the state. The parameters for impact assessment include income, market access, and environmental protection with special reference to the role of PCs involved. The study also highlights the challenges faced by the producers post-inclusion into the FT system. Gender issues could not be studied because women in India do not own much land. Women landowners in India hold only 14 per cent of land titles accounting for 11.57 per cent of the operated area in most cases. Women may not actually control land and income generated from it even if they own land (GOI, 2018a). A recent study of member profiles of PCs in Karnataka shows that women members comprised only 13 per cent of the total membership of the PC (Gowda et al., 2018). The next section of the paper reviews the research on the FT mechanism and its effectiveness. It also discusses the role of farmer collectives such as cooperatives and PCs in improving the livelihood of primary producers. The subsequent section describes the methodology followed along with a brief profile of the commodity in question in India and in Gujarat. This is followed by an analysis of the role of PCs in the FT peanut value chain by assessing their performance based on case studies of three PCs in India,

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where, for the first time, FT has been practised in peanuts. Based on farmer member and non-member interviews, the impact of FT on farmer livelihoods and on some of the SDGs was assessed. The final section concludes the study with a summary of major findings and future research in this domain.

Role of FT and farmer collectives in achieving the SDGs

Farmer collectives such as cooperatives and PCs play an important role in facilitating the participation of smallholder farmers in emerging high-value markets (Trebbin and Hassler, 2012). FT-certified cooperatives have played a crucial role in ensuring farmers a guaranteed price, long-term contracts, and the availability of credit. This has, in turn, helped the producers to invest in their land, in the quality of their products, in the diversification of income sources, in housing facilities, and in children's education (Nelson and Pound, 2009). Smallholder member farmers of the cooperatives who were FT and organically certified received higher prices than those received by the conventional non-member farmers, along with improved credit access, better linkages with external organizations, and higher levels of educational attainment (Bacon et al., 2014). The Coraca Irupana cooperative in Bolivia was able to overcome its dependence on external credit by building up its working capital using FT income. With a stable financial status, members of the cooperative could send their children to school and the majority of them had an additional source of income and access to electricity, among others (Nelson and Pound, 2009). FT by associating with the National Smallholder Farmers Association of Malawi (NASFAM) was instrumental in diversification and value chain upgrading of peanut producers in Malawi (Smith, 2013).

FT-certified farmers had a greater say in their cooperatives and were less exposed to food shortages compared with conventional farmers who were members of the cooperatives but not FT-certified (Holm and Lindgren, 2017). Similarly, in the Paraguay, a FT-certified sugar cooperative (Manduvira) was able to extend its reach and served around 15 countries by supplying FT-certified sugar. For cooperative members, production for FT has increased and stabilized annual household incomes. By associating with FT, Manduvira cooperative was able to free itself from the cut-throat competition from large producers and conventional sugar firms (Vásquez-León, 2010). Mexican FT coffee production overlapped with organic production, leading to clear environmental benefits (Nelson and Pound, 2009). In the case of coffee farmers in Tanzania, the FT-certified association of cooperatives could not transform itself into a better income channel for the producers as price benefits declined over time owing to the increase in membership and supply of produce, although the demand remained the same. In fact, the FT benefits were found to be dynamic in nature over the life cycle of a cooperative (Francesconi and Ruben, 2014).

In the Asian region, FT intervention in crafts in Nepal led to the empowerment of women due to increased participation of members in management (Biggs and Lewis, 2009). FT in India has fetched higher prices and higher incomes for the coffee farmers

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through efficient value chains and easy market accessibility. Coffee cooperatives have carried out community development activities such as infrastructure development (proper drinking water options, vermicompost plant) and setting up a coffee collection centre within the village in order to save both time and cost for the coffee producers. Many long-term capacity building activities, such as provision of technical support and market-related information to the coffee producers, easy access to credit and machinery required in production and processing of coffee were carried out (Ranjan and Grote, 2017). The operations of Fair Trade Alliance Kerala (FTAK) made it easy for its members to access the global market through FT at equitable trading terms and to improve their income through minimum price and premium for a variety of products such as ginger, coconut, cashew nut, turmeric, cocoa, pepper, and clove. Farmers also benefited in terms of social development, women's empowerment, and environmental protection (Karunakaran and Thomas, 2017).

Cooperatives have prevailed in India for quite a long time. There are the cooperatives such as Amul which have done extremely well in India in the milk and sugar sectors though their numbers are small (Shah, 2016). Traditional cooperatives in India have weaknesses such as mismanagement and poor governance, limited member coverage, elite capture, free-riding by members, failure to promote thrift, inability to ensure compliance, excessive dependence on state support, and ineffective management of funds (Das, 2006; Vaidyanathan, 2013). Due to the poor performance of the cooperatives prevalent in India there was a need to give an alternative structure to farmers and make them operate as business entities (Singh, 2008). Thus, in 2003 according to section IXA of the Indian Companies Act 1956, PCs were allowed to be set up as legal entities comprising all types of primary producers (agricultural produce, forest produce, artisans) as members (Singh and Singh, 2014). India is the second country in Asia after Sri Lanka to try this approach of farmer companies for smallholder development (Rosairo et al., 2012).

PCs can undertake various value chain activities which include production, harvesting, procurement, grading, pooling, handling, marketing, selling, the export of primary produce of the members, or import of goods or services for their benefit. PCs help in assets mobilization which further helps in lowering the transaction costs, provide opportunities to be involved in various value addition activities, and help producers to adapt to new patterns and much greater levels of competition (Singh, 2008). They can play an important role in facilitating the participation of smallholder farmers in emerging high-value markets, such as the export market and the modern food retail sector in India (Trebbin and Hassler, 2012).

PCs in India have existed since 2003 but there are not many academic studies on their performance and impact except a few such as Trebbin and Hassler (2012), Singh and Singh (2014), and Dey (2018). The performance of PCs differed not so much across promoters as across businesses undertaken and linkages established besides equity mobilization. The PCs in India, in general, appeared to be product focused rather than producer/farmer focused (Singh and Singh, 2014). Areas of specialization of agricultural PCs in India in 2014 showed that about 20 per cent of PCs worked with fruits and vegetables, 14 per cent with seed production, 12 per cent with spices (primarily chili), and 11 per cent with dairy (Trebbin, 2014). Most of the state-promoted PCs in

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Madhya Pradesh were involved in the seed production business, which involved a small number of members and was a high cost business. Therefore, it did not create the member centrality and large patronage needed for the PC to scale up (Singh and Singh, 2014). Gujarat has 135 PCs out of the total 2,833 PCs in India, which is a significant number in terms of presence of PCs (Wadkar, 2018).

Methodology

The paper uses case study methodology complemented by interviews with members of the PCs involved in the FT peanut value chain and non-member peanut producers in Gujarat, India. The peanut value chain was selected because of the importance of this agricultural crop as the major edible nut all over the world. Peanuts are globally cultivated on 26.4 million hectares of land with a total production of 37.1 million tonnes and an average yield of 1,400 kg/ha. Annual global export of peanuts is 2 million tonnes valued at US$2,600 m (IOPEC, n.d.). India is the second largest producer with 15 per cent of global production and the largest area (25 per cent) under the crop globally (ITC, 2015; IOPEC, n.d.). Peanut is one of the most important value added crops in India after the commercial and plantation crops such as tea, coffee, and cotton. In India, peanut is mostly grown in Gujarat, Andhra Pradesh, Karnataka, Maharashtra, and Rajasthan (IOPEC, n.d.). Gujarat alone accounts for 32 per cent of the area and 38 per cent of production of peanuts in India (Sharma, 2014).

The case studies involved in-depth structured interviews with PC executives, their promoting non-governmental organizations (NGOs) and agencies, and a processor. Impact assessment in terms of with and without the FT approach is based on a personally administered set of questions to peanut growing farmers in all three FT-certified peanut procuring PCs and their non-member counterparts. The parameters for comparison are the prices received, yields obtained, costs incurred, and incomes earned. Assessment of FT impact was carried out using primary data collected during the latter half of 2018. Ninety farmers, comprising FT (35) and Non-Fair Trade (NFT) (55), were interviewed across three PCs to understand the impact and challenges at local level. Two out of three PCs were able to procure FT-certified peanut from the farmers while one (Mangrol Farmer PC) was not able to procure it as it failed to meet FT certification requirements. A separate interview schedule was administered for the FT and NFT producers and the PCs to collect data on production and sales through conventional and FT channels and the benefits and issues therein. The schedule comprised questions on education level, household information, income generating activities both agricultural and non-agricultural, production and sales through conventional or FT channels, and benefits and issues related to FT.

In the case of peanuts, there were different channels for sale of the output. The NFT farmers sold their produce either in the Agricultural Produce Market Committee (APMC) (wholesale regulated) markets directly to licensed traders or through commission agents, or directly to traders outside the APMC *mandi* (marketplace for purchase and sale of agricultural produce). Unlike these, FT farmer produce is directly sold to the PCs which are responsible for the procurement of the FT produce.

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Impact of FT through PCs

India became a market for FT products in 2013 with the launch of its marketing organization in India. FT in peanuts is still in its budding stage. There are three PCs involved in FT peanut procurement along with other functions (Table 1). Procurement from these PCs is done by VNKC Agrocom Pvt. Ltd, a FT-certified processor which procures FT-certified peanuts from the PCs. A major portion of FT peanut processed by VNKC is sold in foreign markets with Russia and Nepal the major importers. Other channels for sales are the retail outlets in Pune, Nashik, and Delhi besides the e-commerce platforms such as Amazon under the brand name Nutty World. VNKC Agrocom Pvt. Ltd sells peanuts as roasted and coated (interview with processor).

Table 1 Major parameters of the FT peanut-procuring PCs

Parameters	*Somnath Farmer PC Somnath*	*Avirat Farmer PC Amreli*	*Mangrol Farmer PC Junagadh*
Registration	2013	2006	2015
Shareholder members	1,668	1,500	1,111
Average uptake of FT-certified peanut production in 2017 (tonnes sold and percentage of total production by all members)	603 (4.48%)	82 (0.58%)	–
Average uptake[1] of FT-certified peanuts sold through PCs (% of total production by FT farmers)	69.28	79.74	–
Percentage of capital mobilized to that authorized	34.92	99.96	10.00
Promoter[2]	Ambuja Cement Foundation (ACF), a corporate foundation	Shikshan and Samaj Kalyan Kendra (SSKK), a local NGO	Coastal Salinity Prevention Cell (CSPC), a section 25 not for profit company
Loan	INR 1 m @ 12% interest from Nabkisan, a non-banking finance company INR 0.2 m revolving fund from Aga Khan Foundation	INR 5 m @ 11% interest from Nabkisan INR 1.5 m loan from microfinance institution @ 13.5% interest	INR 0.5 m as revolving fund from CSPC

Notes: [1] Average uptake: Percentage of FT production actually bought by the buyer.
[2] Promoter: Agency which organizes and supports the producer company (PCs).
[3] Exchange rate: US$1 = INR 69.7823
Source: Primary data

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FT-certified peanut-based products are also procured by another player (Hectar beverages) from another set of PCs in Gujarat and sold under the brand Paperboat in the form of peanut brittle (*chikki*) (Seetharaman, 2017).

Performance of FT can be assessed by examining the percentage of peanut sold as FT by the peanut producers. In 2017, out of the three PCs surveyed, only two sold FT peanuts. In the case of Avirat Farmer PC, only 82 tonnes (0.58 per cent of the total PC member produce) was actually sold as FT-certified peanut. Similarly, in the case of Somnath Farmer PC, only 4.48 per cent of the total PC member produce was actually sold as FT-certified peanut. But farmers who sold through the FT channel could sell 70–80 per cent of their total produce (Table 1). These figures show that FT and the PCs need to create larger member patronage for scaling up and for more widespread impacts on member farmers. There are certain grassroots issues, discussed in later sections, that need to be addressed in order to ensure that there is higher uptake of FT-certified peanuts.

Exclusion of smallholders

The sample for the study comprised both FT and NFT farmers. In the case of FT farmers the largest group were small farmers (34.3 per cent) and the proportion of marginal, small, and small-medium farmers in the FT sample was 68.6 per cent. The proportion of marginal, small and small-medium farmers in the FT channel was much lower than in the conventional channel (80 per cent) as well as all farmers in the district (88–90 per cent) (Table 2).

The distribution of farmers by categories revealed that FT farmers had larger average land holdings in small, small-medium, medium, and large categories as well as overall compared with the average land holdings of their NFT counterparts. They also had larger peanut acreage across medium and large categories and as a whole. However, NFT farmers especially in the marginal and small categories devoted a much larger percentage of their acreage to peanuts (91–100 per cent) than their FT counterparts (75 per cent), though the overall peanut acreage as a proportion of total land holding was much lower in the case of NFT farmers than their FT counterparts (Table 3).

Table 2 Farmer category distribution of FT and NFT and farmers in the study area

Farmer category (area in hectares)	*Number of FT farmers (%)*	*Number of NFT farmers(%)*	*Percentage of farmers in each category in Amreli (and Junagarh)*[1]
Marginal (<1)	3 (8.6)	8 (14.5)	21.4 (31)
Small (1–2)	12 (34.3)	14 (25.5)	36.3 (38)
Small-medium (2–4)	9 (25.7)	22 (40)	30.0 (21.8)
Medium (4–10)	7 (20)	8 (14.5)	11.5 (8.8)
Large (>10)	4 (11.4)	3 (5.4)	1.0 (0.5)
All	35 (100)	55 (100)	100 (100)

Note: [1] Figures in ( ) are for Junagarh as of 2010–11
Source: Primary data

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Table 3 Farmer category average land holding and percentage of peanut acreage for FT and NFT farmers

Farmer category	*Average land*		*Average land*	
	holding of FT farmer (ha)	*Peanut acreage ha (%)*	*holding of NFT farmer* (ha)	*Peanut acreage ha (%)*
Marginal (<1)	0.67	0.5 (75)	0.7	0.7 (100)
Small (1–2)	1.6	1.2 (75)	1.4	1.27 (91)
Small-medium (2–4)	2.6	1.6 (62)	2.8	2.0 (71)
Medium (4–10)	5.8	4.1 (71)	5.5	4.0 (73)
Large (>10)	14.4	10.4 (72)	13.5	5.3 (39)
All	5	3.6 (72)	4.8	2.7 (56)

Source: Primary data

Table 4 District, PC, and farmer type average land holding and average peanut acreage

Districts (PCs)	*Average land holding of district (ha)*	*Average land holding (ha)*		*Average area under peanut ha (%)*	
		FT farmers	*NFT farmers*	*FT farmers*	*NFT farmers*
Amreli (*Avirat Farmer PC*)	2.4	5.3	5.0	3.3 (62)	2.7 (54)
Gir Somnath (*Somnath Farmer PC*)	1.7	3.2	3.0	2.5 (78)	2.2 (73)
Junagadh (*Mangrol Farmer PC*)	2.1	–	2.3	–	1.9 (83)

Note: Figures in brackets are % share of peanut acreage in land holding
Source: GOI, 2018a and primary data

But our analysis shows that the average land holdings of FT farmers in Amreli and Gir Somnath (5.3 and 3.2 ha, respectively) are much larger than the district averages (2.4 and 1.7 ha, respectively) and the all India and Gujarat averages (1.08 and 2.58 ha, respectively) (Table 4).This shows that more medium and large farmers are benefitting from the FT certification rather than the marginal and the small farmers.

Income and returns from FT

There were three channels being used by the farmers in the study area for selling peanuts which included open market sales, sales to government procurement agencies at minimum support price (MSP), and the FT-certified PCs. The revenue estimation for the three channels for peanut sales shows that FT is the next best alternative in terms of the per unit revenue generation. For FT farmers, there were no additional costs apart from the production cost, while in the case of NFT farmers additional costs were incurred in transporting the produce from the fields to the trading yards (APMC). Opportunity cost of labour was also involved as the farmers had to wait, sometimes for days, to sell the produce in the APMC market.

The most visible impact of engagement with FT can be assessed through the prices received. A comparison of the prices of peanuts in the three different channels showed that the FT price was significantly higher (13.80 per cent) than the

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Table 5 Cost, returns, and net income from peanut crop by sales channel

Parameter (average per ha or per quintal in Indian rupees)	*Fair Trade*	*MSP (public procurement at pre-fixed price)*	*Open market*
Cost of production per hectare (INR)	103,125	103,125	103,125
Transportation cost (INR per quintal)	0 (produce collected from farms)	937.50 @ INR 30/ quintal	0 (produce collected from farms)
Cost (per ha) (INR)	103,125	104,062.50	103,125
Yield (in quintal) (INR)	31.25	31.25	31.25
Price (INR)	4,075	4,500	3,580
Revenue (INR)	127,343.75	140,625	111,875
Net income (INR)	24,218.75	36,562.50	8,750

Notes: [1] Exchange rate: US$1 = INR 69.7823
[2] 1 quintal = 100 kg = 0.1 metric ton (MT)
Source: Primary data

market price, but lower (9.40 per cent) than the MSP (Table 5). If we consider the fact that the open market is the regular channel, then undoubtedly FT is the most reliable channel for selling the produce and would indeed result in a more secure and stable income for small farmers in the long run. FT therefore, can enable poverty eradication and at the same time, ensure sustainable agriculture.

Challenges faced by the FT farmers

There were certain ground level issues involved in FT implementation. The majority of farmers (51.4 per cent of the total FT certified farmers) complained about the lower price received through the FT channel. Farmers were willing to sell their high-quality produce only if it could help them fetch prices equivalent to the MSP. Moreover, farmers were actually more interested in cash payments. Unlike MSP-based procurement where payments are made to the farmers in cash, FT has a different mechanism for payments. In the case of FT, payments are made directly into farmers' bank accounts rather than cash. Fourteen per cent of FT-certified producers disliked this method of payment because of the difficulty in accessing banks. Banks are located at a distance from their houses which for them makes visiting the banks both time consuming and costly because of the transportation costs involved. They were also dissatisfied with FT because it was the channel of sale only for their good quality produce while the lower standard produce was still left to be sold to the private traders. Thus, FT for them was not a complete solution for the sale of their entire produce.

In 2017, FT procurement was carried out very late compared with the procurement done through other channels. Procurement at MSP and by the private traders was done during October–November, while for FT it started in December which deterred many peanut producers who were actually willing to sell their produce through FT. This was given as the major reason for selling their peanut produce through other

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channels by 34.28 per cent of the FT-certified farmers. Late and incomplete premium payment was again a challenge both for the peanut producers as well as the PCs. As none of the PCs received the complete premium amount nothing substantial could be done in terms of community development activities.

Labour and environmental sustainability under FT

Labour working conditions were similar in FT and NFT farms. Two types of agricultural labourers were found in the peanut fields: temporary or casual workers and permanent workers. The temporary workers were paid on daily wages and were employed in large numbers during harvesting of the peanut crop. Average wages paid to these labourers varied across the study regions. The labourers in Amreli district on average were paid a daily wage of US$3.67, while the daily wages for labourers in Gir Somnath and Junagadh districts were $3.76 and $3.58. These wages were more than the minimum wage, which was $2.52 per day in the state (GOI, 2017) and under the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) ($2.78 per day) – a public scheme for providing employment to rural workers on demand (GOI, 2018b). There was a wage difference of $0.72–1.44 between male and female casual labourers due to the gendering of tasks. Since male workers were perceived to be mostly involved in difficult and hazardous tasks such as harvesting and spraying of chemicals they were paid more than their women counterparts.

The second category of labourers that was prevalent in the study region was the labour tenants, locally known as *bhagidaar*. The *bhagidaari* system is a more permanent labour arrangement comprising landless, marginal, or small farmers who are labour tenants (Singh, 2017). They enter into a formal contract with the farmer where the *bhagidaar* is responsible for providing all the labour on the farm while all the other costs (i.e. inputs and machinery services) are borne by the landowner. In return the *bhagidaar* were paid 15–30 per cent of the harvest depending on the crop (Kumar et al., 2017).

In the study area, awareness level was quite high among the FT peanut farmers regarding environmental protection. Survey results showed that there was a positive impact of FT on the chemical purchase decision, usage, handling, and disposal of the empty containers. For purchasing chemicals, FT farmers mostly relied on the agricultural input sales outlets of the PCs and mostly refrained from purchasing chemicals with red and blue labels and those restricted by FT regulations. Proper storage of the chemicals was ensured by storing them in a storage room in the farmers' fields. It was also observed that FT members were much more aware of the correct ways of using the chemicals and preferred to use proper safety kit for spraying the chemical pesticides. The same was ensured for the workers undertaking chemical spraying. Unlike FT farmers, NFT farmers hardly cared about this. The majority of them purchased chemicals from any of the farm input shops without considering their hazardous impacts. NFT farmers purchased those chemicals which were recommended by the input shop dealers and were low priced. Most of the FT and NFT farmers (91 per cent of total) disposed of the empty containers by either giving them away to the junk collectors or by burning or burying them underground.

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As far as the use of bio-inputs was concerned, FT farmers used bio-inputs such as *neem* oil and cow dung, along with bio-fertilizers, while for the NFT farmers, the use of bio-inputs was limited only to cow dung.

Conclusions

FT in developing countries has always been seen as a means of procuring goods from disadvantaged producers, but over the years there has been a significant change. FT in these developing countries has emerged as a means for sustainable livelihoods. Although FT in the case of peanuts is still in a nascent stage there are positive impacts of FT affiliation of the PCs. Association with FT has resulted in higher price realization for peanuts compared with what is received in the conventional trade channel. FT has emerged as the next best alternative channel for the sale of peanuts. Sustainability of this channel depends on how well it is able to overcome the issues of the primary producers. But, in the case of peanuts FT ended up working with relatively large landowners, leaving behind the smallholder farmers, which is a long discussed policy and practice issue in agriculture (Singh, 2013).

It is equally important to ensure that adequate markets are created for FT peanuts so that demand and supply can be matched. The labourers were provided with the minimum wage but not decent work conditions. In the case of FT-certified farms no child labour was employed, unlike NFT farms where cases of child labour were witnessed.

The major learning from these case studies is that for FT to make an impact the producer institutions such as PCs, which are business-like entities, should facilitate compliance with standards in order to bring new crops under FT and enhance the movement towards the SDGs. Like the overlapping of organic and FT standards, the coming together of FT and PCs is the way forward to achieve greater livelihood impact.

Finally, this is an early exploratory study as FT for peanuts is only a year old, which is not a long enough period to assess its impacts. Moreover, the current study did not address labour and gender issues involved in the peanut FT value chain. The focus was on the impact of FT on small producer livelihoods while assessing the role of collectives for leveraging FT benefits. However, for future research, the labour issue could be an important area of research enquiry.

Author note

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