

# Driven by Sustainability, How One Organization Radically Transformed Itself – The MASS Success Story

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## 1. Background

Idukki is a small district of Kerala and a cradle for plantation crops. The district has an area of area of 4,479 km<sup>2</sup> and is the second largest district of Kerala (the largest being Palakkad). Rugged mountains and forests cover about 97 percent of the total area of the District. There is only a strip of Middle land (3% of the area) in the western part of the district and low land area is totally absent in the district. There are no rail and air-linksto the district and it is only accessible by road. The region has a hilly terrain with forest cover. The overall topography creates problems of accessibility as well as lack of irrigation making huge portion of land unsuitable for cultivation.

With 51.7%<sup>1</sup> of the area being under cultivation, agriculture is still a predominant part of the economy and the largest employer in the district supplemented by dairy. The total population of Idukki is 1,108,974 out of which the working population is 415,947.<sup>2</sup> 85,723 of this population are cultivators and 112,391 are agricultural labourers. Hence, 47.6% of the working population and 17.8% of the total population is associated with agriculture in one way or another.

The climatic conditions in this region allow for cultivation of tea, coffee, rubber, coconut, cardamom and other spices. 90,000 hectares of land is under various cash crops. Mainly, the region has small and marginal farmers. Most of whom are tribal villagers who were an insular community and did not mingle with other people. They had a non-democratic community who only obeyed the word of the 'Moopan', the tribal chief. Many families living in this region are isolated from urban India with few communication and uneven Ghat road links. There was no electricity, telephone connection, community hall and education facilities.

However, in high land areas some corporates have large tea plantations. Several progressive farmers of the district have also started taking up floriculture, mushroom cultivation, medicinal plants, spices etc..

1 Kerala State Planning Board, Government of Kerala (2016) Sourced from: <<http://spb.kerala.gov.in/index.php/district-profile-idukki.html>> Accessed on 17 Sep 2016.

2 District Administration, Idukki. Sourced from: <<http://idukki.nic.in/occupations.htm>> Accessed on 18 Sep 2016.

3 Ibid.

4 Ibid.

## 2. The Issues

Small-scale agriculture in this region has been largely unorganized. In the early 2000's, farmers were in serious economic trap due to lack of buyers to procure their product in time, lack of knowledge of market rates as well as exploitation by middlemen. They were dependent on receiving the prices from domestic village based traders and had no direct market linkages. The region faced climate change related challenges with reduced rains and changing weather patterns. Farmers had to deal with issues of drying and processing spices during rainy seasons especially due to lack of adequate storage facilities which often led to produce being spoilt. Decrease in yields of spices was occurring due to decreased pollination.

Low price realisation, vulnerability to price fluctuations, high market insecurities were a cause of worry to farmers because of income insecurity. These financial uncertainties deeply affected the lives of the farmers. They were thus often forced to sell their products at low rates and got caught in debt traps paying huge interests on loans. Farming was becoming increasingly a non-profitable business and the farmers were on the verge of suicide.

The region was also known for rampant use of chemical pesticides which had been affecting the health of generations of farmers apart from having damaging effects on the environment. While initial chemical use led to high yields as compared to organic farming, the farmers were spending significant percentage of their earnings at hospitals as they slowly became afflicted with chronic and terminal illnesses like cancer and asthma. Over a period of time, the natural soil fertility was lost which further led to lowering the productivity of the crops.

## 3. The Genesis

What the farmers needed then was a fair price for their products and a sustainable way of production to enhance soil fertility which would thereby improve productivity and their health. In 2001, forty farmers producing coffee, cocoa and other spices from Kottayam in Kerala, India led by Bijumon Kurian came together to form Manarcadu Social Service Society (MASS), a cooperative community organization. The story of MASS indeed begins with his vision to support the farming community for better livelihood through sustainable production. Slowly but steadily under his leadership, MASS has delved into other agricultural related aspects as well in order to become a strong farming community that it is today.

MASS is a farmer led organization which began with a group of ambitious farmers who wanted to support their community in adapting sustainable agricultural practices, increase market access and improve their livelihoods.

MASS farmers came together to jointly address the various issues plaguing the farming community and kick-started the organic movement aimed at providing safe food in the region. Principles of empowerment are deeply engrained in the organization, as its genesis was an absolute grassroots movement that brought like-minded farmers together. Right from the beginning their focus was on sustainable means of production not because of any market demand but because of deep commitment of the farmers and the leadership to produce in a sustainable manner. These farmers were supported by the company Plantrich which was already engaged in organic production and export.



MASS comprises of various smallholder farmer representatives with average land size of 1.6 hectares per farmer with 889 hectares of area under production. 20% of the membership comprises of women. MASS is growing 100% organic Robusta coffee Parchment i.e. wet-processed, Robusta Cherry (dry-processed), Arabica (wet-processed) and Arabica Cherry (dry-processed). The coffee quality is mild and low acidity with exotic full-bodied taste and fine aroma. In addition, the members of MASS currently produce cocoa, cinnamon, black pepper, white pepper, vanilla, cardamom, cloves, nutmeg, ginger, turmeric, coconut and pineapple. Producers farm in the deep jungle, in fertile soils, using traditional farming practices.

#### **4. Mass As A Successful Business Enterprise**

In the initial years MASS faced several uncertainties and challenges. There was some degree of reluctance among farmers to move to organic production due to fear of low productivity and lack of awareness on sustainable production methodologies. They also received threats from local middle men who were also the ones who sold the fertilizers to the farmers. The formation of cooperative would lead to a stronger bargaining power for the farmers which the middlemen wanted to thwart. Implementation of organic standards as well as fair trade<sup>5</sup> standards at the field level required extensive training on various concepts which required financial support which was not adequately available. Lack of finance was also affecting timely procurement of the harvest, quality improvement of processed products, adherence to quality while scaling up and adequate provision of inputs to farmers.

The farmers were also unsure of how a democratic set up could be implemented in the farmer community and how it could be made

<sup>5</sup> Following Reynolds (2014: 499), we refer to 'fair trade' as the overall movement, while 'Fairtrade' refers to the certification and labelling system overseen by Fairtrade International.

functional. It required time and effort to create a participative and decision making environment. Streamlining marketing efforts in the face of lack of financial back-up, difficult logistics and non-availability of latest processing technologies were other such issues that MASS had to address to be run as an effective business organization. But working together they were able to handle these challenges effectively.

Over the years, MASS has steadily and consistently taken innovative steps and evolved as a successful business enterprise. It is important to note that the success of MASS as a strong and competitive business enterprise today has been due to the initiative of its leadership and a stable and efficient second tier of management that is running the operations smoothly and professionally. Several strategic decisions taken by the leadership have yielded multi-fold benefits for the cooperative and the individual farmers. MASS has focussed on vision oriented projects and growth of the cooperative and brought about significant changes in the economy and day-to-day life of the farmers.

Farmers have benefitted from production bonus; access to modern agricultural equipment which has enabled an increase in the productivity & quality; getting trained by technical experts to enhance productivity of their produce; group certification programmes for organic and Fairtrade certification; access to good quality seeds & seedlings at subsidized rates; scholarships for their children's future education; health check-up camps; procurement of agricultural produce from the farm gate and support through Plant doctor service for their production issues.

#### **4.1 Organization and Governance**

MASS farmers are clustered in different areas and each local cluster is governed by an elected group. There are also subcommittees in place in different project areas. They organize monthly meetings and take democratic decisions especially on matters like investment of Fairtrade Premium thereby creating an ownership for the organization. The model has been quite successful in creating a strong second layer of management which has contributed to its growth and has increased the participation of youth and women in subcommittees as well as enabled them to take leadership roles.

The implementation of decisions is operated by a seven-member Board of Directors who are democratically elected from different sub committees once in three years. They include the President, Vice President, Secretary, Treasurer and three Board members. All the statutory, financial, policy and Fairtrade developmental plans are decided at the General body meeting held every year at the headquarters. Every year, the Annual General Body meeting

(AGM) is conducted at the headquarters at Manarcadu for one whole day. Members participate from different subcommittee levels. The notice with annual report is sent to the member farmers 21 days before the meeting. Most of the time in the AGM is utilised for discussions and collective decisions. The AGM collectively discusses about the financial aspects, Fairtrade premium utilisation, and subsequent year Fairtrade premium plans. Once the AGM majority approves all the discussed points, the projects are rolled out. The election to the Board of Directors takes place every three years.

## 4.2 Supporting Farmers and Grassroots Voices

As a farmer cooperative which supports sustainable livelihoods of the members, the cooperative keeps only 2% of the profit towards running expenses and the majority of the price differences are paid back to the members it self. In order to instil confidence in the organization, 'Jaivashree' a bi-monthly newsletter was started which has given space to the farming community to voice its concerns and issues. The cooperative runs a 'Plant Doctor' service to support the entire farming community with systematic advice on organic farming, issues that the crops face and climate change adaptation measures.

## 4.3 Sustainability and Organic Agriculture

MASS got organic certification in 2006. The cooperative follows principles of reducing waste, recycling and implementing energy-efficient projects. MASS is focussing on developing environment friendly agri-inputs for the promotion of sustainable agriculture and creating awareness among farmers on how organic and fair trade certifications can help in creating sustainable and profitable farming systems. Farmers are using biogas technology and 'vermi-compost' (worm composting) on their farms, which converts into bio-energy for meeting the household energy requirements. MASS has set up an Organic Bio Training Centre in Santhigram, Idukki District which apart from supporting farmers runs awareness programmes to educate the farmers about the harmful effects of using chemicals and pesticides. It is also attracting many bio-tourists.

## 4.4 Fair Trade

In 2006, the group was motivated to get Fairtrade certified due to an assurance of market, Fairtrade minimum price and additional Fairtrade Premium which would help in improving the livelihoods of farmers. In 2009, MASS embarked on its Fairtrade journey to help small-scale and poor farmers. They developed their organization according to Fairtrade standards and got certified.



The Fairtrade Standards are designed to tackle poverty and empower producers. The key objectives of the standards are to ensure that producers receive prices that cover their costs of sustainable production; provide an additional Fairtrade Premium which can be invested in projects that enhance social, economic and environmental development; facilitate long-term trading partnerships; enable greater producer control; set clear future direction to ensure that the conditions of production and trade are socially, economically fair and environmentally responsible<sup>6</sup>. While in the beginning the farmers under Fairtrade certification were only 345, now 1495 farmers are under Fairtrade certification. At the organization's general assembly, farmers have been jointly deciding on several Fairtrade Premium projects in order to improve their business and their communities based on local priorities to tackle the uncertainties that they faced. For example, they have invested the Fairtrade Premium in a programme to supply organic manure and pesticides to increase productivity. The group also has UTZ certification.

#### 4.5 Quality And Productivity Improvement

Crop rehabilitation, crop renovation and soil conservation exercises have been undertaken to improve the productivity and quality of the crops. MASS distributed seeds of turmeric and ginger, and more than 100,000 cocoa seedlings under a Fairtrade premium project to improve the productivity of the crops. It has also started a pilot study to improve the productivity and quality of coffee as the quality of coffee from India is considered quite low in the international markets because of which the coffee farmers are not getting enough returns as per the investments.



#### 4.6 Training and Capacity Building

Considerable investments have been made in training the farmers in regards to quality improvements, production enhancement, plant protection, cultivation and harvesting methods of various products as well as climate change adaptation. The capacity building programme was accelerated 2010 onward when the cooperative started investing the Fairtrade Premium. They now have several trained lead farmers including women who run capacity building programmes in the sub-committee levels on a bi-monthly basis in different areas. There has also been a special focus on building capacity among women farmers with a hope to attract more female farmers to join the cooperative. Many women have become part of the Board as well.

<sup>6</sup> Sourced from: Fairtrade International, Accessed on 14th August 2016 from: <<http://www.fairtrade.net/standards/aims-of-fairtrade-standards.html>>

## 4.7 Social Initiatives

MASS is taking up several development activities for member farmers concerning financial, social and cultural aspects. As most of the cooperative's farmers live in highland areas which lack proper medical facilities, MASS provides a health insurance scheme for 600 farmers and runs 'pop-up' clinics. MASS have awarded full scholarships to gifted children. A proportion of the Fairtrade Premium also goes into a fund to help farmers pay for their children's educational costs. The cooperative has invested Fairtrade Premiums in a project to construct small ponds on farmers' land so they could conserve water.

## 4.8 Fostering Relationships with Traders and Stakeholders

The group has consistently focussed on fostering trader relationships for organic and fair trade products since 2008. This has helped in creating long term partnerships with farms and has boosted the growth of MASS. The cooperative is actively working with local NGOs and a government programme to promote organic farming in the region.

## 4.9 Branding and Market Linkages

Various endeavours focused towards building a brand for MASS has enabled it to make direct exports and drive direct market linkages. The group has been quite sensitive to meeting market requirements and has pro-actively started adapting to international needs. For example, while they had a strong market presence for the Robusta coffee that they were already producing, they effectively responded to the international demand for good quality Arabica coffee as well. MASS made concerted efforts and got its own brand 'Caffee de mass' registered in the year 2015 and started marketing coffee products in the domestic market through a chain of coffee shops called 'Café de Monde'. These are early days for MASS's brand efforts and this will enable it to penetrate the domestic market and create consumer recognition. .

## 4.10 Infrastructure Development

As the cooperative has grown, the organization has invested in cooperative infrastructure in terms of coffee processing equipment and upgrading the regional networks. They have purchased vehicles, weighing equipment and a coffee huller. They have set up 15 farmer-driven collection and knowledge centres and implemented other energy-saving equipment to make their process as efficient as possible. MASS set up improved infrastructure for processing, solar drying of spices and storage. A cocoa fermentation unit was



established at Manathore, Kottayam District (Kerala) with a capacity of ten tonnes of cocoa beans per day which provided employment for ten workers including three women. To improve the quality of the coffee pulping, Fairtrade Premium was used to set up a pulping and processing centre at Idukki and from the year 2015 onwards coffee is being pulped at the centre. It also has a bio-research centre with a capacity of 6 MT for daily cocoa fermenting, coffee pulping and 10000 square feet of drying yard and poly house as well as mechanical drying.

#### **4.11 IT Based Initiatives**

MASS has developed a tab-based web application for conducting the internal inspection of the member farmers to avoid clerical mistakes, to make a paper free office, and for 100% traceability for procurements in the future. Different applications for group messaging systems are being used for effective communication among the staff and lead farmers. A toll free number has been implemented for the services of 'plant doctor' which helps the member farmers to address pest and disease related issues in farming.

#### **4.12 Establishment of International Sustainability Academy (ISA)**

MASS has established ISA, the first-of-its-kind sustainability education initiative in Idukki. Several of their founders are pioneering sustainability practitioners in India. The goal of this academy is to churn out sustainable professionals and sustainability entrepreneurs so that they can seamlessly integrate sustainability into businesses, livelihoods and daily lives of the communities. It provides sustainability certification and grooms participants for professions such as Chief Sustainability Officer, Sustainability Auditors, Supply Chain Manager, Plantation Manager, Certification Manager and other such employment options. They have created courses that mix theory and practice making the learning an experiential process. Sustainability elements are so engrained in MASS that even this campus is eco-friendly along with an incubator farm which runs on renewable energy. The ISA campus situated at Idinjama in the Western Ghats, which is one of the top 25 bio-diversity hotspots of the world. It is a project area of MASS & students have access to many community farms and sustainable projects during their course period.

### **5. Key Results Achieved**

With the advent of sustainable agricultural practices, organic and fair trade certifications, a fair price has been ensured to the farmers. This has also attracted more and more farmers to join MASS as it has been successful in eliminating middle men involvement in the supply chain and ensured a fair price for the farmers.

## **5.1 Increase in Turnover**

MASS which was once a small group with weak negotiating power, weak trader and market linkages with lack of means to adapt to international standards came a long way. With more than ten diverse products MASS started supplying to Germany, Netherlands, Switzerland, UK and the Middle-East markets.

The organic and fair trade business of MASS grew from 20.6 million (2.06 crores) INR in the year 2008 -2009 to 135 million (13.5 crores) INR in the year 2015-16. 90% of these earnings were from sale of produce. MASS has not received any donations so far and is self-sufficient. Its profits have increased from INR 5000 in the year 2006 to the current INR 1.12 lakh in the year 2015. With the advent of Fairtrade certification, the export volumes of MASS substantially increased. The products of small member farmers were successfully marketed in the national and international markets. From 181 MT of Fairtrade sale of spices, coffee cocoa in 2011 to 600 MT in 2015-16. From a turnover of a few hundred thousand (lakhs) in 2008, MASS crossed business of about 150 million INR (15 crores) in the FY 2015-16. This has resulted in good premium returns to farmers for their projects which has been fully utilized for the developmental activities of members.

## **5.2 Strong Farmer Community**

With its own processing centre, MASS has built a strong farmer community and gained goodwill in the national markets. They now have 20 men and 15 women farmers to support various field level activities. Due to the proper management and conduct of the general assembly so far, MASS is running as a democratic organisation with collective decision making processes which is supporting the growth of MASS. Given MASS's long experience in sustainable agriculture production, the Government of Kerala State Horticulture Mission selected them to adapt, implement and certify 3750 ha land as organic in various districts in Kerala in a period of three years.

## **5.3 Influence Onmarket Prices**

Due to sustainable production methods, Fair Trade Certification and a business outlook that has benefited more than 3000 farmers, MASS has reached a level where it influences the market price of certain organic products like cocoa and black pepper.

## **5.4 Fairtrade Premium Projects**

After the first year of certification, MASS received a premium of 20,700 INR which has grown to 44 million (4 Crores) INR by 2015. Fairtrade Premium was one of the key enabling factors in MASS's growth as a business organisation and provision of sustainable livelihood of member farmers.

Fairtrade premium projects have been used to supply seeds, organic inputs, family health insurance to members, cash to aged farmers, education scholarships to children, infrastructure investments in terms of processing, eco-friendly pulping for coffee, cocoa quality upgradation through box fermentation, processing of fresh products under mechanical drying system at bio research centre, mobile lab to check quality of the products and soil. Many such successful premium projects have led to the success of MASS that it is now in a position to extend support for farmers' socio-economic development.



## 5.5 Quality and Productivity Improvement

The ginger and turmeric quality and productivity has improved considerably. The quality of the cocoa beans has also improved to an extent that is ready for the export market.

## 5.6 Traceability

The use of modern technology and IT initiatives has enabled MASS to establish farmer level traceability. This has also helped in easy regulation of the certification systems.

## 5.7 Women Empowerment

Role of women in farming was often side lined and they had no participation in various forums or meetings. The focus of MASS on women participation and leadership development has led to a shift from traditional roles of women as mothers and homemakers.

## 5.8 International Recognition

MASS was internationally acknowledged in 2014 at Fairtrade International's General Assembly in Bonn, Germany, as one of the most successful producer organizations from the Asia Pacific region.

## 6. Way Forward

Today, MASS is a strong cooperative community of organic and Fairtrade farmers with a total membership of 3000 farmers, 1690 of whom are Fairtrade-certified. With aspirations soaring high, the members of the farmer groups through a collective decision making process formulated a vision 2020 statement and a 2022 plan. The aim is to reach a farmer strength of 5000 members from all over Kerala and reach 300 million (30 Crore) INR financial turnover and a target of 60 million (6 crores) INR for Fairtrade Premium. MASS aims to launch online E-centres to support and coordinate with farmers from remote areas for the projects. This centre will facilitate various government schemes for farmers related to procurement and E-medical Check-up service to the farmers in the rural areas. MASS is actively working on domestic market development for spices and organic vegetables under the brand name "Only Organic" in the domestic market.

MASS farmers have come a long way in the last 16 years. Following their model many small farmers can transform their lives.