

### MOTIVATION

Creating an earth and children's homes free of chemicals.

### INNOVATION

Creating a zero waste circular economy for our products that gives farmers additional revenue streams.

### IMPACT

3,000 farmers, 36 per cent of whom are women, and 4,750 hectares under contract.

### PROFITABILITY

Double digit profits, year on year.

Based in Thailand, Urmatt Limited is among the largest producers of organic jasmine rice in the world, produces several other varieties of high-quality organic rice and rice products, and is a regional leader in environmental stewardship. The company's mission is to promote sustainable organic agriculture, in partnership with rural farmers in northern Thailand through completely integrated and traceable operations. Urmatt abides by fairtrade standards and in 2021 was certified by Ecocert, an international organic certification organisation.

## AN INTERVIEW WITH ARVIND NARULA, FOUNDER AND CHAIRMAN

**Q: Tell us about Urmatt Limited, how did it start and how did it evolve?**

**A:** I decided to work in a sustainable manner before the word even became sexy, and Urmatt has been working as a fully organic inclusive business since 1999. The reason was simple: I saw a need on the ground here in Thailand, where the majority of the population are farmers who are constantly indebted and needed help. I try to do what I can, within the limitations I have, to work with farmers to go organic and to rid the earth, and their homes, of chemicals.

Urmatt is now a well-known manufacturer and international distributor of organic rice products. We have impacted thousands of farmers through our partnerships with them, become a regional leader in environmental stewardship and grown to be the largest

producer of organic Jasmine rice in Thailand. Our focus now is on the mainstream overseas market, and we have established business relationships in many countries.



Arvind Narula, CEO, Urmatt. Photo by Urmatt.

We strive to ensure that everyone in the supply chain connected to our products is treated fairly and with dignity. Our relationships with suppliers, many of which go back over three decades, are based on transparency, honesty and mutual respect. And we work to ensure that every product we supply is produced in accordance with fair trade principles. We do not tolerate child labour or forced labour in any way.

**Q: Why did Urmatt decide to follow an Inclusive Business model?**

**A:** I believe in a sustainable and inclusive business model because I believe that while helping the economically disadvantaged, you must be profitable because if a business is not profitable, then you are risking everyone's livelihood. We have a double-digit bottom line and are constantly growing through diversification.

Some of our products are more financially successful than others. For example, we work with farmers who grow spices that are very profitable, as well as with hill tribe farmers who produce organic eggs, a product that is just breaking even but which is of great financial



Female farmer in rice fields. Photo by Urmatt.

benefit to the farmers and is the biggest organic egg brand in the country. I believe this kind of diversification and horizontal growth is also valuable.

Following fair trade principles, we aim to create opportunities for economically disadvantaged and socially marginalised farmers. We do this by buying top quality rice products from our farmers who would not normally be able to access markets in economically developed countries. We also work with our farmers to develop and improve the quality of their products to make them more suitable for western markets.

**Q: What has your impact been?**

**A:** One of my proudest moments was when one of the farmers, who spoke only his hill tribal language, took me by the arm and thanked me, saying that because of his increased income, his daughter no longer had to do other unsafe work to earn an income.

We also train our farmers on organic practices and how to optimise and diversify their crops, providing them with varied sources of income. We have teams who visit the farms to ensure the quality and safety of harvests.

Altogether we have 4,750.32 hectares under contract and are improving the lives of 3,000 families – about 21,000 people. We pay above market rates for their produce, which we can do by using our expertise in high value organic crop growing in the country's poorest areas and our knowledge of global marketing. We also prefund or provide free of cost, inputs such as bio-fertilizer and organic seeds.

We make sure to extend our support to women farmers so they can take on more equal roles and have a chance to earn an independent income. About 36 per cent of our contract farmers are women, and 100 per cent of all the contracts we have for straw products are with women.

In the field, we support the farmers' communities through annual scholarships for the children, solar lighting in remote villages,

“

***We work the entire value chain, controlling everything from the seed to the shipment, ensuring our projects are environmentally friendly, helping more farming families, and innovating new products with health and nutrition at their core.***

”

temple repair, reforestation efforts with the help of the government, and donating funds for the construction of roads and dams.

**Q: What business innovations has Urmatt introduced?**

**A:** Urmatt seeks to achieve zero waste, so we are constantly researching and developing ideas on how to use our main product, rice, and its derivatives, including the rice bran for oil, the rice husks for chickens and biofuel, and the rice hull and rice straw for biodegradable packaging. For example, we have food packaging made from rice straw that is 100 per cent home compostable, creating a usable product out of rice by-products, which gives the farmers additional revenue streams.

Urmatt has a strong R&D department, and now we are looking at ways to use automation and using AI in farming, as well as adding more

value to our products. For example, we are finishing developing what may be the first low glycaemic rice, which would be of great benefit to diabetics.

For farmers, we work on seasonal or limited-time contracts so that they are not tied into one buyer. We pay them a price calculated on production costs and agree on those prices with the farmers before the planting season. Our guaranteed price is above market rates, and we always pay the farmers in cash.

**Q: What opportunities do you see in the next three years?**

**A:** We expect to expand the number of farmers we are working with and to increase our product diversification. Right now, we market organic rice, rice bran, rice flour, rice pasta and noodles, rice crackers, rice cakes, organic free-range eggs, organic egg tofu, chia and spices.

We hope to start marketing our low-glycemic rice, which will open up new markets for our producers.



Female farmer. Photo by Urmatt.

“

*I believe that while helping the economically disadvantaged, you must be profitable, because if a business is not profitable then you are risking everyone's livelihood*

”

**Q: What advice would you give to others seeking to develop an inclusive business model?**

**A:** I would say to them, you don't have to take everything off the table to make a profit, leave some behind. By that I mean that most businesses squeeze the last penny out of everyone who works for them. Better to make sure everyone is well provided for and happy and able to take care of themselves. Sustainability is a better model for us all, and social sustainability is critical. Employers need to wake up to that.

### **Inclusive Business Programme**

Expanding the reach and impact of businesses that provide affordable goods and services and better livelihoods to low-income people – through policy advice and capacity building.

#InclusiveBusiness @UNESCAP

[www.unescap.org/projects/promoting-IB-in-AP](http://www.unescap.org/projects/promoting-IB-in-AP)

**Trade, Innovation and Investment Division**

+66 2 288-1234

[escap-tiid@un.org](mailto:escap-tiid@un.org)



**ESCAP**  
Economic and Social Commission  
for Asia and the Pacific