An Analysis on CSR of Selected Companies Supporting Agriculture in INDIA

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ABSTRACT

The paper makes an attempt on the CSR activities particularly in the rural areas. In building an image for a corporate, social responsibility serves as an important platform. In India the primary occupation is agriculture. For the purpose of understanding the responsibility of the companies in rural development, four companies were randomly selected. The secondary data is collected using internet for gathering the review of literature and three company website is used to collect information regarding their CSR activities. It is found from this study that the company also benefitted as by implementing CSR initiatives as it inter connects the people with the organization and also promote a good reputation. As government of India has made legal and compulsory to companies to spend its one percent of its profit in CSR, effective and clever planning of CSR activities will improvise the agricultural community and in other hand the companies can also cherish the gains as it lead to procurement of raw material directly from farmers at optimum price and also able to promote themselves in the market as it creates the provision to the Customer relationship management.

I. INTRODUCTION

India is primarily an agriculture-based country. Agriculture contributes nearly one-fifth of the gross domestic product in India. In order to increase the growth of agriculture, the Government has planned several programs pertaining to Rural Development in India. Agriculture is a tough business. And, it’s clear that delivering innovation to the world’s farmers to accelerate growth is more critical than ever. No single company, organization or government cannot improvise the farming community and tends to agricultural growth. The public and private sector need to do a better job of working together with increasing efficiency and scale. Only few companies are providing support to agriculture sector in the form of corporate social responsibility. This paper attempts to give a brief understanding of selected companies which provides support to the agriculture sector.

II. OBJECTIVES

1. To study and understand the CSR initiatives undertaken by corporate sector for the development of Indian Agricultural growth.
2. To examine the company approach to work and their mode of action to implement CSR activities in accelerating the agricultural growth.
3. To assess the benefit obtained by corporates by implementing the CSR.
4. To understand the issues and challenges faced by the companies in implementing CSR activities.

III. SELECTED COMPANIES PROVIDING CSR IN AGRICULTURE SECTOR

1. Zuari agro chemicals ltd
2. ITC limited corporate citizenship
3. PepsiCo, India

1. ZUARI AGRO CHEMICALS LTD

Zuari Fertilisers & Chemicals Limited (ZFCL) is a wholly-owned subsidiary of Zuari Agro Chemicals Limited. The Company is setting up a 2 lakh MTPA capacity Granulated SSP plant at MIDC Mahad, Maharashtra. SSP or Single Super Phosphate is a fertilizer that contains phosphorus as its primary plant nutrient. Relatively cheap, SSP comprises several micro-nutrients
like Calcium, Magnesium, Iron, Aluminium, Sulphur and Gypsum. Often billed as a poor man's fertilizer, SSP is an essential fertilizer that treats sulphur deficiency of fertilizers and enhances yields as lower costs. With an objective of increasing productivity and growth of agriculture, usage of SSP fertilizers needs to be enhanced in comparison to Urea, DAP and NPK fertilizers. With this in mind, Zuari's management decided to increase its market share of SSP fertilizers in its marketing area of Maharashtra, Karnataka, Andhra Pradesh and Tamil Nadu.

Zuari are committed to the well-being of India's agricultural community. Zuari implements its CSR activities to farming community in the name of Jai Kisaan Sangam.

The objective of Jai Kisaan Sangam is to make farming more profitable for the individual farmer by increasing his net income. This is achieved by customized services tailored to his needs; helping and guiding him to adopt scientific agricultural practices. Some services that Zuari provides under this program include soil testing, animal health, family health, agri-input marketing, and crop husbandry. Farmers merely made to register under the Jai Kisaan Sangam scheme to avail these services which give provision for customer relation management.

Jai Kisaan Krishi Salahkar

The role of Jai Kisaan Krishi Salahkar is to ensure periodic interactions and delivery of products and services to farmers. Each Krishi Salahkar covers 10 – 12 villages. The Jai Kisaan Sangam program was initiated in Maharashtra and Karnataka and is set to spread to the rest of the marketing areas.

Jai Kisaan Sangam Varta

Jai Kisaan Sangam Varta is a quarterly magazine on agriculture, delivered by hand to the members. Written in colloquial language for easy understanding, the newsletter contains articles on important topics relevant to the needs of Sangam farmers.

The Krishi Samrat Award

To encourage the farmers who have proven themselves as leaders in India’s agro-community, Zuari awarded The Krishi Samrat Award. Zuari Agro Chemicals Limited realizes that innovation and the adoption of new scientific techniques in agriculture is the need of the hour to ensure agricultural prosperity. The company recognizes progressive farmers who put effective efforts and achievements for the betterment of the farming community at large.

2. ITC LIMITED CORPORATE CITIZENSHIP

In 2000, ITC launched e-Choupal (Rural digital-physical infrastructure) - a knowledge portal providing farmers with a range of information and services. It is designed to enable them to bargain and enhance their transactive power, it make the e-Choupal essential and easily adoptable tool to farmers. Today e-Choupal is a vibrant and rapidly growing zone of business and interaction for over 4 million farmers. Being linked its helpful to the small farmers to manage risk. e-Choupal has been specially cited in the Government of India's Economic Survey of 2006-07, for its transformational impact on rural lives. The network of 6,500 e-Choupal centers spread across 40,000 villages has emerged as the gateway of an expanding spectrum of commodities leaving farms - wheat, rice, pulses, soya, maize, spices, coffee, aqua-products.

A unique rural digital infrastructure network, coupled with deep understanding of agricultural practices and intensive research, has built a competitive and efficient supply chain that creates and delivers immense value across the agricultural value chain. One of the largest exporters of agri products from the country, ITC sources the finest of Indian Feed Ingredients, Food Grains, Marine Products, and Processed Fruits & Coffee.

ITC’s Agri Business Division is the country's second largest exporter of agri-products, it connects its business with the CSR which provides them to procure their raw material directly from the farmers which in turn improvise the growth of agricultural development and also provides steady income to farmers.

Choupal Pradarshan Khet

In line with its mission of improving the quality of life in rural India, ITC’s Agri Business has launched a flagship extension programme called ‘Choupal Pradarshan Khet‘ (CPK) or demonstration plots to help farmers enhance farm productivity by adopting agricultural best practices. Started in 2005-06, the crop portfolio includes soya, paddy, cotton, maize, bajra, wheat, gram, mustard, sunflower and potato. This initiative, has covered over 70,000 hectares and has a multiplier impact and reaches out to 1.6 million farmers.

Choupal Saagar

Following the success of the e-Choupal, the Company launched ‘Choupal Saagar‘, a physical infrastructure hub that comprises collection and storage facilities and a unique rural hypermarket that offers multiple services under one roof. This landmark infrastructure, which has set new benchmarks for rural consumers also incorporates farmer facilitation centers with services such as sourcing, training, soil testing, health clinic, cafeteria, banking, investment services, fuel station etc. 24 ‘Choupal Saagars’ have commenced operations in the states of Madhya Pradesh, Maharashtra and Uttar Pradesh. ITC is engaged in scaling up the rural retailing initiative to establish a chain of 100 Choupal Saagars in the near future.

Agri procurement

ITC’s Agri business is progressively aligning its commodity portfolio with the sourcing needs of the Company’s Foods business to generate higher order value from its agri procurement through e-Choupal. The business has commenced procurement of chip stock potatoes, one of the critical raw materials in the manufacture of the
Company's 'Bingo!' brand of potato chips. The acquisition of Technico, an Australian company with technology leadership in the production of early generation seed potatoes, helped the business access a ready pipeline of new high-yielding varieties of chip stock potato seeds.

3. PEPSICO, INDIA

PepsiCo entered India in 1989 and has grown to become the country's largest selling food and Beverage Company. One of the largest multinational investors in the country, PepsiCo has established a business which aims to serve the long term dynamic needs of consumers in India. PepsiCo nourishes consumers with a range of products from treats to healthy eats that deliver joy as well as nutrition and always, good taste. PepsiCo India's expansive portfolio includes iconic refreshment beverages Pepsi, 7 UP, Miranda and Mountain Dew, in addition to low calorie options such as Diet Pepsi, hydrating and nutritional beverages such as Aquafina drinking water, isotonic sports drinks - Gatorade, Tropicana 100% fruit juices, and juice based drinks - Tropicana Nectars, Tropicana Twister and Slice, non-carbonated beverage and a new innovation Nimbooz by 7Up. Local brands - Lehar Evervess Soda, Dukes Lemonade and Mangola add to the diverse range of brands. Core CSR activities are

i) Replenishing Water
   conserving the world's most precious asset: Water

   PepsiCo India has pioneered several major initiatives to replenish water in communities. Its goal is to conserve, replenish and thus offset the water used in our manufacturing process through community water recharge projects and water conservation projects in agriculture. In 2009 PepsiCo India were successful and able to give back more water than consumed, through various initiatives of recharging, replenishing & reusing water.

ii) PepsiCo Solid Waste Management Programme

   PepsiCo India continues to strengthen its Solid Waste Management initiatives in partnership with Exnora, an environmental NGO where the Households segregate their bio-degradable waste from their recyclable waste. Bio-degradable waste is then converted into organic manure through the process of vermi-culture.

iii) Partnership With Farmers

   PepsiCo India continues to strengthen its partnerships with farmers across the country to boost their productivity and has also made an investment in a world class potato mini-tuber facility at Zahura in Punjab which helps getting robust and disease-free seeds to its contract farmers through which companies procures its raw material potato for its brand LAYS.

iv) PepsiCo Citrus Project

   The PepsiCo and PAGREXCO (Punjab Agri Export Corporation) partnered to start a Citrus Development initiative in 2002, marked a step forward in PepsiCo's commitment to diversification of agriculture and improvement in quality of life for farmers. Initiative has emerged as one of the most successful models of public-private partnerships in Indian agri-business and would create a localized supply base for citrus juice for Tropicana business.

IV. ADVANTAGES OF CSR FOR CORPORATE SECTOR

- Improved financial performance.
- Effective customer relationship management.
- Provide provision to procure directly from farmers of desirable grade.
- Lower operating costs.
- Enhanced brand image and reputation.
- Increased sales and customer loyalty.
- Greater productivity and quality.
- More ability to attract and retain employees.
- Workforce diversity.
- Product safety and decreased liability.

V. ISSUES & CHALLENGES OF CSR

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water.

- Lack of Community participation in CSR Activities
- Issues of Transparency
- Non-availability of Well Organized Non-governmental Organizations.
- Narrow Perception towards CSR Initiatives
- Non-availability of Clear CSR Guidelines
- Lack of Consensus on Implementing CSR Issues

VI. SUGGESTION

- The Government of India has to provide clear guidelines to corporates to establish the CSR initiatives.
- CSR activities can be assessed by any external agencies to control and monitor the CSR activities of the corporates as they should impose or compel farmers to enter into contract farming.
- The company may frame the social responsibility activities according to the requirement of the local people especially the farmers at right time.
- The company can make a partnership with either the Government or Non-Profit organization for
the effective implementation of the CSR activities.

VII. CONCLUSION

Even though government is framing policies and programs to support the growth of Agriculture in India the contribution of private sector is vital for its sustainable growth and development. This is highlighted and evident by some private sectors which are detailed above. And vice versa these companies are also gaining benefit as CSR is used as the power tool to maintain customer relationship and to obtain good image in the society.

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