



Research Article

Corporate social responsibility *via-a-via* business development : Impact of *Sunehra kal* project on business of ITC in Ratlam and Mandasaur districts of Madhya Pradesh

DIVY NINAD KOUL, GOPAL SHUKLA AND SUMIT CHAKRAVARTY

ABSTRACT : Sunehra Kal is basically a corporate social responsibility (CSR) initiative of the Indian Tobacco Company (ITC). Social initiative wing of ITC identified watershed management as one of the principal intervention coupled with agriculture intensification and diversification to boost the micro-level farm economy and create an extra allowance for dependable local livelihood. ITC commits financial resources with community contribution to the extent possible and expects to form social and business bonding with the farmers. Thus it aims at a mutual symbiotic relation so that both the stakeholder's *viz.*, rural communities and ITC are benefited in the process. The present paper aims to study how corporate social responsibility and business development go together and whether the CSR initiative has been able to impact the business of ITC-IBD in two districts of Madhya Pradesh.

KEY WORDS : Corporate social responsibility, ITC, Sunehra Kal project, e-choupal

How to cite this Article : Koul, Divy Ninad, Shukla, Gopal and Chakravarty, Sumit (2013). Corporate social responsibility *via-a-via* business development : Impact of *Sunehra kal* project on business of ITC in Ratlam and Mandasaur districts of Madhya Pradesh. *Internat. J. Forestry & Crop Improv.*, 4 (2) : 73-79.

Article Chronical : Received : 01.11.2013; Revised : 10.11.2013; Accepted : 22.11.2013

INTRODUCTION

Corporate Social Responsibility (CSR) is commitment by the business organizations to behave ethically so that they can contribute in economic development through livelihood improvement of the workforce along with their families, the local communities and the society at large (Anonymous

2000). CSR has been a debatable issue as there is a widespread skepticism about its commercialization, publicizing and on its authenticity of triple-bottom line reporting. The reasons or forces that drive social responsibility are still questionable that is whether it is based on genuine interest or have underlining ulterior motives (Grace and Cohen, 2005). Companies manage sustainability issues for sound business reasons to manage new risks, to gain business opportunity and to position themselves for the long term by extending the company role in society. While many companies are struggling to integrate sustainability into their business, a number of companies are well along the learning curve (Fry *et al.*, 1982). Improving the socio-economic status of the rural households has been an important goal of various CSR programmes launched by different corporate houses in various parts of India.

Mission *Sunehra Kal* is basically a corporate social

MEMBERS OF RESEARCH FORUM

Address of the Correspondence :

GOPAL SHUKLA, Department of Forestry, Uttar Banga Krishi Vishwavidyala, PUNDIBARI (W.B.) INDIA
Email : gopals hukla12@gmail.com

Address of the Coopted Authors :

DIVYA NINAD KOUL, Bisleri International Ltd., BENGALURU (KARNATAKA) INDIA

P.M. SALIMATH, Department of Forestry, Uttar Banga Krishi Vishwavidyala, PUNDIBARI (W.B.) INDIA

responsibility initiative by the social initiative wing of Indian Tobacco Company (ITC) -International Business Division (Koul *et al.*, 2011, 2012, 2013). ITC started *Sunehra Kal* project in Madhya Pradesh with initial intervention of soil and moisture conservation, livestock development and women empowerment in Sehore and Guna districts in 2004 (Sharma, 2005). The three main areas of intervention under *Sunehra Kal* are natural resource management (includes watershed and agriculture development), sustainable livelihoods along with women's economic empowerment and initiatives on primary education, health and sanitation. These programmes are implemented by the NGOs like FES (Foundation for Ecological Security), ASA (Action for Social Advancement), SRIJAN and BAIF with ITC funding. The idea behind these initiatives is the overall development of a village community as well as satisfying the underlying business purpose of ITC. ITC's unique and now widely acclaimed e-choupal initiative began in 2000 with soyabean farmers in Madhya Pradesh and witnessed the ramping up of the Company's rural retailing network through the rural malls *i.e.* '*Choupal Saagar*'. ITC-International Business Division (ITC- IBD) launched an e-choupal program on June 2000. This has already become the largest initiative among all Internet-based interventions in rural India and benefits more than 3.5 million farmers growing a range of crops - soybean, coffee, wheat, rice, pulses, shrimp - in over 38,000 villages through nearly 6500 kiosks across nine states; *viz.*, Madhya Pradesh, Haryana, Uttaranchal, Karnataka, Andhra Pradesh, Uttar Pradesh, Maharashtra, Rajasthan and Kerala (Annamalai and Rao, 2003). Instead relying on middleman, ITC has made the farmers a part of their business plan which maintains their social ties and also leads to better business. *Sanchalaks* and *samyojaks* working on the behalf of ITC provide a bottom- up information on pricing, product quality, soil conditions and expected yields to the company. ITC benefits from procurement costs that are about 2.5 % lower-it saves the commission fee at the *mandi* and transport costs and it has more direct control over the quality of what it buys (Annamalai and Rao, 2003). The ITC's e-choupal in collaboration with 37 companies, NGOs and state governments is expanding at the rate of 3-4 kiosks per day. It has done transactions worth \$100 million and had exploited 100,000 villages, 10 million farmers transacting \$ 2.5 thousand million (Tripathi, 2006). A substantial quantity (120,000 MT) of various commodities has been procured through this channel, resulting in overall savings of over a million US dollars shared between ITC and farmer. Average soya farmer can save US \$5 per ton selling through the e-Choupal network and ITC even after paying transportation costs (Mathur and Ambani, 2005). Thus, the mission *Sunehra Kal* is more than a corporate social initiative as there is also a business drive behind these projects. All efforts and social dynamics understood by facilitating organization provide an

opportunity to test the hypothesis that "water resource augmentation is a viable bankable option that local community can afford to repay and formal financial institutions can support" and also "Convergence of CSR and business is a viable model for the corporate sector".

EXPERIMENTAL METHODS

Study area :

The study area spreads in two semi-arid districts of Madhya Pradesh *viz.* Ratlam (total six villages out of these three were selected for study) and Mandsaur (total five villages out of these three were selected for study). Ratlam is situated in North-West region of Madhya Pradesh extended between latitude 23° 05' N to 23° 52' N and longitude 74° 31' E to 75° 41' E. Mandsaur district lies between the parallels of latitude 23° 45' 50" N and 24° 45' 42" N, and between the meridians of longitude 74° 52' 43" E and 75° 55' 27" E.

The research design adopted for the study was exploratory survey and evaluation following the methodology in our earlier works at the same study area (Koul *et al.*, 2011, 2012, 2013). About 50 % of the intervened villages were chosen for the present study along with one control village in each district to compare and draw the inferences. Two stage stratified random sampling techniques were adopted. First stage included the selection of certain villages out of the total project villages in both the districts. The respondents in control village were classified as tribal and non-tribal in Ratlam district and as upper and lower reaches in Mandsaur district. After the selection of villages, the second stage included selection of respondents. The variables used for selection of the respondents following Kakade (2005) are location as per the physiography (*i.e.* farmers of Recharge zones or Upper Reaches- UR and Discharge zones or Lower Reaches- LR of watershed) and beneficiary of project activity. The physiography criterion was only applied in the district of Mandsaur district because in Ratlam district the implementing agency was not following a conventional watershed approach. This was to see whether physiological location has an impact on production and business. About 10 % of the total village households in Mandsaur district and 20 % of the beneficiaries in project villages of Ratlam district were interviewed for primary data collection. The reason for different sampling intensity was that in Mandsaur district, whole of the selected villages were beneficiary of the project whereas in Ratlam district only the members of Water User Committee were considered beneficiary by the implementing agency. In the control villages sampling of 10 % of population were done. Respondents were selected in proportion of the landholding of the village in the upper reaches, lower reaches and beneficiaries of SWC work. Thus, the total number of villages studied was eleven and total respondents were 125.

EXPERIMENTAL RESULTS AND ANALYSIS

The status of sale to *e-choupal* is depicted in Fig. 1. More than one fourth of the respondents in the project villages in Ratlam district sold their soybean through *e-choupal*. The values were high for Karmadi (87.5 %) and nil for tribal villages of Borda and Morwani because the quantity of soyabean produce was very less. Fig. 2 shows that there was a huge increment in the quantity sold during 2006. There was a net increase of 6.46 quintals per household in Ratlam district and the highest net change was in Karmadi village (25.38 %). In comparison to Ratlam district, Mandsaur district project

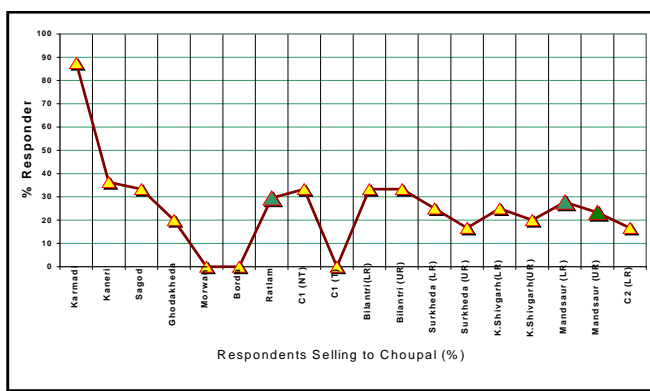


Fig. 1: Respondents selling their produce through e-choupal

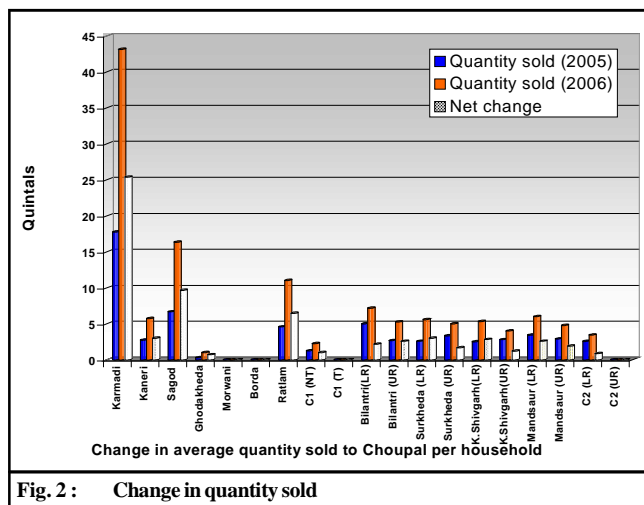


Fig. 2: Change in quantity sold

villages sold less of their produce to *choupal*. There was no *choupal* in these project villages and the '*Choupal Sakhtali*' designated for these villages were located distantly and moreover the *Sanchalak* could not manage the entire villages properly because of this large distance. However, there was an increase in sale as compared to the sale of 2005. The lower reaches recorded an increase of 2.58 quintals per household and the upper reaches showed an improvement of 1.9 quintals per household. There was difference in production level and

Table 1: Reason for sale to Choupal

Village No.	Sample village	Reasons cited by respondents for sale to Choupal (%)				
		Good rates	Good weighing system	Free weighing	Quick cash	Ease of sale
1	Karmadi	28.57	14.29	28.57	28.57	0
2	Kaneri	50	25	0	25	0
3	Sagod	60	0	0	20	20
4	Ghodakheda	33.34	0	33.34	33.34	0
5	Morwani	0	0	0	0	0
6	Borda	0	0	0	0	0
Average	Ratlam district	43	10	15	27	5
7	C1 (NT)	100	0	0	0	0
	C1 (T)	0	0	0	0	0
8	Bilantri (LR)	75	0	25	0	0
	Bilantri (UR)	60	20	0	20	0
9	Surkheda (LR)	50	20	20	0	0
	Surkheda (UR)	100	0	0	0	0
10	K.Shivgarh (LR)	50	0	0	0	50
	K.Shivgarh (UR)	0	0	100	0	0
Average	Mandsaur district (LR)	58.75	7.75	15.75	0	17.75
	Mandsaur district (UR)	53	7	33	7	0
11	C2 (LR)	50	50	0	0	0
	C2 (UR)	0	0	0	0	0

(C1- control village for Ratlam district- Kalukhedi, NT- Non tribal, T- Tribal; C2- control village for Mandsaur district- Hanadi, LR- Lower reaches, UR- Upper reaches)

quantity in the upper and the lower reaches which may have affected the sale. However, the increasing trend of sale may be attributed to better production and increase in awareness as well as regularizing of the purchase through setting up of 'Choupal Sagar' both in Ratlam district and Mandsaur district. Further, sale of produce was more than the control villages in both districts.

The respondents sold their soybean through *choupal* because of better rates than *mandi* (regulated market), good and free weighing system and instant cash back after selling (table 1). Further, sale proceed was hassle free in *choupal* as the system was regularized and made convenient for the farmers. However, many respondents especially in the tribal belt did not sell their produce to *choupal*. These respondents reported that the *choupals* did not purchase their produce

throughout the year and that too offered lower rates to their produce than other selling outlets (Table 2 and 3). Further the sale proceed was in bulk, at least a full tractor trolley. For bulk selling, farmers had to combine their produce to sell a trolley with payments on trolley basis which create discontentment on distributing their payment share among themselves. Some of the respondents were also improperly aware about the *choupal* transaction and sale proceed. Moreover, the standards of purchase seems to be unreasonable to some farmers as they believe that the moisture checks grading system based on dirt and other unwanted materials in the produce were very stringent which frequently rejected their produce. Even there were farmers who continued traditional way of selling their produce to the *mandis* (Table 2 and 3). The agriculture *mandi* was the strongest competitor

Table 2 : Reason for not selling produce to Choupal in Ratlam district

Village No.	Sample village	Reasons cited by respondents for not selling to Choupal [#] (%)		
1	Karmadi	3=100	-	-
2	Kaneri	1= 14.29 6= 42.84	2= 14.29 9= 14.29	3= 14.29
3	Sagod	1= 30 5= 20 8=10	2=10 6=10	3= 10 7= 10
4	Ghodakheda	1= 14.29 7=14.29	3= 14.29 8=14.29	6=28.55 10=14.29
5	Morwani	1= 14.29 8=14.29	6= 42.84 9=14.29	7= 14.29
6	Borda	5= 33.33	9= 66.67	
7	C1 (NT) C1 (T)	5= 50 6=25	9= 50 9= 75	

[#] Codes for reasons for not selling produce to Choupal

1= Low rates 2 = Less produce uneasy to sell 3= Purchasing not throughout year 4= Far 5=We are traditionally selling in mandi
6= No soybean 7= Less produce to sell 8= Standard of purchase different 9= Proper awareness lacking 10 = Others

Table 3 : Reason for not selling agri- produce to Choupal in Mandsaur district

Village No.	Sample village	Reasons cited by respondents for not selling to Choupal [#] (%)		
1.	Bilantri(LR)	2= 28.57 9=14.29	7= 28.58 10=14.29	8= 14.29
	Bilantri (UR)	1= 28.58 8=14.29	2= 14.29 9=28.57	5= 14.29
2.	Surkheda (LR)	1= 12.5 9=25	4=25 10=25	7= 12.5
	Surkheda (UR)	1= 20 9=40	4=20	8= 20
3.	K.Shivgarh(LR)	1= 50	5= 25	10=25
	K.Shivgarh(UR)	1= 25	5= 25	9=50
4.	C2 (LR)	1= 40 9=20	2=20	5= 20
	C2 (UR)	9= 75	10=25	

of ITC e-choupal in terms of purchase of the agriculture produce. Farmers, whose produce was generally very less, sold their produce to local dealers.

An important objective of *Sunehra Kal* project was to improve awareness about *choupal* in the villages. Both the implementing agencies have also organized an exposure visit

of the farmers to the *choupal* and meeting with the hub in-charge. Fig. 3 shows complete awareness in Karmadi and Sagod while a very high level of awareness at Kaneri and Bilantri (LR) in Ratlam district. These project villages were very well covered by *choupal* network with three out of six project villages harbouring a *choupal*. The beneficiary groups

Table 4 : Respondent's awareness about *choupal* before and after *Sunehra Kal* Project

Village No.	Sample village	Awareness change in respondents knowing Choupal (%)	
		Before <i>Sunehra Kal</i> project	After <i>Sunehra Kal</i> project
1	Karmadi	60.00	40.00
2	Kaneri	60.00	40.00
3	Sagod	66.67	33.33
4	Ghodakheda	30.00	70.00
5	Morwani	33.33	66.67
6	Borda	0.00	100.00
Average	Ratlam district	41.67	58.33
8	Bilantri(LR)	45.45	54.55
	Bilantri (UR)	40.00	60.00
9	Surkheda (LR)	50.00	50.00
	Surkheda (UR)	25.00	75.00
10	K.Shivgarh(LR)	33.33	66.67
	K.Shivgarh(UR)	25.00	75.00
Average	Mandsaur district (LR)	43.00	57.00
	Mandsaur district (UR)	30.00	70.00

Table 6 : Reasons for not purchasing goods from *Choupal/ Choupal Sagar*

Vill. No.	Sample village	Percentage of respondents indicating reasons						
		Proper awareness lacking	Costly	Not available near (far)	Credit not available	Choice not available	Prefer market	Others
1	Karmadi	25	0	0	0	0	50	25
2	Kaneri	14.29	0	14.29	0	28.57	14.29	28.56
3	Sagod	0	0	0	33.33	16.67	33.33	16.67
4	Ghodakheda	11.12	22.22	11.12	22.22	11.11	22.22	0
5	Morwani	28.57	0	42.86	28.57	0	0	0
6	Borda	75	0	25	0	0	0	0
Average	Ratlam district	25.66	3.70	15.55	14.02	9.39	19.97	11.71
7	C1 (NT)	50	0	25	0	0	25	0
	C1 (T)	75	0	0	0	0	0	25
8	Bilantri(LR)	37.5	25	25	0	0	12.5	0
	Bilantri (UR)	37.5	12.5	25	25	0	0	0
9	Surkheda (LR)	50	0	25	0	25	0	0
	Surkheda (UR)	40	0	40	20	0	0	0
10	K.Shivgarh(LR)	25	25	25	25	0	0	0
	K.Shivgarh(UR)	50	0	50	0	0	0	0
Average	Mandsaur district (LR)	37.50	16.67	25.00	8.33	8.33	4.17	0.00
	Mandsaur district (UR)	42.50	4.17	38.33	15.00	0.00	0.00	0.00
11	C2 (LR)	50	25	0	0	0	25	0
	C2 (UR)	50	0	50	0	0	0	0

(C1- control village for Ratlam district- Kalukhedi, NT- Non tribal, T- Tribal; C2- control village for Mandsaur district- Hanadi, LR- Lower reaches, UR- Upper reaches)

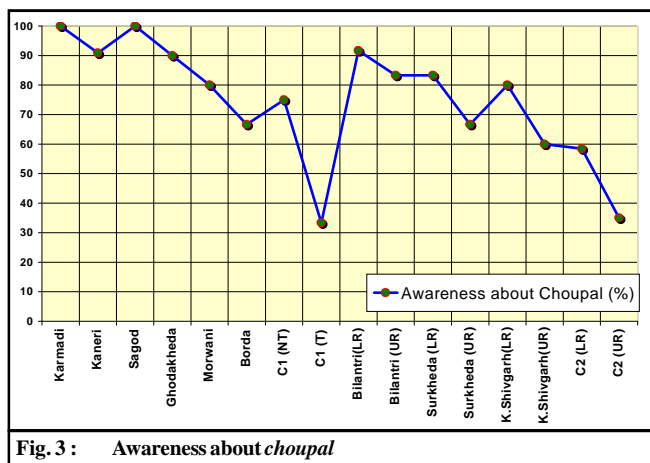


Fig. 3: Awareness about choupal

formed were much better targeted in terms of raising awareness about *choupal*. More than half of the respondents (58.33, 63.57 %) became *choupal* aware only after launching of *Sunehra Kal* project in Ratlam and Mandsaur districts, respectively (Table 4). However in tribal belt at Borda village cent per cent awareness was achieved only after the launching of *Sunehra Kal* project (Table 4). Setting up of '*Choupal Sagar*' in both Ratlam and Mandsaur district might also had influenced the awareness levels to a large extent. *Choupal Sagar* is a rural mall that has a wide availability of products ranging from household, electronic, clothes, agriculture inputs and implements. The number of respondents purchasing goods from *Choupal Sagar* was very high in Sagod, Kaneri and Karmadi whereas the status was very poor in tribal belts (Table 5). There was no *choupal* in the tribal belts and also they were unable to purchase goods because of lack of financial assets. In Mandsaur district, there was no *Choupal Sagar* earlier and the *Choupal Sakhtali* was very far away from the villages. However, after setting up of the *Choupal Sagar* there had been an improvement in status of purchase (Table 5). Most of the respondents said that after the *Sunehra Kal* project, there had been an increase in quantity of purchase (Table 5). The increase was higher in Mandsaur district (Table 5). Project *Sunehra Kal* helped the communities closer to the *choupal*. There are also many farmers who did not purchase from *choupal* because they were unaware of it, its high transaction cost, lack of credit availability and distance from village (Table 6). Even these farmers preferred the traditional markets more than the *choupal*.

Conclusion:

The *Sunehra Kal* project was launched with objectives relating not only to rural development and corporate social responsibility but also had an underlying business motive. More exposure visits of the community to *choupal/Choupal Sagar* are needed. Hub in charge of the *choupal* should

occasionally visit the project area especially in tribal belts to update the villagers. Catchment area of *choupal* should be standardized to a suitable size for viable access of the villagers. The information related to availability of the new seeds, appropriateness in the local micro-farming situation and results of the participatory research conducted by the farmers under *Sunehra Kal* initiative may be disseminated using the *e-choupal* platform like webcast, web radio and mobile AV units. This may ensure forward linkage for the seed producers group and provide them an entry to wider market within the catchments of the *e-choupals* and shall extend a backward linkage for many farmers buying quality seeds of new preferred varieties through *e-choupals*. It can be concluded that ITC has been able to finely balance their CSR initiative with their business perspective in the studied districts and further refinement would improve the quantum of benefits to both the stakeholders.

Acknowledgement:

The authors are grateful to the Programme Manager of ITC- IBD, Bhopal who provided all the necessary support for the study.

REFERENCES

- Anonymous (2000). Corporate Social Responsibility: Making good business sense. World Business Council for Sustainable Development. ISBN 2-94-024007-8.
- Fry, L.W., Keim, G.D. and Meiners, R.E. (1982). Corporate Contributions: Altruistic or for Profit? *The Academy of Management J.*, **25** (1) : 94 -106.
- Grace, D. and Cohen, S. (2005). Business Ethics: Problems and Cases. Oxford University Press.
- Kakade, B.K. (2005). Watershed manual – A practical guide for watershed development practitioners and trainers. BAIF development research foundation, Pune.
- Koul, D.N., Shukla, G and Chakravarty, S. (2012). Change in extent of irrigation due to '*Sunehra Kal*' initiated soil and water conservation interventions in two semi-arid districts of Madhya Pradesh. *J. Agric. Extn. & Rural Development*, **4** (19) : 504-511.
- Koul, D.N., Om Prakash, M.D., Shukla, G and Chakravarty, S. (2011). Improvement in livestock status through soil and water conservation: case of two semi-arid districts of Madhya Pradesh in India. *Indian J. Animal Res.*, **45** (2) : 102-108.
- Koul, D.N., Om Prakash, M. D., Shukla, G and Chakravarty, S. (2013). Impact of soil and water conservation on production of major crops in Ratlam and Mandsaur districts of Madhya Pradesh. *J. Prog. Agric.*, **4** (1) : 4-8.
- Mathur, A. and Ambani, D. (2005). ICT and rural societies: Opportunities for growth. *Internat. Information & Library Rev.*, **37** (4) : 345-351

- Sharma, D. (2005). Impact of watershed development programme of ITC in Sehore. OT Report. XIDAS, Jabalpur.
- Tripathi, M. (2006). Transforming India into a knowledge economy through information communication technologies—Current developments. *International Information & Library Review*, **38**(3): 139-146.

WEBLIOGRAPHY

- Annamalai, K. and Rao, S. (2003). ITC's e-Choupal and profitable rural transformation. Retrieved June 15, 2005, from www.pubs.wri.org

2th
Year
★★★★★ of Excellence ★★★★★