



Corporate Social Responsibility -A case study on the initiatives of ITC in Karnataka

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ABSTRACT

CSR is a sustainable process which helps balance the three pillars, called as Triple bottom line (TBL) of sustainable development- Economic growth, Social development and Environmental protection. Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Formal framework for social spending by corporate comes in force from 1st April 2014 by Companies with net worth over 500 crores or turnover of over 1000 crores or net profit of 5 crores. Two per cent of average profit of previous three years needs to be spent for social cause. The present communication details the various initiatives by ITC as a part of its social responsibility in rural India and Karnataka in particular. The investments seen from the study are in natural resource management, improving the economic conditions, addressing gender issues and generating rural employment on sustained basis.

KEYWORDS : CSR, ITC, Agricultural sustainability, Rural employment, extension tools

INTRODUCTION

The Pressure on large organizations to act responsibly toward society as a whole has increased considerably in the past decades. It is made mandatory in India for companies to work in a manner to give value for society, environment, and stakeholders along with their business (www.mca.gov.in). Therefore, engaging in some form of Corporate Social Responsibility (CSR) has become ever more crucial for multinational businesses. Agriculture forms the basis for rural livelihood (Ranganadhan, 2014). FCV tobacco is an important Commercial crop grown under rain fed conditions in the STZ 7 of Karnataka, Cultivated in > 1.0 lakh ha in KLS covering around 1000 villages and 42,000 farmers (mostly small & marginal). Mysore district alone contributes for more than 80% followed by Hassan District (16%). Exported to around 50 countries annually the crop generates >1000 crores of rupees as foreign exchange. The zone assumes importance because of tobacco cropping system and vast dependence of farming community on tobacco cultivation. The crop supports a good employment in the area (Ranganadhan, 2014, Ranganadhan and Sreenivas, 2014). Among the stakeholders ITC is the major player involved in all round development of the crop and buying almost 80% of the produce in export related trade. A study was made with an aim of understanding and documenting various CSR initiatives and areas of social investments of ITC particularly in KLS zone.

STUDY AREA AND METHODOLOGY

The study is based on the personal visit, interviews of beneficiaries and secondary data obtained from various records published and available on websites (www.itcportal.com). The information is also, obtained from BAIF an NGO working on the projects of ITC in Karnataka (www.baif.org.in). The report is based on the analysis of various facts and inference was made to highlight the various domains for social initiatives to build rural India.

RESULTS OF THE STUDY

Rural development envisages providing urban facilities in villages like health, education and employment protecting very fabric of agro-ecosystem. A vast human resource is available in rural area which needs to be deployed in constructive job for making rural economy more vibrant. Indian agriculture contributes < 18% to the GDP. The share of agriculture in rural employment is 67.9%. The population below poverty line constitutes 25.7. The issues plaguing rural development are poor on farm income, farm employment, infrastructure and health.

Both men and women are equally involved in various activities for making economic gains. Out of the total working group in rural India women constitute 34.9% with 30% work participation. The men contribute to 69.4% with 56.9% men as agricultural labourers (www.rural.nic.in). It is in this background the present study assumes importance for social investments in rural area for the betterment of rural people. Study revealed that the ITC is making social in-

vestments in the fields of natural resource management, employment generation, e-communication and women empowerment through better extension tools.

1. Establishment of vermicompost units

Earthworms belonging to invertebrate group and help in decomposing the organic waste as vermicasts which are rich source of NPK. The use of vermicompost as fertilizer is fast becoming a protocol for improving soil aeration and improving microbial activity due to the enzyme activity. Tobacco is the major commercial crop with lot of export potential. ITC-Limited which is a major stakeholder taken up lot of social responsibility. The company in its endeavour to help preserve the soil-health has come out with a novel idea of encouraging growers to use vermicompost as an organic manure. The company is sponsoring and helping needy farmers to establish vermicompost units and assisting with technical know-how to convert organic waste in to useful fertilizer.

2. e-Choupal

e-choupal is a **virtual** market place where farmers can transact directly with a processor and can realize better price for their produce, has the advantages of the market but spans very large varieties of vendors and customers. ITC's e-Choupals serve 40,000 villages and 4 million farmers, making it the world's largest rural digital infrastructure created by a private enterprise. These interventions have helped transform village communities into vibrant economic organisations, by enhancing incomes and co-creating markets.

3. Namma sandesha

Namma sandesha is another initiative by ITC similar to e Choupal in Mysore region. Instead of computer, in *namma sandesha* the farmers with mobile can get the information regarding the crop management, market, weather forecast. This concept is widely accepted because of ease in accessibility (Praneeth Kumar *et al.*, 2014). A simple and useful intervention to reach growers with ease. The tool helping growers to take up operations in time to save the crop.

4. Social forestry

ITC is committed towards Sustainable supply of wood and pulp is great concern for paper industry. Environmental laws in India do not allow companies to own and manage forest lands, and this poses a significant challenge for us in procuring sustainably-managed wood. To overcome these challenges, ITC has introduced a farm plantation programme, with buy-back guarantee in Karnataka recently. Under this programme currently the company is buying 12,00,000 tonnes of wood from these plantations, which are now spread over an area of more than 1,15,172 hectares, and involve more than 55000 farmers in India. This has created employment and sustained economic gains to growers. Today, this programme covers over 156,000 hectares and has provided over 70 million person-days of employment in the country.

5. Integrated watershed development programme

In order to help their poor farmers and to ensure long term water availability for rural base started integrated water shed development programme which aims for water conservation and soil enrichment; starting tank user community (TUC) and efficient technology to get benefits from watershed development. Employing participatory approach, the company works in partnership with BAIF, an NGO to mobilize target communities to form Tank User Groups (TUGs) to carry out all project activities and making them as key decision-makers at every stage. Implementing soil and moisture conservation measures to regulate water run-off velocity and minimise erosion advocating contour bunds and bolder checks depending on the local conditions. De-silting ponds is another aspect which the company has taken up to help local villagers for easy access of water throughout the year. The removed silt is made to available free for all local villagers for improving soil fertility. A healthy water tank provides employment in fishing activity. The programme resulted in 4385 structures with 1073 user groups covering 1,26,028 ha generating 3.72 million person days employment.

6. Women empowerment programme

Women constitute a major group in rural India contributing to the household economy. The company's effort to make them self-employed started micro-enterprises for making small savings through self help groups. The programme has demonstrated that extra incomes in the hands of women lead to positive changes in human development since it is largely invested in children's education, health and nutrition.

The total turnover of women managed micro enterprises was Rs. 61.14 lakhs, the bulk of which was accounted by the sale of raw agarbattis and chikankar garments. The programme is part of ITC's mandate to address the challenge of creating sustainable livelihoods for communities, and has today covered over 18,800 women through 1563 self-help groups. Cumulatively, over 41,000 women have been gainfully employed either through micro-enterprises, or were assisted with loans to pursue income generating activities in the country.

7. Primary education programme

The programme is aimed at increasing chances of employability either through imparting training in skills or better education. The programme provides infrastructure support to government run primary schools and coaching through Supplementary learning centres to stem drop-outs and enable more children to complete school and move on to higher classes. The company has started social investments in infrastructure development in schools. The efforts resulted in creating an estimated over all infrastructure in 965 schools cover-

ing 3,15,582 students in the country.

8. Livestock and Animal Husbandry Programme

The programme assists small landless farmers to upgrade livestock quality through cross-breeding by artificial insemination to boost milk productivity by a factor of 6 to 9 times, leading to a threshold increase in household incomes and thereby an improvement in their economic status. The programme also provides integrated animal husbandry services that include pre and post natal interventions. To ensure that rural people get knowledge about the importance of artificial insemination ITC has created cattle development centre (CDC) in rural places, the centre act as information sharing centre along with doing insemination. The activities are managed by the experts at the NGO. A total of 324 Cattle Development Centers (CDCs) have been established till date, covering more than 10,300 villages and resulting in over 11 lakh artificial inseminations. A total of over 3.5 lakh progenies have been produced to date and over 4.9 lakh animals have received vaccination and nutrition services. ITC organizes the calf and cow show in order to encourage other farmers to take care of cattle. The programme works as under- 1. Information to villagers about CDC centre through wall paintings; 2. Technician receives call at CDC centre provided with bike and cryo-can; 3. Technician moves to the villager house-- carries out Insemination in villager's house; 4. Technician ensures that calf is delivered and he advises the caring methods of both cattle and calf.

Conclusion

It is seen from the study various activities taken up by ITC in Southern transition Zone of Karnataka are on the aspects related to the farming community and natural resource management. The company is taking up these activities either directly or through local NGOs for better reach to the farming community. The all round involvement in making farming a self sustained one and more remunerative, the company is creating atmosphere in developing agri-technologies, eco-development and rural development in a comprehensive manner. The various social initiatives by ITC have changed the face of beneficiary groups both socially and economically. The various initiatives have opened up new avenues to farming community in terms of knowledge up gradation, self employment and soil health management.

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