

Corporate Social Responsibility Practices, Involvement and Participation of Major Tractor Farm Industries in India – A Review

Effulgence

Vol. 16 (Special Issue)

January - June, 2018

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<http://effulgence.rdias.ac.in/user/default.aspx>

<https://dx.doi.org/10.33601/effulgence.rdias/v16/iSp11/2018/article0.14>

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Abstract

Corporate social responsibility (CSR) gained its popularity and attention in India since last decade. Business houses take more attention towards CSR activities due to more pressure from society's front. In India, many firms have taken initiatives in CSR practices to explore the problems of society. India is a land of agriculture; 80% people in India depend solely upon agricultural sector. To fulfil the requirements of agricultural farming, such people have a tendency towards green revolution. Hence, tractor farm industries have shown a rapid growth in taking cohesive participation in CSR supported by Indian law in serving the society at large.

In present research paper, three major farm companies have been dyed using case study approach - popularly known as *Mahindra and Mahindra, New Holland and John Deere* who are actively involved and participating in CSR activities. It has been found out that these companies believe in working on long-term business strategy with sustainable development approach by making well-structured plan on CSR.

Keywords: Stakeholder, Social responsibility, Economic Development, Environment, NGOs

INTRODUCTION

In modern times, Corporate Social Responsibility (CSR) is simply a term which is considered as a Corporate Initiative to levy and get accountability for the company's belongings on the surroundings and influence on social welfare (www.finances.bih.nic.in).

Another definition of CSR defines as “the responsibility of enterprises for their impacts on society” (www.ec.europa.eu). CSR mainly restrain the community development with various projects (educational, research and cultural) to improve the status of below poverty line people. CSR is not only responsible for social development, but, equally

works in collaboration with social, environmental and economic agendas. CSR works for communities to become more advanced in terms of competitiveness at a global level.

CSR has not only taken decision in social level but, created an amalgamation of Social responsibility, Economic development and Environmental responsibility in a holistic fashion. CSR is a concept of charitable giving, which had been existing in India since early era of civilization. Post independence government sectors' have played an important role in CSR activity as well as non-governmental sector have also showed their interests in CSR activity. Now a day's, CSR discipline are involved in business strategies and decision-making in corporate sectors.

The development of communities is a more spectacular tendency in India in addition towards development of businesses for increasing humanitarian values, for the support of CSR large number of companies take part and spent some profitable amount of their annual turnover in CSR activities, the description of these activities in some space of their website, annual report, sustainable report and CSR report (www.pwc.in). Corporate work with a wide range of new issues (like cultural activities and regulating differences, adult and child labour standards, grafting and corruption, health crises in below poverty line people, human rights, deforestation, etc).

For the long-term growth of the companies, sustainable development principles are being adopted which is basically to safeguard the future without hampering the present growth. With Sustainable development, plans and principles at the forefront

companies normally seek for more economic growth, social progress and environmental stewardship. After the amendment of company's law each and every SME's, working on CSR activities have to document and report their activities and publish it in the form of annual reports or CSR reports. In India out of top 500 companies, only 271 companies have structured plan and approach for CSR activities.

India has an incomparable growth rate in agricultural production, which has helped to decrease the rate of hunger. The technology backed up by "Green Revolution" has increased the industrial growth rate as well as positive policy support to farmers. "*Hunger is the argument that is driving India to the spinning wheel*" Quote authored by Hon'ble Mahatma Gandhi, India.

A new era of technology has replaced the old traditional culture in agriculture for fulfilling the need of India villagers. New machineries with technological up gradations works on small, medium, and large level for the development of new agricultural equipments which can be further used in agricultural and dairy farm (Singh, 2005).

Agriculture is the backbone of India. However, general agriculture plays a very crucial role in Indian economy. In farm mechanization, productivity and greater out-put are two key offerings or contributions in any country for their development.

In Indian economy, agriculture accounts for 25% of GDP growth. In India 2/3, livelihood workforces are engaged in agricultural sector where, nearly 62% are employed of the entire population. After Green revolution in 1960, high yield variety of seeds, higher

fertilizers and higher mechanization systems were adopted to give higher returns.

Agricultural equipment technology in India was highly influenced by farm development technology patterns of England. Tractors are a big achievement in farm machinery technology; it plays a crucial role in agriculture (Mandal et al., 2008). Since the beginning of tractor, the demand of tractor increased per five decades in manufacturing units, as we see the record of tractor production as 3 lakhs per year (Jain, 2006).

In agricultural land, reclamation and carrying out various type of cultivation of crops with attached agricultural equipment and other hand tractor are used in commercial purpose, handling operation in industries. Farm mechanization in India is increased as the source of mechanical power for the increased rate of higher productivity in crop land.

As we see in international figures or records, India has bagged 8th position in consuming tractor, for globally it is about 3% in agriculture machinery. After USA and Russia, India is in third position in agricultural production, which has made the country more powerful in economic supremacy (Mandel et al., 2008). India has carried out about 20% production of tractors in global presence. The major demanding state for tractor usage are Punjab, Haryana and Uttar Pradesh having alluvial soil, due to the nature of soil no more deep tillage required during before crop growing period and after harvesting period. That is why in this region 30-40 hp tractors are more demandable.

MAHINDRA TRACTOR INDUSTRIES

With the advent of industrial revolution the development of more complicated agricultural machineries, agricultural farming methods took place with a huge momentum.

Mahindra Company for example is producing tillage implements, tractors, irrigation pumps and baler etc.

1. Mahindra tractors have come up as an international brand namely by Mahindra & Mahindra.
2. In 1945, Mahindra group was set up with US \$3 billion in Indian market to make utility vehicles for daily use as a brand name of Mahindra & Mahindra Limited. By the production plant set up in India, India distribute tractors in tractor demanding countries like Russia, Europe, Asia, USA, South America etc., Mahindra brand at that time number one producer in tractor market in world. It sold out about 85,000 units annually.
3. In 1983, Indian market show rapid sales in tractors, in this sale Mahindra takes number position to sale maximum tractor in world. In two Indian state Mahindra tractors sale in different name in Gujarat beneath the label Mahindra Gujarat and in Punjab it sale under the label Swaraj.
4. Mahindra obtain all the tractors in Gujarat-by-Gujarat government in 1999 and in 2004, Mahindra purchase 64.6% stake in Swaraj.

Mahindra & Mahindra sales more than 11 lakhs tractor in worldwide under farm equipment division, its growth is the 5th largest in agricultural equipment manufacturing sector at international market.

CSR is a concept where by companies take part in

social activities to contribute to preferential living standard of society and pollution free environment. Organization takes part in social activities by recognizing their behavioural impact on their employees, customers, nearby communities and their stakeholders. Organization shows their involvement in social activities by reconceptualising their norms. Corporate social responsibility is defined as ‘Society expected from the voluntaries of business do their work under the line of legal law decided by Indian government, ethical beneficial for people living in society, commercial and public level’ (Pawar 2015). Corporate social responsibility is an important strategy for the companies to survive in cut-throat market environment.

Corporate Social Responsibility at Mahindra & Mahindra Limited

For the development of nation economic, social, and environmental development in sustainable manner, all three are progress in one slide not back to back. According to Mahindra, corporate CSR is not about

wealth, its involucres the responsibility at durable time and the responsibilities changes by the requirement of time-to-time.

There are total 16 members in this committee, which comprises of senior executive nominated by the management. Company has its separate CSR department, which is accountable for-

1. *CSR council designed plan follow by Mahindra Corporate*
2. *Mahindra works with adequate planning and these planning implements in proper time and evaluates their planning if any need to full fill the CSR enterprise*
3. *Reporting the impact of CSR initiatives of the company*
4. *Building strategic partnership with government, non-government organizations and other corporate for CSR of the company*
5. *Suggesting and facilitating way for employees ‘participation in CSR*

Mahindra & Mahindra CSR Investment

CSR Investment of Mahindra & Mahindra Ltd. in the financial year 2013-2014 is as under: Total CSR Investment is 1,211.45 Million and shown below in Table 1 in detail.

Table 1. Showing Investment in CSR by Mahindra & Mahindra

Type of CSR Initiative	Rs. (in Millions)
Education	611.73
Health	30.91
Sport	330.89
Culture	78.89
Other	135.46
Environment	23.56

Mahindra and Mahindra believe that education is the most powerful hindrance for lection of lives. Education of human being not affects earning of but also develops self esteem of the human being and developed the standard of living.

Mahindra & Mahindra - Various Educational CSR Initiatives

Project Nanhi Kali – Mr. Anand Mahindra started project Nanhi Kali in the year 1996 with a belief that women empowerment through education will bring a

positive charge in social level development in country, which is constitutive for developing strong nation girl education is very important for reduction the gap between sex ratio of boy and girl, maternal mortality, improvement in health and nutrition, social equality. Thought this project company is playing very important role in developing country's social equality and affluence through legislation quality education girls.

The Nanhi kali project was start with the help of K.C .Mahindra Education Trust and now is jointly manage with the help of Naandi Foundation. This foundation conducted program joining with government and non-government school before and after school homes. Where minor communities girl are taken planned structure and academic program that help them in providing necessary things like school uniform, books, notebook, shoes, school bag and taught basic subject like Mathematics, Science, English and other language for girl students. Mahindra provides its own-trained teachers who come from the community itself, which ensures greater efficiency of the project Nanhi Kali.

In this program, each girl is sponsored by the individuals or corporate and they receive the regular progress of that particular girl in education. The amount required for sponsorship of each girl from 1st standard to 5th standard is only Rs: 3000/- and Rs: 4,200/- for girls from 6th to 10th standard. This project has spread all over the country and even across the country providing education to more than 1,00,000 girls. Most of the centers are working in rural and tribal areas, where education is very difficult to provide (Mahindra & Mahindra Ltd.) Mahindra is supporting with full motivation and still working on school as well as college level. Mahindra has started

the college, which provides hire education to student started in the year 1997.

Mahindra provide Education relating to foreign language and basic studies as well as provide critical thinking to face the challenges of the life positively. Mahindra & Mahindra has started pride school for youth form socially and economically backward communities to improve their life standard. Mahindra has started five school in different cities like Pune, Chennai, Chandigarh, Srinagar and Patna. More than 9,300 students have learnt the livelihood skills in these schools. Mahindra provide to students 100% Placement (Pawar, 2015)

Mahindra & Mahindra Limited - Environment Initiatives

Mahindra is straight-out to philanthropies the environment. Its eco- friendly activities shows responsible behavior of Mahindra towards environment. Mahindra has its zero wastewater from its plant. Mahindra had systematically used old terms transforming into new practices for long-term sustainability. The biggest project initiated of Mahindra is Mahindra Hariyali for environment protection. Mahindra was set up a project in 2007 with goal to planting 10,00,000 trees to increases the natural beauty and decreases the green house effect.

After Mahindra in tractor industries, the leading company is New Holland, which takes initiative in corporate social responsibility as well as in environment.

New Holland in Agriculture Industrial Sector

New Holland founded in Pennsylvania by Abe Zimmermann in 1895, and making first tractor in 1918 for agriculture used. New Holland comes forwards in the form of global brand in agriculture produced by CNH Industries. New Holland has 18 plants spread globally 6 joint venture in America's, Asia and Middle East, the corporation is present 170 countries and the main headquarter are Turin, Italy.

Exceptionally, they provide best quality to their delight customer by delivering best in class products and services by working together with their dealer and suppliers. For the farmer easiness, New Holland makes NH Drive tractor work on use of the advanced PLM (Precision Land Management) technology for precision farming (www.auroracoop.com).

New Holland company apply a new advance techniques in there tractor open-connect-smart it's a supportive techniques for farmers to detect the location of their tractor (www.agriculture1.newholland.com). In addition, farmer determines the fuel level in their tractor in NH drive tractor. In India CNH, the world largest company in manufacturing unit of agricultural equipments is providing their best source and resources (www.thehindubusinessline.com).

New Holland works for sustainable growth with environmental, economic and society for future generation. New Holland agriculture providing support for local communities' farmer preservation of natural resources (www.agriculture1.newholland.com). Company makes commitments day to day recognized to complete it in sustainability manner. Company sustainability targets made by public through

sustainable plan and sustainable reports; define every yearly performance report and social economic changes.

Whereas, Sustainability Development Goals (SDGs) scenario analysis by UN and adopted by 193 UN Member state in 2015. SDGs defined agenda works on set their goals and targets for 2030, mainly supremacy and aspiration for the development at global level (CNH sustainability report, 2015). In 2006 new theories analysis by the company and interpreted its results, focus on identified the material aspect and define new target to be in sustainability plan.

CNH agriculture industries committed to protect environment and do favorable CSR activities for people to their social development by making sustainable plan year wise as the need of people (CNH sustainability report, 2015).

New Holland - CSR Activities

In globally world, India is one of the strongest markets and grows rapidly ahead. For the sustainability growth, India not works only on economic but also takes concept of CSR. It is accepted by globally, if the country governance needs long-term business stability it would be work on social, environmental and ethical responsibilities²⁰. New Holland Fiat (India) Private Limited (herein after known as "NHFIPL") too shares a similar CSR / Sustainability focus.

They are committed to maintain highest standard of occupational Health & Safety to prevent ill health and protect their employees and those working on their behalf from any potential injury. Their goal is to provide a clean, healthy and safe work environmental through continual improvement, awareness and training. They shall achieve this by responding

appropriately to recognize, control or eliminate potential safety & health hazard and ensuring compliances of applicable legal and other requirements.

New Holland common features on CSR:

- CNH industries globally work with anti corruption by taking record of each region
- Corporate and sustainable governance: Industries follow the rules according to government
- Maintain a continuously update risk management system
- Company capable to operate climate change, earthquakes, and other environmental factor
- Respect human and labour right
- Promotion of work environmental drive by training course for using multiple tools
- For promotion equal opportunities for performance and leadership
- To done commitments, population affected by natural disasters
- Area effected by natural disaster support to their people with financial and social level
- Promoting sport profession of young people
- Promoting road safety behaviors
- To maintain relationship with public and private
- Try to finish hunger and poverty
- Promote the value of education
- To create awareness in to people about gender equality and women empowerment
- By running health, camp tries to reduce health illness of people
- Insure for protect environment

- Provide training programs to employees to improve vocational skills
- Develop some project for improvements of social business
- Try to develop sustainable framework for slum area at social level

Sustainable growth in CSR New Holland runs some projects working needy area to maintain the status of undeveloped area.

Primary Education (Mission Education Project)

New Holland Agriculture aims to promote and catalyze universal education among underprivileged children in rural/ semi urban area, create process to embrace these children into main stream in sustained manner, strength and their abilities to cope up with formal education system, move them to emerge in a direction help to create nation development (www.newholland.com).

With this objective, the Mission Education (ME) projects have been operationalised from 1st Jan 2016 with Nai Disha free education society in Sector 29, Noida in partnership with SMILE Foundation. The center is non-formal center organized education activities on the curriculum of the National Institute of Open Schooling (NIOS). The project is hold on education of 200 children in age 4 to 14 years covering a total 94 female and 104 male.

In academic grading ranging from class I to III, the center is organize six days a week (Monday to Saturday) planed classroom and timing are 8 am to 1.30 pm from class II to III and 1 pm to 5.30 pm for class I.

Medical Ambulance Project:

Primary healthcare is one of the almost required for everyone. Still, there is a lack to provide primary healthcare facilities to rural area in India or it may be expensive.

To compete the need of these needy segment New Holland provide mobile ambulance services, which provide healthcare facilities to rural area and villages masses and their doorstep nearby the grater Noida.

New Holland Environmental Protection Policy

- New Holland is committed to protect our environmental by continually improving our processes and products. They will prevent pollution and ensure compliance to applicable legal and other requirements, strive for efficient use and conservation of all natural resources and continuously improve on our environmental performance indicators
- The plant in Noida (India) water conservation done by recycling daily 72,000 liters water released by manufacturing unit and domestic area (mainly focusing on the paint shop and on all lavatories).
- Shortage of fossil fuel and to seen the air pollution produced by automobiles major problem in all over the world due to this so, many factor are arises by this. CNH industry tries to make such type of engine working on renewable resources. Renewable resources replace the fossil fuel slowly and slowly. It's a cheap source of energy and pollution free.
- CNH industry working on cleans leader technology by using renewable resources as an energy source and makes environment pollution free.

- Wastage is major problem now a days, CNH industry in plant recycling the all the type of wastage. During manufacturing workers, separate the wastages with the help of bin. Solid, Liquid and Gases all three kind of wastage generate through manufacturing unit of industries some are toxic and some are non-toxic, but it is necessary to recycled all the bins.
- CNH industry work on Low carbon emission, global warming shows unpredictable results it increases day by day by releasing increasing the source of carbon.
- Soil productivity main over a time by using biomass for fuel and power required for healthy soil. Maintain the fertility of soil, prevent soil erosion, make essential nutrients in it all are biological attributes. For maintain the soil fertility to agriculture harvesting level should be maintain.

Role of John Deere in Agricultural Practices – History and Plans

John Deere is American cooperation manufactures agricultural equipment. Company established in 1837. At earlier stage, they made only steel plough later on as time goes, industries made different type of implements. In 1918, it entered in tractor industries. John Deere is celebrating 175th anniversary. It works on three norms:

1. *Protect the environment.*
2. *Provide safe work place.*
3. *Promote personal development.*

In year 2000, John Deere had set up production unit in the form of business alliance and joint venture with Larsen & Toubro Ltd. (L & T) in Sanaswadi, rural area near Pune District, Maharashtra. Moreover, it has popularly new name: 'L&T John Deere Private Ltd.', and manufactured tractors under the L&T - John Deere name for sale in India, and under the John Deere name for worldwide sales.

Generally, they work on based integrity, quality, commitment and innovation with zero % accident. John Deere had leveraging the strengths and unique capabilities of three types of businesses:

- i) Global Growth Businesses
- ii) Complimentary Businesses
- iii) Supporting Businesses

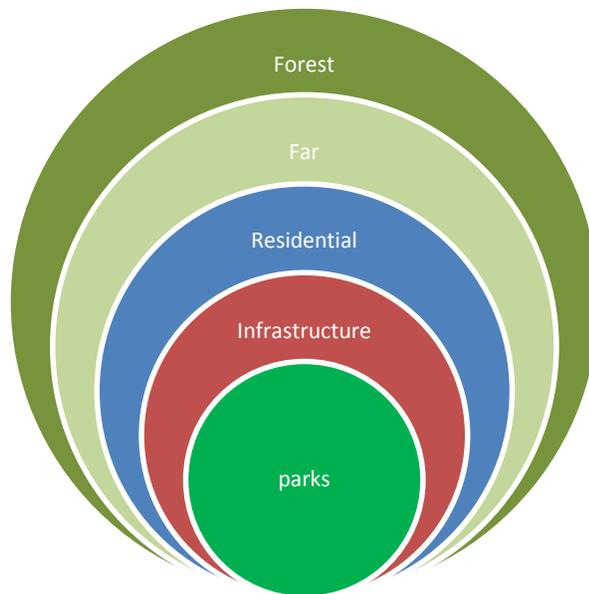
For completing the business strategy developing the capabilities for reaching goals:

- i) Deep Customer Understanding
- ii) Deliver Customer Value
- iii) World- Class Distribution System
- iv) Grow Extraordinary Global Talent

Global macro-trends present significant opportunities for John Deere:

- ✓ Universal population living and income growth
- ✓ Universal infrastructure needs
- ✓ Different line customer combine to form new fragments
- ✓ Apply new techniques in technology

Fig.1. John Deere planned for Eco-system



At their financial year, 2011 company works with nine millions hours for the making construction and

forestry equipment without lost time accident with in a sustainable manner.

John Deere India Private (JDIPL) plans work on CSR to under as under taken and administer as per the provision of companies Act, 2013 and its Rule (www.johndeere.co.in). Refer Fig. 1. for details.

1. Solution of limiting hunger
2. Education play important role in every nation development.
3. JDIPL inspire to develop and retouch communities.
4. John Deere foundation provides facilities to people suffering from natural disaster, In India team operation for dental checkup for primary students nearby villages.
5. Other noticeable points by JDIPL
 - *Providing food to overcome hunger*
 - *Water easily available to below poverty line people*
 - *Organized camps for increase the awareness of people about health*
 - *Provide hygiene and nutritional food*
 - *Run scholarship scheme for SC, BC, ST and economical drive girls*
 - *Free training programs to provide computer skills*
 - *Providing funds to education center*
 - *Providing funds to improve backward region schools*
 - *Organized tanning program for improve learning skills for teachers (anganwadi) workers*
 - *Help to educate the youth*
 - *Providing common living facilities*
 - *Organized tanning programs to increase their vocation skills for their employee*
 - *Develop strong communities infrastructure*

These are the various points, which are under taken in JDIPL projects. For completing these projects, they identified the tools to understand schedule VII of Rule.

Role of John Deere in Environment: John Deere mainly works to reduce environmental impact, create product and solution help to customers conserve resources.

Strategy of John Deere to explore Business:

Global micro trends present significance opportunities for John Deere

- i. *To increase the universal population living standard and increase the economic rise in growth rate*
- ii. *To develop Universal new advance infrastructure for easily living*
- iii. *To develop different line customer into same segment*
- iv. *To develop advance technology for easy comfort of people*
- v. *Serving to customer, employees and investors*

CONCLUSIONS

Comparative Study of MAHINDRA & MAHINDRA, New Holland and John Deere (*based on various parameters as discussed above*)

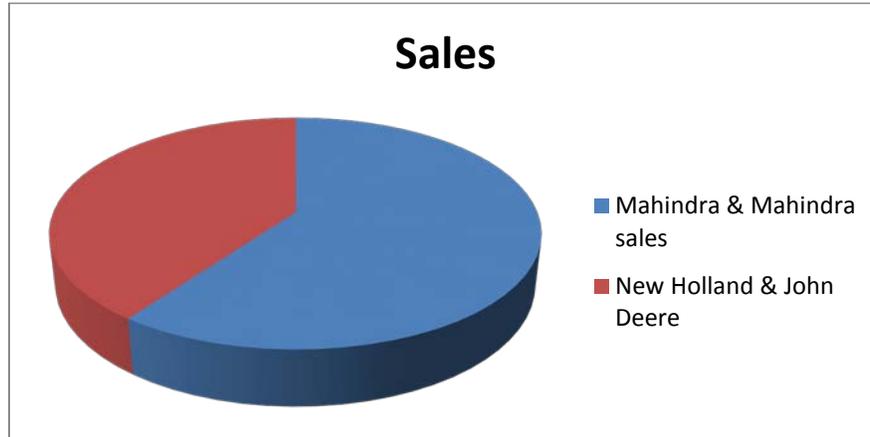
Area Covered by Sales:

Modestly studied most of the agricultural land covered by Mahindra & Mahindra. New Holland and John Deere together are showing futuristic sustainable

approach in business to Mahindra due to major demand of Mahindra tractors in the region of Uttar Pradesh, Maharashtra, Andhra Pradesh etc.

New Holland covered most the agriculture land in Gujarat and Madhya Pradesh. John Deere covered Tamil Nadu and Maharashtra.

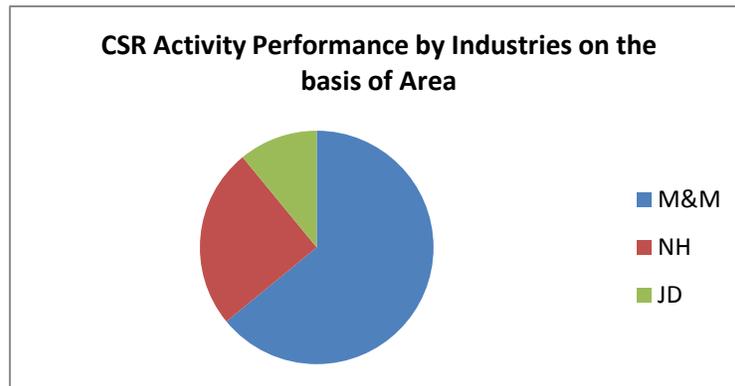
Fig.2. Represent sales chart of M&M, NH and JD



CSR Activity:

Study findings based on comprehensive conclusion drawn from active or ongoing CSR activities in India *w.r.t.* Mahindra & Mahindra Ltd. cover in largest area by performing various activities in routine manner like education for girl child, tree plantation and to improve the status of minor communities.

Fig.3. Represent CSR activity by M&M, NH and JD



Secondly, another major industry New Holland performs CSR activities nearby area of their production plant. They joined with educational

institute for providing the necessary survival facilities to rural area and the last third major industry is John Deere. They collaborate with another group and

perform CSR activities in India. They restrain their customer to use natural resources for protect environment.

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