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## Addressing the problems of farmer's life via CSR practices of sugar mills in eastern Uttar Pradesh

### ABSTRACT

India is going through a deep agrarian crisis. Majority of farmers want to give up farming because of poor income, bleak future and stress. This paper is an attempt to identify the major problems faced by farmers and how sugar mills practicing Corporate Social Responsibility (CSR in this paper) could help the farmers. In the present study, an attempt will be made to understand as to how the Indian sugar industry-society relationship evolves with CSR practices. Sugar industry has been chosen for this study as it is one of the major livelihood providers in rural Uttar Pradesh and shapes the socio-economic environment of many regions in the state. A study of this industry would provide rich insights about the contours of social, economic, and environmental life of farmers. The paper is based on secondary data collected through published articles, newspaper reports official websites etc.

**Keywords:** Corporate Social Responsibility, farmers, sugar industry

### Authors

<p>Neeraj Singh Research Scholar Institute of Management Studies Banaras Hindu University</p>	<p>Ashish Bajpai Professor Institute of Management Studies Banaras Hindu University</p>
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### INTRODUCTION

India is the second largest producer of sugar in the world with its sugar industry providing livelihood support for over 300 million people, primarily from the rural community.

Uttar Pradesh is one of the major sugarcane producing states in India. It is often regarded as the sugarcane belt. The state is home to many sugar mills which provide employment to thousands of workers and contribute significantly to India's exports and overall GDP. Uttar Pradesh is producing approximately 22% of total sugar produced in India by 95 registered and unregistered sugar mills.

Sugarcane is one the main crops cultivated in Uttar Pradesh, therefore the strengthening of sugar mills would have a direct impact on the well-being of thousands of farmers involved in sugarcane cultivation. Similarly, strengthening the farming community would help in creating a more sustainable and conducive environment for the sugar industry in the state.

As sugar mills are mostly located in rural or semi urban areas, their CSR interventions have a direct impact on rural development of a particular area or state. Also, unlike heavy industries like steel or automobiles where a single plant can cater to the demands of a very large market, one can find multiple sugar mills functioning in the same state. Therefore, even very small steps taken by these organisations towards the upliftment of the small cluster of villages/towns in which they operate could lead to massive large scale changes if the efforts are planned and coordinate well.

## LITERATURE REVIEW

A study by a premier social sciences research institute reflects that India is going through a deep agrarian crisis. The Centre for Study of Developing Societies (CSDS), New Delhi, revealed that farmers will quit farming given an option to take up some other work because of poor income; bleak future and stress. Around 18 per cent of respondents surveyed said it was because of family pressure that they are continuing with farming. The survey conducted in 18 states concluded that 76 % of 5000 farmers would prefer to do some work other than farming.

61% of sample farmers cited better education; health and employment avenues present in cities the major points of consideration to be employed in cities. Majority of farmers complained of repeated losses; 70% of respondents said their crops were destroyed due to unseasonal rains, drought, floods and pest attack.

(Source: By Jyotika Sood Updated: Monday 12 March 2018) Web link: <https://www.downtoearth.org.in/news/indias-deepening-farm-crisis-76-farmers-want-to-give-up-farming-shows-study-43728>

The business and society share an interdependent relationship (*Lawrence and Weber, 2010*) whereby the society is suffering from business and the other way around. Thus the relationship between companies and civil society in recent years has been redefined with a noteworthy shift in moving from business attitude of paternalistic philanthropy to accepting its environmental, ethical and social responsibilities, which is usually abbreviated as corporate social responsibility (CSR).

The basic principle on the CSR concept is that business organizations have responsibility to varied groups in society (internal and external stakeholders) and not just the owners / shareholders, including responsibility for the natural environment and decisions should be taken in the wider interest and not just the narrow shareholder interest, it is about how a company manages its business process to supply an overall positive impact on the society. *Francesca Dalla Valle (2012, FAO)*.

*Raman and Khan (2017)* for sustainable development and desirable growth, government should take appropriate actions to contain crisis of agriculture. Policy makers should understand that agriculture and farming community are inter-connected with one another and therefore the farmer works because the chief actor in agrarian economy. Thus, without farmer (specially marginal and small) centric policy, any effort to resurrect agriculture will meet with limited success. Assisting the farmers and making agriculture viable for bulk of them may be a precondition for resurrecting growth of agriculture and bridging rural-urban divide.

*Freeman and Dmytriiev (2017)* in their study urged that Companies should be purpose-driven (purpose should reside within moral domain) and they need to create value for all stakeholders, and stakeholders are interdependent. As such, creating value for communities (CSR), doesn't create tension in value creation for other stakeholders.

*Kumar et al (2019)* in their study reflected the fact that farming in India is experiencing a structural change resulting in a crisis. The study was conducted in Ahmadabad district of Gujarat, India. It was observed that to avoid agriculture as a livelihood and age, education, farming experience, occupation, livestock possession, annual income was found to be significant factors. It was further observed from the study that the private factors had a strong

effect on avoiding agriculture as a profession, influencing during a positive direction. Followed by this, economic factor and social factor also influenced positively. The information on the private, social, economic, psychological, market, situational, labour and next-generation factors experienced by agricultural landholders is analysed to possess in-depth knowledge of every factor. The analysed suggestions will help to form agriculture a profitable enterprise and attract the farmers and youths to continue the farming activities. The solution to the problem is not in a few packages and programs but in drastic changes in the present policies related to agriculture need to be focused. Other sector's growth and development must not be at the value of agriculture.

**Carroll (2016)** revisited his CSR pyramid and further comments on the framework's popular usage then presents a summary of the four-part definitional framework upon which the pyramid was created. The four part CSR definition forms a conceptual framework that has the economic, legal, ethical, and philanthropic or discretionary expectations that society places on businesses at a given point in time (shown in the figure below). And, in terms of understanding each sort of responsibility, it might be said that the economic responsibility is “required” of business by society; the liability is also “required” of business by society; the moral responsibility is “expected” of business by society; and therefore the philanthropic responsibility is “expected/desired” of business by society **Carroll (1979, 1991)**.



## OBJECTIVES

- To explore the major needs and problems of Indian farmers and suggest suitable measures to the identified need and problems
- To check whether CSR activities practised by sugar mills are in according to the solution of farmers identified problems

## RESEARCH METHODOLOGY

As per requirements of the objectives of the study the research design employed is descriptive as the research design was adopted to have greater accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. The researcher procures the required data through journals, news articles, books and reports.

## RESULTS & DISCUSSION

- Objective 1 (To explore the major needs and problems of Indian farmers and suggest suitable measures to the identified need and problems)

To identify the need and major problems of Indian farmers, it was first preferred to explore human wants. Human needs are endless. It's almost impossible to list each, but major needs are identified and categorised. One such gentleman, Abraham Maslow has identified major human needs and has given a theory. Abraham Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid. Needs lower down in the hierarchy must be satisfied before individuals can attend to needs higher up. *Maslow (1943, 1954)*.

*Kaur (2013)* in her study explained the Maslow's five-tier model of human needs.

Abraham Maslow Need Hierarchy Theory (Table 1)					
Physiological needs	Safety needs	Social needs	Esteem needs		Self-Actualisation needs
Also known as basic needs. This will include: <ul style="list-style-type: none"><li>Air</li><li>Water</li><li>Food</li><li>Clothing</li><li>Shelter</li></ul>	Safety needs include: <ul style="list-style-type: none"><li>Physical</li><li>Environmental</li><li>Emotional safety</li><li>Protection</li></ul>	Social needs includes: <ul style="list-style-type: none"><li>Love</li><li>Affection</li><li>Care</li><li>Belongingness</li><li>Friendship</li></ul>	Esteem needs are of two types:		This includes the urge to become what one is capable of becoming / what one have the potential to become.
			Internal esteem needs: Self- respect, Confidence, Competence, Achievement and freedom	External esteem needs: Recognition, Power, Status, Attention and Admiration).	

**Problems Identified (Table 2)**

Problems regarding major responsibilities in life	Problems related to farming	Result
Education of children Farming Employment Health Marriage in household Buying a house	Low Income Low Productivity Inflation Irrigation Flood/Drought Labour Issues	Farmers are quitting farming. A fixed income job becomes the new target.
<b>Source:</b> The Centre for Study of Developing Societies (CSDS), New Delhi		

- Objective 2 (To check whether CSR activities practised by sugar mills are in according to the solution of farmers identified problems)

To check whether CSR activities practised by sugar mills are in according to the solution of farmers identified problems it was first required to identify the sugar mills which are situated in UP and are involved in CSR practices. There are 118 sugar mills in total in Uttar Pradesh (Source: [www.upcane.gov.in](http://www.upcane.gov.in)). A list of 118 sugar mills of various companies operating in Uttar Pradesh was prepared and organized as many companies owned more than one sugar mill.

A list of sugar mills functioning in India according to net profit (*eligible for mandatory to spend a minimum amount- As per companies act 2013*) was obtained from Moneycontrol.com. Further the companies were identified which were functioning in UP. According to the official websites and annual reports of such sugar mills the CSR practices were studied and the following results were obtained:

Name of Sugar Mill	Profit (in cr.)	State of Head Office	Name of Sugar Mill	Profit (in cr.)	State of Head Office
Balrampur Chini	509.28	UP	Magadh Sugar	83.04	UP
Triveni Engg	327.48	UP	Dwarikesh Sugar	73.45	UP
Dhampur Sugar	211.37	UP	Uttam Sugar	51.62	Uttarakhand
Dalmia Sugar	198.01	Tamil Nadu	Ponni Sugars(E)	30.94	Chennai
Andhra Sugar	190.16	Andhra Pradesh	Ravalgaon Sugar	19.93	Maharashtra
DCM Shriram Ind	95.95	Delhi	KM Sugar Mills	18.43	UP
Bannariamman	95.64	Tamil Nadu	Ugar Sugar Work	13.77	Maharashtra
Avadh Sugar	88.62	UP	KCP Sugar	10.20	Tamil Nadu

**Source:** Moneycontrol

**Weblink** <https://www.moneycontrol.com/stocks/marketinfo/netprofit/bse/sugar.html?classic=true>

From the above table it was found that seven sugar mills out of sixteen were having a head office in UP. The official websites and annual reports of these seven sugar mills were used to find areas of CSR activities.

Name of Sugar Mill	Broad area of CSR activities
Balrampur Chini	Education, Health, Sports,
Triveni Engg	Education, Health, Environment, Community enhancement and Sports & recreation
Dhampur Sugar	Education, Sports,
Avadh Sugar	DATA NOT AVAILABLE
Magadh Sugar	DATA NOT AVAILABLE
Dwarikesh Sugar	Education, Healthcare, Infrastructure
KM Sugar Mills	Education



Further it was felt that the activities which could be termed as CSR should be identified.

**“Activities relating to CSR under Indian Companies Act 2013:—**

<p>(i) Eradicating extreme hunger and poverty;</p> <p>(ii) Promotion of education;</p> <p>(iii) Promoting gender equality and empowering women;</p> <p>(iv) Reducing child mortality and improving maternal health;</p> <p>(v) Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;</p> <p>(vi) Ensuring environmental sustainability;</p>	<p>(vii) Employment enhancing vocational skills;</p> <p>(viii) Social business projects;</p> <p>(ix) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and</p> <p>(x) such other matters as may be prescribed.”</p>
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**Rao et al (2017)** in their study addressed reasons behind farmer’s suicide. They suggested various solutions and government’s role and possible policy efforts. The suggestions included

- (a) pooling of farmland of small and marginal farmers
- (b) rainwater harvesting and resolution of interstate river water sharing disputes
- (c) Proper training of farmers towards modern farming techniques
- (d) Younger professionals must be encouraged to participate in farming activities
- (e) Farm loans at soft interest rates need to be made available, and loan recovery procedures need to respect human rights
- (f) Fair price for farm products must be ensured
- (g) The government-administered MSP should take into consideration the existing realities to cover the cost of production and to insulate farmers from fluctuating market conditions
- (h) Training needs to be provided for secondary rural investments in dairy farming, poultry farming, animal husbandry, and other activities, with a clearly viable chain apparent from financing to marketing
- (i) Savings should be encouraged, and saving instruments should be devised for the farming population
- (j) Storage and food processing units need to be established in rural areas

Solutions as per Indian law and Companies Act 2013				
Problems	Category of problem as per Maslow	Whether comes in CSR areas as per Indian Companies Act 2013	Type of activity as per Carroll's four elements	Role of sugar mills
Education of children or family members	Social Needs	YES	Economic & Legal	Education is being promoted by every mill selected for the study
Farming/ Agriculture	Safety Needs	NO	Kind of Ethical	Sugar mills are providing employment and farming facilities directly and indirectly either by opening new CSR units which generates employment and provides various farming facilities like seed distribution, soil testing facilities
Employment	Safety Needs	YES	Kind of Ethical	
Health	Physiological Needs	YES	Legal & Ethical	Health camps, Blood donation camps, Eye check camps are being organised by the sugar mills
Marriage in household	Physiological Needs	NO	Philanthropic	No sugar mill is working on this issue directly but the work done in education and employability enhancement does take the beneficiary one step closer.
Buying a house	Safety Needs	NO		No sugar mill is working on this issue directly but the work done in education and employability enhancement does take the beneficiary one step closer.

## CONCLUSION

In this study it is revealed that the farmers are not able to fulfil their basic needs and no clear picture regarding the future and hence wants to quit farming. Their major problems were education of children, farming, employment, health, marriage in household and acquiring a house. From the study it is clear that sugar mills are spending a decent amount on promoting activities like education, health, and livelihood but they need to focus on the farming community in particular. It can be said that sugar mills can take up these activities (***mandatory to spent a minimum amount- As per companies act 2013***) in rural areas so that farmers can get extra support in performing their basic responsibilities. CSR activities are the best way to give back of our farming community. Through CSR activities sugar mills can provide support directly to farmers. The sugar mills practising CSR are moving in the right direction but still there is a long way ahead as the numbers of farmers are very high and the mills are able to cater a small portion of the farmers.

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