

TCL in the Service of Farmers

In order to make Indian agriculture economically rewarding, an improvement in quality of produce and productivity of resources is urgently needed. TCL has been engaged in rural transformation through its promotional activities. TCL provides complete solution to the farmers' needs through developing the Tata Kisan Sansar (TKS).

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THE TATA GROUP IS INDIA'S BEST-known industrial group with an estimated turnover of US \$ 17.2 bn (equivalent to 2.6% of India's GDP). **Known** for its adherence to business ethics, it is India's most respected private business group. With more than 220,000 employees across 87 major companies, it is also India's largest employer in the private sector. Founded in the 1860s, the Tata Group's early years were inspired by the spirit of nationalism. The business operations of the Tata Group currently encompass seven business sectors - Engineering, Materials, Energy, Chemicals, Consumer Products, Services, and Communications and Information Systems.

By combining ethical values with business acumen, internationalisation with national interests and core businesses with emerging ones, the Tata Group aims to be the largest and most respected global brand from India whilst fulfilling its long-standing commitment to improving the quality of life of its stakeholders.

Tata Chemicals Limited is India's leading manufacturer and marketer of inorganic chemicals and fertilisers with turnover close to US\$ 1 bn (Rs. 4500 crores). Established in 1939, Tata Chemicals is among the world's largest producers of synthetic soda ash, with the largest domestic market share, produced at the company's integrated complex at Mithapur on the Gujarat coast in western India.

Tata Chemicals is also one of India's leading manufacturers of urea and

phosphatic fertilisers. Its urea plant, located at Babrala in the state of Uttar Pradesh in northern India, is the country's most energy efficient fertiliser unit, and produces 5% of the country's urea output in the private sector. Its foray into phosphatic Fertilisers follows its merger with Hind Lever Chemicals Limited. The phosphatic fertiliser unit is based at Haldia, which produces fertilisers like DAP, NPK (four grades), SSP and trades in MOP. Besides this chemicals like STPP, sulphonic acid and gypsum (as by-product) are also manufactured. Urea plant has an installed capacity of 0.86 mn tonnes and the phosphatic plant has a capacity of 0.74 mn tonnes.

Tata Chemicals is also a pioneer and market leader in the branded, iodised salt segment. Its salt has a purity percentage of 99.8%, the highest in the country. An ISO-9001/14001 certified company, Tata Chemicals has a varied user industry base comprising glass, paper, textiles, food additives, petroleum, refining, chemicals, dyes, pesticides, direct farm application, etc. With an export presence in South and Southeast Asia, the Middle East and Africa, it has set itself the objective of achieving global cost competitiveness in soda ash.

The fertiliser business of Tata Chemicals is primarily spread across states of Punjab, Haryana, Uttar Pradesh, Uttaranchal, Bihar, Jharkhand and West Bengal - the Indo-Gangetic belt of India, which is the most fertile and the largest grain crop area in the country.

INDIAN AGRICULTURE

THE AGRICULTURAL SECTOR CONTRIBUTES 25% to GDP and supports about 69% of our population. India has been self-sufficient during the post-Green Revolution period (mid-60s) after remaining a food deficit country for about two decades. From a 2% growth level prior to the 70s, the three-year moving average of agricultural production in the 1980-90 decade moved to over 3%. Introduction of new seeds, expansion of irrigation, adoption of fertilisers and crop protection on a wide scale, all contributed to this resurgence.

However, in the late 90s, crop production and productivity was stagnating. Public investment in agriculture used to be at 1.6% of GDP in the early 90s. Between 1998-2002, such investment has fallen to 1.3% of GDP, the agricultural production index has stagnated and the productivity of agriculture has made little progress.

Added to this is the fact that a population growing at 2% p.a. leading to land constraints places increased pressure on crop practices and yields. Consequently increasing productivity has become an imperative. In the context of WTO, increasing population, smaller land holdings could place Indian agriculture in a disadvantaged position. A well-represented primary, secondary and tertiary nutrient basket will contribute to increasing yields and move the farmer away from his trial and error ways of working. In order that Indian agriculture becomes economically rewarding, an urgent enhancement of quality of products,

improvement of productivity per units of land and water is needed. Additionally, Indian **agriculture** requires improvement in marketing and storage as well.

Criticality of Farmers Needs

In order to improve the knowledge of the farmer and stay relevant to its customer, TCL conducts a number of market researches. The various pieces of farmer research have thrown up some revealing facts: Agri-inputs while being an important factor in the farmers' agricultural needs was not the most important requirement. Research clearly showed that access to markets, credit and information were some of the key needs of the farmer.

Taking the **above** as base for understanding basic customer needs the company worked towards building relations with the farmers through developing the Tata Kisan Sansar (TKS).

Tata Kisan Sansar- Evolving to Farmer Needs

The Tata Kisan Sansar was born to help farmers create value by providing them access to market. taking care of their need for credit, providing them information and advice on better agronomic practices in addition to providing them **quality agri-inputs** from a single source - all leading to improved farm incomes.

TKS- The Concept

In effect, the Tata Kisan Sansar is an approachable and reliable business partner of the farmer, offering end-to-end farm management solutions and providing reliable and top quality agri-inputs.

The TKS Structure: A Hub and Spoke Model

The pilot was started in two places viz. Babrala and Ujhani. The model is structured as hub and spoke model. The hub acts as Resource Centre (RC) to cater to the needs of the TKS (spokes) in their vicinity.



Tata Kisan Sansar

1. TKS Brand Image

Blue and Orange - Defining Branding Paradigms in the Rural Arena

As on December 2005 there are 29 hubs. which cater to 470 Tata Kisan Sansars, covering around 20,000 villages reaching out to approx. 3.6 million farmers.

The 470 TKS stores are uniquely branded with identity colors of Blue and Orange and stand out distinctly in the rural market place. The store interiors also are also standardised to support the visual brand identity.

The spokes

- ◆ 470 TKS
- ◆ 195 agronomists
- ◆ 20000 villages covered

The hub

- ◆ 29 centres
- ◆ TKVK incharge
- ◆ Soil chemist

The Tata Krishi Vikas Kendra (TKVK), also known as Resource Centres (RC) plays the role of the Huh with the following features:

The Resource Centres (RCs) have a storage capacity of approximately 3000 mt of fertilisers, and storage for pesticides and seeds.

They also have facility of library of journals and magazines for the farmers to stay updated of latest developments, a soil-testing laboratory, training halls for workshops and the screening of films related to agriculture.

The TKVKs also have exhibition halls where special events - educational, social are held for members of the Tata Kisan Sansar Members, a relationship building initiative promoted by the TKS network to network with farmers and their families.

Features of Spokes

- ◆ Each of the franchisee outlets has an expert agronomist attached to them who provides on-farm advisory services.



Tata Krishi Vikas Kendra

◆ Contract **farming** is undertaken by the franchisee with facilitation, of buyback options.

◆ **The franchisee** also exhibits, stocks and sells all **agri-inputs**. Each of the franchisees are being equipped with **IT** support. TCL has been able to provide a wide-range of products and stock keeping units (SKUs) in each of the products.

Harnessing IT

The **TKS** has implemented an advanced IT programme that entails e-enabling the **TKS** stores. IT enabling will also benefit franchisees by providing them the required back-end support and farmer database.

2. Product and Services Offered by TKS

The following services and products are available to **farmers** at TKS:

Easy Access to Experts - The Agronomists

To enable enhanced experience to a farmer and easy access to experts, a front-end cadre of 195 agronomists work across 470 TKS. These agronomists offer both ongoing, as well as issue-based consultancy to the farmers.

Specialised Agri-products:

To offer a complete range of agri-inputs, specialised products best suited to the crops of a region will be introduced under the Tata Kisan Sansar umbrella brand.

Fanners' Training

With a strong focus on the training and development of farmers, the TKS has already introduced various training programmes. A library of relevant journals and magazines is accessible to the member farmers, with regular updates provided by the agronomists-field experts.

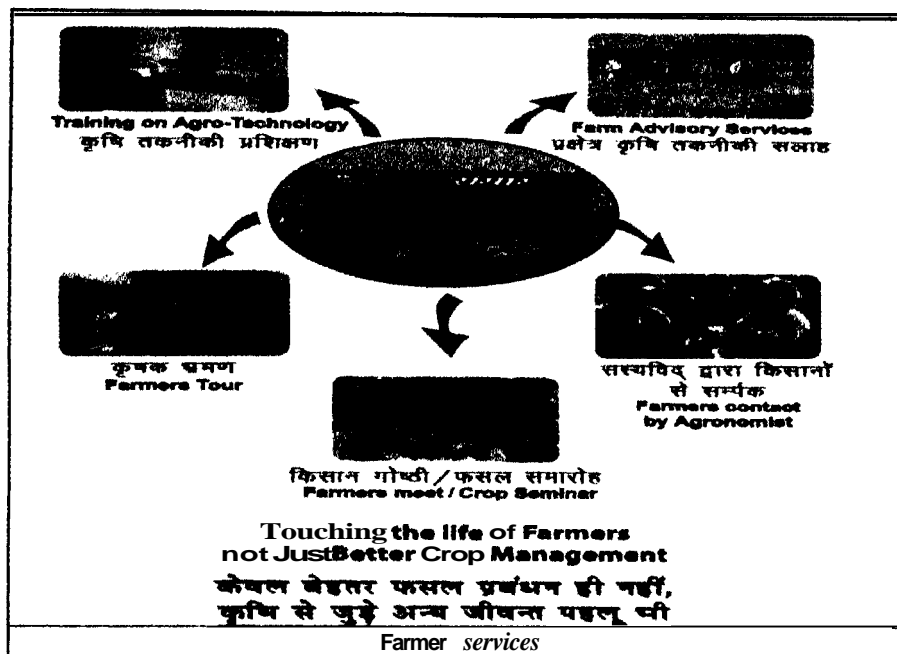
Agri-inputs available at TKS

Fertiliser - Urea, DAP, MOP, NPK

Speciality fertilisers - Zinc sulphate, Micro-nutrients, Calcium nitrate, Organics, Water soluble fertilisers.

Seeds - Field crops and vegetable crops.

Pesticides - Entire range



Services

- Soil and water testing
- Contract farming
- Application services
- Advisory services
- Credit facilitation

Training

- Customised training
- Integrated nutrient management
- Integrated pest management

3. Relationship with Farmers

Tata Kisan Sansar Parivar

The farmer relationship initiative is being led through Tata Kisan Sansar Parivar membership. a paid value added service,

wherein 5-6 key farmers/opinion leaders are enrolled for the membership through invitation.

Tata Kisan Sansar Parivar members are provided customised training, and accident insurance for the members and his family. However, general training on the package and practices of major crops is also available to the farmers who are not members.

Farmer Services

The Tata Kisan Sansar Parivar membership currently stands at 35,000 plus.

Services provided to TKS member:

- 4 2 Crop trainings



Farmer education

◆ **Soil test for INM**

- 4 Diary and calendar
- 4 Accident insurance to member and family

Farmer activities		
	2004-05	2005-06
Crop seminar-farmer trainings	177	319
Village meetings	215	1203
Soil testing (nos)	8425	28979
TKS membership (No of farmers)	31523	36563
Market facilitation (acres)	15220	29029

Crop Literature for Farmers

Besides these initiatives Tata Chemicals Limited regularly distributes literature package and practices of all major crops in state, as well as literature on new products. Responsible care is another major effort by Tata Chemicals Limited to educate farmers as well as other stakeholders about safe handling of products. Efforts are to promote the principles and practices of responsible care by sharing experiences and offering assistance to others who produce, handle, use, transport or dispose of chemicals.

Kharif booklets : 1,10,000 copies

Rabi booklets : 1,10,000 copies

Tata Kisan Patrika : 50,000 copies

Kisan Sahyog Parivars is a new approach that has been initiated to reach the farmers, by facilitating the formation of self-help groups. It has successfully been rolled out in 256 villages. The formation of these groups not only helps in facilitation of credit to its members. but also provides a platform for sharing and learning, thus creating a strong feeling to prosper collectively.

The customer centric approaches described above form the bedrock of TKS agribusiness enterprise to create unique branded solutions interface for the Indian farmers and to achieve Leadership with Trust.

Issues Creeping in the industry

1. **Fertiliser blends**- Both soil and crop

specific is presently not encouraged. The aspiration of TKS is to serve the farmers by providing them crop and soil specific nutrient solution. However, the policies in this regard are not clear and also not much encouraging

2. **Monetary penalty vs criminal charges for non-conformity to quality specifications of fertilisers** - The GOI presently has strict rules on any deviation from the said norms. The appeal is for moving towards monetary penalty and not any criminal charges. Strong checks to be made at the source itself.

3. **Multiple licenses and registrations vs. single license required by each retail outlet** - Seed, fertiliser, pesticide, shop and establishment license, registration for trade tax, VAT registration/Central sales tax registration (optional). These many licenses make initiation of operations tough.

4. **Contract farming not legally tenable - farmers are not bound** - Presently there is hardly any bound on the contracts at the farmer level. Companies invest a lot on the farmers right from supplying the seeds up to harvesting, but then due to strong market price pull, farmers find it profitable to sell to the markets.

5. **Crop insurance** - is another area. which has lot of scope and needs regulatory attention.

6. **Procurement by food processors and exporters directly from farmers** - APMC issues/promote markets/distribution centres.

TATA KISAN SANSAR FUTURE DIRECTIONS

HEARING OUR CUSTOMER, GOING forward we plan to improve and strengthen our service offering - we are looking at making credit facilitation more robust, helping the farmer understand risk mitigation through crop diversification and facilitating crop insurance.

We believe that the Tata Kisan Sansar will become the fulcrum through which farmers will get a basket of specific crop solutions designed to

improve farm income and help them get closer to precision farming, thereby catapulting rural India from the age of the bullock cart into the new age of satellites and information technology. A small, yet sustained effort on our part to make Indian agriculture a more sustainable business for the future!

Major Awards Received

Extension Excellence

First Prize: Overall display- Govind Ballabh Pant University of Agriculture and Technology - 2004-05.

First Prize: Ch. Charan Singh University of Agriculture and Technology - 2004-05.

First Prize: Badaun Mahotsava

First Prize: Agri Expo-Centre for Agriculture and Rural Development - 2005

Best Display: Destination Uttaranchal : Government.

Business Excellence

IMC Ramakrishna Bajaj National Quality Award (Fertiliser SBU)

Safety Health and Environment Excellence

Sword of Honour (Fertilisers SBU)

Safety Gold Award (Fertilisers SBU)

Excellence in Safety (Fertilisers SBU)

British Safety Council - 2004-05

Greentech Foundation - 3004-05

FAI - 2004-05

Sustainability Excellence

Environment, Agriculture and Rural Development Award (Fertilisers SBU)

Outstanding Contribution to Promoting growth of India's Rural Economy (Fertilisers SBU)

ICMA - 2004-05

IMC, Mumbai - 2002-03

Innovation

Best Technical Innovation Award (Fertilisers SBU) FAI - 2004-05

Best Innovation Award to TATA KISAN SANSAR model within TATA group Northern Region Forum - 2005-06.