

# Customer first with country first

Creating shared value in the Indian agri sector

A customer-centric initiative that provided comprehensive and value-added services to farmers jointly executed by Rallis India and its holding company Tata Chemicals, was Project MoPU – More Pulses. It not only increased farmer incomes, but also opened a new market for branded pulses in India. It blended ‘customer first’ with ‘country first’.

At the national level, the production of pulses would reduce India's dependence on imports and in turn help the exchequer in saving foreign currency. The private sector's involvement brought in technology and transparent practices to enhance farmer incomes and working conditions. For investors, the market for branded pulses provided a huge opportunity to capture market share, especially for first movers like Tata Chemicals. The pulses market in India was estimated at ₹2 lakh crore. The proposed branded pulses category from MoPU would capture a market of ₹10,000 crore. For consumers, pulses presented an affordable and rich source of protein, for India's substantive vegetarian population. This was especially important for India, where feeding the growing population continued to be a major challenge.

The importance of pulses can hardly be overemphasised in India. By the beginning of the last decade, the country was the largest producer, consumer, and importer of pulses in the world. This ironical position was mainly driven by low production within India. Despite accounting for more than 30 per cent of global acreage under pulses, India's productivity was around 750 kg/ha, compared to 4,219 kg/ha in France, and 1,596 kg/ha in neighbouring China. On their part, farmers preferred crops like

wheat and rice to pulses owing to the higher Minimum Selling Price (MSP) set by the government. This scenario had an adverse effect on India's exchequer, with the cost for import of pulses estimated at ₹24,000 crore. Interestingly, countries like Australia and Canada grew pulses only to supply India. They did not consume any! Rallis realised that venturing into a focused effort on pulses would be a win-win situation.

Unorganised procurement was the main problem in the pulses value-chain. The middlemen, who also engaged in money-lending, targeted marginal farmers. Rallis began with helping farmers in productivity improvement and procurement through technology and training. It estimated cost savings of

10-12 per cent by eliminating middlemen, and another 10-12 per cent by improving value-chain practices. The company decided to span the entire value chain from ‘farm to fork’.

Rallis was selected as one of the key partners for the Public Private Partnership for the Integrated Rural Development (PPIAD) initiative of the Government of Maharashtra. As part of PPIAD, Rallis and

government executives shortlisted marginal farmers with a landholding of a minimum of one hectare for MoPU. SC/ST farmers and women were given priority, besides those who had grown pulses in the past. Nearly 35,000 farmers from three districts of Latur, Nanded and Osmanabad were selected for the pilot. Rallis had established strong relations with the farmer community through its flagship programme Rallis Kisan Kutumb (RKK). Yet, engaging with them for the procurement of pulses required them to further develop trust among farmers, motivate them to take up additional

responsibility, and become accountable for their work. One of the key initial challenges was to convince farmers to grow pulses as a focus crop. To address this, Rallis educated farmers on the possibilities of enhancing their incomes, and also assured them of buying the produce at prices that were at least equal to market rates. It also formulated training programmes to increase awareness regarding the right farming techniques and the usage of inputs. Rallis executives would go and sit with farmers around the bonfire in the evenings. In such informal gatherings, they were very free. The interactions gave the company deep insights into their lives, their economic and social problems.

## Experiential learning

In addition to trust-building and training, experiential learning emerged as an important aspect. As part of the Prerana initiative, farmer groups were formed and taken to other states where MoPU was implemented. The healthy sharing of experiences had tremendous impact on the farmers. The most critical opportunity to develop farmer connect, arose when subsidies had to be distributed through PPIAD. Rallis decided to involve its executives in the distribution process to avoid any mismanagement. Farmers identified through a proper process, were given farming kits. Rallis representatives also ensured that inputs were used in actual practice. Venkatadri Ranganathan, then COO at Rallis India recalled the shock expressed by farmers when they received the kits. It was the first time they had come to know that such subsidies existed!

The package of practices designed by Rallis in collaboration with government agencies covered 14 important interventions addressing major issues that affected the productivity of pulses. Before Rallis' interventions, farmers were unaware even about the right kind and dosage of fertilisers to be used. Post-interventions, farmers started using micro-nutrients for increasing pulse productivity. In their enthusiasm, farmers tended to over-spray pesticides. “We always tell them that unless there





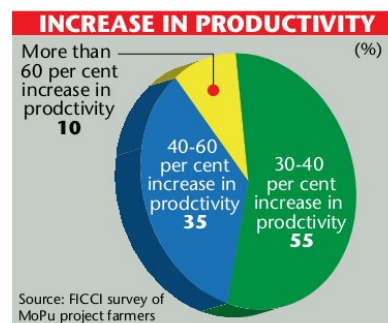
is a problem, they should not spray pesticides. Somebody can say that, by this, we are losing business. I consider this another sign of customer-centricity. Farmers realised that this company is advising me against the unnecessarily spraying of pesticides and reducing my costs while improving earnings. It is concerned about my wellbeing. This gives us greater credibility," said Ranganathan.

He shared another practice at Rallis, which was focused on farmers' wellbeing. While giving end-to-end advisory services, there were some products that Rallis did not have as part of its range. So, it would recommend that farmers buy products from competitors like Syngenta and Bayer. "They find it very funny that the Rallis team is recommending a competitor's product. We tell them that this is important for your crop. We don't have the product, and don't want to mislead you to buy something else. We are recommending competitors' products because you are benefitting from them," he shared. This was another aspect of Rallis' customer approach that helped it gain the trust of farmers and it was doing the right thing for them.

At this juncture Tata Chemicals entered, and assured sourcing of pulses from farmers to ensure regular earnings. The sourcing strategy comprised three aspects: aggregation of produce, processing, and distribution. Based on the estimated demand provided by Tata Chemicals, Rallis executives would talk to farmers and commit to a certain capacity. The company followed a market-plus pricing model. This meant that farmers were assured of market price for their produce. If they came up with better quality, prices were even higher. Unlike the opaque system practiced in Mandis, this was a transparent system. By law, the farmers could sell their produce to whoever they wanted. Tata Chemicals was also in the fray. But as part of MoPU, the company gave them an assurance that even in the case of a bumper crop, Tata Chemicals would ensure that the farmers got reasonable terms.

The handover from Rallis to Tata Chemicals happened at the warehouses established by the latter; farmers could come here and sell their produce to the firm. While Rallis ensured that their

customers' (farmers') interests were taken care of, Tata Chemicals safeguarded their customers' (consumers of the pulses) interests – getting the best quality product. The company used the latest laser technology for segregation of pulses based on consistency in colour and quality, and with minimal wastage. Once sorted and cleaned, the pulses were machine-packed and dispatched to stockists, distributors, institutions or direct consumers for retailing across India. The Tata Strategic Management Group, which was roped in by Tata Chemicals to assess the feasibility of the company entering this new market for branded pulses, suggested that the demand for pulses was relatively inelastic to prices. An internal study by Tata



Chemicals also revealed that consumers were willing to switch from unbranded to branded pulses and were willing to pay price premiums for brands. Encouraged by these findings, the company started marketing its pulses under the brand 'Tata iShakti Dals' (rebranded as Tata Sampann from 2015).

### Changing perceptions

While the company had been successful in bringing a high-quality product to the doorstep of consumers, it had the enormous task of convincing consumers about the benefits of unpolished pulses (with a rough appearance) that retained nutritional value as compared to popular polished pulses (with a shine), which were harmful. Dr Anil Kumar, then principal scientist at Tata Chemicals Innovation Centre, said: "In our initial trials we found that the wax coating that you see on pulses comes from a chemical that is a proven carcinogen. We needed to educate people and change this perception that polished pulses are of higher quality. Our

initial advertisements focussed on this specific issue." Celebrity chef Sanjeev Kapoor was brought in as brand ambassador to endorse the benefits of unpolished pulses, along with several other channels of communication.

In 2013, Tata Chemicals started an innovative toll-free service called 'Dal on Call' for home-delivery of pulses within 48 hours. They even roped in the famous Mumbai dabbawalas to tag more than 50,000 lunch boxes with promotional coupons to trigger the initial purchase. By 2016, the Dal on Call service had been transformed into an online shopping service for all Tata Sampann products in Mumbai, Bangalore, Delhi and Chennai. By 2019, pulses sold under the Sampann brand were available at 128,000 outlets across India, providing sales of over ₹400 crore. On the back end, Rallis engaged with more than 400,000 farmers in 10 districts across three states of India.

MoPU achieved multiple outcomes for two categories of customers – farmers (of Rallis' agrochemicals) and end-consumers (of Tata Chemicals' Sampann products). A FICCI report indicated major advances – productivity improvements ranging from 30 to 60 per cent in total production, and reduction in spending on fertilisers by 30-40 per cent, thereby improving farmer incomes. Through MoPU, two Tata companies improved farmer livelihoods, enhanced productivity of pulses in India, provided consumers with a healthy source of nutrition and created shareholder value. Such large-scale value creation for diverse stakeholders set MoPU apart as an amalgamation of customer-centric and inclusive business strategies. One worked with farmers to improve productivity and ensure regular supply; the other provided distribution networks and regular demand. Rallis introduced a similar programme called Samruddh Krishi specifically for grapes and pomegranates. This virtuous cycle emerged as a perfect combination for balancing the demand-supply equation in the fragile farm sector. It was a rarity not many business groups in India possessed. From February 2020, the Tata Chemicals branded pulses business is now under the newly formed company – Tata Consumer Products Ltd.

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