



# **Enhancing Business-Community Relations**

## **Lupin Case Study**

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## **Lupin – Human Welfare and Research Foundation: A Step Towards “Blue Revolution” in Bharatpur District**

### **Research Project Background**

This case study is one of ten that were chosen as part of the ‘Enhancing Business-Community Relations’ project in India implemented in collaboration with The Energy and Resources Institute (TERI). These cases document examples of engagement between businesses and communities and can be used as learning tools for the promotion of responsible business practice and sustainable development.

The Enhancing Business-Community Relations project is a joint international initiative between United Nations Volunteers (UNV) and the New Academy of Business. Implemented in seven developing countries, the purpose of the initiative was to collect and document information on business-community practices as perceived by all stakeholders, build partnerships with them and promote corporate social responsibility practices. It is also intended to enhance international understanding of business-community relations through information sharing and networking with other countries especially those participating in the project - Brazil, Ghana, India, Nigeria, Philippines, South Africa and Lebanon.

The findings and recommendations reflected in the case study are those of the author and do not necessarily reflect those of UNV, TERI or the New Academy of Business. It is important to note that these cases were written as examples of business-community initiatives. They do not constitute a comprehensive assessment of the company’s social responsibility.

### **1. Introduction**

This case study concerns Lupin Limited, one of India’s largest pharmaceutical companies. Lupin established a Foundation in 1988 which has engaged with farming communities in Bharatpur District, and since 1995 has worked with them to establish a fish hatchery. This not only aimed to produce more sustainable fish supplies, but attempted to utilise “underemployed”<sup>3</sup> people in the area and thus maximise the farmers’ incomes. As such the case provides an interesting example of a move away from ad hoc corporate donations to strategic longer-term social investment. The project is discussed in the context of the Bharatpur economy. Questions remain, however, regarding the sustainability of the fisheries as a reliable source of income for the farmers should the Foundation withdraw funding.

### **2. Company Profile**

The Lupin Human Welfare and Research Foundation was established in 1988 by Shri Desh Bandhu Gupta, Chairman of Lupin Limited. His objective was to promote sustainable and responsive rural development, prioritising agricultural activities, horticulture, livestock management, women’s empowerment, cottage industries, health and education.

The Lupin Foundation holds a “Learning Process Approach” to all of its projects. This has resulted in the dissemination of projects based on three core objectives. The first, infrastructure, reflects the

Foundation’s opinion that “development” cannot take place in India without improving standards of living and creating an atmosphere for growth, in line with the Indian Government’s national plans. Second is economic objectives, by which the Foundation aims to create opportunities for communities to maximise their income potential through primary and secondary occupations. Finally, the Foundation’s social or “life” objectives illustrate its commitment to encouraging people’s capacity for their *own* development.

**‘Whatever you are you owe it to society, your motherland and its people. You owe it to yourself to repay the debt in all humility and gratitude.’**

**Mr S R Gupta, Executive Director, LHWRP, Bharatpur**

### **3. Project History and Development**

This project marks a shift in business-community relations, due to the manner in which it has been planned and executed. Indeed the Lupin Foundation has carried out the project in a similar style to an NGO. This section will explain the context of the project, how the project was implemented and discuss some of the methodology applied by the Lupin Foundation (including a summary of the Foundation’s “philosophy”). Some results yielded from the project so far are discussed in the next section.

#### **3.1. Project Background**

India ranks sixth in world fish production and is second only to China in inland fish production. The role that fisheries play in the Indian economy is crucial for the socio-economic development of the country. Fishing is an important micro entrepreneurial activity in rural areas.

Bharatpur district is the eastern most district of Rajasthan bordering Gurgaon district of Haryana to the north, with Mathura and Agra district of Uttar Pradesh in the east, Dholpur in the south and Alwar in the west. The district is divided into ten tehsils and nine blocks with 1,345 inhabited villages. The district has fertile alluvial plains and flat topography. Mustard cultivation is the primary industry.

Fresh water fishery resources are strong as there are nearly two hundred seasonal reservoirs in the area, which supply drinking water to local villages and control the likelihood of serious flooding. Over 3,000 tanks and ponds used for irrigation and cattle water supply also hold potential for the development of the fishing industry. Keoladeo National Park (KNP), a world heritage site for aquatic birds, has 1,100ha of man-made lakes. It provides a natural breeding and nursing ground for fish. The migration of aquatic birds is mainly due to the wide variety of food available to them, including fish. The fishery activities have consequently been completely restricted and left to flourish naturally. The fish abundance in KNP has a direct impact on the fish populations outside.

A few years ago, fishing was considered a low-grade profession in Bharatpur but local perceptions have changed, given the high income potential from this activity. Indicative of the recent surge in the fishing industry is the creation of three fishing cooperatives, whose memberships total over 150 people. They provide extra support for fishermen participating in the Lupin Foundation’s project. Not only have large sites been developed, but local people have also created new ponds to supplement their seasonal incomes.

#### **3.2. The Project**

The Bharatpur Fisheries project undertaken by the Lupin Foundation has targeted communities living below the poverty line, with annual earnings of less than Rs.20,000 p.a. The Foundation also

sought to address various issues like water conservation, managing local sewerage problems and the recycling of bio-wastes.

The Fish-Farmer Development Agency (FFDA) is already working in the district to promote the fishing industry. It provides technical backup, loans and subsidies in different fishery developmental schemes. Almost fifty private tanks have been constructed in the farmer’s own land in the district. The Lupin Foundation is therefore working in partnership with the FFDA and building upon existing work.

The project provides the farmers engaged in the fisheries project with technical training administered by experts from the Fish Farmer Development Agency and other institutes. Moreover, it supplies quality seeds and guidance for marketing, credit seeking and other related issues. The project has been undertaken in conjunction with village councils, panchayats (local village administration) and scientific government institutions and other local bodies.

This section details the way in which the project was implemented, by following planning and execution stages. These steps might prove useful for other businesses or their related foundations when planning a project of this size and nature.

### **3.2.1. Participatory Workshop**

A workshop entitled “Science and Technology Input for Rural Development” was carried out by the Foundation at Bharatpur in December 1990. Participants included government officials from the Department of Science and Technology; NGOs such as Krishi Vigyan and the Council for Advancement of People’s Action and Rural Technology; as well as the Central Ground Water Board and the Council of Scientific and Industrial Research.

### **3.2.2. Village Development Councils**

Following the workshop, the Lupin Foundation initiated the creation of 109 “Village Development Councils” across the district that met regularly to identify villages’ priorities. They were organised by a locally elected village volunteer, who still feeds information back to the relevant officials from the Lupin Foundation. Each village, via the Councils, has access to a Lupin project officer, supervisor and a lady worker. In this way local needs are being permanently assessed and reassessed, making projects village-specific. This has encouraged community participation and increased ownership of the projects because villagers know they are playing an active role in all stages from planning to evaluation. Indeed, the “Blue Revolution” concept is the result of one such Council meeting.

### **3.2.3. Technology Park**

As a result of the workshop and feedback from Village Development Councils, it was decided to establish a Technology Park to train local people in a variety of rural technologies. This included agriculture, animal husbandry and rural cottage industries. 10ha of pasture land in Maigujar village was allotted by the district administration to the Lupin Foundation to get the project running.

### **3.2.4. Infrastructure Development**

The Lupin Foundation then set about building up infrastructure in the Technology Park. This included a circular fish hatchery; a variety of wells; twenty-two earthen ponds for fry rearing and brood stock; a four-room office and storage building; a road to the hatchery, and a stone boundary on the land. The cost was split between the Department of Science and Technology, Government and District Administration, and the Foundation itself.

### **3.3. Methodology**

This section summarises the methodologies applied during the project’s implementation. The terminology and methodology used is helping to move Lupin’s business-community approach away from philanthropy to more strategic social investment, engaging as it does with recent trends in development theory and practice.

#### **3.3.1. Participation<sup>4</sup>**

The local farming communities have played an important part in the project’s design and implementation. This is evident in the formation of the 109 Village Development Councils as well as the initial workshop that marked the beginning of the project. Such an approach facilitates contextual projects, as they are tailored to local requirements. Moreover, this approach aids skill development of local people, such as business management, advocacy and financial understanding.<sup>5</sup>

#### **3.3.2. Incremental Project Planning**

Feedback loops between project executors and the communities are strong, which encourages incremental project planning. This encourages all parties to learn from the entire experience, and to improve upon their own organizational capacity as well as the project itself at all times. Rondinelli has argued that in this sense, development projects are ongoing policy “experiments.”<sup>6</sup>

#### **3.3.3. Decentralisation**

Decentralisation ensures mutual responsibility and accountability between partners. Because the Bharatpur Fisheries project is not directed by one central authority, there is little risk of a “top-down” approach that might otherwise result in development dictatorship by one party. The project has aimed at all stages to share learning and information.<sup>7</sup>

#### **3.3.4. Needs-based Approach**

This approach was first developed by Robert McNamara at the World Bank in the 1960s, and is used to describe development as improving the capacity or “capability”<sup>8</sup> of people to empower themselves, through an improvement in not only their most basic resources but also their ability to maximise the resources available to them. The needs-based approach is a widely accepted approach to development practice. To this end the project has built upon existing capabilities, using local technology and motivation.

## **4. Key Outcomes**

The project is viewed by many stakeholders as a success, due to the results it has delivered. For example, in 1995 only thirty-five villages were involved – now there are nearly six hundred participating villages with over 450 fish farmers. It is also estimated that the number of people living in absolute poverty in the region has fallen from 32% to 18% in the years that the project has been running. Several benefits are being realised, as the fisheries project has broken the superstitions and conservative attitudes towards fish production. The de-silting of ponds has helped in water conservation and digging of new ponds has helped in the proper use of wasteland. At present about two hundred metric tons of fish are being produced, providing an income of sixty million rupees, which is likely to be increased to one hundred million rupees in the next two years.

#### 4.1. Observations

Arjun Singh, a farmer in Karrua village, received training from Lupin Foundation’s fish hatchery and subsequently constructed a fishpond in 0.25 hectares of land. His returns from this activity have been very impressive for him, as he states;

*In the past seven months, I received rich benefits because after covering my total investment on this fish pond, I managed to make a profit of Rs.10,000... I do not even have to go to the fish market to sell the fish produce, rather there are fishermen who come to my pond on a regular basis to catch these and give money to me sitting at my home.<sup>9</sup>*

However, one of the main challenges felt by the farmers is access to credit from banks for developing the fish ponds to pursue this occupation. The work is largely undertaken by farmers who have their own land, because landless farmers or those lacking resources are denied bank loans. The project therefore holds potential for a micro-finance initiative, perhaps founded on similar principles to the Grameen Bank in Bangladesh.<sup>10</sup>

A second challenge is the lack of organised fish markets in the district. They are primarily based in Bharatpur town but lack cold storage facilities. More widespread, higher quality markets are thus desirable.

#### 4.2. Future Plans

Mr S. R. Gupta, Executive Director of the Lupin Foundation, anticipates the continued expansion of the project in the future. He states, “There is a potential of developing as much as 2,000 fish ponds in the district which could generate almost Rs. 10 crores from one single activity of fish farming.”<sup>11</sup> Future plans therefore include;

- The regeneration of over 3,000 traditional ponds, possibly with the help of Panchayati Raj institutions, as they are responsible for fisheries in their jurisdiction
- The development of new fishing resources, such as marshy areas - This would involve lining the ponds and building embankments

#### 5. Lessons Learned

The evidence given in this case study suggests that the project has been a success. With farmer participation, an appropriate income diversification strategy has been developed. As a result, incomes have risen in the areas targeted.

The Lupin Foundation has made attempts to ensure the project is sustainable. Fish-farming is not dependent upon advanced technologies, and once trained, farmers should be able to stay financially afloat with little external help. The establishment of training schools will help in the continued education of fish-farmers. However, farmers remain reliant upon the continued investment of the foundation in the training schools, and in the resources necessary to start-up their businesses. Ultimately the project will need to finance itself in order to be truly sustainable.

It appears that the Lupin Foundation has undertaken an initiative that concerns stakeholders other than those affected by the core business activities of Lupin Limited. Therefore the company is not relying upon the project’s success in order to stay in operation. In this sense the initiative is philanthropic and reliant upon the continued investment of the Foundation to succeed. This has effect’s upon the project’s sustainability. If the Foundation was undertaking community or environmental development projects that were central to the company’s success they would prove

more sustainable, as they would warrant continued evaluation and investment before becoming integrated into everyday business practice.

Such an initiative would also represent the pushing back of Lupin’s “Corporate Responsibility” boundaries, from purely philanthropic schemes that are common in the India case studies, to initiatives that actually improve the social and environmental record of the company during its “before-profit” production stage. Improving upon existing practice would mark Lupin out from many Indian companies and is something perhaps for Lupin Limited to investigate in the future.

## Endnotes

<sup>1</sup> The views expressed in this case study are those of the author and do not necessarily reflect those of the New Academy of Business, UNV or TERI.

<sup>2</sup> Kate Ives is an associate of the New Academy of Business who has assisted in the preparation of this case study.

<sup>3</sup> “Underemployed” refers to those who have seasonal or irregular jobs which do not maximise their income potential. Underemployment is particularly common for agricultural labourers.

<sup>4</sup> Inputs from Mr S R Gupta, Executive Director, LHWRP, Bharatpur.

<sup>5</sup> The debate rages on about the effectiveness of participatory approaches – see the following for opposing arguments; R. Chambers (1997) *Whose reality counts? Putting the first last* (ITDG) and I. Kapoor (2002) ‘The Devil’s in the theory’ *Third World Quarterly* 23 (1) pp. 101-117.

<sup>6</sup> See D.A. Rondinelli (1993) *Development projects as policy experiments* (Routledge) and D. Eade (2000) *Development and Management* (Open)

<sup>7</sup> See A. Fowler (1997) *Striking a Balance* (Earthscan) for information on public-private partnerships; D.F. Murphy & J. Bendell (1997) *In the Company of Partners* (Policy Press) for NGO-private partnerships.

<sup>8</sup> Amartya Sen has written more recently on “capabilities” and development, a connected theory. See Sen (2000) *Development As Freedom* (Anchor, US)

<sup>9</sup> Interview with participating farmers – Rampal and Arjun Singh, Bharatpur district, during site visits on 18 December 2002.

<sup>10</sup> For an introduction to Grameen see G. Wood and I. Sharif (1997) *Who needs credit? Poverty and micro-finance in Bangladesh* (London: Zed). S. Daly-Harris’s (2002) *Pathways out of poverty: innovations in micro-finance for the poorest families* (Kumarian:Microcredit Summit Campaign) provides useful and practical reference material.

<sup>11</sup> Mr S. R. Gupta, 17<sup>th</sup> December 2002.