

# INTRODUCTION

On September 2, 2017, at around 10 pm, the Managing Director of Gujarat Narmada Valley Fertilizers & Chemicals Limited (GNFC), Dr. Rajiv Kumar Gupta, received a telephone call from one of his colleagues; “Please watch CNBC right now – the Prime Minister is talking about our Neem Project!”

As Dr. Gupta switched on the television, he was delighted to hear the Prime Minister of India talking about how GNFC’s Neem Project had carried forward his vision; that of coating urea with neem, and in the process, created significant positive impact in the lives of the rural poor. Dr. Gupta reminisced that during the last forty-one years of its existence, GNFC had scarcely received even a passing mention in the national media from a senior politician. The Neem Project, owing to the untiring efforts put in by him and his team, had finally earned the attention of the leader of the nation.

In the 3 years since its launch, GNFC’s Neem Project had created livelihood opportunities for more than 450,000 men and women in six Indian States, generating additional income for them to the tune of INR 500 million . A social impact study conducted by UNDP concluded that this increase in income had resulted in greater empowerment of women, given them greater decision-making powers within their families and reduced domestic violence.

Recognizing the positive difference that they were making to the lives of the poor, the Neem Project team and Dr. Gupta received several awards, including the Skoch Blue Economy Platinum Sustainability Award (2016), the Golden Peacock Award for Corporate Social Responsibility in 2017 and in May that year, the Porter Prize for creating shared value through a sustainable business model.

While such recognition and accolades had enthused the project team, Dr. Gupta mulled over the challenges that lay ahead for GNFC as he guided the company in converting an

experimental pilot project, one that had started out as a part of GNFC’s Corporate Social Responsibility (CSR) activity, into a commercial enterprise, and doing so without compromising the project’s core objective of social upliftment. Progress during the first few years had been remarkable; however, ambitious and promising initiatives such as the GNFC Neem Project, with its additional objectives of inclusivity and sustainability, were very difficult to scale up.

With a total turnover of INR 61 billion in 2017-2018, GNFC was one of the largest chemicals and fertilizer companies in India. GNFC was established in 1976 by the Government of Gujarat and Gujarat State Fertilizers and Chemicals Limited with the primary objective of manufacturing urea and nitrogenous fertilizers. GNFC commenced manufacturing and marketing operations in 1982 after setting up one of the world's largest single-stream ammonia-urea fertilizer complexes.

Over the next four decades, GNFC successfully commissioned different projects related to chemicals, petrochemicals, and fertilizers. It also diversified its portfolio to include products and services in the Energy, Electronics, Telecommunications, and Information Technology sectors. In 2016-2017, close to 90% of its income and profits came from the fertilizers and chemicals division, and urea continued to be one of its very important products.

In India, urea was a government-subsidized commodity, meant to be used by farmers as an essential fertilizer in agriculture. However, significant quantities of subsidized urea were diverted from farming for use in chemical factories as low-cost inputs, often resulting in shortage of urea for agriculture.

A few years ago, a report was prepared by the Agricultural Development and Rural Transformation Centre (ADRTC), Bengaluru, which suggested that coating urea with neem oil would improve soil health and reduce pests and crop disease, pesticide use, and cost. More significantly, this step would not only improve crop yields through increased fertilizer efficiency, it would also make the urea unusable for non-fertilizer applications, and thereby prevent diversion.

Apart from preventing diversion, coating of urea with neem oil was expected to increase usage efficiency by preventing evaporation of urea into the atmosphere and its leaching into soil and water. It was estimated that more than half of the nitrogen present in urea was not assimilated by crops because of various factors, including ammonia volatilization. Neem had properties that reduced losses by slowing down the process of nitrate formation. All these factors resulted in cost-savings to the farmer, as well as reduced environmental damage otherwise caused by the excessive application of chemicals and fertilizers.

It took quite some time for this research to make its way to its policy makers, until 2012, when the Government of Indian issued an advisory that all urea manufacturers were required to coat at least 35% of their production with neem oil. Prime Minister Narendra Modi, the then Chief Minister of Gujarat, was very keen to prevent the diversion of subsidized urea and had written several letters to the Central Government asking for an increase in the quantum of neem coating to 100% of production, because it was felt that the 35% coating requirement was neither being implemented by most manufacturers, nor was it

adequately effective in curbing diversion. Fertilizer was a Central Subject in India, and thus the States did not have any leeway in implementing an enhanced urea coating policy in the absence of a central mandate. Therefore, after he became Prime Minister, it did not take long for the government to mandate that 100% of urea produced in the country be coated with Neem oil.

As was expected, following the announcement of the 100% neem-coating policy, sales of urea showed a decline during the following 2 years, with a consequent decline in imports. Table 1 shows the sales of urea by GNFC and in India during the last 10 years.

# DR. GUPTA’S NEEM ODYSSEY

Dr. Rajiv K Gupta took over as the 17th Managing Director (MD) of GNFC in May 2013. A member of the Gujarat cadre of the prestigious Indian Administrative Service, Dr. Gupta also simultaneously served as Additional Chief Secretary in the state government. Dr. Gupta had worked closely with Indian Prime Minister Narendra Modi when the latter was Chief Minister of Gujarat during the years 2001-2014. Being aware of the emerging policy direction, Dr. Gupta began laying out the ground work at GNFC to be ready for 100% neem coating of urea very early in his tenure as MD.

Following the implementation of the 35% urea regime, it was the usual practice for urea producing companies to purchase neem oil from private players in the open market. The neem oil that was sold in the market was often adulterated with rice bran oil or palm oil and then topped up with Azadirachtin. Dr. Gupta was therefore unhappy when a file came to him seeking approval for the purchase of neem oil at INR 92 per kg for coating urea, which he felt was much too expensive. Consequently, Dr. Gupta began exploring the possibility of GNFC producing in-house the neem oil it needed. Recounted Dr. Gupta

Naturally there was resistance. My team comprises hardcore fertilizer people running large plants and managing operations worth thousands of crores of Rupees. ‘It is not our work’ – they said. ‘You don’t purchase a restaurant when you want to dine out!’ I told them that we should at least give it a try, because I knew that I could not bulldoze them. I was aware that I would need to mentor them and handhold them, so that they are able to navigate their own paths towards the final objective. But I was confident that producing neem oil ourselves was the way to go.

Dr. Gupta encouraged his people to visit oil mills and study the process of extracting oil from neem seeds. They reported that it was indeed possible to set up an oil mill by investing a relatively small sum of INR 6.5-7 million, and that the process and operations involved appeared to be quite simple. Meanwhile, Dr. Gupta also started to leverage his connections in the various government departments that he had led as a senior bureaucrat, with a view to ensure adequate support for the novel initiative that GNFC sought to launch.

It was decided that GNFC would purchase neem seeds from individual collectors and process them to extract neem oil that would be used to coat urea. While GNFC would start their operations by outsourcing the extraction activity to oil-millers, they would shift to in-house

production as soon as they could commission their own expeller plant. Yakesh Prajapati, Chief Manager, Business and Strategy Development at GNFC recalled:

It was not easy, convincing millers to produce oil from neem seeds. Neem oil has a strong odor and is non-edible. Millers were afraid that if they used their mills for extraction of neem oil, their machinery would become unusable for other extraction. Finally, after much persuasion, we could get six of them to agree, but two backed out at the last moment.

Fortunately, we could identify one miller in Kadi whose soya extraction plant was lying idle – and he became our steady partner.

# CREATING SOCIAL IMPACT

Almost none of the seed collectors owned any land, had low levels of education and no lasting means of livelihood. The villages where they lived did not have access to irrigation and were thus growing one crop a year during the rainy season. Apart from their seasonal involvement as laborers during the sowing and harvesting seasons, seed collectors engaged in odd jobs provided by the informal sector, earning on average not more than INR 200 for 4 hours of labor.

Prior to GNFC’s neem initiative, some of them collected seeds which were sold to private players, who paid them not more than INR 1-2 per kg. GNFC’s VLCC paid them, on average, INR 6-7/kg; additionally, they felt that they received a fair deal in terms of weights. The dual effect of better rates and a fair weighing process made collectors allegiant to GNFC, and they unequivocally declared that they would not sell to private players if GNFC was ready to buy their entire collection. As recounted by N J Patel, Senior Marketing Manager at GNFC:

Securing the trust of village women was the most difficult part. They were apprehensive about what would happen if GNFC did not pick up the neem seeds that they collected. We assured them we would. We collected 10 MT of seeds, but after we shipped, the weight reduced to 6.5 MT. Yet, we paid them for 10 MT. Once, I had even paid one collector from my own pocket…

For several women, collections, and therefore, their income from neem seeds increased rapidly. A few of them became aggregators, arranging for working capital finance from other sources, and collecting from multiple SHGs. Some of them used the money so earned to get back or buy land, while others became entrepreneurs by purchasing sewing machines or papad making machines.

Laxmiben Ajitsinh Dabhi, a 48-year-old mother of three from Chhipiyal village in Kheda district was one such entrepreneur who aggregated 30 tons of seeds collected by about 100 women and transported them to Kapadwanj APMC in 2017. That year, while the collectors were paid INR 7.5/kg, Laxmiben earned close to INR 15,000 as commission at the rate of INR 0.5/kg. This substantially added to her annual income of INR 36,000 that she usually earned by sewing clothes and selling milk.

A UNDP study that assessed the impact of GNFC’s Neem Project noted that significant numbers of rural women in Gujarat worked as agricultural laborers, were from economically backward families and were illiterate. They faced considerable financial difficulty during the

post-harvest lean period. GNFC’s Neem Project increased the annual income of agricultural laborers by as much as INR 7,000, providing an incremental livelihood opportunity during the lean season. This represented an increase of 58% over their annual income of INR 12,000. Anecdotally, this resulted in reduced migration, greater empowerment of women, reduced violence at home and increased their ability to invest in assets such as livestock and stoves.

However, it was not a smooth ride for GNFC in several other locations, where, despite all their efforts, they could not convince the villagers to get into neem seed collection. In some villages, they had to adopt innovative means; for example, in Devkarn village, where people were not enthused enough to collect seeds on their own, GNFC decided to hire them as laborers at INR 200/day for the same activity. At the end of the day, when their collections were weighed, villagers realized that they would have made more money had they opted to collect and sell the seeds themselves, rather than being hired by the company.

Very soon, they switched over to becoming independent collectors. In Biliya village, when awareness campaigns did not yield any results, the GNFC team decided to exhibit neem seeds at a prominent place in the village. This attracted the attention of children from the village, who, on enquiry, were told that GNFC would pay them money if they collected neem seeds. The children took to seed collection as a game, and when they started to make some money, attracted the attention of their parents. Subsequently, the adults were convinced about the potential in seed collection and engaged in this activity.

With each passing year, the villagers gained the confidence that collection of neem seeds could be an important activity for them, especially in areas where there were limited or no alternative livelihood opportunities. While some of them became more enterprising in identifying areas where they could garner substantial collection, others cleared the ground under the neem trees during the season to ensure that collection was made easy. There were also some indications that villagers were becoming conscious of the economic value of neem seeds and consequently restricting others from collecting them in areas that they felt belonged to them. However, given that the earning opportunity from neem seed collection spanned only 1.5–2 months in a year, none of them viewed this as a steady livelihood opportunity, and women in some Sakhi Mandals1 often requested GNFC to set up manufacturing or processing operations that could employ them and provide income throughout the year.

The SPPs were the link between the seed collectors and GNFC. Unlike the seed collectors, SPPs typically were financially sound. SPPs aggregated seeds from the VLCCs, paid the collectors in cash and transported seeds either to the drying and storage sites or to extraction units. Once delivery information was recorded, GNFC paid the SPP 80% of the procurement price through RTGS2 electronic funds transfer system set up by the government. The balance payment was settled after a few days, once the invoice was raised after final valuation. With their turnover from neem seed operations ranging between INR 10-20 million, SPP’s were able to make a net profit of INR 200,000–400,000, over and above their income from the sale of other GNFC products. For example, Pankaj Patel, a GNFC fertilizer dealer and SPP at Kapadwanj APMC, sourced 1,200 MT of seeds from about 3,000 VLCCs (such as Laxmiben), screened, weighed, bagged and transported them to GNFC storage warehouses. He received a commission of INR 0.25/kg.3

# FORAY INTO THE FMCG MARKET

It was estimated that about 14 kilograms of neem seeds were needed to produce 1 kilogram of neem oil for coating urea. Approximately, 26,000 MT of neem oil were needed to coat all the urea produced in India, which could be extracted from 365,000 MT of neem seeds. Gujarat had approximately 45 million neem trees, each of which could yield 10 to 25 kg of neem seeds in a season. Thus, hypothetically, if one were to collect seeds from all the neem trees in Gujarat, even based on the most pessimistic assumption of yield per tree, the total demand for oil for urea coating in India could be met by neem trees within the state! A report by the National Academy of Science estimated that India could produce 0.7 million MT of neem oil from 3.5 million MT of kernels every year.4

Once seed collection and oil production were stabilized, GNFC realized that they were producing more neem oil than they required for the coating of urea. Moreover, the neem oil obtained from cold-press expellers had far higher Azadirachtin levels than was necessary for urea coating. Therefore, they had to find a way to utilize the excess virgin neem oil, which was of high quality. Recollected Dr. Gupta:

Almost all of us have childhood memories of neem soap. So, I suggested that we should utilize the excess oil by producing neem soap. Once again there was skepticism – we are a fertilizer and chemical company – why should we even bother about selling soap, that too on such a small scale? To nudge my team in that direction, I decided that in the beginning, instead of selling them, we would give away neem soap bars as corporate gifts during Diwali to our employees. Soap making is not a complex process. Therefore, I approved an investment of INR 1.5-2 million to produce soap.

Having taken this decision, Dr. Gupta, typical of his management style, pushed his team towards meeting a tight deadline to set up a soap manufacturing plant. The GNFC team visited different manufacturing units, absorbed the process and set up their own unit in about 2 months’ time. They also decided to employ women from economically challenged backgrounds in their upcoming production unit. With assistance from NARDES,5 rural women were selected from Self Help Groups and trained in soap making. In January 2016, GNFC’s soap unit became operational. The research and development team at GNFC was involved in product and process development. While experimenting with various product options, the team also decided to produce and sell neem oil. G C Shah, Executive Director who was driving the neem operation, remembered:

Producing neem oil was more challenging than making soap – we needed to get to less than 5-micron levels to establish the necessary viscosity and to avoid settlement of particulate matter in the oil. However, Dr. Gupta had made it clear to all of us that our product should be of the highest quality and that this would be our distinctive identity in the market.

GNFC launched its first products, GNFC Neem Soap and GNFC Neem Oil in September 2016. With 21% oil content, GNFC’s products were far superior to most other herbal products in the market, especially since other products contained neem extracts produced using

benzene as a solvent. Dr. Gupta’s vision was to create a “neem vertical” for GNFC that would sell a portfolio of neem products and garner adequate retail space as well as consumer mind share. Thus, he started motivating GNFC’s R&D team to experiment and come up with different product variants. Dr. M J Kapadia, Chief of GNFC’s R&D Laboratory explained:

This was a radically new challenge for us. We were fundamentally chemistry people who till today were involved in the quality control of raw materials, production and output for our chemical and fertilizer units. Our experiments were geared towards dealing with challenges that arose during the production processes. Now sir (Dr. Gupta) is constantly leading us to try new product ideas with neem. Whenever he sees something relevant, or gets a new idea, he immediately lets me know, and sends me a WhatsApp message or a picture.

Dr. Kapadia dedicated five of his team members to the development of neem-based products. In April 2017, GNFC launched GNFC Neem Hand Wash and followed it up with an organic pesticide in July, and shampoo in September. In the interim, they also launched different variants of GNFC Soap with Tulsi and Aloe Vera as special additional ingredients. In December 2017, GNFC launched Neem mosquito repellant. While most other repellants available in the market were based on chemicals such as Tansfluthrin that could be harmful to human beings, GNFC’s neem oil-based repellant did not have any known harmful effects.

Simultaneously, GNFC initiated the setting up of its sales channels. They tied up with commercial retail outlets such as Big Bazaar and Star Bazaar as well as with those run by central and state governments such as Central Police Canteens and Kendriya Bhandars. GNFC also established many exclusive retail outlets in select cities to target the health-conscious consumer and procured permission from municipalities to set up Neem Parlors in public gardens across the cities of Ahmedabad and Surat. Starting in the middle of 2017, GNFC’s neem products were also made available through popular e-commerce sites such as Flipkart, Amazon, and eBay. GNFC enlisted its fertilizer dealers with retail outlets to carry and sell neem products in rural areas and were contemplating ways to utilize their SHG networks to penetrate the rural market.

In December 2017, GNFC signed an agreement with the Gujarat State Civil Services Corporation to facilitate distribution of its neem products through 17,000 fair price shops across 33 districts and 248 taluks in Gujarat. If one considered the 3,000 private retail outlets that also carried its consumer products, GNFC’s neem products were thus available in about 21,000 retail outlets at end of 2017. Tables 3, 4 and 5 provide a list of the physical outlets through which GNFC’s neem-based products were sold, the share of sales by outlets and the share of sales by products, respectively.

GNFC did not resort to advertising, and most of their sales were prompted by word-of- mouth publicity, leveraging the positioning that neem enjoyed as a traditional product, especially in rural India. Plans for the release of advertising campaigns were in the offing, waiting for the time when GNFC would be able to make its products adequately and widely available across a national retail network.

While GNFC’s FMCG products rung up revenues of INR 150 million by end of the 2017 financial year, Dr. Gupta gave the Neem team a target of INR 500 million for 2018 and to work towards turnover of INR 5 billion by 2021. Noted G C Shah, Executive Director:

Till now we have never discussed profitability. While it is expected that we incur losses in the early days of such a business, we will eventually break even and create a surplus. While doing so, we will adopt a CSR approach and continuously reinvest whatever we earn. The profit that we might make in FMCG could have been easily achieved through our fertilizer and chemical business, with far less effort. But profit is not the motive here.

The five-member Neem product marketing team had their task cutout. While the bulk of the INR 150 million sales in 2017 came from their own channels namely the NKSK’s and GNFC’s fertilizer dealers, M I Shamshi, Additional General Manager (Marketing), saw other channels as critical to contributing future growth. As he explained:

While it is difficult to capture large market share in modern trade outlets such as hypermarkets and niche stores, being present there will give us good visibility at the high end. We already have had breakthroughs amongst government establishments such as the Defence Canteens, Kendriya Bhandars and government hospitals. With 21,000 outlets, they will give us a wide reach. Next, our general trade channel, the thousands of provision stores, will be strengthened with sales support from the company. We will have to create the market pull through advertisements. Today, our retailer margins are significantly higher than those of popular competitive products. However, when a consumer walks into the store and demands a competitor product because of the pull that they have, the retailer is unlikely to push our product to her.

Most of GNFC’s marketing efforts were focused on being present in fairs and exhibitions as well as leveraging its existing channels in rural areas. Both neem as a product and GNFC as an organization enjoyed high credibility in rural markets, which resulted in GNFC’s neem products commanding a price premium. Given the high neem oil content in its products, GNFC consciously adopted a strategy of positioning its products based on purity and quality rather than price and remained flexible while sharing margins with its trade partners. For example, while the initial plan was to appoint the NKSK’s solely as retailers, GNFC allowed some of them to upscale and become wholesalers, provided such NKSK’s were able to sign- on other stores in their neighborhoods in sufficiently high volumes. This move afforded GNFC greater reach, even while it increased channel depth and intermediation.

GNFC’s exclusive retail outlets and parlors, apart from purveying its products, were also meant to generate brand awareness. The stores were in places with high footfall, such as State Transport Corporation bus stands. Operating costs were kept low by recruiting and training sales person from local Self-Help Groups. Anurag Srivastav, Project Manager at NARDES was excited as he talked about neem products:

Product sales has opened great opportunities for us to touch the lives of the poor and the landless. The more we sell, the more will be the requirement of neem seeds, which means we will be able to provide income to larger number of collectors. Moreover, the new production plants and sales outlets will also create livelihood opportunities for them. We can make real difference to their lives.

GNFC’s foray into the FMCG market with neem-based products coincided with a rising wave of interest in natural products and ingredients in the Indian FMCG market. The Natural Product segment in India’s personal care market, with estimated revenues of US$ 3 billion per annum, was fiercely competed for by well-established players such as Unilever India, Dabur, the Himalaya Drug Company, Colgate Palmolive, and Patanjali. While Colgate Palmolive focused on product innovations to grow its Naturals portfolio, Unilever India acquired the Ayurvedic brand Indulekha and Ayush to relaunch its flagship products in this segment. However, it was Patanjali Ayurveda that successfully created a brand around its founder, yoga-guru Baba Ramdev, which was considered a trailblazer. Having surpassed a turnover of billion dollars within a few years of its inception, Patanjali harbored ambitions to become the number-one FMCG company in India.6

# CONCLUSION: FROM CSR TO SOCIAL BUSINESS

In 2017, GNFC started making plans for sourcing neem seeds from other Indian states. The southern state of Karnataka, with close to 30 million neem trees, was potentially a rich source. GNFC reached out to seed collectors in the state through dairy cooperatives, not-for-profit organizations and health promotion boards. The plan was to send the seeds collected in Karnataka to an extraction unit in Anantapur, in the neighboring state of Andhra Pradesh from where extracted oil would be sold to chemical and fertilizer companies. By the end of 2017, GNFC had collected close to 5,000 MT of seeds from other states, as shown in **Table 6**. Commenting about expansion, Dr. Gupta said:

We cannot be present everywhere, therefore someone needs to own it up. Other urea companies need to follow the path that we have shown them. This will also need support from both local administration and development-oriented organizations. We can be their advisors and mentors. But it will need deep involvement and commitment right from the top. Public sector organizations need high levels of motivation to move forward and innovate, and the only way is to get there is to drive top-down and maintain constant supervision and follow-up. Management needs to walk that extra mile. I hope that with so much encouragement from the Prime Minster himself, all stakeholders will rise to the occasion and take up the challenge of making India a Neem Nation.

Table 1

**Urea Sales in India**

|  |  |  |
| --- | --- | --- |
| **Financial Year** | **GNFC’s Urea Sales including imports (Million MT)** | **Urea sales in India (Million MT)** |
| 2007-08 | 1.64 | 26.17 |
| 2008-09 | 1.09 | 26.65 |
| 2009-10 | 0.75 | 26.44 |
| 2010-11 | 0.66 | 28.23 |
| 2011-12 | 0.72 | 29.47 |
| 2012-13 | 0.80 | 30.16 |
| 2013-14 | 0.69 | 30.67 |
| 2014-15 | 0.74 | 30.72 |
| 2015-16 | 0.81 | 30.61 |
| 2016-17 | 1.04 | 29.52 |
| 2017-18 | 0.73 | 29.19 |

**Source:** Ministry of Chemicals and Fertilizers & GNFC

Table 2

**Neem Seed Collection & Processing by GNFC**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year ended March 31** | **Neem seeds Collected (in MT)** | **Number of Neem seed collectors** | **Number of VLCCs** | **Income generated (INR million)** | **Other indirect employment\*** |
| 2015 | 10,000 | 100,000 | 1800 | 120 | 50,000 |
| 2016 | 12,000 | 125,000 | 2200 | 150 | 75,000 |
| 2017 | 23,000 | 225,000 | 5000 | 275 | 125,000 |

\*Other indirect employment includes people involved in the transportation of seeds, their loading, unloading and storage, restacking and deployment in oil extraction plants

**Source:** GNFC

Table 3

**Retail Chains and Outlets through which GNFC’s Neem-Based Products are Sold (January 2017)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Retail outlet** | **Launched in** | **Number of outlets** |
| 1 | Star Bazaar | December 2016 | 8 |
| 2 | Big Bazaar | February 2017 | 37 |
| 3 | Kendriya Bandhas | March 2017 | 98 |
| 4 | Central Police Canteen | August 2017 | 622 |
| 5 | Fair Price Shops | Agreement signed in December 2017 | 17,000 |
| 6 | Exclusive Neem shops |  | 16 |
| 7 | Private retail outlets |  | 3,099 |
| 8 | Flipkart | July 2017 |  |
| 9 | Amazon and other ecommerce sites | October 2017 |  |

**Source:** GNFC

Table 4

**Source:** GNFC

Table 5

**Source:** GNFC

Table 6

**Source:** GNFC

Exhibit 1

**Sale of Neem Products via Retail Outlets (until November 2017)**

|  |  |
| --- | --- |
| **Outlets** | **Sales (%)** |
| NKSK | 23.7 |
| Fertilizer Dealers | 33.1 |
| City Dealers | 20.0 |
| IP Dealers | 4.8 |
| Central Police Canteens | 8.6 |
| Kendriya Bhandar | 3.6 |
| Big Bazaar | 2.7 |
| Star Bazaar | 1.5 |
| GNFC Neem Shops | 1.8 |
| Ecommerce | 0.2 |

**Neem Product Prices and Revenue Share (Financial Year 2017-18)**

|  |  |  |
| --- | --- | --- |
| **Product** | **Price per unit (INR)** | **Share of Revenue** |
| Soap 75 g | 25 | 53% |
| Soap 225 g | 70 | 2% |
| Soap Aloe Tulsi 75 g | 40 | 14% |
| Soap Aloe Tulsi 225 g | 100 | 2% |
| Oil | 70 | 8% |
| Handwash | 87 | 9% |
| Shampoo | 100 | 7% |
| Mosquito Repellant | 55 | 3% |
| Mosquito Repellant & Vaporizer | 85 | 2% |

**Neem Seeds Collected by GNFC in other Indian States in 2017**

|  |  |
| --- | --- |
| **States** | **Quantity (in MT)** |
| Madhya Pradesh | 2,425 |
| Rajasthan | 1,300 |
| Karnataka | 1,200 |
| Maharashtra | 100 |
| Uttar Pradesh | 100 |

**NARDES**

Narmadanagar Rural Development Society (NARDES) is an autonomous GNFC-sponsored non-governmental organization (NGO), which implements the various CSR projects undertaken by GNFC. It was registered as a Trust in 1980. NARDES started with small-scale activities such as conducting health camps for blood donation and subsequently got involved in providing education, health care, developing rural infrastructure, sanitation, providing vocational skill training, all of which resulted in empowerment of women and youth, especially from the economically underprivileged backgrounds.

NARDES played an important role in GNFC’s Neem project where it mobilized and trained women for the collection of seeds, established the soap unit, trained women in soap making and provided support to the Neem retail stores. For establishing the Neem Soap making unit at Bharuch, NARDES tied up with Khadi & Village Industries Commission (KVIC), under the Prime Minister’s Employment Generation Programme (PMEGP). PMEGP was a credit linked subsidy programme administered by the Ministry of Micro, Small and Medium Enterprises, Government of India. In line with the PMEGP’s objective to generate employment opportunities to provide sustainable development, NARDES set up a Neem Soap Manufacturing unit at a total project cost of about INR 2.4 million. The unit was operated by local women who were trained in Soap Making at the Industrial Training Institute (ITI) in Bharuch and certified by the National Skill Development Council (NSDC).

# What is expected?

As part of this case study, please refer to the exhibit data and use it for assumptions if required.

1. Assess the social and business impact that GNFC is creating through its Neem project
2. What maybe the key challenges for GNFC like companies to sustain their social impact programs?

To be included in final round presentation

1. Critically analyze GNFC's foray into the FMCG sector with their neem-oil based product. What are the advantages and disadvantages? Suggest alternative strategy that they could have adopted to realize value from their excess neem oil, even while maintaining their social mission.
2. How does GNFC's Neem initiative demonstrate social responsibility towards the local community and the environment, indicating a long-term business perspective?
3. How does GNFC measure and evaluate the social impact and effectiveness of the Neem initiative?

# EVALUATION CRITERIA

The case submissions will be judged on the following:

1. Creativity
2. Granularity
3. Feasibility
4. Originality

# RULES AND GUIDELINES

1. For Round 1, Submit a 1-slide presentation (pdf/ppt) (excluding cover slides & annexures)
2. Any assumption taken must be specified in the annexures.
3. The final deadline for submission will be mentioned on Unstop
4. For any queries, contact:

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1. Naming convention – TeamName\_InstituteName\_VISTAGSRC
2. The decision of the organisers is final and binding