

## PROJECT SHAKTI – A PUBLIC PRIVATE PARTNERSHIP FOR RURAL CONSUMERS' WELFARE

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### ABSTRACT

The consumer movement has been started in India in the year 1930 by a follower of Mahatma Gandhi. And the enactment of the Consumer Protection Act in 1986 had provided the momentum for the consumer movement in India to bloom which explicitly called for the protection of consumers from rural India who earn an insufficient living. And with this set of mind in the early 1980s, the Government of India launched the Development of Women and Children in Rural Areas (DWCRA) programme under the Integrated Rural Development Programme. In the year 2001, it has made a tie up with the MNC giant HUL with the objective of changing lives and boosting incomes in rural Bharat. It has involved in Project Shakti of HUL which is conceived with twin objectives, to empower women in remote rural areas and to enable HUL to reach inaccessible areas and thus to land a win-win situation. It seeks to empower underprivileged women of villages and thus give the ultimatum to consumers' welfare. The objective of this paper will be to throw a light on various aspects of Project Shakti and to relate the initiatives with the rural consumers' welfare, both in qualitative and quantitative terms.

**Keywords :** social business initiatives, women empowerment, Consumer confidence, feminine consciousness

## INTRODUCTION

Commercial revolution and industrial revolution in the late 18<sup>th</sup> and early 19<sup>th</sup> centuries have resulted in many benefits to the salver of Indian consumers. Increased competition results in increased availability of goods at comparatively lower prices. Now goods produced all over the world become available to the consumers. But what is the matter of consideration is that in the old economic order the quality and kind of goods produced and the prices charged for them were determined by custom and tradition which had behind them the sanction of the community. But in the market economy, the consumer ceased to enjoy this protection. The consumers are enough aware of market conditions and able to assess the quality and properties of product. The fact which put him at a comparatively disadvantageous position as a buyer, nowadays, is that he is often misinformed and misguided by the sellers, who had large resources at their disposal. There exists an increasing tendency among producers and sellers to come together and form monopolies which restrict supply to raise prices. To protect the Indian consumers the consumer movement has been started in India in the year 1930 by a follower of Mahatma Gandhi. As the height of Gandhi's campaign for freedom from colonial rule, India experienced a registered consumer organization, for the first time, in Chennai. And the enactment of the Consumer Protection Act in 1986 had provided the momentum for the consumer movement in India to bloom. The Consumer Protection Act 1986 of India explicitly called for the protection of not only those who could afford to purchase goods and services in the market place but also consumers from rural India who earn an insufficient living.

In the early 1980s, the Government of India launched the Development of Women and Children in Rural Areas (DWCRA) Programme under the Integrated Rural Development Programme Funded by both the central and the state governments in the ratio of 75:25 respectively. The DWCRA programme has proved itself as a non-equivalent substitute of consumer affair agencies and in its journey has explored the role of the corporate in rural development programmes. In the year 2001, it has made a joint-venture with MNC giant HUL, with a noble objective of changing lives and boosting incomes in rural Bharat. With the helping hand of HUL, they have started the programme of women empowerment which as per the Consumer Protection Act of 1986, an economic protection of consumers from rural India who earns an insufficient living. Though directly it is protecting one specific consumer segment (underprivileged women of villages with populations of 2000 or less) but indirectly, as a whole, it is protecting the household in which those women belong and making the next generation more capable so that they can take an effective and efficient participation in the productive activity and can gain the sufficient standard of living and may become much more protected in their future. The objective of this paper is to throw a light on various aspects of project Shakti and to relate the initiatives with the rural consumers' welfare.

## OBJECTIVES

The objectives of the study are the following:

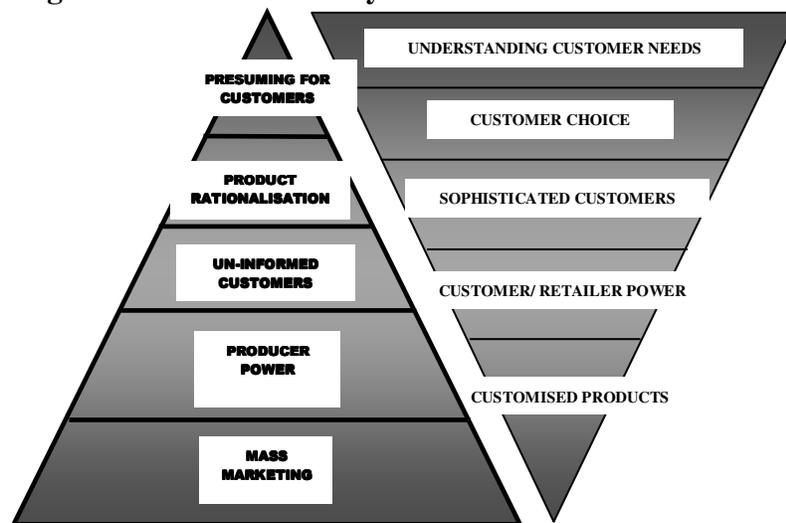
- To look out into the consumer protection movements in India.
- To establish the importance of consumer protection in the context of welfare of rural India.
- To study the consumer protection activities of NGOs with the joint venture with the private business giant (HUL) and its impact on social welfare of India.

**METHODOLOGY**

Goal of any social research is exploration, description and explanation. Yin (2003) supposed that if the research questions are based on “what” questions, then the research has an exploratory research purpose. Exploratory research can also be used to explore why there are interests in further research at all (Wilson, 2003). On the other hand ‘Descriptive Research’, according to Wilson (2003), deals with gathering information through descriptive answers, questions to the questions like who, where and when. This particular study may be classified as an exploratory research study, since the purpose of the present study is to investigate and describe the public private partnership of consumer protection practices in the context of rural marketing in India.

**CONSUMER PROTECTION AND ECONOMIC AND SOCIAL WELFARE**

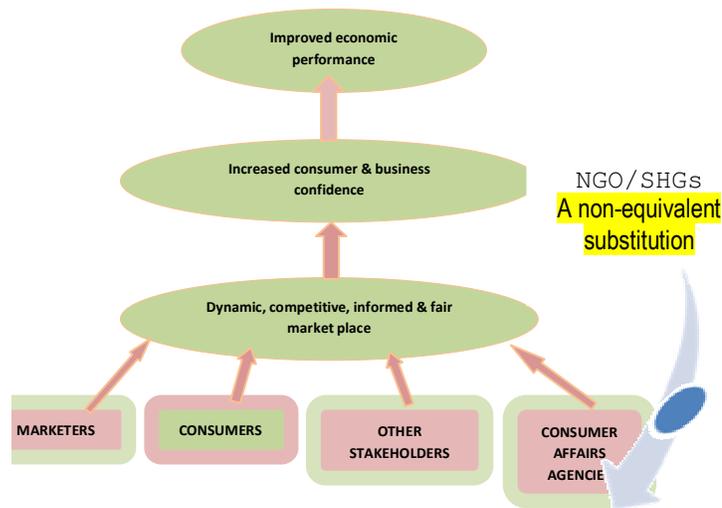
**Consumer: the king of the market economy**



**Exhibit 1: Changed position of the Consumers**

Consumers play a vital role in the economic system of a nation because in the absence of effective demand by consumers, the economy virtually collapses. The suggestion of the Father of our Nation, Mahatma Gandhi, to the organizations regarding the consumers was that, a consumer is the most important visitor on business premises, they are the purpose and the consumers are doing a favour by giving opportunity to serve him. Consumer is the strongest power and decides whether a business is going to continue or not. So what is needed is to understand the consumer needs, his choice and to customize the product as per the taste and preferences of the consumers. So the organization should not go with mass marketing by ignoring or underestimating the real consumer needs rather to go with product customization by gaining a through knowledge of the consumers (the inverted pyramid in the picture).

**Protected Consumers: advancement to community welfare**



**Exhibit 2: Consumers Protection: Advancement to Community Welfare**

Consumer welfare refers to the individual benefits consumption of goods and in a dynamic, derived from the services competitive, informed and fair market place. In theory, individual welfare is defined by an individual's own assessment of his/her satisfaction given prices and income. Satisfaction of individual consumer depends on his or her dynamicity, which depends directly on financial strength or protection of consumers. Sufficient standard of living only can give satisfaction to this social entity. Consumer confidence can be uplifted if and only if he or she is well informed about the new innovations—the quality, price, availability aspects of that innovations—and thus can face the malpractices of business units and can transform the market place competitive enough. And competitive marketplace only can give a lead to increased consumer and business confidence and thus the economy can reach into its peak which ultimately with its equal spread can give the ultimatum to the social welfare. Basically, there are four main ways of protecting the interests of consumers:

- 1. Business Self-regulation:** The business community itself can help in achieving consumer protection and satisfaction through self -discipline. By adopting higher ethical standards Trade associations and chambers of commerce can check unfair trade practices used by some businessmen.
- 2. Consumer Self-help:** Every consumer must be alert. He should educate himself and know his rights. He should not allow dishonest businessmen to cheat him.
- 3. Consumers' Associations:** Consumers should form voluntary associations which can educate and awaken consumers. They can take organized action and put pressure on businessmen to adopt fair trade practices.
- 4. Government Regulations:** The State or the Central authority can ensure consumer protection through legislative, executive and judicial actions. Government of India has enacted several laws to protect the interests and rights of consumers.

During 1960's and 1970s mass marketing practices undermine the role and importance of customer in the market place. Companies presumed to know what their customers wanted and thus gain advantages of cost savings. In the latter 1990s, with the introduction of economic liberalization, the leading companies shifted their approaches with customers from transaction-oriented exchanges to long-term relationship building and from acquisition-oriented marketing strategies to retention-oriented strategies and thus designated the consumers as the king of the organization. But it was not the mass practice —the opposite side of the coin also simultaneously exists into the same social system. So consumer self help gradually becomes so important to make themselves much more powered, more sophisticated, because it's the customer empowerment—consumers' well-being or all round consumer protection that can only lead to social welfare. But additionally it can be said that if business self-regulation and consumer self-help can be merged together then the consumers may be much more protected and be empowered to a further greater extent.

**CONSUMER PROTECTION IN INDIA: BYGONE PORTRAYAL**

**CONSUMERS' ASSOCIATIONS**

Consumer movement in India had its beginning in the early part of this century. The first known collective body of consumers in India was set up in 1915 with the 'Passengers and Traffic Relief Association' (PATRA) in Bombay. The snapshot of others is in the following table:-

<b>Exhibit 3(a): Consumer movement in India</b>	
<b>Organizations</b>	<b>Initiation</b>
Women Graduate Union (WGU)—	Bombay—started in 1915.
The earliest consumer co-operatives—'Triplicane Co-operative Stores' Urban	Madras—in late 40's—has about 150 branches all over the city.
Indian Association of Consumer (IAC)—	All India Association for consumer interests with the government's support—set up in Delhi in 1956.
Consumer Guidance Society of India (CGSI)—	Started by nine housewives in 1966 with Mrs. Leela Jog as its founder secretary.
Karnataka Consumer Services Society' (KCSS)—	Formed in 1970.
Visaka Consumers Council (VCC)—	started in 1973 in Vishakhapatnam, Andhra Pradesh

To wage a war against exploitation by the traders, some organizations came up with the novel idea of buying quality product of everyday use at wholesale and selling these to the consumers at much lower prices than that being sold by the merchants. These are—

- The Akhil Bhartiya Grahak Panchayat (ABGP) started in 1974 in Pune.
- Mumbai Grahak Panchayat (MGP) in 1979 in Mumbai.
- Grahak Panchayat in 1979 in Jamshedpur.
- Consumer Education and Research Centre (CERC) started in Ahmedabad in 1978.
- Some associations were really committed to the cause of the consumers are:

<b>Exhibit 3(b): Consumer movement in India</b>		
<b>Organizations</b>	<b>Time &amp; place</b>	<b>Activities</b>
'Jagrut Grahak'	In 1980, in Baroda, Gujarat started by ten retired professionals.	Imparts consumer education through seminars, publication and runs a network of 45 complaint centres.
'Consumers Forum'	In 1980 in a small form in Udupi in South Karnataka.	bringing relief to many aggrieved consumers, chiefly from their problems with the state bureaucrats
VOICE,	In 1983 founded by energetic young students and teachers of the Delhi University in Delhi.	fight against unfair trade practices
'Consumers Forum'	started Under the leadership of Dr. P. Narayan Rao,	gives consumers information about the benefits of shortcomings of various products and brands and enables them to make informed choice
Consumer Unity and Trust Society (CUTS)	In March 1984, started in Jaipur, Rajasthan.	made its impact by effectively making use of media and publicity
Consumer Action Group (CAG)	founded in 1985 in Madras	Concerns itself with the issues of civic amenities, health and environments.

**GOVERNMENT REGULATIONS**

- The Essential Commodities Act, 1955 to regulate and control the production, supply and distribution and prices of essential commodities.
- The Prevention of Food Adulteration Act, 1954 to check adulteration in food items and eatables.
- The Drugs and Cosmetics Act, 1940 to ensure purity and quality in drugs and cosmetics.
- The Standards of Weights and Measures Act, 1956 aimed at ensuring that consumers get the right weight and measurement in products.
- The Household Electrical Appliances (Quality Control) Order, 1976 to ensure safety and quality in the manufacture of electrical appliances.
- The Consumer Protection Act, 1986 to provide speedy and inexpensive redressal to the grievances of consumers which applies to the whole of India except J&K.

THE CONSUMER PROTECTION ACT, 1986 provides following remedies to an aggrieved consumer:

- Removal of defects in goods or deficiency in services
- Replacement of defective goods with new goods of similar description which shall be free from any defect.
- Return of price paid by the consumer.
- Payment of compensation for any loss or injury suffered by the consumer.
- Discontinue the restrictive or unfair trade practice and not to repeat it.
- Withdraw the hazardous goods from being offered for sale and not to offer them for sale.
- Provide for adequate cost to the aggrieved party.

The Consumer Protection Act 1986 of India explicitly called for the protection of not only those who could afford to purchase goods and services in the market place but also consumers from rural India who earn an insufficient living.

## **DWCRA AND HUL FUSION: THE MEANS OF RURAL COMMUNITY WELFARE**

### **DWCRA: A NON-EQUIVALENT SUBSTITUTION OF CONSUMER AFFAIR AGENCY: THE MEANS OF STANDARD OF LIVING TO RURAL WOMEN**

The scheme "Development of Women and Children in Rural Areas" (DWCRA) is one of the sub-schemes of component of the "Integrated Rural Development Programme". The intent of the scheme was to constitute a group of women and give them an incentive to engage themselves in self-employment so that they can improve their financial position by earning additional income. The Scheme has been started in Maharashtra in the year 1983-84 and up to the end of 1991-92 the scheme has been implemented in fifteen districts of Maharashtra. Under this scheme, a group of 10 to 15 women, from rural areas, from below Poverty line families, are formed and financial assistance is provided to them to undertake the productive activities which can cater to the needs of local people. State Government, Central Government and UNICEF used to give financial assistance of Rs. 15,000 to each Mahila Group. This scheme is implemented by Rural Development Department at state level and the Zilla Parishad, DRDA and Panchayat Samities implement at District and Panchayat Samiti level. In the year 2001, Govt. of Andhra Pradesh took the pioneering step to tap the micro-enterprise opportunity of DWCRA Groups by enabling linkages with HUL.

### **HUL: A PRACTITIONER/PROFESSIONAL/AUTHORITY TO PROFIT**

Unilever is the world's largest Fast Moving Consumer Goods (FMCG) Company with worldwide revenue of \$55 billion in 2005. Its Indian subsidiary, the Hindustan Unilever Limited (HUL) was the country's largest FMCG Company with revenue near about \$2.43 billion. In 1931, Unilever set up its first Indian subsidiary, Hindustan Vanaspati Manufacturing Company. Thereafter the Lever Brothers India Limited and United Traders Limited were established in 1933 and 1935 respectively. In November 1956, these three companies merged and form HUL. In 1984, the Brooke Bond joined the Unilever fold. Lipton was acquired in 1972 and Ponds in 1986. HUL was following a growth strategy of diversification always in line with Indian opinions and aspirations. In 1993, HUL merged with the Tata Oil Mills Company (TOMCO). In 1995, formed a 50:50 joint venture with Lakme Limited. The company had also made a string of mergers, acquisitions and alliances in the Foods and Beverages sector. Some of these were the acquisition of Kothari General Foods (1992), Kissan (1993), Dollops Ice-cream business from Cadbury India (1993), Modern Foods (2002), Cooked Shrimp and Pasteurised Crabmeat business of the Amalgam Group of Companies (2003).

### **PROJECT SHAKTI: A JOINT VENTURE OF DWACRA AND HUL— LESS EXPLOITED AND MORE EMPOWERED RURAL CONSUMER**

HUL has been proactively engaged in rural development since 1976 with the initiation of the Integrated Rural Development Programme in the Etah district of UP. This programme was in cycle with HUL's dairy operations and covered 500 villages in Etah. Shakti is HUL's another rural initiative with a noble mission of "add vitality to rural life". It seeks to empower underprivileged rural women of villages with population of 2000 or less by providing income-generating opportunities, health and hygiene education through the Shakti Vani programme and creating access to relevant information through the i-Shakti community portal.

Partnering with the SHGs, HLL started its Project Shakti in Nalgonda district of Andhra Pradesh in 50 villages in the year 2000<sup>1</sup>. The social side of the Project Shakti was that it was aimed to create income-generating capabilities for underprivileged rural women by providing a sustainable micro enterprise opportunity and to improve rural living standards through health and hygiene awareness.

### THREE SHAKTI INITIATIVES

- **Shakti Entrepreneur:**

Typically, a woman from a SHG selected as a Shakti entrepreneur—direct-to home distributors in rural markets who receive stocks at their doorstep from the HLL rural distributor and sells direct to consumers as well as to retailers in the village<sup>2</sup>. To get started the Shakti woman borrows from her SHG and the company itself chooses only one person. With training and hand-holding by the company for the first three months, she begins her door-to-door journey selling her wares.

- **Shakti Vani:**

This is “*One-to-many communication*” scheme of Project Shakti. Hindustan Unilever trains local women to give talks to villagers about basic health practices, such as good hygiene, disease prevention and pre- and post-natal care, using visual aids to overcome widespread literacy through meetings at schools, village *baithaks*, SHG meetings. The Vani project—a social communication programme—however, is operational, presently, in more than 20,000 villages in states like Madhya Pradesh, Karnataka, Chattisgarh and Andhra Pradesh.

- **i-Shakti:**

This IT-based rural information service was to provide demand driven information and services across a large variety of sectors such as agriculture, education, vocational training, health and hygiene that unlock economic and social progress. In association with the Andhra Pradesh Government's Rajiv Internet Village Programme it has been set up in 400 villages in Andhra Pradesh, and has been functional since August 2003. The i-Shakti kiosks are operated by the Shakti Entrepreneur.

### PROJECT SHAKTI: THE BENEFIT TO THE SOCIETY

#### QUANTITATIVE REWARD :

Started in 2001, Shakti has already been extended to about 50,000 villages in 12 states - Andhra Pradesh, Karnataka, Gujarat, Madhya Pradesh, Tamil Nadu, Chattisgarh, Uttar Pradesh, Orissa, Punjab, Rajasthan, Maharashtra and West Bengal. Rural development departments of respective state govt. and several NGOs (approx 250 organisations) are actively involved in the initiative. Afro Field Unit (Madhya Pradesh), Adarsh (Orissa), Aagakhan Development Network, Aashpura Foundation (Gujarat), AID (Tamilnadu), CARDS ((Coastal Action for Rural Development & Service) (Karnataka)), Greens (Andhra Pradesh) and most importantly NABARD are a very few list of the whole set. For HUL, it is “*enlightened self-interest*”—creating opportunities to increase rural family incomes puts more money in their hands to purchase the range of daily consumption products—from soaps to toothpastes—that HUL makes. Figure 1 diagram is revealing the spread of Project Shakti.

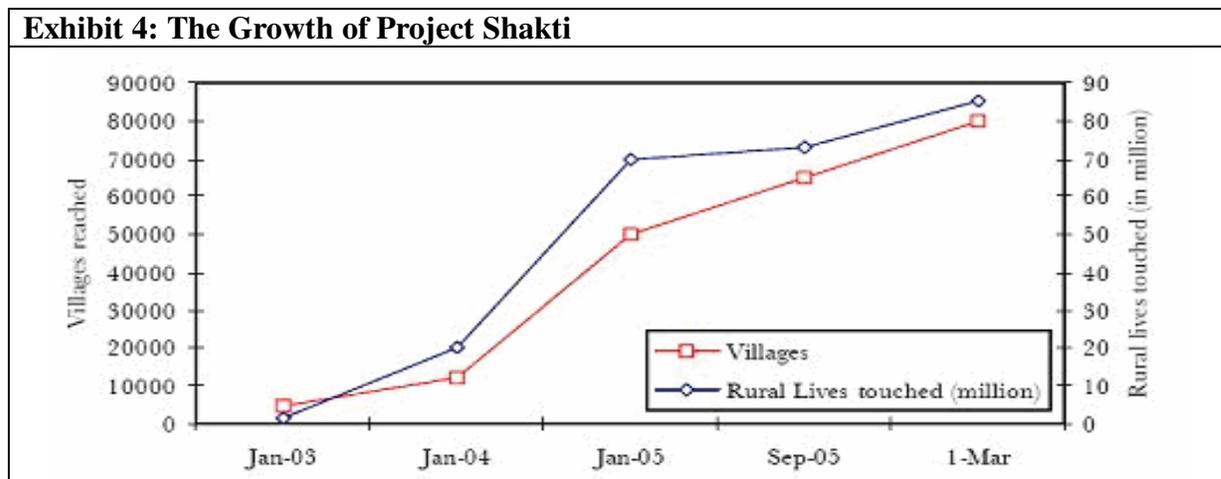
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<sup>1</sup> The Government of Andhra Pradesh took the pioneering step of supporting the initiative by enabling linkages with the network of DWACRA Groups of rural women set up for their development and self-employment.

<sup>2</sup> Each Shakti entrepreneur services 6-10 villages in the population strata of 1,000-2,000 people. A Shakti entrepreneur sets off with 4-5 chief brands from the HLL portfolio - Lifebuoy, Wheel, Pepsodent, Annapurna salt and Clinic Plus (small packs). The company layers it with whatever else is in demand, like talcum powder or Vaseline during winters. Typically, unit packs are small.

Shakti is generating Rs.700-1000 per month to each woman (additional income to rural life) with which the rural women are living in *improved conditions*, affording the basic needs—nutrition, education etc. and obeying the Consumer Protection Act 1986 that explicitly remarked the protection of consumers from rural India who earn an insufficient living. With the vision to cover 5 lac villages in 2012 through its social communication programme, namely, Shakti- VAANI, trained Shakti women, are making rural people informed about those products, directly related with the health and hygiene aspect of human being. In 2004, Shakti Vani has covered 10,000 villages in Madhya Pradesh, Chattisgarh and Karnataka. The vision of i-Shakti, the Internet-based rural information service is to have 10,000 kiosks across the state by 2011.

**Exhibit 4: The Growth of Project Shakti**



### THE FINANCIAL PERFORMANCE OF SHAKTI ENTREPRENEUR

Sales → \$250/month \$3,000/year; Earnings → About 7%, after 3% goes towards principal (\$250) and interest; Improves in per-capita income by about 50% to 100%; 100,000 entrepreneurs by 2010

So, Social Benefit → \$20 to \$30 million

It is the combination of the 3 ways:

- Door to door selling (11% margin on sales)
- Sells from own home (11% margin on sales)
- Retailers (3% margin)

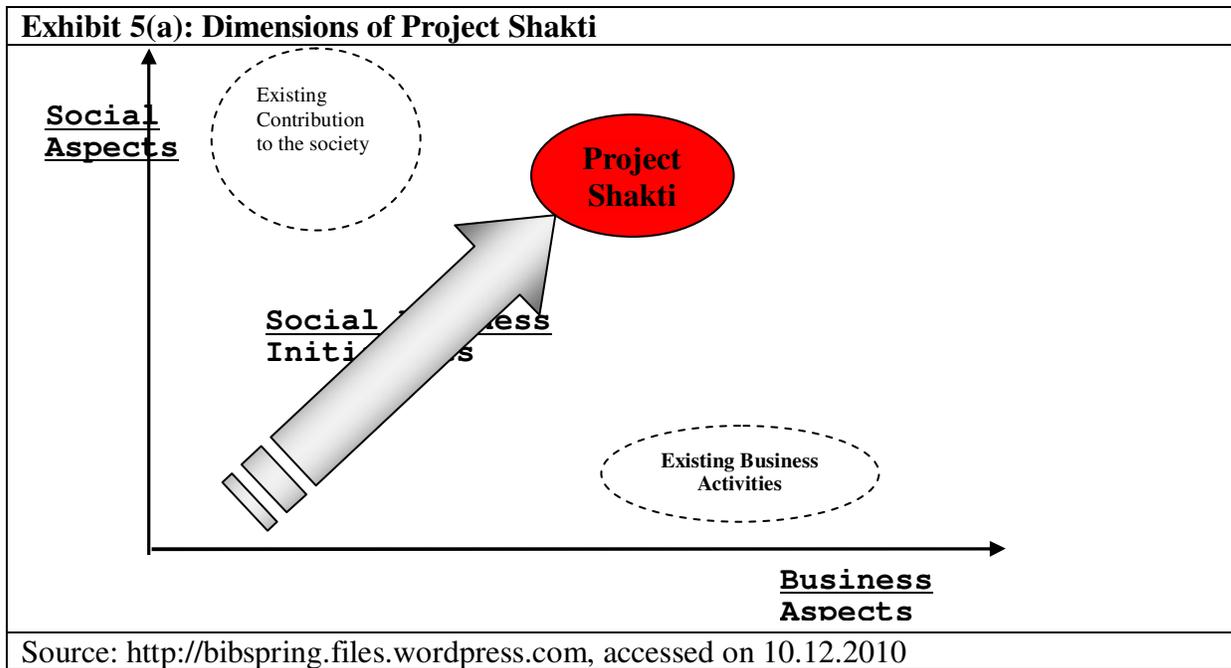
And averages sales: Rs. 10,000 - Rs. 15,000/month,

So profit - Rs.1, 000 per month

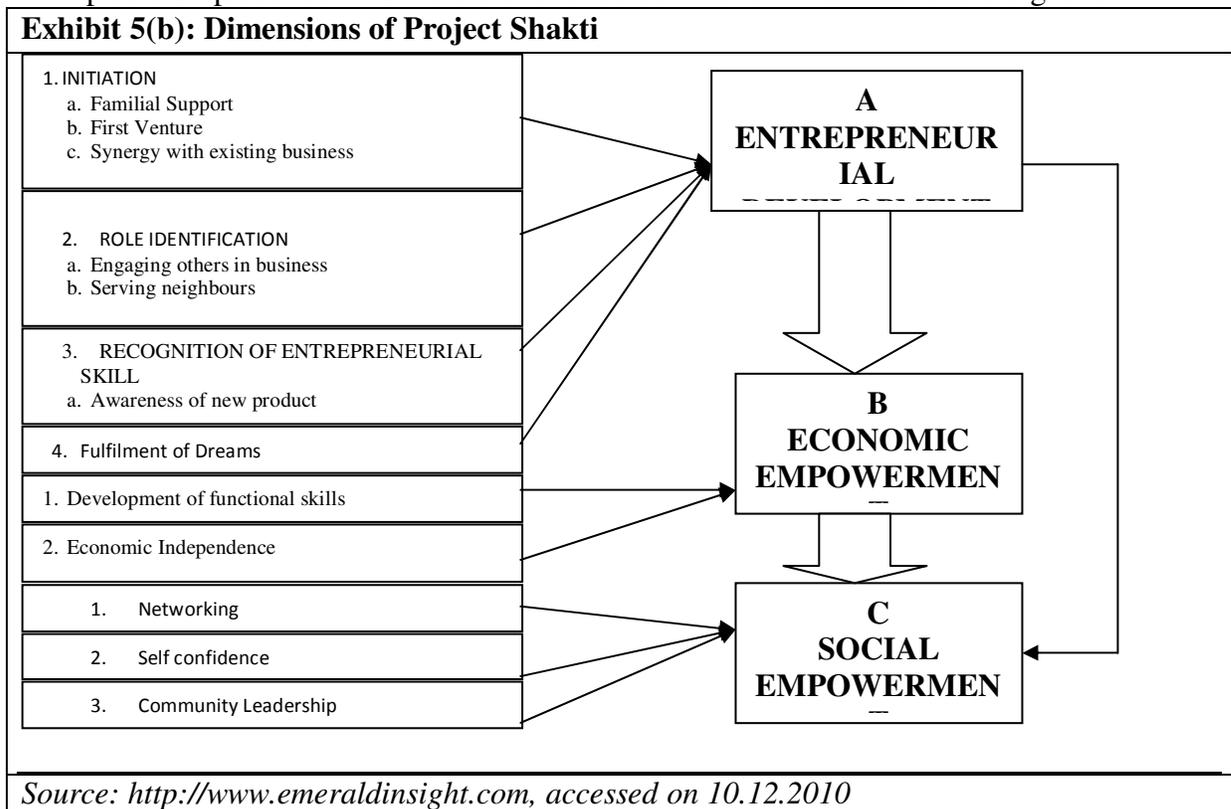
#### • QUALITATIVE BENEFIT:

Project Shakti is a right blend of the ‘sales objectives’ with ‘societal objectives’ and hence a “social business initiatives”. With its noble objectives it has been finally resulted in:

- entrepreneurial development
- economic empowerment
- social empowerment (Opinion Leaders) of the Shakti Ammas



"Project Shakti" is awakening the degenerating society by strengthening the feminine consciousness and empowering them with the ability to defend against all forms of attacks. Project Shakti enabled families to live with dignity and in better health & hygiene, education of the children and an overall betterment in living standards of near about 90 million rural households. It creates a win-win partnership between HUL and the rural consumers for mutual benefit and growth.



**Value cycle of Project Shakti: value defining, value developing, value delivering and value maintaining (Exhibit 6):**

Project Shakti resulted in Local economic growth (income for women), increase in both Knowledge capital (through business skills development through value chain) and financial capital (micro credit through various partnerships) which obviously will promote long term economic growth. Hygiene and nutrition education through marketing and advertising, Improved Gender equality – income for women means greater say in household, Universal primary education (income for women increase the chance of children going to school) are the strategic corners of this project.

According to A & M's Most Admired Marketing Companies survey Hindustan Lever Ltd. is India's most admired FMCG Company whose products have among the deepest penetration in rural India. It saw sales of about Rs 9,954 crore in the year 2000, in the rural market. In 2005, Hindustan Lever Limited had a contribution of Rs. 5,000 crore from the rural market that was a whopping 50 percent of its total sales turnover and its 2006 revenues were \$2.8 billion (Tamlurkar, 2008). In 2005 the turnover was Rs 10,245 crore, market capitalization: Rs. 28,846 crore, and total size of the business was a little over Rs. 100 crore (Gupta & Rajshekhar, 2005). So one equation can be drawn from this information that PROJECT SHAKTI = Empowered Consumer → Protected Consumer with the sufficient affordability.

In many cases, earnings from Shakti help them double their household income (Barth, Greene, King, Paradis, 2006) a greater part of which goes to children education which means more protected future generation. According to media reports, Shakti distributors now account for 15% of the company's sales in rural India. Meanwhile, the potential for growth is enormous. It's a self-sustaining cycle of growth or welfare.

**CONCLUSION**

Project Shakti is enabling rural families to live with dignity and in better health and hygiene, education of the children and an overall betterment in living standards. It creates a win-win partnership between HUL and the rural consumers for mutual benefit and growth. This can be said as sustainable development in the sphere of business sphere. And while, one in eight people on the planet lives in an Indian village this sustainable development in the rural region is making an indication towards the country's overall societal welfare—it's a business initiative with social benefits. The impact on the woman as an individual, along with the ripple effect on the family and surrounding community, is probably immeasurable. Project Shakti provides a powerful example of a business that profits while improving the livelihoods and quality of life for its customers.



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