



A CASE STUDY

Corporate social responsibility in business



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OUR business group has delved in agriculture and agro-processing, more generally agro-business, since the early eighties. We grew banana, papaya, guava, rajani gandha or white lilies and raised fish in ponds in our experimental leased farm land till we came to the conclusion that it is agro-processing which held the key to our financial prosperity. Adding value and increasing shelf life were the means. Fresh farm produce was a victim of gluts & scarcities impacting on market prices: lowering or raising them.

Our corporate mission being: "Poverty & hunger are curses: Our aim to generate employment and earn dignity & self respect for our compatriots through profitable enterprises," we had no option but to concentrate on agriculture which is the largest employer & provider of livelihood for our people.

We experimented with value addition & increasing shelf life of farm produce. We branded Chinigura rice as an upmarket staple going through the rigmarole of producing quality seeds and appointed contract growers and finally started milling in our state of the art rubber roller, colour sorter, polishing and packaging machines. We process thousand of tons of mango into pulp and then produce mango drinks in glass, plastic, can and aseptic packaging not to mention our popular Mango Bar from dehydrated mango pulp. Same is the case with pineapple, litchi & other fruits. We grew mushroom, dried & ground into powder for the soup market in Germany. Tomato again in thousands of tons is crushed into paste to be saved for processing into

sausages of various kinds. Spices of all types are bought in season, cleaned and dried and stored for final processing round the year. We preserve olive, green mango & plums for processing into pickles, chutneys and the lot. Peanuts, corn, muri or puffed rice, chanachur and related types of snacks are all subject to this process of seasonal purchase, cleaning and storage and finally processing and packaging for the market.

In a nutshell we have been able to add value to our agricultural products by processing them to increase shelf life. We have shown the way for others to follow which is only natural. People who worked and were trained by us now man numerous factories round the country and it is flattering to see them. We don't bear any grudge against them for we too learned from others abroad and with our research and development the ultimate beneficiary is the nation.

Contract farming as a concept was initiated by us. Starting with Chinigura rice in the rice fields of Chapai Nababgonj we focused on Moog Dal in Natore region. Today this is the largest Moog Dal growing area in the country providing employment for entire families as opposed to individuals. Much of the same type of effort is being applied for Tomato growing. More than 25 per cent of Tomatoes this year will come from our contract growers using improved seeds. Hopefully next year their contribution will be much higher.

Our factories are located in the rural areas of Rangpur, Natore, Ghorashal and Narsingdi. Literally thousands of people work in these factories, the vast majority are women. It is a pleasure to see them working and over the years gaining self confidence. If empowerment of women is a social objective truly we

achieve distinction, entailing family planning and literacy. All this is possible while living in their traditional homes with their kith and kin often rearing poultry or even a cow or two adding to the family income.

There are over 13,000 people in direct employment of PRAN, another 10,000 in indirect employment and indeed well being of some 23,500 families or some 1.30 lac people depend on it. Most of these people live in rural areas protected from the scourge of urbanization. Living in metropolitan areas like Dhaka or Chittagong is expensive & unhealthy to say the least.

PRAN is a dominant player in the local market, but its achievements have been more spectacular in the international market place. Starting from zero, export target for 2007 is set at Tk 100 cr comprising practically the whole range of our products: drinks, snacks, tomato based products, confectionary, tea, rice, etc. Our most important market is India where our products are solicited. Then comes the Middle East. My heart fills with pride when I see a PRAN delivery van plying in Dubai flashing PRAN logo. Then Africa where our products go to remote places like Luanda in Angola, Djibouti, Addis Ababa, Abidjan in Ivory Coast and the rest, some 70 countries of the world.

We aimed at taking the produce of our farmers from the tiny parcels of land they cultivated to the dining tables of the developed world: real hot Naga Chillies grown in Barisal region, pickled, bottled, packaged & shipped from Bangladesh being relished in a cocktail party in West London. A lofty aim for a tiny corporate in a least developed country of the world.

PRAN products go to many more countries than those where we have diplomatic or trade missions flying the "Pro-

duced in Bangladesh" flag. PRAN takes pride in representing Bangladesh in these countries where few know of us as a nation.

It has taken PRAN some 20 years to come to this stage and I will not speculate on the next 20. It is an achievement we feel proud of in our hearts. We focused on our comparative advantages as a nation: fertile land, a lot of water, climate for round the year cultivation and a lot of people who take to agri-

culture as their second nature. We turned these advantages into a competitive edge by increasing shelf life and value addition of farm produce. True to its corporate mission "PRAN" which in Bangla means life, heart or soul is an acronym for "Programme for Rural Advancement Nationally", and in Bangla Progati Rupaney Agrani Noboddom

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agro industry. The poultry industry has registered over fifty percent growth year over year for most of the decade. New agro products like mushrooms and baby corn have been introduced in the market. Maize has taken over significant acreage as demand for compound animal feeds have increased. Flowers have become a significant crop in the domestic and export markets. However compared to other agro industries, the growth of the dairy industry has neither been substantial nor has it been consistent.

Dairy industry is one of the best suited sectors for the generation of employment and thus ameliorating poverty in rural areas of Bangladesh providing jobs to the whole family, ie men, women & children alike. It is a most profitable occupation too as no part of the bovine is wasted live or dead. Support to the dairy industry lacks appropriate focus in our PRSP strategy primarily due to aggressive lobbying by importers of subsidized milk powder on the one hand and skewed price structure of locally marketed liquid milk by Bangladesh Milk Producers Cooperative Union Limited (BMPCUL) holding a commanding market share due to undeserved financial support from the Government. BMPCUL trade name is Milk Vita. As per our estimates well over a sum of Tk 131 crore has been doled out to Milk Vita as grants & subsidies over the years besides other perks.

Solely motivated by the objective of creating jobs in the rural areas & increased incomes of rural households PRAN has gone into the dairy sector incurring heavy losses annually which are being subsidized by associated business

with the hope that one day we will achieve our aim and what PRAN stands for. We believe dairy to be a promising sector from our point of view but with a long fruition lag. This is a difficult and hard decision for a private sector corporate surviving on profits on an annualized basis.

Survival and growth in business depends on profitability. An entrepreneur takes risk to earn a profit. He puts his money or credit at stake essentially hoping that one day he will be rewarded. Cumulative losses is sure to lead to bankruptcy. We did make profits but they were meager but paid for our dues to all and sundry without ever failing and it is no wonder that our credit rating is about the highest among our creditors, suppliers, distributors and those we do business with. We are amply rewarded by satisfaction and are gratified with what we are doing for our compatriots truly motivated by our corporate mission.

The idea of corporate social responsibility is being widely promoted all over and rightly so. Here is a corporate whose corporate mission embodies in itself corporate social responsibilities with the additional compulsion to make profits in order to thrive and grow which it must to fulfill its corporate social responsibilities in greater measure as time passes. PRAN has a bifocal objective of making profits through the fulfillment of corporate social responsibilities.

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