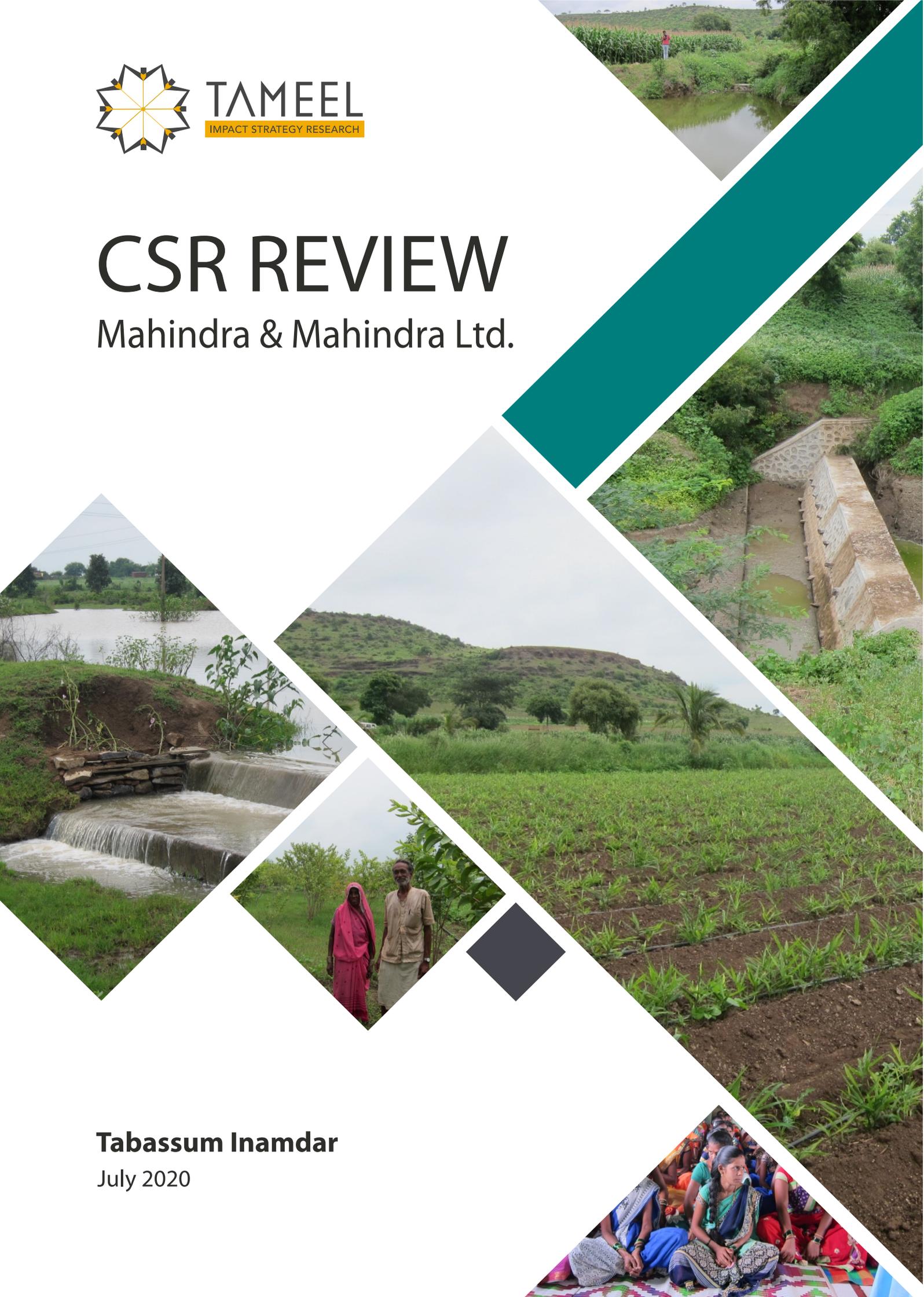


TAMEEL
IMPACT STRATEGY RESEARCH

CSR REVIEW

Mahindra & Mahindra Ltd.



Tabassum Inamdar

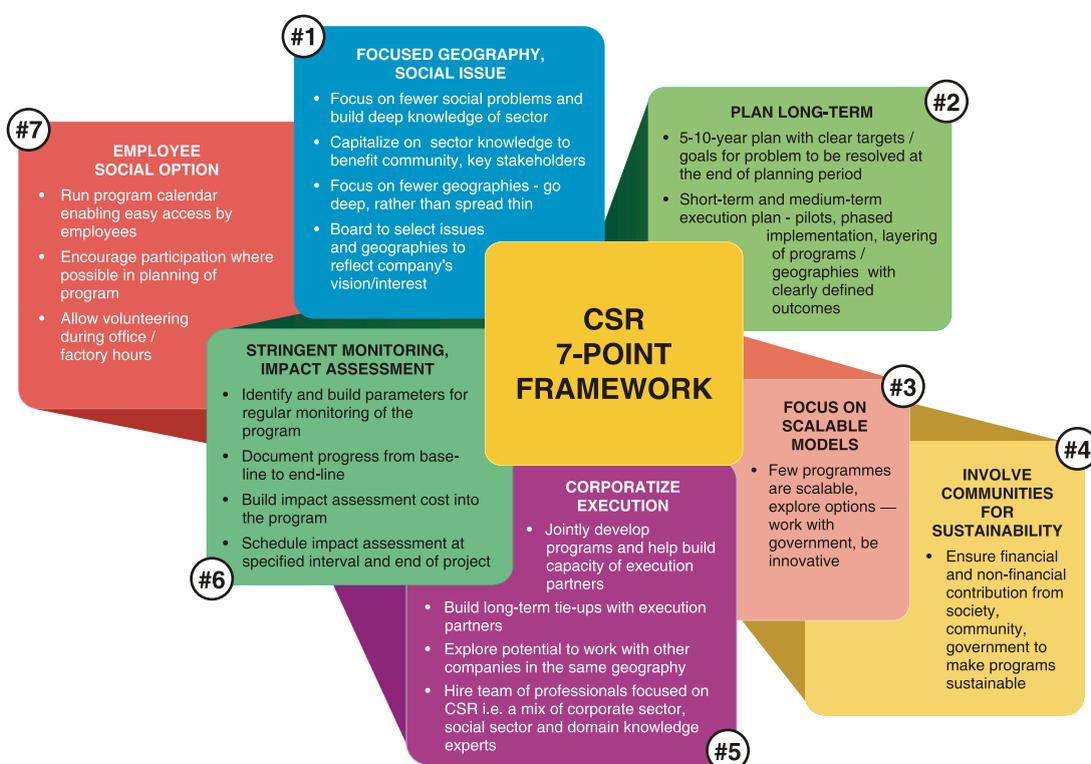
July 2020

AUTHOR'S NOTE

In May 2019, I published a report on CSR titled “Competent Social Responsibility”. This report highlighted that company boards and senior managements should go beyond checking regulatory boxes and work towards maximizing the impact of their CSR programs. Companies that are focused on smart strategic solutions designed to grow the goods and services that earn them revenues should devote these skills to making their social investments as effective as their corporate growth strategies.

Based on extensive interaction with managements, the report had fleshed out a seven-point framework that serves as the foundation of successful CSR, with pointers to best practices.

Seven-Point Framework to Deliver Impactful CSR



In the pursuit of highlighting the best practices in CSR, I visited a few of Mahindra & Mahindra’s (M&M) projects/programs for a better understanding of its work in this field. While I am not in a position to claim that this is the best model in CSR, I found M&M has been going about its CSR projects in a methodical manner, with a deliberate and considered approach. The objective of this report, therefore, is to share the organized fashion in which the company is implementing projects, which begins by building relationships with communities, assessing needs, involving them in execution, doing mid-line and impact assessment studies and finally handing over the projects when appropriate.

I would like to express my appreciation to the CSR team of M&M for facilitating the visits and spending time on this project.

Tabassum Inamdar
July 2020

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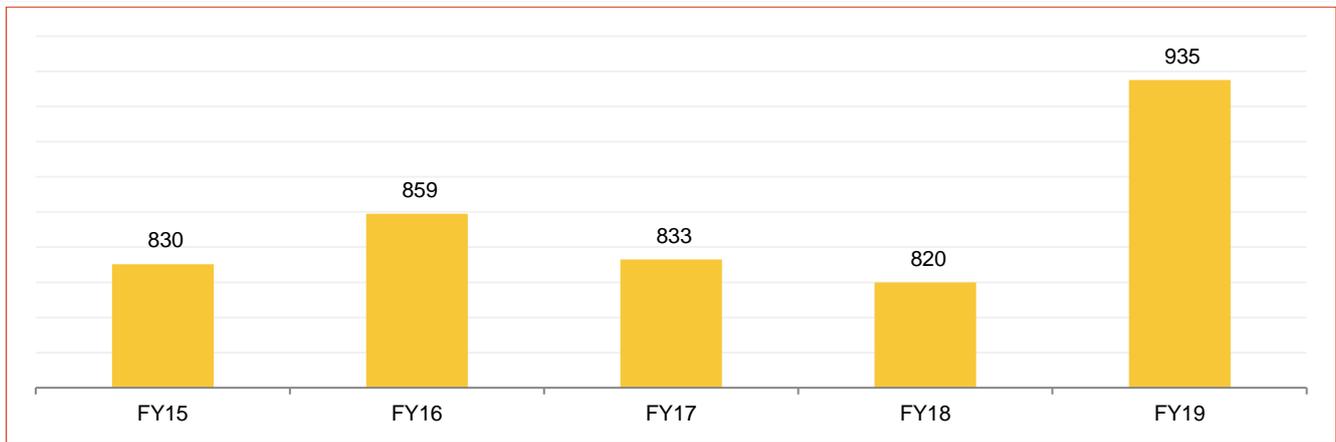
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M&M RISE FOR GOOD

As far back as twenty-five years ago, in 1995, Mahindra & Mahindra Ltd (M&M) began its CSR journey, investing around 1% of its profit in CSR (FY18 M&M sustainability report). This was before the Companies Corporate Social Responsibility regulations were introduced in April 2014. Since then the company has been consistently spending the prescribed amount of 2% of Profit before tax (PBT) as laid out in the regulations.

■ Exhibit 1: M&M has been consistently spending 2% of its PBT on CSR

CSR spend last five years (Rs mn)

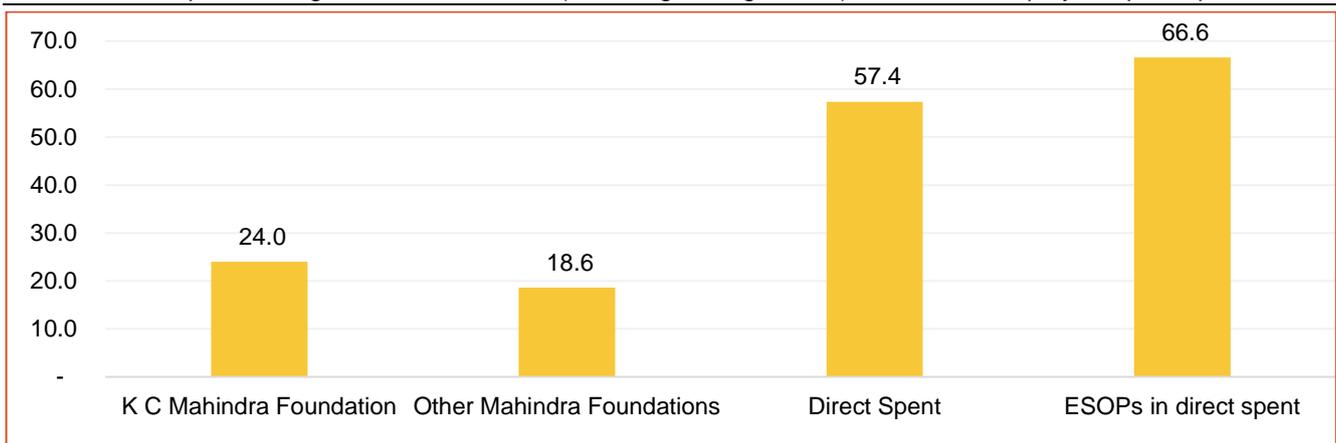


Source: Mahindra & Mahindra Ltd Annual reports

M&M follows a twofold strategy in allocating CSR funds. Around 50% of the CSR spent by the company is allocated to causes identified as important at the group level - Education (with girl child focus), Health and Environment. These three areas are based on M&M’s group CSR strategy and or align with Government/national priority areas. The balance 50% of CSR expenditure is decided by M&M’s Auto and Farms Equipment division (AFS) and is concentrated in the following five areas – Road Safety, Skilling, Rural Health and Wellness, Agricultural Productivity and Water Management. These programs are implemented through NGOs or through the direct participation of employees. The latter is termed Employee Social Options (ESOPs).

■ Exhibit 2: M&M is amongst the few companies where employees’ participation in CSR activities is high

% CSR funds spent through foundation, direct (including through NGO) and where employees participate



Source: Mahindra & Mahindra Ltd Annual Report

A long drive through M&M CSR

In pursuit of highlighting the best practices in CSR, I recently visited certain projects/programs of M&M for a better understanding of its work in this field. The objective is to throw light on the systematic method in which the company is designing and implementing projects – forging relationships with all stakeholders involved, evaluating needs, capitalizing on industry knowledge, assessing impact at various stages and relinquishing control/ handing over the project when appropriate. Based on my observation and understanding of these projects, I wanted to highlight and share M&M's structured approach to CSR which can be replicated by others.

This report is divided into two sections.

- **Section I:** In this section, I evaluate how many boxes M&M is ticking on the 7-point framework.
- **Section II:** I discuss details of the projects I visited with the M&M CSR Team.

Field visits with M&M

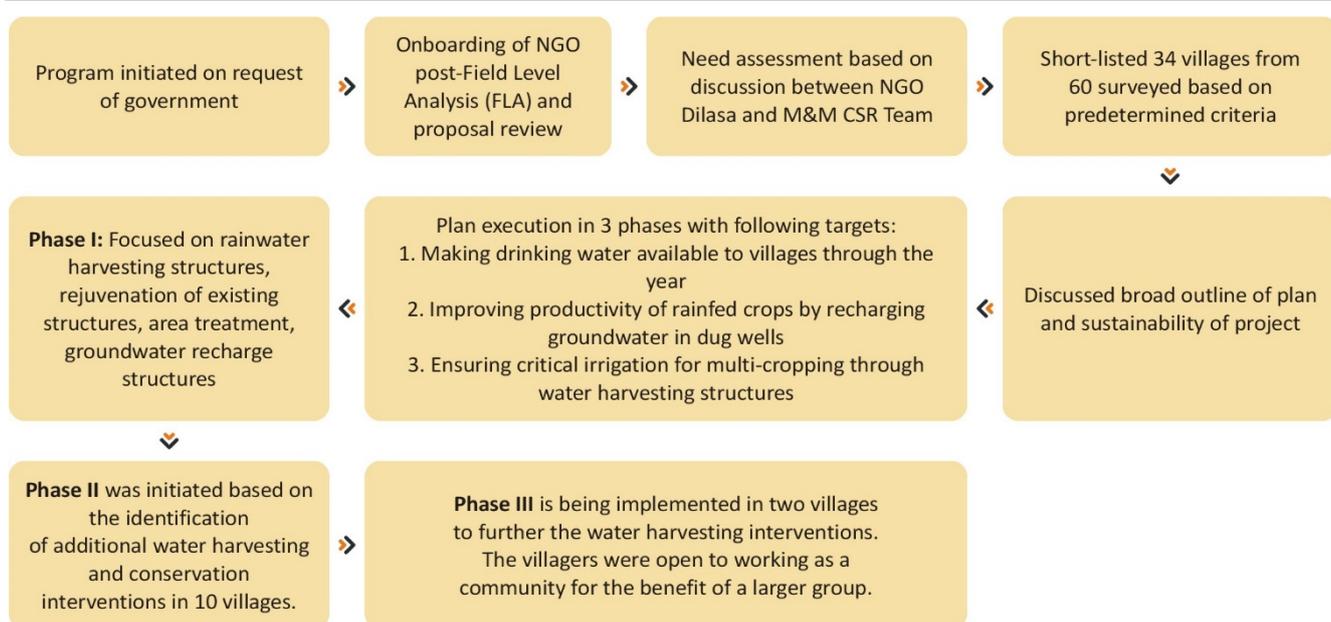
I visited a mix of M&M projects which are as follows:

1. **Anand Ghana, Aurangabad** – A watershed management program implemented on the request of the Maharashtra Government to help drought-affected Marathwada areas. This was implemented with the assistance of an NGO, Dilasa Janvikas Pratishtan.
2. **Palgarh, Maharashtra** – Integrated Village Development Program, implemented in collaboration with an NGO – Loknaya Jayaprakash Narayan Leprosy Eradication Trust – and M&M employees (ESOPs). This project was started because of a Kandivali plant employee's initiative.
3. **Hatta (Damoh district), Madhya Pradesh** – Integrated Watershed Management Program, implemented directly by M&M's CSR team, in financial partnership with National Bank for Agriculture and Rural Development (NABARD). It focuses on holistic development of livelihood opportunities through water and agriculture enhancement interventions.

Anand Ghana – Watershed Program, Aurangabad				
Program Objectives				
Promoting livelihood opportunities for drought-affected farmers by improving soil and water conservation, by repairing and strengthening existing water structures like bunds, nala.				
Inception	End date	NGO Partner		
2015	2020	Dilasa Janvikas Pratishthan		
Key learnings/strategy				
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ol style="list-style-type: none"> 1. Sharp focus on one key area/sector – watershed 2. Narrowing down geographic coverage through survey and participatory rural appraisal (PRA) 3. Active involvement of M&M's CSR team in streamlining the activities to achieve the goals within the stipulated timelines 4. Working with an NGO which has a grassroots connection to the community in that specific geography along with domain knowledge </td> <td style="width: 50%; vertical-align: top;"> <ol style="list-style-type: none"> 5. Forming village-level committees, building their capacity and involving them in decision-making 6. Focus on low-hanging fruit - identifying and repairing existing unused/under-utilized assets such as bunds, nalas, to enhance impact 7. Execution over three years with exit strategy 8. Adopted a phase-wise approach where till date they have exited 24 villages after Phase I and another eight villages after Phase II. Phase III is being implemented </td> </tr> </table>			<ol style="list-style-type: none"> 1. Sharp focus on one key area/sector – watershed 2. Narrowing down geographic coverage through survey and participatory rural appraisal (PRA) 3. Active involvement of M&M's CSR team in streamlining the activities to achieve the goals within the stipulated timelines 4. Working with an NGO which has a grassroots connection to the community in that specific geography along with domain knowledge 	<ol style="list-style-type: none"> 5. Forming village-level committees, building their capacity and involving them in decision-making 6. Focus on low-hanging fruit - identifying and repairing existing unused/under-utilized assets such as bunds, nalas, to enhance impact 7. Execution over three years with exit strategy 8. Adopted a phase-wise approach where till date they have exited 24 villages after Phase I and another eight villages after Phase II. Phase III is being implemented
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Exhibit 3: A structured approach to executing the Watershed Program in Aurangabad

Flowchart of Anand Ghana, Watershed Project

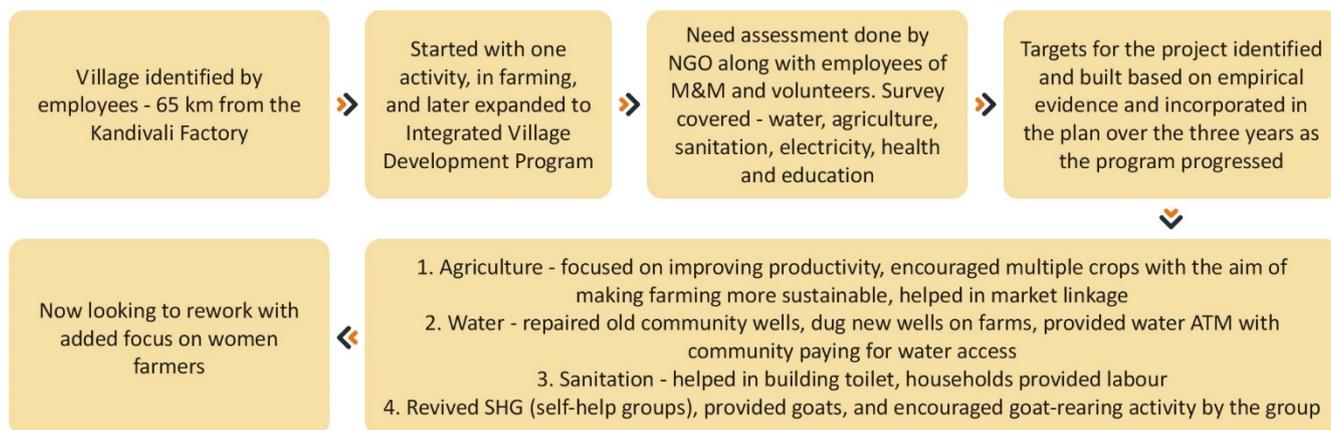


Source: Mahindra & Mahindra Ltd

PALGHAR – Integrated Village Development Program		
<div style="border: 1px solid gray; border-radius: 15px; padding: 5px; display: inline-block; margin-bottom: 10px;">Program Objective</div>		
1	2	3
Increase farm income through sustainable farming, improved techniques	Sanitation to inculcate healthy living	Women empowerment and employment and encourage saving
Launch date	End date	NGO Partner
2015	2019	Loknayak Jayaprakash Narayan Leprosy Eradication Trust
Key learnings		
<ol style="list-style-type: none"> 1. Base-line assessment to understand village needs with help of Kandivali employees and volunteers around the factory 2. Focus on fewer issue areas 3. Working with an experienced NGO, the Loknayak Trust (operating in the villages since 2012), and building a strong community relationship 	<ol style="list-style-type: none"> 4. Bringing in experts on farming to provide training and capacity building, to boost productivity, and increase farm income 5. Sustainability: Formation of vegetable committees and market linkages to boost farmers income. Ensuring water ATM unit is maintained by local communities, who pay for this service 	

■ Exhibit 4: Palghar project - driven by employees’ initiative

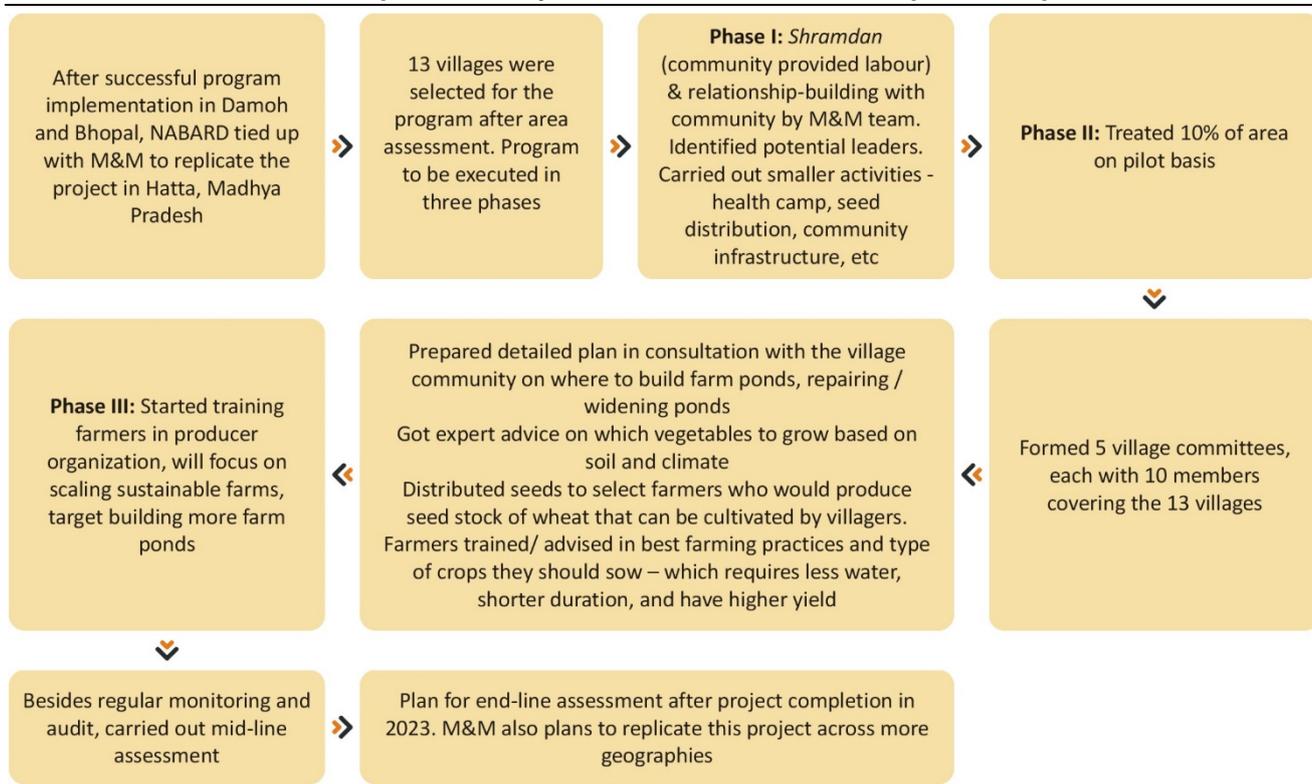
Flowchart of process followed in Palghar Integrated Village Development Program



Source: Mahindra & Mahindra Ltd

Hatta Integrated Watershed Management Program			
Program Objective			
To improve farm productivity and farmer’s income by 50% over three years, by:			
1	2	3	
Increasing water table	Soil conservation	Improving farming techniques and diversifying crops, finding livelihood alternatives	
Launch date	End date	Amount spent	Execution
2017	2023	M&M Rs 60 million NABARD Rs 34 million	M&M Team, financing partner NABARD
Key learnings/Impact			
<ol style="list-style-type: none"> 1. Learnings from Damoh and Bhopal applied at Hatta with tweaks – replicable template 2. Based on experience, working with NGOs having existing relationship with communities may be a better option for CSR intervention. NGOs with long-term existence in the area can get the community members involved in the project, driving its success. At the same time, a few programs such as IWMP in Madhya Pradesh have been directly implemented successfully. 		<ol style="list-style-type: none"> 3. Mid-line assessment shows household income increased by 29% after intervention (v/s target 50%). This is on the back of 30% increase in crop yield and diversification of income from multiple crops, products grown on the same farm. Simultaneously, savings increased by 116% after intervention. 4. NABARD relationship can help expand the project. 	

Exhibit 5: Hatta IWMP - implemented by own CSR team, in financial partnership with NABARD



Source: Mahindra & Mahindra Ltd

SECTION I: ANALYZING M&M CSR ON THE 7-POINT FRAMEWORK

In the first section, I take a look at how M&M has fared on the 7-point framework discussed in my May 2019 report titled 'Competent Social Responsibility'.

1. Strategic choices of geography, focus areas

Companies delivering relatively better outcomes are generally focused on:

- a) Fewer issues/social problems – three to five at the most
- b) Intensifying efforts in fewer locations rather than spreading themselves thin across regions
- c) Capitalizing on industry knowledge
- d) Targeting the community they have linkages with.

As can be seen from Exhibit 6 below most of M&M's CSR spend is on rural development, education (group initiative, but also includes driver training, road safety initiatives), health and environment. Most of this is generally done in communities located near its factories/offices. M&M's approach to selecting geographies and focus area is as follows:

A. Around community: M&M AFS division works with community/villages around its factories/offices. The focus areas here are decided based on a need assessment of the community, usually with the help of social organizations collaborating with employees. Typically, these include agriculture, water, education, health and environment. The CSR activities conducted cover a radius of 5-20 km around the factory/office location.

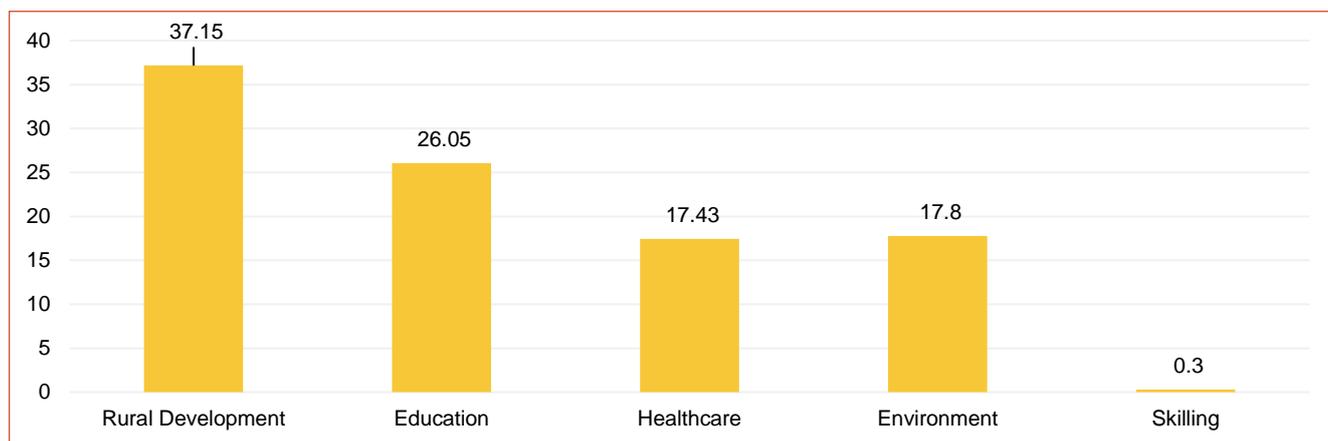
B. Thematic: As pointed out earlier, companies are most effective at delivering social change when capitalizing on industry knowledge. M&M does this effectively.

- i. **Auto division & Road Safety Project:** M&M partnered with SaveLIFE Foundation and Maharashtra State Road Development Corporation Ltd (MSRDC) to create India's first Zero-Fatality Corridor on the 94 km Mumbai-Pune Expressway through interventions in 4Es — Engineering, Enforcement, Education and Emergency Response. M&M's internal team assisted patrol vehicle modification and awareness campaigns across all locations. Employees were also involved in driver training conducted by the NGO. So far, this project has helped reduce fatalities by 40%, the target being near-zero fatalities by 2021.
- ii. **Farm Equipment Sector (FES) division & Women Empowerment:** In the last one year, M&M has introduced Project Prerna, whose main objective is to empower women farmers. This will be achieved by promoting gender-friendly farm mechanization at the grassroots level to reduce drudgery and help improve farm productivity in Maharashtra, MP & Karnataka. The program is implemented in collaboration with an NGO which has formed SHGs for this purpose and focuses on procurement of farm equipment, skill training to improve their capacity and strengthening relationship with agricultural institutes. To begin with M&M has identified a cadre of 689 champion women farmers from 52 villages. This cadre will further influence a total number of 5,284 women farmers by disseminating information and sharing experiences with them.
- iii. **FES division & Integrated Watershed Management Program:** Launched in 2014, the IWMP in partnership with the Government of Madhya Pradesh and National Bank for Agriculture and Rural Development (NABARD) is concerned with water conservation, soil conservation and irrigation. The target is to increase the water table by two metres in 80 villages by 2022 to increase agricultural productivity and improve living standards. M&M's CSR contribution was around 46% in Damoh and Bhopal and 60% of the project cost in Hatta. The balance was funded by the Government of MP and NABARD.

C. Working with the government: Some of M&M’s projects are situated away from their business locations as the company has been invited by the local Government or collaborates on a public-private partnership. For example, the Maharashtra Government requested M&M to focus on the Marathwada region around Aurangabad, and introduce a drought mitigation program. These areas have been prone to drought, making availability of drinking water and water for farming a huge challenge. The IWMP of the FES division mentioned above is also one such project.

Exhibit 6: Rural Development and Education form bulk of CSR spend

M&M CSR spend %



Source: Mahindra & Mahindra Ltd Annual report

Exhibit 7: 61% of M&M’s direct CSR spend revolves around themes and community

M&M CSR Goals			
	Branding	Initiative	% of spent
Thematic	Street Smart	Road safety through awareness drives, infrastructure improvement, driver training and supplementary support	1.8
	Krishi Mitr	Promote best agri-practices, drive holistic development of farmers and their families	7.2
Community-based and ESOPs	Jeevandaan	Blood donation drives	0.1
	Green Guardians	Protect and maintain environment	1.8
	Navdrushti	Corrective eye camps	0.3
	Gram Vikas	Integrated village development programs, taking a holistic approach through multiple initiatives in health, education, environment	5.4
	Sehat	Preventive medical camps including cancer care, primary health care, etc	4.0
	Swachh Bharat	Cleanliness drives in public areas, and infrastructure support through WASH (Water Sanitation and Hygiene initiatives)	3.7
	Gyandeep	Promotion of education including special education and need-based infrastructure support to provide a learning-friendly environment, educational material, extra-curricular activities	4.1
	Mahindra Hariyali	Protect, restore and promote green cover and biodiversity	6.2
	Hunnar	Skill development including vocational skill training	0.8

Source: Mahindra & Mahindra Ltd Annual Report FY19

2. Long-term planning for flagship projects

Companies that run successful CSR plans first clearly identify and define the goal/impact they want to achieve, be it increasing income, eradicating an illness, reducing poverty levels, decreasing the number of accidents or improving learning levels. The next step is to work on a detailed plan of action to achieve the goal. While the modalities of the delivery could change over time, a clear objective will help companies plan their program long-term.

This is particularly relevant in the social space, where problems are generally complex, and change is slow to come. Once the focus sector and geographies are decided, companies should come up with a long-term plan. The 5-10-year plan can be divided into stages, with goals to be achieved in a phased manner of, say, one, three and five years.

M&M as a company and group has clearly identified priority sectors for CSR. Under each of them, M&M has flagship programs which have a long-term plan of five years or more.

■ Exhibit 8: Project time frame ranges from 3-9 years

Key/Flagship projects and implementation timelines

	Launch date	End date	Total no of years	Target
Road safety project	2015	2021	7	Zero fatality
Wardha Farmer Family Project	2015	2022	8	Doubling farm income
Madhya Pradesh IWMP	2014	2022	9	Raise water tables by 2 metres
Palghar	2015	2019	5	Integrated village development by providing 100% livelihood to farmers
Aurangabad	2015	2020	6	Annual targets

Source: Mahindra & Mahindra Ltd

3. Scalability: Small success, work-in-progress

It is not easy to scale programs in the social space. However, for corporates, business experience can prove handy in implementing CSR initiatives. One way to achieve this is with the government. But few companies want to work directly with the government – access and communication are not easy, bureaucrats shift frequently, and there are political parties to contend with. Working with the government can also lead to delays in project implementation, particularly if government funding is involved. Amongst the M&M projects I visited:

- a. The Aurangabad and MP models in my view are replicable. In case of Aurangabad, M&M has been working more efficiently focusing on repairing existing structures, looking for low-cost quick fixes that can have immediate impact and be replicated with limited resources. The company started with 34 villages and has already exited 24, after improving/making access to water easier. M&M is exploring the possibility of replicating this in Beed/Latur district.
- b. Similarly, after successful implementation of its IWMP in Damoh and Bhopal, M&M replicated the project with NABARD in Hatta. It is now in discussion with NABARD and state governments to replicate this model in Maharashtra, Haryana and Uttarakhand.
- c. M&M pioneered the Zero Fatality Corridor project, and witnessing its success, some state governments such as Delhi and Maharashtra are implementing similar projects. M&M too is in discussion with a few state governments to implement similar projects.

4. Working sustainability into project design

For CSR to be effective and sustainable, companies try and involve local communities/panchayats in project implementation. Before launching any project, M&M spends six months gaining the trust of the community, forming village committees by encouraging participation from active members (capacity-building), identifying leaders during this period and training them.

M&M also tries to get financial contribution from farmers where possible. However, this has met with limited success due to the weak financial position of farmers/community. For example, because of the extended drought situation in Aurangabad, it was difficult for farmers to make any financial contribution and they instead provided labour input.

Similarly, in the Madhya Pradesh IWMP programs they are working with the gram panchayat/ water user committees to ensure regular maintenance of the structures. In some cases like drip irrigation, farmers have contributed 10-12% of the asset cost.

M&M has exited Bhopal and 24 villages in Aurangabad after implementation of the CSR project and achieving set targets. Given the immediate benefit seen by the community – higher/better water availability, improved cropping cycles and with it, income – the communities formed are expected to continue maintaining the structures, and be involved in sustaining the program. Wherever possible, M&M or the NGO it works with also enables market linkages for the farmers' produce. For instance, in Palghar they have an agreement with DMart to sell onions.

5. Execution mostly through NGOs, some by own team

The CSR team has two components. One is a central team with five members, a mix of social sector professionals with domain knowledge and some of its old-timers. The second is a plant CSR team which has 25 CSR Leaders and 44 CSR Champions, mostly volunteers who work alongside NGOs in executing projects.

In FY20, M&M executed most of its CSR projects with the help of 33 NGOs which have deep domain knowledge of the sector. The Central CSR team works closely with these NGOs on the detailed plan to be executed in a time-bound manner. The only exception is the MP project where M&M experimented with its own team based at the project location.

The budgets for the programs are allocated annually and the duration of the agreement is decided on a case-by-case basis, for example, 3- 5 years based on milestone achievement.

Incrementally, the company wants to implement projects with the help of NGOs which have the ability to scale/cover more regions, and expertise and relationship with the community they bring in.

One of the NGOs I met mentioned the following advantages of working with M&M:

- Knows and understands the ground reality and is therefore flexible in planning the program; does not impose its will
- Quarterly, half-yearly and yearly reporting without burdening the NGO with needless updates, leaving it free to focus on implementation
- No micro-management, only systematic and flexible monitoring
- Onboarding experts/employees wherever necessary
- Sharing experience from other projects

6. A structured approach to impact assessment

Few companies/social sector organizations are structured in their approach to monitoring programs. Organizations would benefit by tracking whether activities are being carried out as per plan, have clearly defined what they want to measure, what data they need to collect, how often it should be measured and who within the team will measure. Monitoring has to be done consistently, and for that companies need to establish processes and systems by clearly defining outputs and outcomes.

Based on my visit I found that monitoring was done across projects, though it was more well-defined in MP and Aurangabad.

M&M does base-line assessment for all its projects, mid-line assessment where required, and impact assessment for most of their long-term and large projects. For example, M&M had impact assessment done for the Bhopal project where the company exited the project while also doing a mid-line assessment in Hatta. In FY20, out of the nearly 50 operational programs, eight large projects driven by the central team and two factory locations projects underwent an impact assessment study. The mid-line and impact assessment are done by external agencies to get an unbiased view.

■ Exhibit 9: M&M’s Flagship Programs and target Impact

M&M Flagship Programs and Impact			
Focus area	Program detail	Coverage	Impact
Water Management	Integrated Watershed Management Program	80 villages	Increase in water table by 2 metres, by 2022
Agricultural Productivity	Wardha Farmer Family Program	79 villages, 1003 acres	Doubling of farm income to Rs 3,40,000 p.a. by 2022
Skill Development	Environment Health & Safety plus center	3750 industrial workmen	Sustainable factory practices
Lifeline Express	Rural Health and Wellness	One district/year	Surgical services to restore movement, sight, hearing & treat neurological impediments
Road Safety	Zero Fatality Corridor	94 km Mumbai-Pune Expressway	Near-zero fatality and training of 6,000 drivers by 2021

Source: Mahindra & Mahindra Ltd

7. Significant employee participation in direct projects

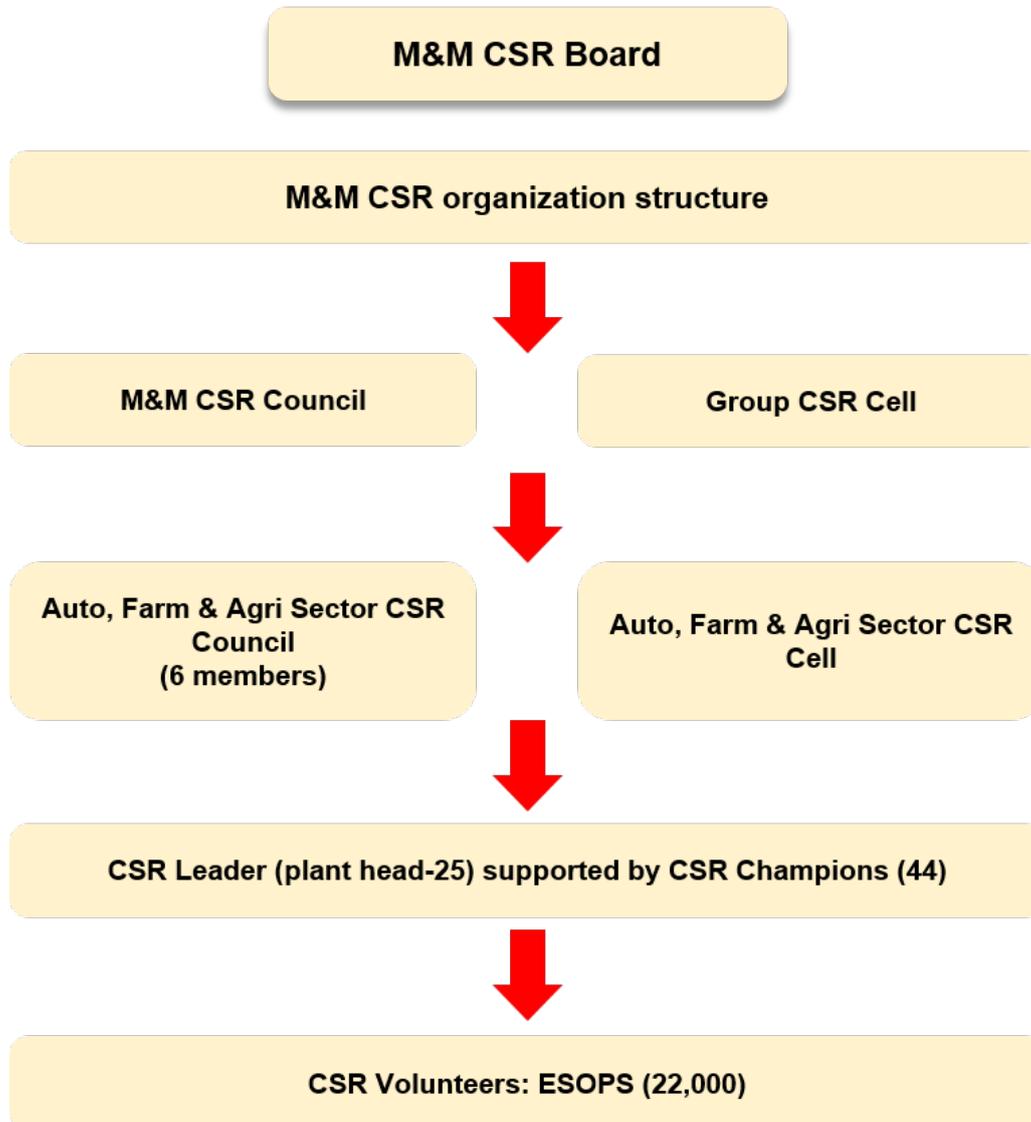
The time employees spend volunteering is not considered CSR under Indian law but is part of many companies’ agenda. However, it is not a priority. Employees can be a great asset at delivering change — and research shows that employees are attracted to and build long-term careers with organizations whose values align with their own. The best example of employee volunteering culture I came across was at M&M, where engagement with employees starts at the top.

M&M has significant focus on volunteering and has termed this initiative as Employee Social Option Plan (ESOP). Employees participate in multiple programs, in particular those close to their workplace. Nearly 50% of M&M’s direct CSR spend sees some involvement of its employees.

“Fostering inclusive development is at the heart of everything we do at Mahindra. While we ensure that our people progress with us, we also expect our employees to contribute in creating meaningful impact in the communities we serve.” – Anand Mahindra

The central CSR team regularly updates M&M employees of the CSR initiatives through a townhall meeting, coffee table book and newsletters. In addition, all factory and non-factory locations are encouraged to participate in a competition for the best CSR award under various categories. This award, which is organized by Group CSR, aims to acknowledge the best and the most socially impactful ESOP. Shortlisted applicants make a presentation to the external jury and the winners are finalized based on the rating scale developed by the same.

■ Exhibit 10: Involving employees across divisions/plants



Source: Mahindra & Mahindra Ltd

■ Exhibit 11: Mahindra Employee Social Option Program

At Mahindra social focus is given importance right from the top
“*At Mahindra, CSR means not just sharing of wealth, but of our time and of ourselves.*”
– Anand Mahindra

Mahindra launched its employee volunteering program in 2005, calling this the Employee Social Option.

Volunteering programs are planned in consultation with plant heads so that the maximum number of employees can participate. In FY19 nearly 22,000 (around 50% of employee base; 20,000 in FY18) participated in volunteering programs.

The M&M AFS runs activities around its 13 plants/locations in India, where employees participate in ideating programs to be implemented around their community.

While the CSR team at the centre supports all employee volunteering programs, M&M has one or two CSR champions across each plant/location. These champions help implement the programs with the help of domain experts.

In addition, the company runs a biannual podcast on the CSR activities, and an annual live chat between the head of CSR and employees to ask questions on the work they are doing. M&M also published its first CSR coffee table book in 2018, and has been publishing **Rise Commune**, their newsletter, for the last three years.

What's more, M&M has even expanded the volunteering exercise to its auto dealers who participate along with their families.

In addition to giving their time, 5,000 employees at the Chakan facility fund the Nanhi Kali program (supporting girls' education), a cause taken up by the KC Mahindra Foundation along with Naandi Foundation.

Source: Mahindra & Mahindra Ltd

SECTION II: FIELD VISITS – A LONG-DRIVE DOWN M&M’S CSR INITIATIVES

1. Aurangabad – Watershed Program on Government Request
2. Palghar – driven by employee initiative
3. Hatta - Watershed Project with NABARD

1. AURANGABAD – Program on government request

Anand Ghana – Watershed Program, Aurangabad		
Program Objectives		
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The Marathwada region in Maharashtra is drought-prone, staring at rain and water scarcity almost every other year. This was borne out in 2015, 2017 and 2019. Villages in these areas therefore face several challenges including:

- Drinking water shortage, leading to dependence on water tankers for 3-8 months annually
- Low agricultural productivity and poor crop quality due to high dependence on monsoon, low possibility of second crop (rabi), and soil erosion due to over-exploitation of land
- High migration and farmer distress

A few years ago, the State Government officials who visited these villages requested help from M&M's CSR unit in finding a solution to this problem. Mahindra & Mahindra invited RFP (requests for proposal) from NGOs in the area and finalized Dilasa Janvikas Pratishtan which has deep roots in the region.

Dilasa, an NGO with over 24 years of experience in watershed projects

Based in Aurangabad, Dilasa Janvikas Pratishtan has expertise in implementing watershed development programs. This 140-member-strong organization has been in existence since 1994 and has rich experience in civil engineering, to name just one skill. The NGO was formed with the intention of implementing watershed projects but has gradually added micro-irrigation and livelihood enhancement to its portfolio.

■ Exhibit 12: Over the last 20 years, Dilasa has implemented multiple projects

Key details of Dilasa (FY18)		
States covered	Nos	5
Districts	Nos	28
Villages	Nos	5,573
Beneficiaries	Mn Nos	2
Project managed	Rs mn	2,000
Management cost	Rs mn	128
Management cost as % of total project	%	6
Watershed Program Cumulative Data		
Programs Implemented	Nos	112
Coverage	hectares	585,000
Villages	Nos	97

Source: Dilasa Janvikas Pratishthan

The NGO has worked with different international and Indian bodies including the local government, World Bank, UNICEF, KFW, Ministry of Rural Development, State Departments, NABARD and CSR partners such as ACC, M&M, Oracle, Accenture, SBI, Kirloskar and Sterlite.

Joint planning of the project by M&M & Dilasa

Dilasa conducted a needs assessment with the M&M CSR team. The key areas of concern were drought, non-availability of water storage structures and uncertain weather. After identifying them, the NGO started planning and discussion with the community. It then submitted a plan of action to M&M which prioritized, finalized and approved the initiative.

Before and during the finalization, key officials from M&M with technical expertise and knowledge and Dilasa's top management met for some brainstorming. The M&M team focused on streamlining the program and strengthening monitoring practices. M&M and Dilasa also discussed the sustainability of the initiative. For example, it was identified that instead of creating new committees, existing local communities such as the gram panchayat, SHGs and farmers should be empowered to take care of the maintenance of structures.

Execution in three phases

The project was planned to be executed in three phases. Its key objectives and targets were as follows:

Program implementation over three phases and targets		
Water capacity	No of structures	Lives touched
1194.11 mn ltrs	89	1,94,667
Key Objectives/ Targets		
<ol style="list-style-type: none"> 1. Making drinking water available to villages through the year 2. Improving productivity of rainfed crops by recharging groundwater in dug wells 3. Increasing possibility of growing rabi crops in years of sufficient rainfall (i.e., as wells are recharged). 		

■ Exhibit 13: Snapshot of some villages where M&M’s CSR program was implemented

Demography	Babra (Phase 2 & 3)	Wadod Wadi (Phase 1, 2 and 3)
Population	12,758	3668
No of Households	1,958	398
Geographical area (ha)	4,221	634
Drinking water availability yearly	None	None
Tanker period (months)	6	4
Kharif area (ha)	2,280	340
Rabi area (ha)	670	69
Migrated Household	25	12
Period of migration (months)	3	3

Source: Dilasa Janvikas Pratishtan

Phase I Sept 2015-March 2016: Shortlist villages, assess problem, repair structures

After a ground assessment and feasibility study of the structures in 60 villages in nine districts, Dilasa shortlisted 34 villages where M&M could be involved. Villages where industries were coming up or roads were being constructed were removed to avoid conflict with the M&M project.

In these 34 villages, the Dilasa team conducted a rapid assessment survey with the help of the Sarpanch and villagers to identify the most urgent work that needed doing. The NGO also collected data about the villages’ existing storage structures, landholding and feasibility.

After this assessment, it was decided that the project would focus on increasing groundwater recharge by building artificial structures to store water, repair old KT-Weirs by construction of 1 metre height wall, rainwater harvesting tanks, cement nala bund, village pond, gabion-cum-cement nala bund/composite CNB, old wells/tanks’ rehabilitation and *bhungroo*.

Dilasa also selected and trained 3-5 professionals (with technical background) from villages as community resource persons who are paid Rs 200 / day of work (for three hours of work). They are part-time employees who help in executing the project, and maintain connections with villagers.

Phase I implementation	
Period	September 2015 to March 2016
Work undertaken	Building check dams, and repairing existing structures, two cement nala bunds, and rainwater harvesting storage tanks
Area covered	180 sq. km
Outcome	Villages now get four hours of water per day, v/s 10-15 mins earlier
Exited	24 villages of the 34 villages post-Phase I implementation

Example of work done in Phase I: Construction of Bhungroo

In one of the villages, Khamgaon, Phulambri Block selected in Phase 1, Dilasa was able to construct an underground water management system called Bhungroo. It is an innovative technology to store water between rocky strata and utilize it during periods of scarcity. This is particularly useful in hard rock areas as natural percolation of water is limited. Bhungroo enables rain water to seep into a pipe that carries it to an underground well. It also prevents salt deposits on top soil, which are caused by standing water after heavy rainfall.

In addition to the underground structure, Dilasa had to build a 2 km water catchment nala with width of around 10 metres within the farm area, and one gabion construction to trap the silt. This structure now has water reservoir capacity of 17 million litres, and is built at a depth of 266 metres.

Higher crop productivity, increase in income: Before the bhungroo was built, the land in this village was barren, with significant dependence on rainfall. This region is now flourishing with 52 wells getting recharged post-rainfall, irrigating 250 acres of land and benefiting 50 families. This facility is used to grow two main crops and short crop/inter crops. Farmers also diversified crops grown to *tur* and ginger besides maize and cotton. This has led to farm income doubling. Farmers can now comfortably grow Rabi short crops. Sufficient water availability has resulted in improved crop quality and productivity.

Sustainability ensured, exited village: This structure has been handed over to the gram panchayat for maintenance. Besides using the water from the bhungroo, farmers continue to de-silt on their own. While M&M has exited the village, Dilasa has facilitated implementation of drip irrigation by helping farmers obtain subsidy from the government.

Bhungroo in village Khamgaon



Phase II - October 2016 to March 2017

The second phase was more an extension of the first phase. Here Dilasa worked in 10 villages, nine from the 34 villages selected in the first phase and one new village. These were relatively larger and had potential for more water storage. For example, in the village of Babra which has a population of 12,000 and multiple hamlets, Dilasa built one water storage around a key hamlet. This in addition to the three built in Phase I.

Phase III from March 2018 to March 2020

From 34 villages in Phase I, M&M and Dilasa are now working in two villages. These villages were selected based on three criteria:

- (1) Acute water shortage (villagers were getting water for just half an hour once in eight days)
- (2) Community was active and involved in structural intervention
- (3) Efficient water usage

Before M&M's program implementation, villagers had to depend on tanker water throughout the year because of recurring drought. Post-program implementation, they have seen an increase in water levels, leading to tanker requirement only for 3-4 months in a year, particularly February to May (peak summer).

Phase III Implementation	
Period	March 2018 to March 2020
Work undertaken	<ul style="list-style-type: none"> • Building of cement nala bund (repair and desilting), water harvesting storage tank, KT-Weir repair (low head dam) and desilting • 6.2 km-long X 5.5 metre-deep trench/river bed which will take care of nearly 50% of water requirement
Area covered	4000 hectares
Expected Outcome and beneficiaries	<ul style="list-style-type: none"> • Water storage capacity of one billion litres for rain harvesting • 340 wells will get water out of total 580 in these two villages • Production of two crops in a year v/s one crop • Earlier villagers were getting five tankers of 12,000 litres of water every day to meet the water requirement. This now happens only for 3-4 months in a year. Villages now get four hours of water per day, v/s 10-15 mins earlier • 200 families or 1,000 villagers out of 7,500 villagers to benefit

Sustainability of the project

Dilasa's entry into a village is gradual and structured. The NGO first forms a village committee and focuses on meeting basic requirements such as drinking water in the initial phase. User groups are formed covering a 10-km radius and 5-10 farmers will take care of structures that were repaired and built by M&M/Dilasa.

Farmers will be required to do de-silting work once in 3-4 years on their own. The company indicated that the structure repaired/built has a long life of 5-10 years and will not need frequent repairs. The farmers' groups formed for this purpose are now in charge of maintenance of the constructed/ existing water structures. Farmers have also contributed to a maintenance fund managed by the gram panchayat which ranges from Rs 10,000 to Rs 25,000.

Cement nala bundh restored



Dam extension to increase storage capacity



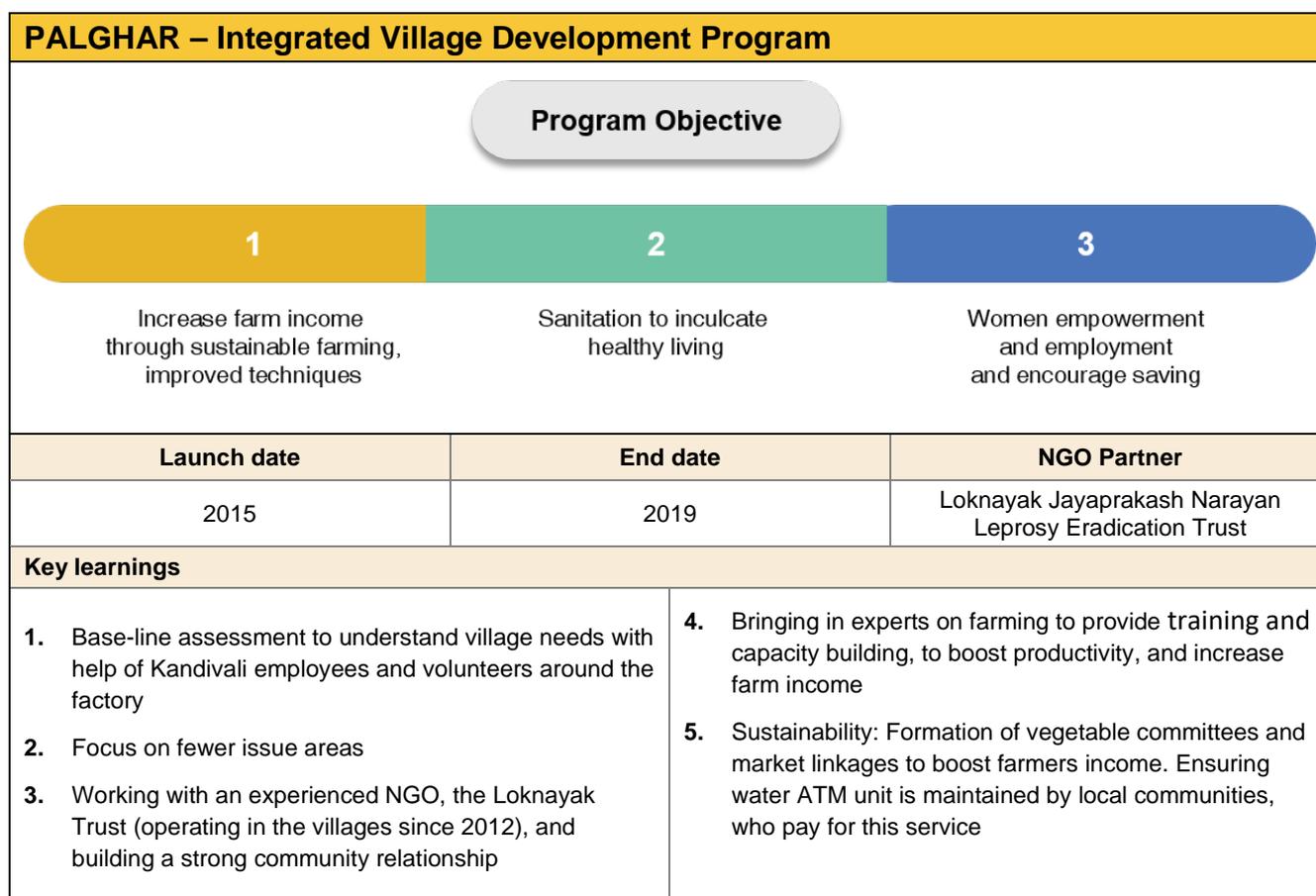
Water tank for cattle



Drinking water tank



2. PALGHAR – Driven by employee initiative



Loknayak Trust, an old established NGO

The Loknayak Jayaprakash Narayan Leprosy Eradication Trust (LJNLE) was started by Dr Jagdish Samant to provide a leprosy and cancer care facility near Vashi for the homeless and needy. Besides the leprosy and cancer care facility, the trust works with villages close to its office. The main focus is improving availability of water, training women farmers, improving sanitation facilities, income and education. The Loknayak Trust collaborates with multiple organizations including SBI, SBI Life and Future Generali for their CSR programs. Its association with M&M has endured since 2012 when it was focused on rural farming in Palghar. The IVDP project was launched in 2015.

Developing villages near Palghar Taluka

Madkepada is a hamlet near Palghar district, located around 20 km from the Loknayak trust office in Vasai and around 65 km from M&M’s Kandivli factory. The trust started its association with this village in 2012. To understand the problem being faced by the villagers, trust team members stayed in the village for a few days. At the time, the village did not have basic facilities such as potable water, electricity and toilets.

M&M employees from the Kandivli plant started their association with the village through the Trust in 2012 and were focused on farming. Later M&M CSR team launched a more comprehensive three-year Integrated Village Development program in 2015. This was across five padas or hamlets, namely, Ghisepada, Kinipada, Belwadi, Madkepada and Katkariwadi covering a population of around 850.

A basic needs assessment study was carried out in 2015 by the Trust with the help of M&M employees from the Kandivali factory and community volunteers. The survey covered the following areas – water, agriculture,

sanitation, electricity, health, livelihood and education. Based on the survey results, M&M along with the Trust identified and worked on the following focus areas:

1. Sustainable farming initiatives

From one to multiple crops, regular income

Farmers in this area were producing primarily one crop a year. They were not aware of germination tests, soil testing, importance of using the right kind of storage for seed and its preservation. The NGO appointed an agriculture consultant, Mr. Dnyaneshwar Bhoir, to provide farmers with advanced training in agriculture, use of organic fertilizer, pesticides, fungicides, inter-cropping, cross cultivation, mixed cropping, etc.

Farmers were introduced to new rice varieties and floriculture. Jasmine and marigold were two of the choices. They were also given fruit tree saplings. They were trained to prepare organic fertilizers such as Dashparni Ark, Jivaamrut, Lamit, Lendhi Khat, etc. Mr Bhoir visited regularly to provide timely consultation and assess farm production. Farmers were also taken on field visits to other regions for exposure.

Farmers have now graduated to producing multiple crops and plant fruits and vegetables in addition to base crops and earn an income throughout the year. They have also been trained to produce seeds. The important crops being grown now are rice, wild melon, white onion and vegetables.

LJNLE officials indicated that productivity has increased from eight quintals to 16 quintals of rice in three years, while income increased from Rs 3,500 to Rs 17,000 per month for 0.5-2 acres of land.

Market linkage

In addition, the NGO connected the farmers with DMart, providing market linkage for their onion produce. M&M employees who visited the villages encouraged the farmers to sell their produce directly at Kandivali factory (auto and farm division) and a nearby residential complex.

The trust has also formed farmers' clubs and vegetable groups called Bhajipala Sangh where community members come together to discuss their experience of farming and gain market linkages as a group.

2. Healthy living

- **Sanitation:** The trust helped build 87 toilets at individual residences benefiting 348 individuals. They provided labour, water tanks and masons, while sand was procured by the individual.
- **Water:** Here the trust called in experts from Amruta Groundwater Discovery for a groundwater survey and advice on where farmers can dig borewells. In addition, old community wells were repaired, so that water could be used both for drinking and washing. A Water ATM was installed so that villages can get drinking water for a minimal fee, to recover the cost of service and maintenance.

3. Women Self-Help Groups

Mankepada already had SHGs, but they were defunct. The trust helped to revive them. Now there are five SHGs, one in each of the five villages under the IVDP. The SHG meets every month, each individual saves Rs 100 a month and the group collects Rs10 penalty per individual for not attending a meeting.

The SHG conducts multiple activities: (1) Goat breeding: The NGO gave 13 goats to one of the SHGs which now has 15 goats post-breeding and selling three (2) Selling vegetables at M&M Kandivali factory and nearby residential complexes (3) Making and selling masala papad. Besides these businesses SHG also takes up other activities such as cleaning the village post-monsoon.

4. Other programs

In addition to the above key activities, the trust organizes health camps for Hepatitis B, cancer awareness, screening of breast cancer and yearly eye-camp programs. They have also conducted training for youth in poultry, and females in tailoring. Recently the program incorporated Prerna, a women's empowerment initiative. M&M will exit IVPD this year but may continue with Prerna in seven new padas.

Farmers now grow vegetables and fruits alongside main crop



Women SHG meets regularly



Monitoring

The project is monitored closely by the Trust's management which visits the project regularly. They also give this information to M&M's CSR team at consistent intervals. Areas monitored:

- Implementation of the activity – was it being done according to plan?
- Fund utilization – was it utilized for the activity it had been allocated and monitoring actual budget vs activity cost?
- Update from beneficiaries – impact of activities, change in overall/financial status, key benefits from the project, asset enhancement of the beneficiaries through the livelihood initiatives

3. M&M TEAM BIDS FOR AND BAGS MP PROJECT

In 2014 M&M's CSR division bid for the Madhya Pradesh Integrated Watershed Development program (IWMP). This project is a Private Public Partnership (PPP) model with the Government of Madhya Pradesh in Damoh and Bhopal districts covering 67 villages (Damoh=32, Bhopal=35). These villages were allocated by the Government. The total cost of this project was Rs 90.7 million. Around 90% of the project cost was to be borne by the Government and 10% was to come from M&M's CSR funds.

M&M has already implemented the program in 67 villages before exiting them. Interestingly, the Damoh project would end up covering nearly 20% of the population in that district with most beneficiaries being tribals. Later, M&M replicated the learning of IWMP project in 13 villages of Tahsil Hatta in Damoh district of Madhya Pradesh, tying up with NABARD under Watershed Development Fund Project.

The program's goal in Damoh, Bhopal and Hatta was to increase the water table by 2 metres in 80 villages by 2022 with the objective of increasing agricultural productivity and improving living standards.

Execution through own team v/s NGOs in other projects

In MP, M&M has set up its own team to carry out the CSR program. For the Bhopal and Damoh project M&M had a 22-member team. It had nine in Hatta. The Hatta team included the Manager-CSR, Mr K. D. Kandpal, M.Sc., Ph.D., Natural Resources Management, who has 20 years' work experience and has been with M&M since 2015. Mr Harendra Singh Sikarwar, M. Sc. Agriculture, is Project Team Leader and has been with M&M since 2010.

The team is a mix of experienced and young professionals with backgrounds in social development, community organization, agriculture and horticulture, civil engineering, commerce and finance. Except the project manager who is a permanent employee of M&M, other team members are hired on a contract basis.

In addition, M&M's Damoh project team took help from 21 community resource persons (CRPs). There was one from each village to aid in implementation. These resource persons are village residents, usually graduate and selected by the gram sabha. They are paid a monthly stipend of Rs 3,500.

Project audit and checks

M&M's central CSR team visits the projects twice a year. The project is subjected to multiple audits:

1. NABARD's appointed auditors
2. Mahindra Way, which means process and financial audits done directly by the M&M Chairman's office
3. Process and financial audits by internal auditors, and
4. Financial reporting audits by external auditors.

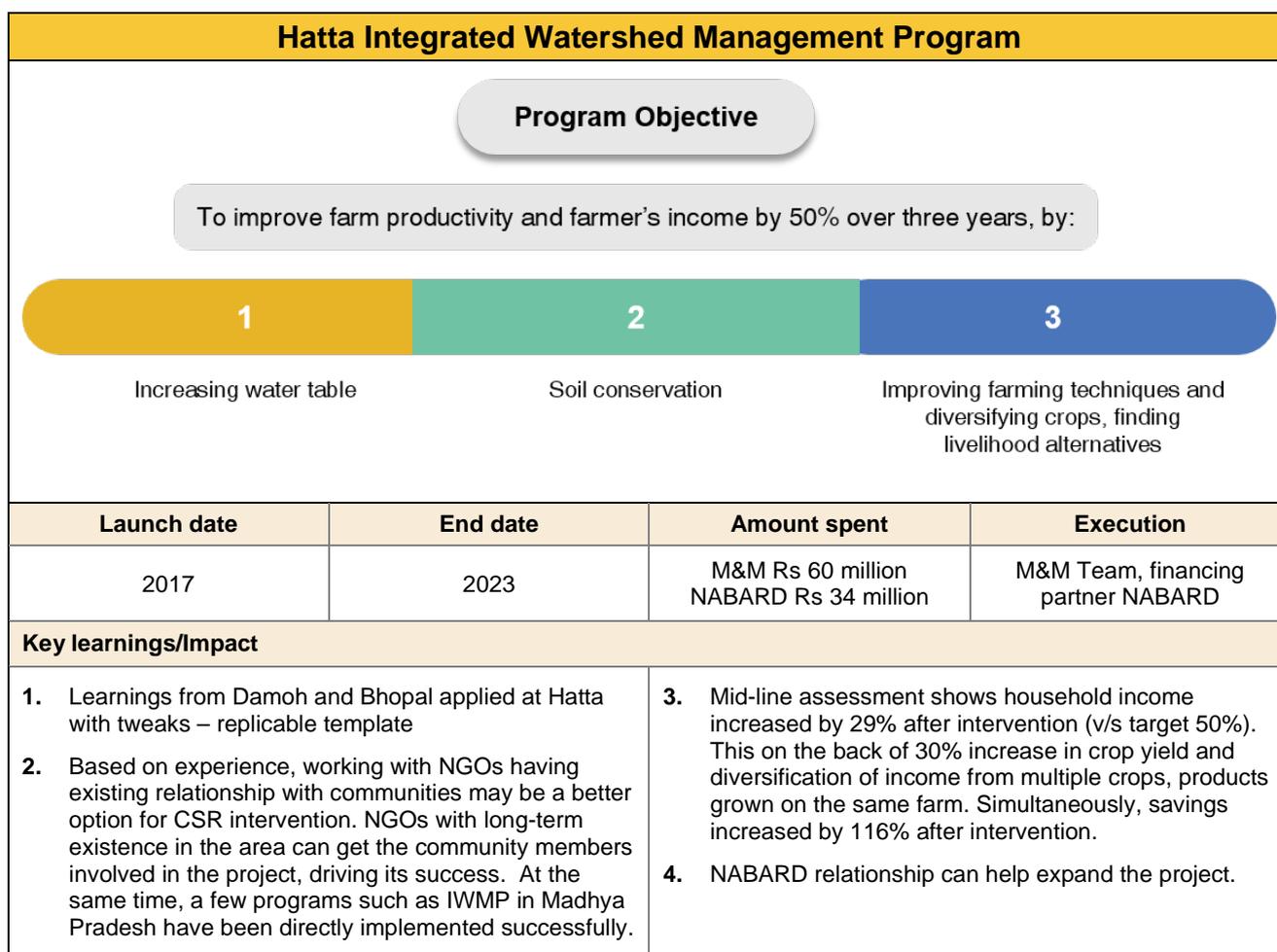
In addition, the NABARD program manager visits the projects every month while the district development manager visits it once a quarter.

End-line assessment showed significant Impact in Damoh

Under this project, M&M's team managed to harvest water at surface by repairing a large community talab/pond, covering 222,000 hectares of land. This led to an increase in water tables by around 1.8 metres, enabling farmers to produce a third crop. In 2018 M&M exited the 32 project villages in Damoh and handed over the responsibility of structure maintenance to the village committee. Company officials visit the project if and when the committee requests them. This project, for which the company received an award from the MP Government, was executed over a five-year period.

The average annual income for beneficiaries increased to Rs 70,617 v/s Rs 19,523 pre-intervention. Farmers that received seed replacement saw their income increase by 150% to Rs1,29,663.

3. HATTA Watershed project with NABARD



After tasting success in Damoh and Bhopal, NABARD tied up with M&M to replicate the integrated watershed development project in Hatta. Launched in 2016-2017, the project will go on for a period of five years till 2022 and will cost around Rs 94 million with M&M’s contribution at 64% or Rs 60 million. The Hatta region is a drought-stricken area, with land and agriculture being the only source of livelihood. Farmers are heavily dependent on rainfall, while the watershed structures were poorly maintained and the farms suffered from soil erosion.

This project covers 13 villages, 4,816 hectares of land, 1,613 households and a population of 6,884. These villages were selected in a survey of more than 30 villages. Their agri-productivity was poor, livelihood options few, soil erosion high and ground water level low. The target is to cover nearly 62.96% (nearly 75% achieved till now) of the land area and increase income per farmer to around Rs 1,50,000 per acre from Rs 1,00,000 per acre for prosperous farmers and Rs 35,000 for small and marginal farmers. The plan is to achieve this by focusing on soil and water conservation, productivity enhancement and generation of livelihood alternatives for the project beneficiaries.

While the village committee formed for this purpose implements the project, M&M’s nine-member team works full time with them to ensure smooth execution and provide expertise/help where required.

Three-step execution

1. Shramdan marked Phase I in mid-2015

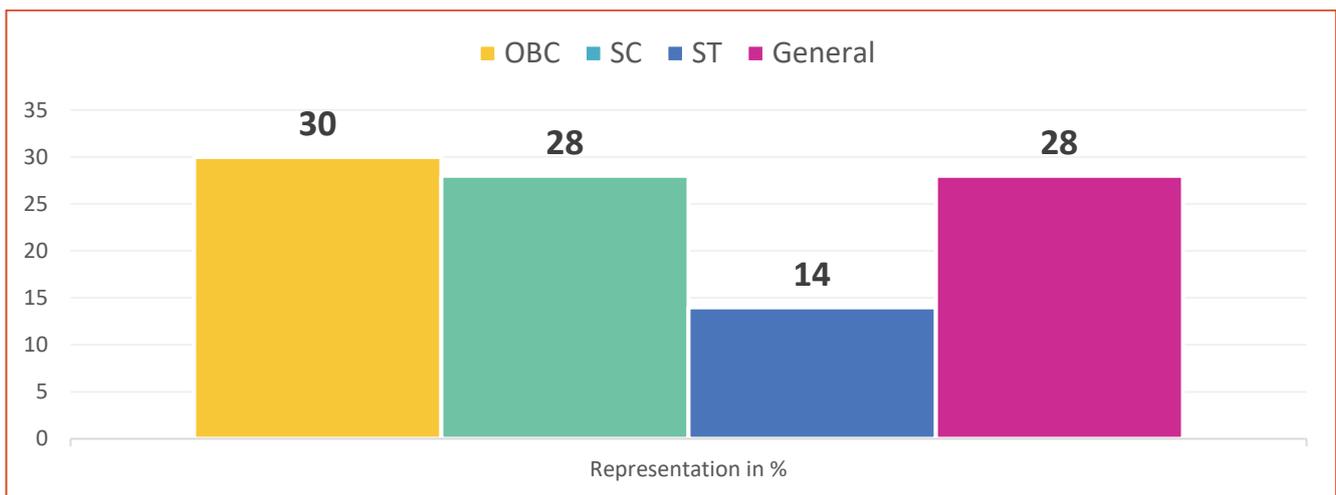
This phase lasted six months and focused on activities to build relationships with villagers/farmers. The team shared the concept of what they planned to do through discussions and puppet shows and thereby identified volunteers and leaders. Alongside, they addressed smaller issues and problems to gain community trust. Example: Setting up health camps, renovating common village infrastructure, deepening/desilting water bodies, seed distribution, construction of ferro-cement tank and community toilets. Pre-Shramdan, villagers were also exposed to a similar NABARD project in another district.

2. Phase II (2016-2018) was capacity-building

a. This effort went on for over 1.5 years. It involved treating 10% area on pilot basis to conserve water (reducing run-off) by building small structures starting from the top of the hills (ridge) down to the hill slopes (to the valley). These measures led to more efficient soil, water and financial management.

b. During this phase the team also focused on forming village committees with the villagers' approval. The M&M team ensured diversity in caste, gender and income (Exhibit 14). In all, five committees were formed across these clusters with 10 members each, with representation from all 13 villages. This exercise alone took over 4-5 months. The committee meets once a month at least.

■ Exhibit 14: Village committee participants (%)



Source: Mahindra & Mahindra Ltd -Deloitte mid-line assessment report

c. The committee members then prepared a detailed plan with the help of a village map (7X12 extract) deciding how, what and where the project would be implemented, i.e., which farm will have a pond, where to build dams. The committee decided on five watershed projects and 84 ponds at farm level in these 13 villages. This activity took eight months. Each farm is covered by some activity - either a pond has been built or farm covered under sustainable agriculture. Instead of a large community pond, M&M built small ponds/water storages at the farm level. This is different from what was done in Bhopal. This is cheaper and farmers see direct benefit. This program is more sustainable than pure integrated watershed programs, requires less funding, and leads to more efficient use of water.

Map showing farms that will have their own ponds



Individual farm pond in Hatta



- g. M&M has also installed micro and drip irrigation in a few farms. In this case the farmer pays around 10-12% of the equipment's cost directly to the vendor.
- h. For post-watershed activities, M&M team consulted with agri-universities to understand the climatological parameters, biodiversity, soil and water, temperature control and moisture capacity in choosing the type of trees, plants and vegetables that can be grown in the area. Farmers are trained/ advised on best farming practices and type of crops they should sow including the SRI (system of rice intensification) technique which requires less water, shorter duration for crop production and higher productivity.)
- i. In addition to the farm ponds which ensures two crop cycles v/s one, farmers here are encouraged to plant fruits that can generate extra income over and above the base crop. This planting is done either on the same plot where the crop is being grown at a specified gap to enable farmers to move the tractor, or on a separate patch on the same farm. Vegetables such as tomatoes, chilies, brinjal, okra and carrot are planted in the spaces between the fruit trees such as guava and mango.
- j. Further, the team then procured and distributed quality seeds from Jabalpur Krishi Vishwavidyalaya to a select eight or ten farmers. These farmers will produce wheat seeds and distribute them to other farmers in the villages, creating a multiplier effect (65% of farmers covered by seed replication). The improved quality of seeds has led to greater production of wheat for the select farmers from 8-10 quintals per acre to 15-16 quintals and rice from 5-6 quintals to 8-9 quintals per acre.
- k. During this phase, M&M also formed 21 SHGs for women, covering 223 members. The groups meet monthly and have started saving. They have also taken up various livelihood activities such as stitching and tailoring, making paper plates and bowls, agarbattis and so on.

III. Phase III from Jan 2019-2023

Technically the project was to be completed in three years but got delayed by 1.5 years due to slow fund infusion by NABARD. The third phase is focused on scaling up and covering more farms under sustainable farming.

- a. Started training farmers to form farmer produce organization involving all the 13 villages
- b. In the 2nd phase, M&M's team has managed to create 17 sustainable farms and is now aiming to scale this up to 200 farms before exiting the project.
- c. A similar target is to take the number of ponds from 64 individual farms to 84.

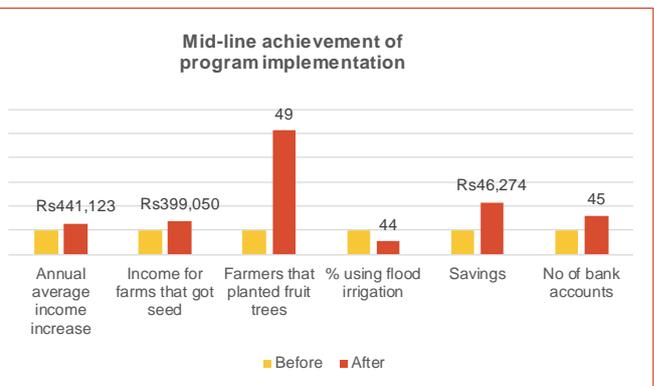
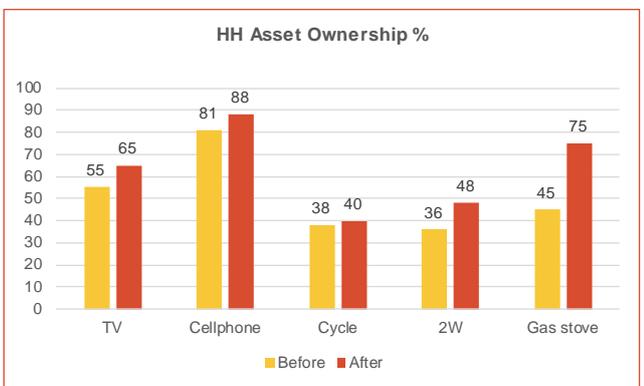
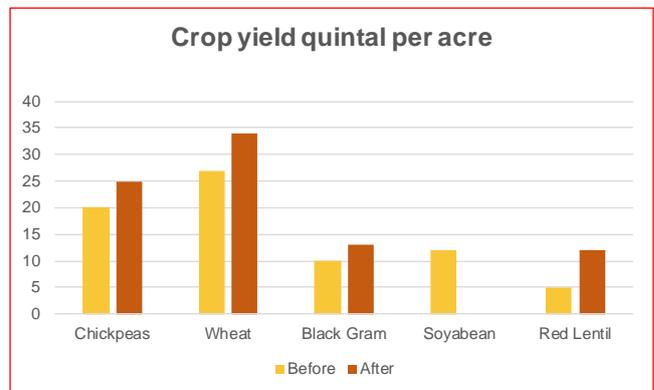
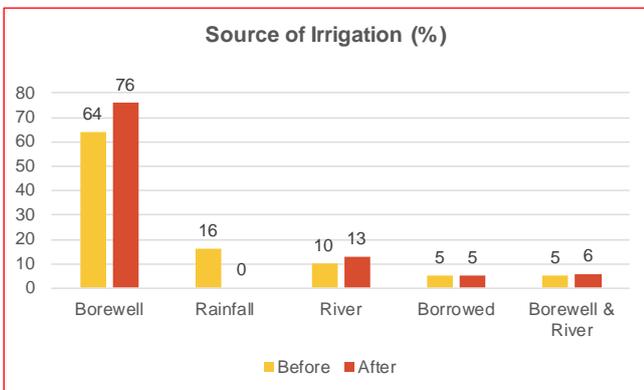
Monitoring and Impact Assessment

The M&M team maintains progress logs and activity registers at location. The field team reports progress to the central CSR team on a weekly basis. The mid-line assessment by Deloitte based on 133 beneficiaries has shown significant improvement in productivity and income of farmers (Exhibit 15).

Sustainable farming model, i.e. farmer produces vegetables/fruits alongside main crop



Exhibit 15: Mid-line assessment study shows improvement in key parameters like irrigation, crop yield, asset ownership post-program implementation (%)



Source: Mahindra & Mahindra Ltd - Deloitte mid-line assessment report

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