

CSR Case Study: Eicher Motors, India **Realizing Sustainable Growth**

The Overview

Eicher Motors Ltd, belonging to the Eicher group, is a leading commercial vehicle (CV) manufacturer, with a significant presence in the 6 to 9 ton segment. It has a market share of 33% in this segment. Recently, the company has decided to enter the medium/ heavy commercial vehicle segment. Recognizing the need for an "environment friendly vehicle", EML has developed a new engine compliant with Bharat 2001 norms in collaboration with AVL of Austria.

Eicher Motors has acquired formidable expertise in designing and developing commercial vehicles. It has a world-class R&D centre manned by a team of engineers and equipped with latest Computer Aided Design (CAD) and Computer Aided Engineering facilities like NASTRAN, FEM analysis packages. Leveraging its in-house expertise, this unit has successfully developed a wide range of commercial vehicles to meet varying customer needs.

The inception of Eicher goes back to the year 1948, when the Goodearth Company was set-up to sell and service imported tractors in India. Slowly and steadily the company started gaining a strong hold in the Indian market. The Eicher Tractor Corporation of India Private Ltd. was incorporated on April 24, 1959. It was a company formed in technical collaboration with the reputed Gebr. Eicher of Germany. This was a very critical phase in the company's history, since the idea was not only to come out with Eicher's first tractor, but *India's* very first tractor. The consistent efforts of Eicher towards indigenous manufacture of tractors were rewarded on September 3, 1960, when Eicher rolled out India's first indigenously built tractor from its Faridabad factory.

2. Business Context:

The far-reaching economic reforms undertaken since 1991 have unleashed the growth potential of the Indian economy. A series of "second Generation Reforms" aimed at deregulating the economy and stimulating foreign investment have moved India firmly into the front ranks of the rapidly growing Asia Pacific region.

The Automobile sector comprises of all vehicles, including two wheelers, three wheelers, passenger cars and multi-utility vehicles, and the allied engineering sector companies largely of the components sector. Agricultural and Earth Moving Machinery is an associated sector, which keeps the wheels of the agrarian economy moving. The automotive industry in India is now working in terms of the dynamics of an open market. Concentrated efforts are going on in India for inducting and absorbing the latest technology and upgrading the quality of products to an international level and a partner search mission is on. Indian firms are on the look out for Joint Ventures and technology transfers specializing in niche technology and to complement their range of products as well as bench marking with the worlds latest and best.

Because of the strong linkages of the automotive industry with other sectors e.g.; agriculture, investment in this industry acts as a driver of economic development and employment generation. An expanding manufacturing base of vehicles also leads to development of components and ancillaries with a multiplier effect. With constrained railway infrastructure, road transport is expected to grow further with private sector investment in long-term growth and transformation of the rural economy, which ultimately leads to greater demand for automobiles.

CSR practices at Eicher Motors

The genesis of CSR at EML began with the growth of business. The company has undergone numerous changes since its inception, based on mergers and acquisitions and a growing realization of the environmental impacts of a large automotive company.

The management communicates and demonstrates support for corporate social responsibility at Eicher Motors. Business units and managers are required to incorporate economic, social and environmental objectives into their business plans. The understanding of CSR is very well articulated under “**corporate Values**” and thereby the actions are guided accordingly from those values of the company: The core values are being secular, apolitical, fair, trusting, empowering of employees and adopting ethical practices. The CSR at Eicher Motors is more than philanthropy. It takes care of all its stakeholders, which can be very well understood by a corporate initiative under e-motion.

Eicher Motors CSR at a glance:

The CSR principles of the company are found mostly in the areas of environment, employer-employee relationship, ethics and community investments. Eicher Motors is committed to be environmental leader and puts a great deal of emphasis on environment as a priority CSR program. Company environmental commitments are reflected in its EHS policy and its environmental management system. EMP (Environmental management plan) at Eicher Motors is a logical conclusion of EIA (Environment Impact Assessment). The company is very conscious of the environmental impacts and pollution hazards. The EMP was integrated into the business plan to guide the business operations, which mitigate the environmental risks and concerns.

The EMP is prepared for formulation, implementation and monitoring of all local processes, development and environment protection measures during plant operation. EMP includes the following four stages:

1. Conceptualization: Existing environmental scenario;
2. Planning: detailed study of environmental impact and identifying the necessary control/mitigation measures;
3. Implementation: Implementation of environmental control measures;
4. Operation: Monitoring the effectiveness of existing measures and those proposed in the EMP.

The mitigation measures of the company include the management and maintenance of air quality, water quality, land, noise levels, ecology, solid waste, socio-economic and health aspects of the community.

Rainwater Harvesting

Over the year the consumption of water in the region has gone up and the water table and the level of water in dams and reservoir has gone down. The worst was seen in 2002 when it rained the lowest ever, about 20 inches against the average of about 35 inches in the previous years. It was around that time Eicher Motors took initiatives towards water conservation and Rainwater harvesting.

Under this rain water from the hill slopes was channelised through specially constructed trenches and was dropped in 20 percolation pits made at pre-defined locations. Stored rainwater was filtered and used for the industrial purposes and rest was allowed to percolate down to the ground. Rain water even from the roof slopes was collected through pipelines and was discharged into the percolation pits through the same channel.

Energy conservation:

During 2003-04 the following energy conservation measures were adopted at Eicher Motors.

- Promoting non-conventional and green energy by harvesting additional windmill power resulting in lower costs;
- Installation of new natural draft cooling towers, Air booster for coordinates and measuring machine;

- Energy Efficient motors and pumps for water supply in the plant;
- High luminous low wattage lamps for boundary and plant lighting etc;
- Usage of energy saving air blow guns and optimization of compressors;
- Cold washing of components and eliminating electrical heating;
- Automatic switch off of Press motor during idle conditions.

New initiatives are being taken with regard to modified piping system of engine shop cooling tower and installing automatic cut off for pumps and blower of engine washing machines. Use of CNG as green energy for internal use of paint shop and washing machine chemicals was another effort in this direction. In order to reduce the power consumptions, the company has replaced the corrugated sheets with transparent sheets in the entire assembly and store area. During the day hours the area is naturally lighted and does not require electrical energy for lighting purpose. Another innovative idea to conserve the energy is through enhancing the efficiency of the systems installed in pneumatic lines where the pressure and flow of air is controlled. This saves the power requirement significantly.

Eicher Motors has also taken a proactive step in developing superior fuel-efficient and environmental friendly vehicles. The heavy commercial vehicle project, which started in 1997, in the beginning was planned for introduction with BS-I (Euro-I) compliant engine. However, considering the concern for environment, a pro-active step to introduce BS-II (Euro-II) compliant engine was developed. With a view to conserve the precious fuel, the engines have been designed to improve fuel consumption by reducing the emissions of various pollutants as well as CO₂, again a green house gas. The vehicles have demonstrated improved fuel economy up to 8-10%.

Investing in employee programs is a very important focus area for Eicher Motors. The company as manufacturer knows that people are its strongest asset and has thus developed many progressive employee programs to retain and attract skilled, quality employees. Eicher has around 5000 employees located in 5 manufacturing facilities and 56 marketing & area offices all around India.

The company provides a wide range of employees' welfare programs, which ensures the social security of the employees and their families. The welfare scheme includes the provident fund, health care, education & scholarships support, interest free loans for marriage, death benefits, leave, maternity benefit and uniforms etc. There is a canteen at the work place for all employees where food is made available to employees at a subsidized rate.

The efforts beyond the plant site

Eicher as a company is committed to the community in its broadest sense. This commitment takes many forms, with special attention to enhancing education and quality of healthcare facilities throughout the country.

Eicher's commitment to the cause of education saw the birth of the three Eicher Schools at different locations in the country. These schools are recognized co-educational, English medium and are affiliated to the Central Board of Secondary Education, Delhi.

A Foundation was also set up by the Eicher Group of companies to strengthen the educational system and provide quality education to the children in rural India. This program currently runs in Rai Bareilly, Alwar and Solan districts.

In the field of healthcare, Eicher's contribution is in the management and funding of the Dr. Shroff Charitable Eye Hospital, located in Delhi. Eicher has been managing the operations of this hospital since the year 1996. Located in the heart of Delhi, this hospital is a non-commercial, non-

profit trust set up to enable people from all walks of life and all sections of society to receive quality eye care.

A School Screening Programme is also in place for identification and treatment of kids who are visually impaired. To combat the blindness problem a satellite clinic has also been set up in the Alwar district of Rajasthan.

In the city of Indore in Madhya pradesh the company has taken the responsibility of road safety. The company has provided traffic light equipments at all the crossroads and is also responsible for its maintenance.