

Agro-Based Units in Varanasi: Ethical Issues & Remedial Measures

BY

Anuj Gupta (Research Scholar (srf))

Faculty of commerce

Banaras hindu university

anujwhbhu@gmail.com

Mob. -9389451535

Abstract

Ethics is in the vein of every person. The problem arises when people doesn't draw inferences from the existing situation. Agrarian economy is the feature which is crowned on India in its glorious history. But the country has used that crown as nailed-crowned & shattered its situation. Huge brouhaha started after independence but very less done in that field. CSR was strictly followed when Companies Act 2013 was enacted. There is a need for proper ethical uplift in every sector especially agricultural sector, as it is the backbone. In the present study, data is taken from consumers as well as entrepreneurs. Secondary data is taken to show the situation at present. An ethical issue which is mostly found from consumer side is health, while a mixture of all type of issues was found from entrepreneurs. It is also seen that ethics have become a tool of show-off, no inner motive & dedication is in that field. People could become ethical through proper education, removal of corruption, proper knowledge of religion & culture, social awareness & somehow legal regulations. Public participation is must in this field so that people may enhance the ethical value & structure.

Keywords: vein, crowned, CSR, education, religion

Introduction

India is the country where 56.60 % of population (both male & female) is engaged in agriculture (main labours, as per census 2001), but growth of agro-based units is not much more than average level. India is among top three global producers of many crops like wheat, rice, etc. With such a vast & rich background, India is suffering in the growth & development of agro-based units. The units which are agro-based are tiny, micro or small-scale, in most of the cities. Only handful of such type of units may be medium or large-scale. The condition in the city, Varanasi, too is not very good. There are 237 units engaged as agro-based units employing 906 workers & about 223 million rupees.

In the era of customer satisfaction & brand building; business ethics is becoming a popular tool of growth & development of any business or profession. Most of the western & European countries are following ethical practices in business from decades (1976 onwards). But in India it is still at the debate topic, "WHETHER ETHICAL-MOTIVE OR PROFIT-MOTIVE?" Various issues have been found in the recent past on the path of business ethics & agro-based units. All these issues are grabbed from various entrepreneurs & agro-consumers. The ethical issues & their remedial measures are also grabbed from them in this study. The study will help in overcoming such practical problems faced by the agro-based units.

Objectives of the study

Following are the main objectives of the study –

1. To ascertain the present status of agro-based units in Varanasi.
2. To enumerate the ethical issues faced by these agro-based units.

3. To find & suggest remedial measures to overcome such ethical issues.

Literature Review

Various books, journals, thesis, etc. has been published related with the study, but such a pin-pointed work has not been performed earlier. Some works has been done related with food-processing industries, books on business ethics, etc. The challenging job of following business ethics & earning profit has instigated the researcher in concluding the study.

P.Gite(1998) has explained the marketing of public sector food processing industries in India. The work was fruitful covering information with various statistical tools, graphs; tables, etc. were used in processing the data. A.Upadhyay (2002) done his work on the marketing practices of Dabur India Ltd. has helped in framing the background of the study. The suggestive measures of the thesis were used by the company in enhancing their work. Work done by R.K.Pandey(2006) has helped in enhancing the knowledge related with problems & prospects of labourer in dairy farms in Varanasi.

Anuj Gupta(2015), titled “impact of marketing practices followed by agro-based units on consumer consumption: with special reference to Varanasi district”, has helped in developing the idea of such study in detail. The information was gathered from agro-consumers through structured questionnaire. R.P.Kachru(2008) on agro-based industries in India, problems & prospects has helped in taking a view of prevailing conditions in these types of industries. The information was related with the practical problems faced by the units & some suggestions for improving the same.

Research Methodology

The study is based on both primary & secondary data. Primary data is taken from the agro-consumers & entrepreneurs or managers of these agro-based units located in Varanasi. While the secondary data is collected from various books, journals, newspapers, websites, etc. The information gathered from primary data is classified into various tables & charts. The sample size of the study is 200, comprising both consumers & entrepreneurs/managers. The information is processed using appropriate statistical tool like percentage, mean, t-test, standard deviation, f-test, correlation, etc. Primary data is collected through personal interview method. Hence, huge time, money & energy are invested in data collection.

Agro-based units in Varanasi

The agro-based units present in the city deals with both inputs & outputs of agricultural practices. Inputs include the units dealing with production of threshers, seeds, fertilisers, other agricultural machineries. Output units include the units engaged in processing of agricultural output/produce. These include manufacturer of food items for men & animals both. Up to year 2013-14 there are 237 such agro-based units registered in the city. Their percentage is less than 4% of total units established in Varanasi.

Table 1 - Industry-wise segmentation of the Registered Units in Varanasi

Nic code no.	Type of Industry	Number of units (A)	Investment (crore Rs.) (B)	Employment (C)	Ratio A:C
20	Agro based	227	22.6	906	1:3.99
23	Cotton textile	715	71.01	3151	1:4.41
24.	Woolen, silk & artificial Thread based clothes.	1163	110.60	4926	1:4.24
25.	Jute & jute based	75	3.5	390	1:5.2
26.	Ready-made garments & embroidery	730	78.335	4601	1:6.3
27.	Wood/wooden based furniture	585	51.06	3526	1:6
28.	Paper & Paper products	90	29.40	581	1:6.46
29.	Leather based	55	15.30	206	1:3.75
31.	Chemical/Chemical based	580	38.30	3031	1:5.23
30.	Rubber, Plastic & Petro based	90	28.55	861	1:9.57
32.	Mineral based	360	23.20	2101	1:5.84
33.	Metal based (Steel Fab.)	515	33.15	2376	1:4.61
35.	Engineering units	610	48.10	3571	1:5.85
36.	Electrical machinery and transport equipment	140	620	1301	1:9.29
97.	Repairing & servicing	1098	138.58	5999	1:5.46
Total		7033	697.58	37527	1:5.34

Source: DIC

From the table 1 it has been seen that there are 237 registered agro-based units out of 7033 total units. This amounts to 3.37% of the total units. The investment & employment level are 3.2% & 2.41% respectively of the total. If we compare the employment level with the number of units, it is found that on an average, every unit is employing nearly 4 people in their premises. This ratio of employment level to establishment (3.99:1) is much lower than many of the industry. While the rubber, plastic & petro based units are having highest ratio of 9.57:1, followed by 9.29:1 of electrical machinery & transport equipment.

Table 2: Correlation coefficient between variables of table 1

S.R. No.	Variables	Correlation coefficient
1.	Number of units & employment	0.965754
2.	Investment & employment	0.038392
3.	Number of units & investment	-0.02741

Source: Author's computation from table 1

In the table 2 it has been seen that the correlation coefficient between the number of units & employment level is positive & closer to 1, which shows a high degree of relation between the two variables. While the same between investment & employment level is showing a very low degree of positive relationship. The relationship between number of units & investment is revealing a very low degree of negative relationship.

Ethical issues & measures to overcome these issues

The ethical issues & measures to overcome such issues is the main part of this research paper. There are various types of ethical issues related to finance & accounting, HRM, marketing & production issues. Various experts have given their views with respect to ethical issues' categories. The renowned author Manuel.G.Velasquez has pointed the broader heading into the four above mentioned types. For ascertaining the issues & measures the data is collected from 200 respondents among them 39 respondents were the entrepreneurs of agro-based units located in Varanasi also.

Table 3: Classification of respondents

Sr. No.	Categories	Percentage
1.	Male	46
2.	Female	54
3.	Entrepreneurs	19.5
4.	Purely Consumers	80.5

The data is taken from the entrepreneurs as well as pure consumers. 200 consumers who are not an entrepreneurs are targeted & 39 entrepreneurs are taken as respondent. Out of them 54% of respondent are female & 46% are male.

Table 4- Major ethical issues in Agro-based units faced by entrepreneurs

Ethical issues	Percentage preferred
Financial issues	14.81
HRM issues	18.52
Marketing issues	25.93
Production issues	25.93
Other issues	14.81
Total	100

Source: Primary data n=39

From the table 4 it is seen that more than 25% of respondents have opinion that marketing & production issues are their major ethical challenges, as an agro-based units. Nearly 19% have opinion that HRM issues are their major ethical issues, whereas 14.81% says that financial & other ethical issues are their major problems.

Ethical Challenges in Agro-based units

The following are the major ethical challenges faced by the agro-based units:

1. Financial issues

The agro-based units in Varanasi are facing financial issues in their business. 14.81% of the respondents have ranked the financial issues as their major ethical challenge. Such issues includes insider trading, inappropriate investment of funds, delays in payments, illegal incoming of finance, window dressing, ineffective & inefficient management, etc.

2. Human Resource Management issues

The approached units were also influenced by the problem of human resource & its management. 18.52% of respondents have their view that HRM is their major ethical issues. Such issues include employees' discrimination in recruitment etc, privacy issues, health & safety problem, training & development issues, etc.

3. Production issues

The approached units were influenced by the challenges of production issues. 25.93% of respondents have their view that production issues are their major ethical issues. Such issues include low product quality, adulteration, use of toxic products, lack of innovation & advancement, frequent expiry dates, storage & maintenance challenges, etc.

4. Marketing issues

The agro-based units in Varanasi are facing marketing issues in their business. 25.93% of respondents have their view that marketing issues are their major ethical issues. Such marketing issues include charging more than MRP, skimming & penetrating pricing, market discrimination, too much middlemen, dumping strategy, pirated goods, hoarding & black marketing, advertising challenges, etc.

5. Other issues

In this type of ethical challenge, those areas are included which doesn't directly falls under the above four categories. The respondent (14.81%) viewed that apart from the above categories, they have other issues as their major ethical challenge. This category includes health issues, environmental degradation, child labour, unawareness of ethics & CSR, etc.

Remedial measures for overcoming various ethical challenges

Following are the major remedial measures to overcome ethical challenges faced by agro-based units in Varanasi-

1. Following rules & regulations

It has been found that 20% of respondents are of view that if they follow the prevailing rules & regulation then they will tackle various ethical issues. The rules & regulation must be followed including COPRA Act, Factories Act, Companies Act, Competition Act, etc.

2. Marketing advancement

The study reveals that only 8.33% of respondents have opinion that if they use advancement in their marketing practices their ethical challenges will be removed.

Such remedial measures include advancement in policies of 4Ps viz. Product, price, place & promotion.

3. Apply ethics in business

Highest percent of respondents have opinion that if they apply ethics in their business, their challenges will be removed. This percent amount to 21.67% of the respondents. The same includes framing code of conduct, levying penalties upon unethical deeds, appointment of ethical advisor, etc.

4. Financial transparency & efficiency

The study reveals that 18.33% of respondents have opinion that if they use financial transparency & efficiency their ethical challenges will be removed. These measures include ethical use of finance, timely payments, disclosure, removal of window dressing, etc.

5. HRM excellence

It has been found that 16.67% of respondents are of view that if they achieve HRM excellence then they will tackle various ethical issues. Such remedial measures includes suitable working hours, appropriate workplace, non-discrimination, proper superior-subordinates relationship, involving employees in decision making, etc.

6. Production management & control

In the present study it has been found that 15% of the respondents have view of achieving production excellence in the removal of various problems & challenges. In such measures some major tactics are maintaining product quality, use of advanced technological machineries; check over duplicate products, setting up standard of quality of the output & input, etc.

Scope of further study

The study is confined to the ethical issues prevailing in the agro-based units in Varanasi. The author has suggested certain remedial measures to overcome such issues on the basis of data collection. The information is highly backed by primary data. Secondary data is also used up to limited area. The primary data may leads to counterfeiting or mocked information; therefore it is highly dependent upon the responses of the respondents. Secondary data is collected from the District Industries Centre (DIC) hence it depends upon the reliability of data provided by DIC. Due to individual researcher's constraints & resource limitation only ethical issues & remedial measures of such issues in agro-based units in Varanasi have been taken. Future scope of this topic may be corporate governance technique, financial issues, marketing issues, HR issues, etc. of the related area.

Conclusion

It is seen from the findings that most of the respondents are of view that they are more conscious about their health issues & product quality. For removing such issues, standards must be established & followed. The units must go under the examining of certain independent quality related institutes that may help in improving the quality of the product. An ethical firm will enhance in its market & expand to others also. This will help in building firm's & product's image in long run. Every unit must appoint an ethical advisor & seek their

advices & translate it in practice. The opportunities of growth & expansion are very high; with this the growth opportunities of agro-based units towards total output of the city will also rise. A philosophy of 'Go Ethical' must be established at every level in everybody so that long term benefits could be reaped.

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