

## IVDP – HUL partnership

[www.ivdpkrishnagiri.org](http://www.ivdpkrishnagiri.org)  
[www.Pureitwater.com/IN/](http://www.Pureitwater.com/IN/)



### Water filters and other beneficial products in India sold via Microfinance Institutions and Self Help Groups

#### History of the partner organizations:

- IVDP is an Indian non-profit organization created in 1979. It aims at helping the poor of Tamil Nadu in improving their economic, social and health status. In the early years IVDP focused on bringing water to areas suffering from recurrent rainfall shortage, building over 331 dams in 60 villages and reaching 40k+ people. Since 1989, IVDP also promotes the creation of Self Help Groups (SHGs). As of May 2012, IVDP's staff of 330 people was supporting 8.3k SHGs representing 150k women in 1.3k villages of 3 districts.<sup>10</sup> It had facilitated access to close to \$500m in loans to its members (50% from members' savings, 48% from bank loans, and 2% from IVDP). In 2011-12 only, SHG members had access to \$84m in loans (up to \$77m in 2010-11). Additionally, among other causes, IVDP promotes health related products to its members, such as Pureit water filters (the main object of this case study), toilets for individual households, as well as sanitary napkins.<sup>11</sup> It also sells useful products such as solar lanterns. Via the 2% fee it gets on bank loans and a \$1.2 annual subscription from each member, IVDP is fully self sustainable.
- Hindustan Unilever Limited (HUL) is the Indian arm of Unilever, the global fast-moving consumer goods company. Its main areas of activities include nutrition, hygiene and personal care. HUL started selling water purifiers (Pureit) in 2005 through field-tests in Chennai before rolling out nationally in 2008. To reach low-income rural population, HUL has set up a dedicated sales channel called "Partnership", experimenting with various partners such as IVDP. IVDP, one of the first partnerships for Pureit, has also been one of the most successful to date.

**Product/service offering and value proposition:** During one of their bi-monthly meetings, SHG members are offered to purchase a Pureit device whose capacity matches the drinking needs (2 L/person/day) of an average family of 5 members.<sup>12</sup> Pureit is a popular water purifier for bacteriological contaminated water that does not require access to piped-in water or electricity, and provides water quality conforming to US-EPA standards thanks to a four-stage process of filtering and purifying. Using water from a Pureit device is thus "as safe as boiling" but more convenient and less costly as it does not require energy. HUL gives a 6-month warranty and ensures after-sales service for cartridge replacement, maintenance and repair through its own network. IVDP provides financing options via its SHG network, with bi-monthly repayments like other loans that members can take through this system, usually payment of \$2/month for around 20 months that can be adjusted to specific member needs.<sup>13</sup>

**Value chain:** Pureit is manufactured in one of the Pureit plants in Daman and Pondicherry in India. Devices are then dispatched to HUL depots, who then deliver to distributors, who in turn deliver clients (supermarkets, retailers or Pureit partners, including IVDP). On the marketing side, IVDP helps organize demonstrations by Pureit Water Experts (PWE) for its SHG members at monthly SHG meetings, verifies the credit history of interested members, aggregates orders twice a month, purchases the requested purifiers from HUL and finally sells them at cost on credit (0% interest rate) to its members, getting back the installments from the SHGs. IVDP is paid a small commission on each product

<sup>10</sup> Krishnagiri with a coverage of around 50% of all households, Velaori with 10% coverage and Dharma with 5% coverage. Taken together these districts count 4-5 million people, out of which more than 1m are covered by IVDP.

<sup>11</sup> Other activities conducted by IVDP for the SHGs members include leadership trainings, creation of a life security fund, extended financial assistance for education service, financial support for housing, solace donations for hut fires or heart surgery.

<sup>12</sup> HUL has developed a range of Pureit for all income levels, costing between \$20 and \$138, with replacement cartridges (1 to 4 replacement per year depending on usage) between \$6 (1000L) and 14.5\$ (3000L). IVDP-HUL chose not to offer the smaller, cheaper filter that would require more frequent cartridge replacements and could create frustrations from households regarding the durability of the product, as well.

<sup>13</sup> In other partnerships between HUL and other NGOs or MFIs, the financing can be in monthly or weekly installments, with or without interest rate, depending on the partner. In all cases HUL adapts its system to the operations of its partner.

sold. Any after sales issues are reported to IVDP branches, which contact HUL teams to come and do the necessary maintenance within 3 working days.

**Results:** Through this partnership IVDP has achieved safe water access for more than 60% of their members.<sup>14</sup> The success of IVDP in disseminating beneficial products through SHGs has also been demonstrated with other products, e.g. IVDP has sold 38k Kiran solar lanterns (priced \$10.5, a discount of 5% compared to Maximum Retail Price) in as little as 6 months, and has managed to increase adoption of sanitary napkins in rural areas from 5% to 70% since 2006, selling 45m of them at 25% discount. The commission IVDP gets from its corporate partners has gone directly to the beneficiaries and not to the employees of IVDP.

Since inception, HUL has sold 6m Pureit filters and reached a market share of over 50% (volume) in India, becoming the market leader of water purifiers both in yearly volume and value in 2011 (competitors include Tata Swatch, Eureka Forbes Ltd, Philips, Whirlpool, Kent, Kenstar). HUL has started several new partnerships with large MFIs in 2011-12 that should allow to cover more of the BoP market. Pureit water filters are also sold in Bangladesh, Indonesia, Mexico, Brazil, Nigeria and Sri Lanka, through traditional channels.

**Exchange rate:** 1 USD= 50 INR

**Sources:**

Field visit to Krishnagiri, Tamil Nadu, India, May 21-22, 2012. Interview with Francis Kulandei, President of IVDP, May 22, 2012, and Deepak Saksena, Head of Partnerships at Unilever, May 23, 2012

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Partners' website: [www.pureitwater.com/IN](http://www.pureitwater.com/IN) and [www.ivdpkrishnagiri.org/](http://www.ivdpkrishnagiri.org/)

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<sup>14</sup> See [http://ivdpkrishnagiri.org/index.php?option=com\\_content&view=article&id=150&Itemid=559](http://ivdpkrishnagiri.org/index.php?option=com_content&view=article&id=150&Itemid=559)