

CORPORATE SOCIAL RESPONSIBILITY(CSR)

The Indian Perspective

October 16, 2008

to

HE Mr Hideaki Domichi, Hon'ble Ambassador of Japan

& Members of JCCI

by

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OUTLINE

- **A walk through history**
- **Key considerations**
- **Business case for CSR**
- **Case studies**
- **Key steps in your CSR roadmap**

A Walk Through History

CSR focus - People, Planet and Profit (*“Triple Bottom-line”*)

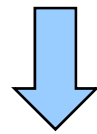
- Stakeholders in a business - customers, employees, shareholders, communities and environment
- Sustainable development and profits are inter-related
- Corporate profits need to be analyzed in conjunction with social prosperity

CSR IN INDIA – THE INITIAL STEPS

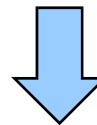
- **Evolved through the concept of ‘giving’ – an integral part of Indian culture**
 - Philanthropy
 - Religious donations

- **Modern connotation**

Gandhian concept of Trusteeship



Bombay Plan (1944-45) – First initiative by leading business houses (Tata, Bajaj, Birla group through FICCI)



Individual initiatives by individual corporate

CSR IN INDIA – FOCUS AREAS

- **Traditional**
 - Education
 - Health

- **Contemporary**
 - **Capacity Building** – skill development, training
 - **Sustainable Development** – environmental protection
 - **Community Development** – education, health, poverty alleviation
 - **Social Challenges** – women's' empowerment, girl child

IMPLEMENTING A CSR PLAN

KEY CONSIDERATIONS

CSR - INTERNAL v/s EXTERNAL

- **Internal (carried out within the organisation) viz.**
 - Energy and water conservation
 - Employee welfare – training, healthcare
 - Affirmative action – employment of backward sections
 - Corporate governance

- **External (within vicinity or for society at large), viz.**
 - Community development
 - Capacity building
 - Environmental protection
 - Healthcare
 - Creating awareness - education, health, social issues
 - E-initiatives – Online Information, education, etc.

CHANNELS OF IMPLEMENTING CSR

- In-house team
- Trust or Foundation as an independent arm of the company
- Non-Governmental Organisation (NGO)
- Industry consortia
- Collaboration with on-going Government programmes

IMPORTANCE OF NON-GOVERNMENTAL ORGANISATIONS (NGO)

- Grass-root level experience
- Awareness about local issues
- Ability to identify and target relevant stakeholders
- Possess experience for effective execution and coordination
- Help convert corporate responsibility plans into practice

COMMON PITFALLS WHILE PLANNING A CSR PROGRAMME

- Selecting an **inappropriate CSR activity**
- Effective launch, **ineffective implementation**
- Spreading **resources too thin**
- **Weak monitoring** mechanism
- Projected or perceived as a '**green wash**' or '**white wash**'
- Often mistaken for a **Public Relations exercise**

CSR PROGRAMME

BENEFITS

SOFT BENEFITS

- Positive public image
- Retaining staff, enhancing employee morale
- Higher productivity, reduction in costs and increase in profitability
- Positive engagement with government

FISCAL BENEFITS

- In-house CSR activities treated as a business expense
- Contributions to registered Non Profit Organisations eligible for benefits under Indian Income tax laws (*Sections 80G, 35AC*)
- Contributions to NGOs
 - 100% deduction if NGO promotes social and economic welfare
 - 125% deduction if NGO engaged in research in sciences/social sciences and statistical research

CASE STUDIES

TYPES OF CSR ACTIVITIES BY SMEs

- **Alfa Laval (Pune):** promoting entrepreneurship development in partnership with an NGO and Government of Maharashtra

Capacity Building

- **3M India (Bangalore):** complete sustainable solutions and eco-efficiency measurement tools. Voluntary participation of employees to reduce pollution

Environment Protection

TYPES OF CSR ACTIVITIES BY SMEs

- **Asahi Glass (Haryana):** Internal: Conversion of arid land around its plants into a green belt; up-gradation of processes to ensure positive impact on environment. External: conducting health camps, sanitation awareness, distribution of education material, providing transport facilities for school children etc.
- **Bajaj Electricals (Maharashtra, Rajasthan):** Rural development and welfare activities through its different trusts, government agencies, NGOs. Activities include income generation, health, sanitation, drinking water, social forestry and waste-land reclamation

Community Development

Education

Environment

Health

Community Development

CSR ACTIVITIES BY SMES – A CASE STUDY

- **Sarla Group:** Delhi-based diversified group promoted by the Jain family
- Business interests: quarrying and processing of marbles, production and exports of home furnishings, handicrafts, real estate and education (Pathways World School)
- CSR initiatives: Adopted 7 schools in different villages of Haryana. Activities implemented through its educational initiative Pathways. Projects have been running for nearly 5 years
- Activities: providing infrastructure (trained teachers, toilet facilities for girl students, clean drinking water); sports facilities, improving implementation of mid-day meals scheme; tree planting
- Mode of implementation: Family trust "Sarla Devi Prem Chand Jain Dharmarth Trust" undertakes various social and charitable programs
- Future plans: providing vocational training for youth for self employment

KEY STEPS IN YOUR CSR ROADMAP

PHASE 1 - CONCEPTUALISATION

- **Identify key areas** of focus viz, skill development, education, health, etc.
- **Define the programme** - will it be Internal or External or Both
- **Involve management** from various levels in identifying focus areas (maybe create a committee, selecting candidates from top, middle and lower management)

PHASE 2 – RESOURCE ALLOCATION

- Define your channel viz, in-house team, NGO, etc.
- Define budgets
- Identify key people to implement and monitor the programme
- Define milestones to achieve
- Define monitoring mechanism

PHASE 3 - Launch

- Launch the programme
- Run the programme
- Obtain necessary registrations

PHASE 4 – Running the Programme

- Annual/ bi-annual/ quarterly results and reviews
- Monitor and report success and/or failure
- Take corrective action

The test of a successful CSR activity :

- **Sustainability**

Can it be continued and replicated?

- **Capacity building**

Does it lead to development of skills, living standards?

- **Environmental protection**

Does it help conserve, protect and replenish resources?

- **Company image**

Does it give the company's image a boost?

CORPORATE CATALYST INDIA – *We Could Help*



- Identify company's CSR vision
- Defining budgets
- Set practical and achievable objectives
- Define methodology and channels of implementations
- Establish monitoring and evaluation mechanism
- Regulatory compliances and registrations

THANK YOU

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