Paradigm Shift in CSR Evolution

CSR: Harbinger of Humane Capitalism

Adani Powers Green Initiatives

Pitching for Good Cause

CSR Makes Good Business Sense

TOWARDS BUILDING COMMUNITY GOODWILL & CORPORATE BRANDING

-Dr. Bhaskar Chatterjee

L&T’S ROADMAP FOR SUSTAINABLE ENVIRONMENTAL DEVELOPMENT
FIGHT AGAINST TERRORISM

YES I WANT A COPY

For more details contact:
New Media Communication Pvt. Ltd.,
New Media House, 1 Athar Villa, Murlidhar Road,
Andheri (E), Mumbai - 400 059
Tel: 022-2923 5690, Telefax: 022-2925 5279
Email: amit@newmediacomm.com
Dear Sir/ Madam,

Thank you for your letter dated 02nd May 2011 and sending me the said usual week "High League" tournament with thoroughly from multiple rounds. The above tournament will be a good experience for us. The best wishes for your further work. I wish you all the best for your future endeavors.

Stay blessed.

Yours sincerely,

[Signature]

Best Regards,

[Name]

---

Dear [Name],

I am pleased to acknowledge your recent letter dated 02nd May 2011. I appreciate your efforts in organizing the "High League" tournament. Your dedication and hard work have contributed significantly to the success of the event. I am confident that the feedback and recommendations provided will be instrumental in shaping future tournaments.

Please accept my sincere thanks for your efforts.

Yours sincerely,

[Signature]

Best regards,

[Name]
CONTENTS

08 EXPERTSPEAK

Paradigm Shift in CSR Evolution A Long Journey from Charity & Liability to Business Opportunity

12 INTERVIEW

'CSR Provision a Harbinger of Humane Capitalism'

20 FACE-TO-FACE

CSR Initiatives Make Good Business Sense & Help in Brand Building

24 MOTIVATION

CSR: A Guide to Strategise Effective Implementation

27 ANALYSIS

The Anatomy of the New Companies Act 2013 - Pros & Cons of Making CSR More Accountable & Productive

34 INTERVIEW

Serving Society Must Be Part Of Corporate DNA
Environmental Sustainable Development
A Challenge & Opportunity for Better Present & Future Growth

Innovative Rural Financing to Make Clean Energy Affordable

L&T's Roadmap for Sustainable Environmental Development

RBS Foundation's Magic Hands Create Good Livelihood Models

CSR: A First Step in Long Journey, Says Symbiosys Technologies Head

Adani Powers Green Initiatives to Better Quality of Human Life
With CSR now playing a pivotal role in drawing up corporate policies, companies have zeroed down to a few focus areas that will ensure inclusive growth and sustainable progress towards development. Environment sustainability is one such area apart from education, health and women empowerment, which constitute overall social sustainability. This concept has gained consensus among the corporates and their stake-holders to ensure growth and posterity of the future generations. Among the activities that encompass preservation and enhancement of environment are preservation and promotion of water resources as well as their equitable distribution through rainwater harvesting, farm ponds, conservation of natural springs, contour trenching, and lift irrigation. Conversion of barren land into productive orchards using various eco-friendly practices such as the use of bio-fertilizers, green manure, vermi-compost, and bio-pesticides are related activities. Research on and analysis of water harvesting/management systems, vegetative and animal biodiversity, renewable technology integration, crop improvements, creating new markets for farmers are other methods. Most companies are organising and strengthening local village-level awareness groups and community activities, besides campaigns on natural resource management and biodiversity, providing capacity-building initiatives for community leaders, and identifying and preserving vegetative and animal biodiversity. Many others are tying up with NGOs to help manage forestation and train local communities on the proper use and maintenance of renewable technologies, organic farming methods, and forest management. They are also carrying out impact assessments, and monitoring and evaluating water/natural resource management, sustainable mining methods and pollution control. There are others who are seriously working towards installation of renewable energy technology, such as, solar and wind energy and use of smokeless woodstoves, bio-gas plants, solar stoves, and lamps. The steps are still small, but the efforts are noteworthy. What is heartening is that most companies are coming forward to offer innovative solutions to address the issues of climate change and environment management.

Kamaljit Swaroop
Vice Chairperson
New Media Communication Pvt. Ltd
Editorspeak

Dear Reader,

Environmental sustainability is becoming a great challenge in India. As the country is accelerating towards greater economic growth, demands for producing more energy are rising. Consequently, there is growing encroachment on natural resources, which are limited in their availability. For a country with a huge population of 1.2 billion, this is alarming. Our very survival is threatened as the threat of scarcity of clean air to breathe and potable water to drink looms large.

As Thoreau once said, "In wildness is the preservation of the world," respect and support for environmental management and its sustainability is the key to that goal. A framework for environment sustainability and engaging companies in initiatives to attain such a goal is being prepared in all earnest.

Dr. K. C. Chakrabarty, Dy. Governor of RBI in a speech, which we have carried in this issue, has said that economic progress and protection of environment, which are often seen as conflicting interests, are actually two sides of the same coin. In fact if done judiciously, environment management activities can well be intelligently linked with economic progress and profitability.

Environmental management occurs at all levels - from a city park’s native garden to grand scale projects such as management of vast wetlands, mangroves, forests and coastlines, wildlife, flora and fauna of the place we live in and work at. Government departments are working hand-in-hand with non-profit agencies and the corporate fraternity to acquire and manage resources, restore green areas and minimise the impact of vehicular and industrial pollution. Restoration and preservation are key components to environment management.

Climate Change, mainly caused by the emission of greenhouse gases from energy intensive human economic activities based on fossil fuels, has become a grim reality. More than half of the 88 industrial clusters dotting the country have been identified as critically polluted by the Central Pollution Control Board. An action plan for its remedy is in progress.

A National Action Plan that pegs development on evolving the use of new technologies is focussing on promoting understanding of climate change, adaptation and mitigation of ill effects of pollution and deforestation, energy efficiency and natural resource conservation. The National Solar Mission aims to increase the share of solar energy in the total energy mix.

India has announced its intent to reduce the emissions intensity of its GDP by 20-25 percent between 2005 and 2020, which is a major step towards mitigating the adverse effects of climate change. An expert group on low carbon strategy for inclusive growth has been constituted under the Planning Commission to develop a roadmap for low carbon development.

While the call for ecological sustainability gets louder, Indian corporate houses are seen pro-actively working towards a greener tomorrow by drawing up initiatives towards sustainability.

The movement to adopt sustainable practices has emerged as a priority issue, especially in the backdrop of climate change becoming a stark reality. The latest issue of CSR Mandate strives to highlight the issue through discussion, debate and analyses by experts and veteran activists.

Happy Reading!

Archana Sinha
Editor
Paradigm Shift in CSR Evolution

A LONG JOURNEY FROM CHARITY & LIABILITY TO BUSINESS OPPORTUNITY

The concept of corporate responsibility within the avenue of business strategy is rapidly evolving. Over the last two decades, the concept has undergone a transformation, from a focus on 'Corporate Charity' to Corporate Social Responsibility (CSR) to its current preoccupation with the concept of sustainability. Over time, Indian businesses have been at the forefront of this journey, charting out myriad pioneering models on CSR and inclusion. Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders. These sound and all-encompassing values are even more relevant in current times as organizations grapple with the challenges of modern-day enterprise, the aspirations of stakeholders and of citizens eager to be active participants in economic growth and development. From inactive philanthropy to the incorporation of the stakeholders' interest in the business model, the Indian business sector practices various methods of discharging its social responsibility.

As the world struggles to seek answers to the issues around achieving sustainability through collective action, India has already taken a leap of faith in that direction with the government taking a giant step forward. In 2011, the Ministry of Corporate Affairs released a comprehensive and a firm statement of intent and defined the role of corporate sector in linking corporate growth to the sustainability of the process of overall development of society. This was done in the form of the National Voluntary Guidelines on Social, Economic and Environmental Responsibilities of
Business (NVGs), which provide an overarching concept of business responsibility and linking it to sustainability. The NVGs, as these guidelines have come to be known as, are voluntary in their ethos but suggest disclosure as the means of increasing their uptake. Subsequent to this, two critical interventions by government further strengthened the resolve to carry this agenda forward. One was to mandate disclosure by top 100 listed companies and other was to bring a part of the NVGs itself from the voluntary to mandatory space by introducing Section 135 in the Companies Act, which was finally enacted in September, 2013. Together, these initiatives clearly bring out the role of corporate sector in generating ‘shared value’ and government’s resolve to progressively mainstream this agenda.

By formally including the concept of CSR under Clause 135 of the recently passed Companies Act 2013, the Government of India has in a way, clarified the structure of CSR in India, by stating that it is a set of initiatives undertaken by a company that benefits society at large, which inter alia includes both the community as well as the environment. Formulated by the Ministry of Corporate Affairs (MCA), the Companies Bill specifies that CSR is an important area of functioning for corporates, and warrants a board level leadership as well as follow through.

The Bill drives home the fact that in the near future, we can expect business entities to consider CSR as a part of their core corporate functions. Given the current trends and developments within the avenue of CSR and the recent slew of legislations and governmental initiatives in this space, it is important to create a platform for healthy deliberation and generate an environment of dialogue around these key conceptual dimensions. Just as the creation of shareholder value requires a company to perform on multiple aspects, in a similar way, sustainable development and stakeholder value creation also requires a multi-faceted approach, spread across intersecting economic, social, as well as environmental dimensions. The challenges posed in this pursuit will have its implications on virtually every aspect of a firm’s strategy and its business model. Many companies have traditionally perceived sustainable development, not as a multi-dimensional opportunity, but rather as a single-dimensional liability, involving regulations and added costs. As a result, many companies today are ill-equipped to deal with this issue in a systematic way.

Equally significant is the fact that CSR today is no longer a peripheral activity, an option to be included within the principle or primary activities of the company, but is an integral part of the paradigm of corporate management. In fact it has shifted its focus from back room to board room. It is also about building upon existing practices, maximizing impact, and creating a link between social responsibilities and best business practices. It involves the conscious inclusion of public or community interest into corporate decision making, and adherence to the triple bottom line of people, planet, and profit.

The New Companies Act, with its nine focus areas, acts as a starting point for the

“AS THE WORLD STRUGGLES TO SEEK ANSWERS TO THE ISSUES AROUND ACHIEVING SUSTAINABILITY THROUGH COLLECTIVE ACTION, INDIA HAS ALREADY TAKEN A LEAP OF FAITH IN THAT DIRECTION WITH THE GOVERNMENT TAKING A GIANT STEP FORWARD.”
corporates to put on their thinking caps. Currently, the Ministry of Corporate Affairs would like companies to focus on these areas for their CSR activities. In addition it is also hoped that in addition to these nine focus areas, Schedule VII would allow for corporates to focus on other areas, 'as may be prescribed' by the Board of the Companies.

The nature of explanation provided by a company in the case of non-compliance is left completely in the hands of the company itself, and the issue has been deliberately left open. Explanations provided by companies will be put out in the public domain by the government. It is a question of public acceptance or perception more than legal implications, in this case.

As a result of the Act, CSR goes from the backroom to the boardroom. As per the Act, formation of a committee at the Board level is mandatory, and one of the members would have to be an Independent Director. Additionally, it is compulsory for corporates to formulate a CSR Policy that contains a list of activities to be undertaken in the year. Monitoring of the listed activities also comes under the purview of the CSR committee. As the identity of committee members needs to be publicly disclosed, there is also an increased level of personal accountability, improving overall the standards of corporate governance for CSR. This will bring in tremendous accountability for actual activities to take place on the ground and achieve results rather than only 'talk' of CSR.

Technology and social media today keep people abreast with latest knowledge and information, and communities that have not been suitably benefitted from this growth are becoming more and more uneasy about a lopsided model of development that consistently excludes them. CSR gives corporates a mechanism to bridge this chasm through dedicated socio-economic and environmental interventions as also to strengthen the value of their brand in the process.

Clause 135 of the New Companies Act 2013 can be reproduced as below:-

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board’s report under sub-section (3) of Section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall:
(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

4) The Board of every company referred to in sub-section (1) shall:

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company’s website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Schedule VII of the Companies Act 2013 provides a list of areas keeping in view current national priorities that CSR efforts may take up. Companies may use this for planning their CSR initiatives. It will be worthwhile to focus on certain key areas of national concern rather than spread themselves too thin. This should lead to better and more focused impact in minimum time, thereby adding to one's belief that collective, collaborative efforts can make a visible difference through CSR. Impactful achievement of CSR goals can thus, only be arrived at through proper prioritization of efforts and effective collaboration between corporates, government and civil society. Such areas of work need to be identified and early action taken. This would strengthen the efforts and build faith that CSR can deliver at scale, without compromising on the quality of outcomes.

Activities which may be included by companies in their Corporate Social Responsibility Policies: (i) eradicating extreme hunger and poverty; (ii) promotion of education; (iii) promoting gender equality and empowering women; (iv) reducing child mortality and improving maternal health; (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases; (vi) ensuring environmental sustainability; (vii) employment enhancing vocational skills; (viii) social business projects; (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and (x) such other matters as may be prescribed;

This section of the Companies Bill is governed by the rules drafted and notified by the Ministry of Corporate Affairs. The draft rules put out on the public domain by the Ministry of Corporate Affairs details the way in which the Corporates may spend their funds. Comments and feedback from various stakeholders were invited and now the Rules Drafting Committee is reviewing the same and is in the process of finalizing the rules. The final rules would be notified soon.

Therefore it can be very aptly said that Section 135 of the Companies Act 2013 is a landmark legislation on CSR for our country. The new law will provide a healthy and robust environment for corporate India to significantly contribute to community development and environmental conservation along with creating shared value. The provisions of the Act will also provide a robust platform for business and industry to plan, design and implement their individual CSR activities.

Gayatri Subramaniam is Convener & Chief Programme Executive for National Foundation for Corporate Social Responsibility (NFCSR), Indian Institute of Corporate Affairs (IICA). She has been associated with IICA since its inception. Her main area of work is to contribute towards policy advisory service and undertake capacity building and knowledge dissemination initiatives of the Ministry of Corporate Affairs. She has represented IICA at various national and international levels. She is the Convener for National Foundation for CSR - a unique platform created for Government, Corporates and NGOs for taking up development and sustainable initiatives at the national level.
From strategic philanthropy to sustainability, to corporate social responsibility, Pooran Chandra Pandey, Executive Director, UN Global Compact Network India, has done it all. He has also successfully spearheaded social initiatives like Lead India, Teach India, and developed community infrastructure in six disaster-prone states in a PPP (Public-Private-Partnership) mode. In addition, Pandey is a British Chevening Scholar at the London School of Economics, among other things. In an exclusive interview to CSR Mandate, he discusses the profound seminal changes that will be brought about by the proposed inclusion of the mandatory CSR provision in the Companies Bill 2013. Excerpts.
The Indian Government has now approved that companies spend 2 percent of their net profit on CSR and also declare how it is spent. What are the pros and cons of this provision?

In the first place, let me say that the foresight of Prime Minister Manmohan Singh and the vision of Finance Minister P Chidambaram have brought out a historic concept of a mandatory CSR spend by companies earning an annual profit of Rs. 5 crore with a turnover of Rs. 1000 crore and a net worth of Rs. 500 crore as on August 8, 2013. This is a first of its kind, mandated by any government, anywhere in the world to its companies to spend 2 percent of their profit on CSR (whereas in countries like France, Saudi Arabia and Indonesia, such CSR is still voluntary) with force of law. This new legislation in Company Law (1956), is enacted only second time in the last 100 years. This is also one of the few times when the Opposition and the Government worked seamlessly to draft this robust framework. It may be recalled that the Standing Committee on Finance was led by Yashwant Sinha, former Finance Minister (BJP). The Bill was unanimous with major political parties signalling a smooth transition of the Companies Bill 2013 replacing the Company Act 1956, when passed into law.

I am an optimist by nature; therefore I don’t see any cons of this particular provision in the new Companies Act (2013), except some potential ‘stage-managed’ CSR expenses by some companies towards some directed expense. Despite this fact, at least a part, if not the whole CSR spend, will benefit the needy. This provision is a harbinger of ‘Humane Capitalism’ as we progress forward. This Bill has many pros to it. Foremost is the substantial amount of financial resource available for the welfare of communities. The Bill is also unique, stipulating reporting of how the CSR allocation is spent, and if not spent, why the resource could not be spent. It also provisions for CSR Committees within the companies and mandates a significant role for independent Directors for this particular provision, who will be responsible on all aspects of provisioning; evaluation, impact assessment and overall measured outcome of the resources spent on CSR by companies. The Bill also gives adequate legal teeth to the Fraud Investigation Office for punitive actions against defaulters. Schedule VII of the Bill mentions some of the admissible areas under CSR. Further development of rules will reshape priorities. These are some of the key highlights of the provisions; the final shape of things will emerge after formation of rules and its notification.

What is the basic aim in making such provisions? And what will be its impact on the Indian corporate sector?

The aim of the provision is noble as it prepares companies to do their CSR bit more meaningfully to ensure equitable distribution of benefits for a long term partnership with the communities. However, there has been a dilemma over the years that although large Indian businesses followed globalization in liberal trade regimes, a majority of people in India continue to suffer. Eventually, the country only develops but does not grow. The entire development paradigm has been disaggregated and lopsided, and needs an...
urgent correction. Therefore, a very effective way to address complex development challenges is through CSR involvement of companies. Here the role of businesses is as important as the government and civil society. It is in this larger framework that the CSR provision has been inbuilt into the Companies Bill 2012. The provision is progressive, innovative and future-centric and puts the focus back on the common man. The Bill is finding ways and mechanisms to solve the basic issues of well-being through an articulated policy regime. Public policy never operates in a vacuum. It needs a scaffold to hold it and deliver and this CSR provision aims to precisely do that.

**How many companies fall under this provision? What will be the approximate amount available for CSR from these companies?**

There are 5,191 listed companies in India according to the World Bank 2012 data. However, it's difficult to calculate an exact figure of potential generation and deployment of CSR resources. But expert estimates project a potential generation of

"TRANSPARENCY, GOOD GOVERNANCE, AND ETHICAL STANDARDS, UNLOCK BUSINESS VALUES THAT ARE FAR BEYOND COMPUTATION AND ARE REQUIRED IN AN INTERACTIVE AND GLOBALIZED AGE. THIS IS THE NEW REALITY OF OUR TIMES: ACCOUNTABILITY, RESPONSIBILITY AND PUBLIC SERVICE APPROACH ARE GOING TO BE MORE IN DEMAND AS WE MOVE AHEAD INTO THE FUTURE."
THIS MANDATORY 2 PERCENT CSR SPEND BY COMPANIES ONLY REINFORCES A COLLECTIVE ACTION PLAN TRIGGERED BY THE GOVERNMENT WITH A ‘COMMON GOOD’ APPROACH. IT HAS ALWAYS BEEN RELEVANT, AND CONTINUES TO BE, BUT ITS FUTURE TO A LARGE EXTENT WOULD DEPEND IF IT BALANCES ITSELF BETWEEN THE TWO PIVOTS - ‘WORDS’ AND ‘DEEDS’.

approximately Rs. 10,000 crore by companies after enactment of the Act. There is no specific figure but we can number-crunch a figure based on certain assumptions. Adhering to the qualifying criteria of mandatory CSR spend of 2 percent, these listed companies fit into the category of mandatory CSR spend. Assuming these companies earn a minimum of Rs. 5.0 crore profits annually and going by a crude aggregated method, the figure that may potentially work out to be deployed by companies comes out to be approximately Rs. 520 crore. This is at the lowest scale. However, many of the listed companies earn fairly high margins and if we presume these 5,191 companies earn an average Rs. 50 crore (again a conservative figure), the amount to be deployed would be Rs. 5,200 crore. Assuming again that these companies earn Rs. 200 crore on an average, the CSR spend would be approximately Rs. 20,800 crore. It means that the annual CSR spend can be potentially pegged at a figure almost equal to foreign contribution, grants and aids and contribution by businesses. This is an interesting figure that may give chase to bilateral agencies and small time players and agencies contributing to foreign contribution to NGOs and the civil society in India.

The Indian NGO sector is also getting a huge amount as donation from foreign donors. What will be the impact of such provisions on the foreign contribution to the Indian NGO sector?

Yes, it is a fact that NGOs have been receiving substantial quantum of funds from foreign sources, which shows a varied trend of upsing and downswing, driven by various socio-political considerations. Such contributions by donor agencies to the NGOs have had a pattern and are easy to predict. If one analyses the data on foreign contribution received by NGOs in India between 2000 and 2011, it reveals interesting trends as under:

> The number of organizations reporting on foreign contributions has grown over the years. This is attributed to strict enforcement of Foreign Contribution Regulation Act (FCRA) by the government resulting also in scrapping of 1976 Act and having a new Act promulgated in the year 2009 due to changing socio, political, IT and regulatory regimes. Once the Bill becomes an Act, a comparison with the FCRA and how it compliments legal and monitoring provisions of the FCRA 2009 will be interesting to watch out for.

Foreign contribution quantum has increased over the last 10 years, barring the year 2007-2008 and a marginal decline in 2010-2011 compared to the year 2009-2010. Indian NGOs and civil society have been receiving foreign contribution for various purposes from organizations abroad and such contributions are governed by FCRA 2009.

> The number of registrations of NGOs under FCRA has steadily grown in the last 10 years. Many NGOs have found the route of foreign contributions easier compared to raising domestic resources due to constraints of funding, loose structures, absence of giving culture and complex reporting requirements.

As a matter of fact, Indian NGOs received approximately Rs. 10,334 crore from foreign sources in 2010-2011. Of the 40,575 FCRA registered NGOs, only 22,735 organizations reported on their receipt, and utilization. Despite strict FCRA provisions against non-reporting even no receipt of finances would have taken place during the period of reporting. If the numbers were added together, these do not really match. This needs to be explained by those receiving foreign contributions, especially regarding their receipt and utilization annually.

The CSR provision in the new Companies Bill 2013 will open up other alternative avenues to NGOs for funding, which until now was dominated by foreign donors, and partially by the government. There is an underlying problem here of a trust deficit between the NGOs and the corporate sector. Almost institutionalized over the years, both have long acted at cross purposes under the guise of advocacy and large scale anti-industrial protests that the NGOs led against companies, encouraged by vested interests. This issue needs to be resolved urgently before a meaningful engagement between both sides can be possible. In fact, there is a new opportunity here to
start afresh, for both parties to align their wider priorities and work together in the larger interest of the community. The Government has fulfilled its obligation by providing such a transformative provision. It now largely depends on the collective conscience of the corporate sector and community orientation of the NGOs to work in unison. It’s a proven point that businesses will not survive in communities that fail. It is now the corporates’ responsibility to scale up their CSR projects to effectively address issues of poverty, hunger, health, education and livelihood in a structured and accountable manner. CSR provisions of the Companies Bill 2013 adequately address this matter.

**How many jobs will be created after this provision? Does India have sufficient number of eligible people required after this decision?**

There is a tremendous opportunity provided by provisions of the proposed Bill. It can generate sizeable number of employment opportunities. Every company qualifying the criteria of Rs. 1,000 crore turnover, net worth of Rs. 500 crore and net profit of Rs. 5 crore, will have to effectively run its CSR programs, allocate resources, monitor, evaluate, assess, and report. In a situation where there are 5,191 listed companies (as per the World Bank Data, 2012), a conservative estimate that each of these listed companies hire a minimum of 3 to 5 staff, means a requirement of approximately 16,000 to 26,000 CSR professionals in the country.

Additionally, the provision of independent directors for CSR committees within companies will also generate requirement for approximately 6000 trained professionals competent and willing to take up the role of independent directors. I think we really do not have enough trained and capable CSR professionals to man such a vast emerging domain of CSR in companies. There will be a tough battle for talent acquisition and CSR as a field is heading for interesting times.
What will be the impact on the Indian NGO sector?

There will be several openings for the NGO sector in the country following these CSR provisions. As I have said earlier, a long standing trust deficit between NGOs and the corporate sector stands in the way of good relationships between the two. But one never knows if the positive circumstances can bring them together. Also, there is a mood change within NGOs vis-à-vis their earlier approach towards businesses as foreign funding, due to several reasons. New bilateral policy of the government has also put restrictions on bilaterals setting a limit of direct funding to NGOs. And later on with India crossing the per capita income bracket of USD 1,000, it became ineligible for soft loans from bilateral agencies. Foreign contribution recipient NGOs now suffer due to serious draught of resources from foreign shores.

The 2 percent mandatory provision by companies will open new vistas of opportunities for NGOs with enough domestic resources available. Moreover, a provision in the Companies Bill 2013 that corporates can donate up to 5 percent of its profits to NGOs, unlocks unthinkable value proposition for the latter.

It remains to be seen how the provision operationalizes itself when activated on the ground. This would have negative impact on operations of advocacy, human rights and other sectoral NGOs in India, as hardly any company would champion such issues with their resources. What will essentially change is a new relationship paradigm between NGOs and corporates, new rules of selection of NGOs by the corporate sector, complex reporting structures and standards, real time monitoring and evaluation, more requirement of service delivery NGOs (advocacy NGOs would face difficulty) and a regime that will be premised on measurable outputs and outcomes preceded and succeeded by scrutiny, audit and reporting. Transparency, goodwill, and credibility, will define the way NGOs will find themselves into definitive types of situations with their corporate financiers. Enforcement of law will guide growth and development and in such a complex market-driven scenario, the fittest would survive and there is bound to be a phase of consolidation within the NGO sector in the next three years or so. I am personally excited to see how various provisions of the Companies Bill 2013 operate on the ground as time passes by.

The Union Govt. has been accusing the civil society movement in the country of stalling developmental projects - be it the Kudankulam Nuclear Power Project or some other industrial projects in the name of environmental issues, etc. Then why is the Government trying to strengthen the civil society sector by making such provisions?

Actually such issues have always been there, where civil society organizations have always upped the ante on systems and businesses for their enhanced responsibility, accountability, openness, and sustained support to the community, who this sector claims to represent. On the other hand, businesses operate within communities and vow to benefit them from their various social actions, besides effectively bringing private capital, generating employment and contributing to the nation building process. Government on the other hand has a significant role to play including, but not limited to, law and order, defence, procurement and most importantly setting up public policy regime for better growth and development opportunities. Therefore, it all points to a single issue that each one of these three elements - businesses, civil society and the government – in a democratic set up, are concerned with welfare of the community. Therefore I do not see any divergence between these three actors, philosophically. This mandatory 2 percent CSR spend by companies only reinforces a collective action plan triggered by the government with a 'common good' approach. It has always been relevant, and continues to be, but its future to a large
CSR has not been defined in the new Companies Act. Does India require a national policy on CSR and the voluntary sector now?

It’s more about the spirit in which mandatory provisions on CSR have been made in the Bill, than defining CSR. Many a time, values count and ethos vanish. Similarly, CSR has to be lived and practiced by businesses in a manner so it fulfils its objective of making profit, saving the planet, and contributing to the well-being of the community in a fair, transparent and sustainable manner. As I said earlier, we still have some distance to travel before the Bill becomes an Act. The Lower House has already accepted the recommendations of the Upper House; it would now be incorporated, and sent to the President for his nod. After it's obtained, rules will be framed in consultations with all key stakeholders before the Bill's culmination into an Act. The Companies Act 2013 is a comprehensive document that contains all required provisions on CSR, hence there is no need of a separate national policy on CSR. A single policy is always better than many as they might compete and duplicate their intent, potentially weakening the policy structure on a said matter. The Companies Act 2013 will be able to adequately take care of CSR through comprehensive provisions that it has on CSR. Every detail will be worked out including the most appropriate and sustainable, contextualized in local settings. Let us be patient and wait for a few more months and there will be an answer for every question. Legislation is a complex process involving several layers of consultations, oversight, and involvement of various ministries and agencies before the final outcome is achieved.

How are the other provisions of the new Companies Act going to affect the Indian companies, especially in working?

If my memory serves me right, this is only the second time in the last century that the company law is being changed. Companies Act 1913 was done by the British with some different objective in mind and it was amended in 1956. Ever since, the same Companies Act has been in operation, outliving its utility in a changing scenario with integration of national economies, liberal trade regimes, and globalization. In other words, we inherited a system that worked for almost 100 years with some minor amendments. We did not progress despite reform measures implemented in 1991. Opening of economy brought new challenges and subsequently global Mergers & Acquisitions (M&A) made the whole Companies Act almost out of sync with reality. The changes in the Companies Act 1956 had long since been overdue. Today we live and work in a different time and age where all aspects have to be addressed in an inclusive, broad-based manner. We need to have laws and acts to enable businesses to attract talent, offer them flexibility, aid them in improved governance and transparency through structured reporting and monitoring methods, rewards and recognitions, to ensure that there is a level playing field. Transparency, good governance, and ethical standards, unlock business values that are far beyond computation and are required in an interactive and globalized age. This is the new reality of our times; accountability, responsibility and public service approach are going to be more in demand as we move ahead into the future.

Given the complex corporate governance context, both domestically and globally, and the leadership role that India Inc. has exhibited over the years, this calls for a more robust Companies Act that help India and Indian businesses to effectively prepare themselves to adequately meet the complex 21st Century global corporate governance challenges. The Companies Act 2013 takes into account such complex potential circumstances and provides for enough elbow room to businesses to meet the future challenges adequately.

The Companies Act 2013 is an iconic and transformative step taken by the Government of India to insulate Indian businesses from complexities, corporate turbulence, fraud and some inherent weaknesses that often prove detrimental to image, credibility and overall brand image of the nation due to oversight and greed of some vested interest elements along the supply chain.
Organized by Idobro Impact Solutions, RISE 2013 was held in Mumbai on 11 and 12 December 2013. The theme for the event was 'Partner for Purpose, Progress and Prosperity'. R B Gupte, Director, MSME gave the inaugural address and John A Beed, Mission Director, US AID India, the keynote address. The event witnessed more than 300 delegates from Mumbai and 15 locations across India.

Ms. Vinita Bali, Managing Director, Britannia Industries Ltd, launched the RISE Principle and shared anecdotes of her first hand experience with creating awareness in rural areas. She emphasized that these experiences 'only reiterate that economic development goes hand-in-hand with human development.' This was followed by the release of the fourth edition of Made4Impact Catalogue and a white paper on 'Health: Malnutrition in the Urban Slums of Mumbai' by Cheryl Pinto, Director, Glenmark Pharmaceuticals.

Dr Samapti Guha, Associate Professor, CSE-蒂思 addressed the audience on 'Responsible' as a shared value for institutes followed by an address by Georgina Kurien, Chief Financial Officer, Habitat for Humanity on 'Sustainability' as a shared value for the social sector.


The closing ceremony on December 12 was an interesting combination of speakers. Film Actor-Producer-Director Nagesh Kukunoor highlighted how films can be an important medium to drive social messages and showed the trailer from his yet to be released movie 'Lakshmi', a story of courage and hope delving into the stark reality of 'human trafficking'. C. Babu Joseph, Executive Trustee & CEO, Axis Bank Foundation spoke on 'Corporate Engagement: Shared Values for Market Based Solutions'. Noshir Dadrawala, CEO, Centre for Advancement of Philanthropy spoke on - Community Partnerships: Evolving Roles at the Intersection of Philanthropy and Inclusive Business. This was followed by the inaugural Call for Partnerships by Actress and Social Activist Nagma with US AID - Improving Healthy Behaviours Program (IHB).

RISE 2013, a Participatory Active Mapping Forum for Resources & Partnerships was supported by Glenmark Pharmaceuticals, Bombay Stock Exchange (BSE), Centre for Health Market Innovations, US AID India IHB, Life Insurance Corporation of India (lic), Changemakers, UnLtd India, REX, the IndiaNetworker and CSR Advisors. CSE-蒂思 was the knowledge partner.
You can never have an impact on society if you have not changed yourself. - Nelson Mandela

CSR INITIATIVES HELP IN BRAND-BUILDING

TOWARDS GOOD BUSINESS SENSE
The Indian Parliament has given its seal of approval to the new Companies Bill 2013, nudging companies of a certain size to invest two percent of their profits in corporate social responsibility (CSR). This landmark Act has put India at the top of the chart, thereby making it among the first nations to have social welfare spending as part of company statute by law. This much-needed investment by companies will help solve several problems related to education, health and poverty. The Act has also brought the 'role of business' into focus at a time when the Indian economy needs an added push. CSR Mandate spoke with one of the main architects of this transformative law, Dr. Bhaskar Chatterjee, Director General and CEO of the Indian Institute of Corporate Affairs, an autonomous organization established by the Indian Ministry of Corporate Affairs. Excerpts.

**Could you give us an introduction to the Companies Act 2013 and details of the same?**

The Companies Act 2013 is a historic legislation that brings Corporate Social Responsibility (CSR) into the legislative domain for the first time ever in our country. The Act, which replaces the Companies Act 1956, has 470 Sections. One of these, Section 135, relates to CSR. This entails that if a company has a turnover of more than Rs. 1,000 crore or more, a net worth of Rs. 500 crore or more or a net profit of Rs. 5 crore or more, it must ensure that 2.0 percent of its average net profits from the preceding three years are allocated for CSR spending in the country as per Schedule VII of the Act.

Schedule VII primarily contains development sector activities that are part of the Millennium Development Goals (MDGs) like education, health, skill development, etc.

It is estimated that about 16,000 companies registered within the Act will fall under either/all of the three qualifying criteria. This would lead to approximately Rs. 15,000 – 20,000 crore coming into the CSR domain for spending as part of the 2.0 percent mandate from financial year 2014-15.

**Do you think it is necessary to have a mechanism to check compliance? And according to you, is it necessary?**

The Act is based on the Principle of Comply or Explain. It is mandatory for each qualifying company to set up a CSR Committee of the Board that would develop a CSR Policy, decide activities, allocate funds and set up a robust monitoring mechanism. The Board must publish this policy on the company website as also in its annual report.

Companies need to themselves report at the end of each financial year. Reporting is mandatory, but not spending. Thus, each qualifying company must report as per the mandated format, and herein they are free to say that they could spend only so much. As regards the unspent amount, they must state why they could not spend.

The Act has an inbuilt mechanism of compliance – public scrutiny, as also penal provisions as stated in Section 134.

Mechanism to check compliance is most definitely required for any legislation to get implemented, but it needs to be done in a non-intrusive a way as possible. This is the approach that this Act also adopts.

**How does one monitor the progress of a particular company or the quantum of CSR activity done over a long period of time - say five to seven years?**

There are various ways to do that keeping
in mind that reporting as per a well-defined reporting format is mandatory under the Act. This format provides parameters like activity, sector, geography, budget, actual spending, etc. Each of these can be suitably utilized to assess progress over a reasonable period of time. For example, if education is a sector where the company takes up a five-year school intervention project, it can be estimated through appropriate baseline and end-line studies about the impact created on the ground, per beneficiary costs incurred and the qualitative change that has been brought about in the lives of the beneficiary children.

The data that will get generated at the MCA/IICA due to more than 16,000 CSR Reports getting filed each year will be a gold mine of information keeping the above in mind. Its analytics will be suitably done to monitor the CSR roll-out in the country as also to inform further spending across sectors and geographies.

**THE ENTIRE SOUL AND SPIRIT OF THE ACT IS TO ENCOURAGE MINDFUL, CATALYTIC PARTICIPATION OF CORPORATE INDIA IN OUR COUNTRY’S DEVELOPMENT-CENTRIC AGENDA. AS A NATION ADVANCES, IT IS IMPORTANT TO PROMOTE ACTIVE AND PARTICIPATORY CORPORATE CITIZENSHIP,**

One of the provisions is contribution to the Prime Minister’s Relief Fund. Can a company contribute to the fund and mention that it has fulfilled its CSR responsibility?

Technically speaking, yes a company can do that. Having said this, I must state here clearly that the intent behind including this provision as a valid CSR spend in Schedule VII was not to provide companies with an escape route.

The entire soul and spirit of the Act is to encourage mindful, catalytic participation of corporate India in our country’s development-centric agenda. As a nation advances, it is important to promote active and participatory Corporate Citizenship, which this Act aspires to do. We therefore want to provide companies all assistance and guidance to be able to do this. The IICA is rolling out various CSR services like trainings, an NGO Hub, Portal,
Collaborative Platforms etc. in order to facilitate this.

Therefore, through our enabling effort, the message to companies is to use this provision only as a safety valve to put in their minor remaining spends at the end of the year so that through the year, they can actively engage in nation-building activities. We are also trying to advocate to companies that this will also make good business sense, and through effective and subtle development communication, they can do genuine brand building.

So, as you may see, the new CSR agenda is a game changing one...and we need to guide companies with great responsibility to use this as an opportunity to not only generate more wealth for themselves but also share it effectively with communities and the nation through direct and active participation.

**How will the company establish a monitoring mechanism to know the progress of its CSR activities in the above case?**

The CSR Committee of the Board has to do this and embed it in its CSR Policy for approval by the Board. The monitoring mechanism may need to use effective technology and IT tools to ensure a high order of diligence and outputs. Remember, if monitoring is not effective, it is next to impossible to get good social returns on investments.

In order to set up effective M&E (Monitoring and Evaluation) tools/systems, it is important to have need-based projects, with clearly defined goals/objectives, practical timelines and strong delivery teams – CSR Professionals as well as capable NGOs/Implementing Agencies.

---

**Dr. Bhaskar Chatterjee** joined the Indian Administrative Service (IAS) in 1975 and has held many distinguished positions. He was the Principal Adviser in the Planning Commission, Additional Secretary, Ministry of Rural Development, Principal Secretary, Steel and Mines in the State Government of Orissa, Secretary in the Department of Public Enterprises. He also made significant contributions to higher education as Member Secretary of the Indian Council of Social Science Research and to the advancement of Literacy as Director General of the National Literacy Mission. He was presented with the UNESCO NOMA Award by the President of India in 1999 for his outstanding work in the field of literacy.

He has presented several papers and articles on education and management and has made significant contributions to the Dang Committee set up by the Steel Ministry in 2006 and the Hoda Committee on the mining sector set up by the Planning Commission in 2007.

Dr. Chatterjee is also a member of the TERI Advisory Board. He is also a widely acclaimed management practitioner, theorist and teacher. He has written and lectured on issues of motivation and team building. Some of his books include the path breaking work entitled Japanese Management – Maruti and the Indian Experience, Human Resource Management – A Contemporary Text and the widely acclaimed book-Leadership India – Leading Change, Changing Lives.

Dr. Chatterjee is helping to shape the contours of the subject of Sustainability and preparing strategies for capacity development, knowledge dissemination and quality research in order to bring in a new vision and new horizons for the corporate sector.
CSR: A GUIDE TO STRATEGISE EFFECTIVE IMPLEMENTATION
The Indian Parliament approved the new Companies Bill in August 2013, making it mandatory for companies of a certain size to spend 2 percent of their three-year average annual profit on corporate social responsibility (CSR) activities. This landmark decision makes India the first nation to have social welfare spending as part of a company statute by law.

The desired intent of the Bill is to galvanise companies into using its experience in business, its people, resources and not just money, to bring about social change and create social impact. An ideal scenario would be for companies to think strategic and not just think of this as corporate philanthropy or donation. Hopefully when the companies think strategically it will also create an environment for sustained social impact and visible social changes in our society.

One of the models of strategically implementing CSR is to look at CSR holistically to bring about social change while creating brand value, integrating and involving the key stakeholders of the company and maybe deriving some investment and or taxation benefits as well.

So while developing your CSR policy framework, CFO, CMO, HR, CDO and Corporate Communications will need to be involved. The company must first identify causes that make the most sense for its line of business or its stakeholders like employees, customers or partners. For example a bank probably would identify most with families, meaning, social causes related to children, education and women. Maybe a manufacturing company would identify most with livelihood/employment/skill development and education.

**Payroll Giving – Maximize Company’s Investment in Creating Social Impact**

Engage corporate employees by facilitating “payroll giving” where employees can contribute to social causes by making deductions from their payroll. Payroll giving is a simple way of instilling “responsible citizenship” amongst employees and creates stronger employee bond, fosters team building by uniting employees for a common purpose. It also is one of the least resource intensive ways of building employee morale and mobilizing significant funding and
BUILD FUND RAISING AND EMPLOYEE VOLUNTEERING THEMES AROUND THE NGOS THEY SUPPORT. GREATER INTERACTION BETWEEN THE DONORS, NGOS AND BENEFICIARIES ALWAYS HELPS IN BUILDING SUSTAINABLE RELATIONSHIPS FOSTERING GREATER FUNDING, PARTICIPATION AND EVOLUTION OF SOCIAL DEVELOPMENT PROGRAMMES

giving which hopefully has a multiplier effect. Build fund raising and employee volunteering themes around the NGOs they support. Greater interaction between the donors, NGOs and beneficiaries always helps in building sustainable relationships fostering greater funding, participation and evolution of social development programmes. Creating greater social impact is about creating a sustainable ecosystem around social causes. For a sustainable ecosystem, key aspects are about funding, distribution or delivery processes and systems, monitoring and reporting. Payroll Giving creates an ecosystem of sustainability or boils it down to a process and greater accountability with greater democratic participation and hopefully creates a culture of giving as well.

Part of the corporate CSR budget can also be used to engage the customers through cause marketing initiatives that enhances brand value, engaging customers and doing social good at the same time. A very successful example is the MakeMyTrip.com’s carbon offsetting program that allows its customers to offset the carbon they create while flying from one place to another. MakeMyTrip enabling the customer to do this has created a huge brand differentiator and an engagement tool for customer retention. By tree plantation not only is the environment replenished but also creates sustainable livelihood opportunities for the rural poor. Empowering women through livelihood skills training or self help groups are areas where there are ample case studies that have demonstrated positive social impact.

The government has made it mandatory for companies to act responsibly and contribute to creating social impact around them. Hope the companies see this, not as an imposition under law, but as an opportunity to participate strategically in the social change of this country.

Vikas Puthran heads Alliances at GiveIndia. He is an expert in creating brand campaigns embedding social causes and building it as part of core business strategy. He has been an entrepreneur and worked internationally with financial services, IT and travel companies. He is an expert speaker on CSR in various industry forums.
The new Companies Act, passed by both the Houses of Parliament, and subsequent assent accorded by the President of India in August 2013, scripts a historic moment and the dawn of a new era for corporate India and its stakeholders. The new Act with 470 clauses replaces over 700 clauses of the previous law. The new Companies Act is tailored to meet the needs and challenges of doing sustainable business globally. It aims at improving the transparency and accountability in the business sector to a greater high. Although the Act includes some new aspects for the first time in order to give it a new dimension to conducting good business in ever changing socio-economic and political markets, the Act also includes a much talked aspect of CSR into its fold.
India claims to be the first country in the world to make CSR an integral part of the business by bringing it under the purview of law. Although several governments, the United Nations and some bilateral organizations have been discussing and arguing over the increasing roles of business in addressing the global issues such as poverty, public health, hunger, human rights, disaster and climate change etc., and have been trying to give the corporate world a globally agreed regulatory framework, CSR, across the globe has remained voluntary. So far, only a few countries like Norway, Sweden, the Netherlands, Denmark, France, Australia, Malaysia and China have partially succeeded in regulating CSR by making 'Reporting' mandatory. India has thus taken a giant step forward by bringing CSR under the purview of a law.

**Expected Outputs and Outcomes**

It’s estimated that some 8,000 companies out of approx. 0.8 million companies registered in India will be impacted by this law, which means only 1.0 percent of the total companies in India qualifies to come under the purview of this Act. It's further estimated that an aggregate of 2 percent, which is likely to be spent annually on CSR activities, will total to a substantial sum which may range between Rs. 15,000 crore and Rs. 20,000 crore. It's certain that this much financial resources now, and more in the future, are going to be constantly available annually. However, time will tell whether or not it will supplement government's endeavors in the critical areas of poverty alleviation, creating livelihood opportunities, improving health conditions, improving education and decreasing social and economic marginalization of people of the disadvantaged communities, and finally bring social and economic equality. Outputs in terms of mandatory spends of 2 percent will surely be complied with, which will be an indicator for companies' involvement in social space. But, outcomes in terms of measurable impacts on the improvement of some of the human development indicators (HDIs) or some other social development indicators do not seem to get aligned with the national goals. Schedule VII of the Act is open and does not set targets for companies to achieve the country's critical development goals in their spheres of influence as Millennium Development Goals (MDGs) ask each country to achieve globally. Outcomes are not specified.

**Why is there so much of cry against this Act?**

The major opposition came from the
corporate sector. Corporate world never wanted CSR to be regulated; such a sentiment is universal. Companies in India have always perceived this historic move by the government as an effort towards seizing their freedom of doing things which they always believed and exercised at their discretions. India Inc. thinks that CSR is a voluntary act and should remain so. Companies are not so happy since they think the new Act has made it mandatory for them to do CSR as prescribed in Section 135.

From the stakeholders’ perspective too, some of the civil society organizations (CSOs) and hard core CSR professionals are critical of this Act, and are not sure how this Act is going to bring positive change in the CSR landscape of the country. They are eventually looking into the flaws which make the Act look weak. They suspect, if those weak areas are not improved or plugged in properly, the CSR Act can be counterproductive in future. Academician, Prof. Aneel Karnani, in an article published in May 2013 after looking at the ‘draft Act’ and analyzing it from the perspective of the political right, the center and the left, called it finally, ‘a very bad law’. He, of course, is known for his strong reservations and advocacy against CSR.

Although there has been a huge hue and cry against the CSR Act from all sectors, the dust of negativism on the Act will surely settle down. And then, it would finally become an integral part of the very culture of doing good business in India. We must, therefore, allow it let go along with the time. What the Government of India has done for regulating CSR is very courageous. The intent of the government is undoubtedly very good.

Will this Law change the CSR landscape in India: Some Critical Views

While this law looks brilliant from the viewpoints of the purpose and the intent, there remain some perceived apprehensions, unanswered questions and operational gaps which the Ministry of Corporate affairs has to take cognizance of, at least, from the perspective of doing introspection and find whether the critics have merit in what they say.

1. The Act is perceived as a ‘Social Tax’.

Mandatory 2 percent for CSR is equated with the other types of corporate taxes. According to a KPMG study, the corporate tax rate in India is 32.45 percent—already one of the highest, compared to a global average of 24.09 percent. There is an apprehension that it may have an adverse impact on the ‘investment’ in India by global MNCs.

Further, it is argued that introducing such a ‘tax’ will discourage the proactive and voluntary commitment of companies towards the society. CSR as a consequence is all likely to become more mechanical than remaining dynamic.

2. The Act is restrictive

Some companies are already spending more than 2.0 percent of profits on CSR, even up to 14-15 percent in some cases. Would this provision adversely impact the CSR commitment of these companies which may limit their CSR spends to 2.0 percent? It’s a serious apprehension. While one argument maintains that companies which are already spending more will continue to do so, the counter views strongly argue that it is more likely that companies will not go beyond the ‘number’ as specified in the Act. They will simply comply with the law.

Also, companies which are imposing huge negative impacts on society and the environment are expected to spend more (more than 2.0 percent) towards mitigating those impacts. But, with this Act, they too will limit their CSR spends
Mandatory 2 percent for CSR is equated with the other types of corporate taxes. According to a KPMG study, the corporate tax rate in India is 32.45 percent — already one of the highest, compared to a global average of 24.09 percent. There is an apprehension that it may have an adverse impact on the ‘investment’ in India by global MNCS.

and just comply by spending tax only 2.0 percent and do away with their responsibility legally.

3. The Act is prescriptive:

The CSR rules and the schedule VII are perceived as prescriptive, which may have discouraging impact on the freedom of companies in picking up social causes and issues. Companies are going to adhere to what the rules prescribe and will do according to it. A majority of the program areas as prescribed in the schedule VII includes only the broader social areas of interventions which are eventually a rearticulated version of the Millennium Development Goals (MDGs) without targets. It’s all likely that such a prescriptive list of thematic areas of human development will limit the scope of CSR. Schedule VII is perceived to be over reliant on philanthropy. Such an attempt will kill the innovations to happen in the field of human/social development. The efforts of shifting CSR practices from charity or cheque book philanthropy to strategic philanthropy by aligning it with the core competence of the business will get badly affected. The emerging concept of creating shared value will take more time to get strategized. If CSR does not go strategic, it will never be able to get aligned with the business objectives and will always remain non-strategic to business — that is one of the perceived underlying outcomes of the schedule-VII.

4. Companies lack organizational capacity and specialized human resources

An equivalent of 2.0 percent of profit for the large companies in India would be a huge sum, and therefore would be challenging to spend on meaningful and impactful CSR. Spending any amount more than Rs. 20 crore annually in a limited geographical universe for a company would require a special organizational capacity and specialized human resources. In the absence of both, it is presumed that resources will not be effectively used on strategic and impactful CSR. Companies will have to partner with NGOs and depend on them for the execution of CSR. But, NGOs too will require specialized trainings. Most of the local NGOs are not equipped with skills and capacities to meet expectations of corporations as the latter would like to evaluate the former’s management, governance and program execution capacities which remain a major challenge for the NGO sector.

5. CSR rules are contradictory to the principles of evolving global CSR

The global perspective of CSR is about the ‘business conduct’ that goes beyond legal/regulatory compliances and charity/philanthropy. The evolved global understanding of CSR braces a larger and holistic multi-stakeholder approach to CSR. In the developed markets and the evolving markets too, CSR is now interchangeably termed as sustainability or corporate responsibility which aims to achieve a balance or integration of economic, environmental and social imperatives. According to Prof Wayne Visser, CSR has to be transformational. While he has introduced the new concept as CSR 2.0, Mark Kramer and Michael Porter from the Harvard University have coined a phrase and laid emphasis on
improving the strategic competitiveness of business through their model of Creating Shared Value (CSV).

Among all such emerging concepts of CSR, I, however, remain stuck to a strategic thought of CSR which, to me, is fundamental and is based on the mitigation of impacts, businesses make on stakeholders. Therefore, mitigation of impact, which is the moral & ethical responsibility of a company, should be made a legal responsibility. In fact, there are exclusive provisions made in many of India’s environmental and social laws which demand companies undertake the social and environmental impact assessments, and develop and execute the mitigation plan. Therefore, it would be desirable, if disclosure of the mitigation plan and implementation commitments were made mandatory in the Act, and the CSR spends too were linked with it regardless of any percentage of profit companies would require towards meeting the impact mitigation.

On the contrary, Schedule VII of the Act is focused to address some of the social causes which will limit the scope of CSR to merely philanthropy. Indian companies equate CSR with corporate philanthropy. By reinforcing this view, the Act could distract business leaders who are ready to embrace strategic CSR. While CSR is expanding its scope to go beyond philanthropy by taking into its fold the other aspects of doing responsible business, the CSR Act in the present form is perceived to be regressive.

6. CSR Rules Vs. NVGs Principles

The National Voluntary Guidelines (NVGs) on Social, Economic and Environmental Responsibility of Business in India was the first attempt made by the Central Ministry of Corporate Affairs to put in place a holistic CSR framework for doing responsible business. The wide and diverse nine principles of NVGs are aimed to give strategic and competitive advantage to Indian companies in the developed and emerging markets while remaining committed to the principles and practices of doing good business. In fact, NVGs precedes the birth of the CSR Rules in the new Act. But, surprisingly NVGs don’t find a mention in the new Company Act. Interestingly, SEBI took cognizance of NVGs principles in the context of matured CSR practices and made mandatory for the top 100 listed companies in India to take out Business Responsibility Report (BRR) along with the annual report every year which has to be in alignment with the NVGs principles. The new Act too makes the CSR reporting mandatory and provides a reporting format which is different from the NVGs based metrics given by SEBI. This is indeed confusing for companies. If companies have to take out two different reports as made mandatory, would it not be too much for companies to take out several reports?

7. The CSR Fund has the risks of getting misused

Partnerships between companies and NGOs and even multi-sector partnerships between the government, corporate and civil society are likely to be the positive outcomes of this Act. It’s bound to happen because not many companies would have the capacity and skills to execute CSR on their own. Further, setting up of ‘Foundations’ and ‘Trusts’ by companies is not a good idea because they will unnecessarily compete with NGOs. But, NGOs, who are aspiring to have partnerships with business, will have to improve their governance practices and be more transparent and accountable. NGOs are required to prepare themselves to meet the expectations corporates may have from them. If they fail to do so then perhaps corporates would never go for partnerships with them and then they will set up their own Foundations/Trusts.

But, the potential negative consequences of the Act could not be denied either. The greatest apprehension is that NGOs set up by politicians and bureaucrats will make all attempts to put pressures on companies to give funds to them. Secondly, companies too may use it as a legitimate fund to influence the regulators, policy makers and bureaucrats just to benefit their businesses by investing in social projects of NGOs run by their immediate kin, an indirect legitimate means of winning favours. Therefore, looking at the potential risks and challenges, the Govt in consultation with corporate must develop robust operational
India, where one-third of the population is illiterate, two-thirds lack access to proper sanitation, and 400 million people still live on less than US$2 a day, the passage of the Company Act should be hailed as a positive step forward in ensuring that business contributes to equitable and sustainable economic development.

8. Compliance vs. Voluntary

CSR, which until now remained voluntary, has potential risk of becoming a subject of compliance as companies meet other legal or regulatory compliances. By making CSR mandatory, companies may treat it as a “check the box” exercise rather than looking at ways to innovate and generate a return from doing social and environmental good.

9. Hype vs. Hope

India, where one-third of the population is illiterate, two-thirds lack access to proper sanitation, and 400 million people still live on less than US$2 a day, the passage of the Company Act should be hailed as a positive step forward in ensuring that business contributes to equitable and sustainable economic development. But, there is a hype created for CSR with the Act introduced. Along with the hype, a huge hope is generated, as if CSR by companies will change the social landscape of India, which seems absolutely unfair on the part of the corporate sector.

Companies’ CSR should not be seen in the context of fulfilling the government’s responsibilities. If done properly, CSR will potentially supplement the governments’ schemes and programs. It’s, of course, not going to replace the responsibility that the government owes to its citizen of the country.

10. CSR Committee to go beyond the art of giving

The Act has made it mandatory for a company to form a CSR Committee which will be responsible for architecting the CSR Policy and action plan for the company. The Board members, who are largely influenced with the philanthropic philosophy of the art of giving, are all likely to continue to plan & do welfare projects only. This is what is critical for sustainable human development. The art of giving has to be replaced with ‘the science of giving’.

The science of giving is based on the principles of impactful CSR which encompasses scientific and structured approaches to human development. The science of giving essentially takes into consideration the underlying effects of a social action and program which are often found to have gone opposite to the objectives of the project. Therefore, a majority of CSR projects have failed to make any long lasting positive impact.

The Committee’s responsibility is therefore very critical. The Act has very rightly made a mandatory provision for induction of an independent member in the committee. Companies should fill up this position by appointing an experienced person coming from the development background, instead inviting a celebrity to the CSR committee.

Finally, the Act is no doubt a welcome step; but, it can be made more effective and productive, if all the apprehensions are eliminated. The above apprehensions about the CSR Act are not presented essentially to criticize the law. Rather, they are manifestation of the critical views of stakeholders. The analytical views presented in the article are expected to be considered by the ministry in order to make it a robust law.

Sudhir K Sinha is a CSR campaigner
Five Indian MFIs Get
SMART CAMPAIGN
CERTIFICATION

The Smart Campaign, a global initiative to incorporate strong client-protection practices into the microfinance industry, publicly recognized five Indian microfinance institutions that were Client Protection Certified for meeting strong standards of client care: Bangalore-based Ujjivan and Grameen Koota, Chennai-based Equitas, Varanasi-based Cashpor and Mumbai-based Swadhaar.

With Union Minister for Rural Development Jairam Ramesh handing over the certification awards to the five Microfinance Institutions in New Delhi in December 2013, they join seven others from Latin America, Eastern Europe and South Asia that have been certified since the program was launched in January 2013. The certification awards ceremony was a part of a special event hosted by the Smart Campaign and included a panel discussion on the significance and importance for client protection titled, “Client Protection for Financial Inclusion: The Way Forward in India.”

Panelists participating in this session included Vishwavir Ahuja; MD and CEO of Ratnakar Bank, Krishna Kumar; MD of the State Bank of India, P.K. Saha, Head of SIDBI Foundation of Micro Credit, Girish Nair, Senior Operations Officer at the IFC; and Suresh Krishna, Head of Grameen Koota, a certified institution. The panel was moderated by Larry Reed, Director of the Microcredit Summit Campaign and a Steering Committee Member of the Smart Campaign. The discussion framed the importance of client protection within the broader context of financial inclusion, which in India includes a vast and diverse set of stakeholders.

The Smart Campaign’s Client Protection Certification program publicly recognizes those institutions providing financial services to low-income households whose standards of care uphold the Smart Campaign’s seven Client Protection Principles. These principles cover such important areas such as pricing, transparency, fair and respectful treatment and prevention of over-indebtedness. The certification program contains a rigorous set of standards against which institutions are evaluated by independent, third-party raters that are licensed by the Smart Campaign. The raters – Planet Rating, M-CRIL, MicroFinanza Rating and MicroRate – are established, specialized microfinance rating agencies with extensive experience, having analyzed hundreds of institutions to date.

“We had already undertaken a lot of programs for customer protection, but to get it independently validated gives it so much more credibility to the external world and also internally to say we are [going] in the right direction,” said Samit Ghosh, the CEO of Ujjivan, one of the certified institutions.

“Microfinance emerged in the wake of inability of the formal sector banks to be client-centric and reach the excluded sections of the society. As such, it is important that the focus of microfinance remains on clients. Initiatives like Client Protection Certification ensure that this focus is not diluted,” said Dr. Alok Misra, CEO of M-CRIL, one of the licensed rating agencies.

The five institutions certified in India – Ujjivan, Grameen Koota, Equitas, Swadhaar and Cashpor – have long demonstrated a commitment to client protection. Prior to undergoing certification, all institutions were evaluated by the Smart Campaign on their practices, and contributed to the development of Smart Campaign tools to help advance the sector. During the last two years, the Smart Campaign has been working in India with more than 90 MFIs to help prepare the microfinance industry to improve their practices and ultimately meet the standards of certification.
SERVING SOCIETY MUST BE PART OF CORPORATE DNA

- Ishaat Hussain, Finance Director, Tata Sons Ltd
Ishaat Hussain, Finance Director, Tata Sons Ltd, India's leading industrial conglomerate, has a different take on the concept of CSR. “I believe the very purpose of business is to serve society. Serving society should be enmeshed in the corporate DNA.” To illustrate the point further, he quotes Paul Polman, Chief Executive of Unilever, who had said in his recent interview with Financial Times, London, in which he makes it clear that shareholders are not exactly the first thing on his mind. Agreeing with Polman, Hussain proceeds to quote him further: “I do not work for the shareholder, to be honest; I work for the consumer, the customer. I discovered a long time ago that if I focus on doing the right thing for the long term to improve the lives of consumers and customers all over the world, the business results will come... I'm not driven and I don't drive this business model by driving shareholder value. I drive this business model by focusing on the consumer and customer in a responsible way, and I know that shareholder value can come.”

Hussain's reason for highlighting Polman's point against a myopic focus on shareholder value soon becomes clear as he adds: “Many would argue that the purpose of business is to make money so as to drive shareholder value, and I would readily agree, but with a rider: make money within acceptable norms.” Touching briefly on his belief in the broader concept of stakeholder capitalism he says: “So you see, the moment you speak of only shareholder value, you exclude everyone else.”

Coming back to elaborate on his 'take' on CSR, he explains that today it is often referred to as 'giving back to society' and in his opinion, that is an Anglo-Saxon position, stemming from a very limited Wall Street view that the singular purpose of business should be on creating Shareholder Value, thus their need to 'give back to society'. In his view, Hussain says, “None of us really believe that it is right. It's driving the stakeholder value that concerns us and that is why we at TATA Group believe that we have to make money; clearly if we can't make money, we can't succeed. But how we make our money is very important to us. If you start by asking the question of how I should make my money then you will address the CSR issue up-front; whereas if you say my purpose is to make money - period. Then you don't bother about the means that you follow to make that money, and CSR can have a different connotation then.”

With Hussain's opening perspective, which basically lays out the foundation of is beliefs on these somewhat intangible concepts, I couldn't help but be reminded of my own words used every so often during advisories to my clients - how you do is as important, if not more important than what you do. The points that Hussain makes resound loud and clear - that if you start by asking yourself the question - how will you make the money, and establish your processes based on the right way, everything starts falling in place enabling the company to do the right thing. Here are more insights of the conversation between Mr. Ishaat Hussain, Finance Director, TATA SONS LIMITED and Madhulika Gupta, CEO, REPUTE Public Affairs & CSR Solutions.
Some say that reputation is critical to corporate success, topping the intangible asset list of CEOs. Would you agree and why?

Reputation is extremely important. Examples abound. In the present time, BP, or recall the Shell experience of some time ago, or any other corporation faced with a similar situation, the impact on their bottom-line is major, although some select people may appear a bit insulated and continue to make money. Having said that, the fact of the matter is that a large body of people do admire winners (in money terms) and the winner takes it all. Society, and we as individuals must also pause to reflect on what do we value? It is very clear that in the long term people value the sort of things I am talking about. But in the short term, it is the short term success that is encouraged and admired.

When you talk about reputation, the way the world is run today, it’s not only the name of the company which matters, it’s the brand. When something goes wrong, what people say is ‘what damage has it done to your brand?’ So branding and preserving the brand and maintaining the brand are very important.

When you mention brand, are you talking about reputation, as in the long term residual impressions, not just the company name?

Yes. What does the brand embody? Brand has a personality; but you have to position the brand, maintain the brand, and maintain its reputation—align it to do the right things, and stand for the right values. And if something goes wrong, as in the case of Pepsi sometime ago with the water issue, it can be quite damaging to the brand. Damage control is very important to preserve the brand.

So, more than reaching a point of damage control, one should actually think about it way ahead, plan how you are going to do your business?

Yes. In fact all your case studies in PR try to illustrate that damage control is undesirable, that it shouldn’t get to that point at all. Damage control is to be your Plan C.

It is said that reputations are built and maintained by a firm’s relative success in fulfilling expectations of multiple stakeholders. Understanding these is crucial to managing risks to the business and maintaining a positive reputation. Do your stakeholders voice concerns and expectations, if any?

We conduct multiple surveys: employee satisfaction through voice of the employee survey, voice of the customer through customer satisfaction survey, do brand dips sticks, and assess vendor satisfaction, as also shareholders’ surveys. Shareholders vote with their feet so you know when stock prices are under performing. Similarly, it is true the customer also votes with his/her feet but that is probably an indication on why and wherefore and what corrective action needs to be taken. I think that true understanding can come only through surveys, constantly talking to analysts from the shareholder point of view, meeting analysts, meeting brokers, meeting fund managers, and that is a very important part of the CFO’s job today. A very important constituency is the government and maintaining relations...
with government, being proactive, keeping them fully posted about all the good things that you are doing, being very receptive to any negative feedback that they may give you is very important.

**When we look at the universe of stakeholders, there are all kinds of focus areas amongst sub groups. A key point then in managing stakeholders' expectation is how do you balance it to maintain a stability of reputation across stakeholders?**

I think quite honestly you've got to see if you are acting within the framework of Law and Order. For example, we had a very major public relations problem with Dhamra port in Orissa where an activist group jumped into the act, criticizing us on environmental impact. The funny thing is that it was not a TATA project—it was the project of a large engineering and construction major.

The construction major had done all the spade work, they had acquired the license, and they had received environmental clearance from the environment ministry. After that, they came to us and said 'you are going to be major users, you need a port in eastern India, we are putting it up and would you like to be our partners?' That made solid sense. The minute TATA entered the project, the activist group entered the fray, the premise being that—we don't expect it from TATA.' You have a huge reputation to preserve. Fact of the matter was that all the environmental clearances were in place and we had no reason to believe that the environmental clearances were brought on suspicious grounds. So, we entered. Note, while the construction major was there nobody bothered to raise the issue. But once TATA entered, it's like "ahh...we don't expect it from you." So they applied all sorts of pressure tactics on us. We made suggestions, including asking them to get the study done and that if the study confirms what they are saying is correct, we would walk away from the project. Finally, neither did they conduct the study, nor accept our offer to fund an independent study by them. Instead, they resorted to other tactics—sent volunteers to our Annual General Meeting to protest and disrupt the meeting. The day the new Nano (the low priced car from TATAs) was launched, the activist group issued a full page advertisement in a leading newspaper stating how TATAs are totally unconcerned about the Ridley Turtles in Orissa. The point of this example is that it is essential to stay with facts and work within the purview of Law and Order. We cannot go on the basis of conjecture.

**In your case, with such instances coming up, is there a case for environmental social risk management policy to be put in place for your processor or does it already exist?**

I think the environmental and risk policy is a national matter, it is a national issue. For example: Many say that if you create the Nano, if you produce the Nano, how will the Indian roads take it? Our point is—there are three million cars already being produced in India and another six million are going to be produced, even if the Nano is not produced. Why aren't the others being stopped? Their point is it clogs the roads. Fact is that roads are already clogged, and the answer lies in building new roads—investing in infrastructure. On our part, we work within the confines of whatever the government specifies, if they lay down that cars have to be of a certain efficiency, the fuel efficiency has to be X, the pollution efficiency has to be Y, the car must deliver 60km to a litre, it must not put such and such gasses into the
air - government lays that parameter, and we will have to comply with it.

However, being the industrial house that yours is, is there a case to help develop policy with the government on such matters and do you do that?

Of course, we are very active. In fact on climate change we are far ahead of the curve, because we are mapping the carbon footprint of each of our companies, we are signatories to global commitments. There are two or three Indian companies who have signed up on a voluntary basis with the UN Global Compact. We are very much a part of that. We will remain actively involved with the bodies who are working to find the resolution to this problem.

So do you have a team of people working on this and how seriously does your level get involved in this?

There's a whole body of people working on it. We have a full department working on climate change, which then advises each company.

Do you see a link between a company's reputation and its financial performance? How will you explain this link?

Yes, and it's a very important metric. People look for returns after all, on the one hand we may not verbally laude the quest for wealth, but quest for wealth is a major driving force for all of us. Any business is predominantly in the business for making money, so whatever may be your caveats, about the how being important, once you've got the how, then you have got to perform, eventually you have to meet your rates of return. If the market is giving an X rate of return, you have to ensure that you are performing to give the expected rate of return. But the point is, you could then get into a very complex area about the short term versus the long term. And our house tends to take a very long term view of things, so our short term returns may get depressed. But we have been here for 150 years and we want to be here for another 150 years and in that cycle, there may be many short terms where we have to depress our immediate returns for long term gain.

That's a very good point, and as many people say, you can't really be short sighted if you are to build a reputation.

Yes, you've got to have a long-term vision. If you look at how Indian business houses have moved since 1974...you know when I started my career, I think only three or four of those companies still survive. Now you have all the new names, and let us see how long they will be around.

There are several indices that are rating corporate performance on environmental and social criteria which can be used to benchmark performance of good corporate citizenship against company's peers e.g.: Dow Jones group sustainability index or FTSE for good index. Do you believe there is a case to introduce such stock market indices in India and what could be the challenges?

I think it's a very good thing. I am just not sure how to measure these aspects; I see that as a problem. It is tough enough to measure financial performance; how do you measure environmental and social performance, especially when there are many people who doubt the very issue of global warming, whether carbon emission is causing global warming. While I believe it's a very good idea, I have issues about measurability and hence the efficacy of it. Conceptually I don't disagree with it. As for introducing it in India, I think it is premature, because of the various reasons that I have stated. Not enough academic work has been done as yet and the world is much divided as I said. We need to work on it. I am on a committee set up in the UK for reporting on corporate sustainability. I met a gentleman who is on that committee recently, and we were both discussing this and how practical is all this. You may just be over burdening industry with information requirement and until and unless everybody has accepted it as a very useful metric and it has been proven to be so, I would be a bit hesitant to enforce it.

Your final thoughts......

Would you have any advice to AIM alumni and students who want to become business leaders, any advice on the topics of reputation, corporate responsibility, growing a company, their commitment to society.

We live in a world today where we have to be very sensitive to societal pressures and concerns and we must proactively address these issues. Sometimes, it's quite frustrating because some of the expectations are unreasonable and unwarranted and it therefore leads to a situation of huge conflict and people turning their backs on these issues altogether. You have to be very patient and you cannot ignore societal concerns, as long as they are reasonable concerns.

(The article was first published in the AIM Alumni Leadership Magazine of the Asian Institute of Management, 2nd quarter 2010 issue. Reprinted with permission from the Editor.)
While India has been benefitting economically from its remarkable growth record, the country has also been suffering from substantial negative externalities. When it comes to reverse effects from environmental degradation, India has bared a cost of $80 billion per year, or 5.7 percent of its GDP, according to the World Bank estimates.

Rapid economic and demographic growth is threatening the environment through expansion and intensification of agriculture, uncontrolled urbanization and industrialization and destruction of natural resources. This accelerated human impact on a fragile eco-system, which in turn is exposing the population to severe air and water pollution.

Moreover, India is at the top of the “race to the bottom” aiming at producing low quality products with minimal cost (made possible by cutting business regulations, labour standards, environmental laws and business taxes). While living standards may increase for a portion of the population, the environmental standards are being drawn down. Bearing in mind the size and diversity of the Indian economy, there is a promising prospect on the horizon.

With the passing of the new Companies Act 2013, Corporate Social Responsibility (CSR) has become a legal obligation. Companies that fall under the Act are encouraged to spend a portion of their profit on areas of poverty, education, environment, healthcare, women empowerment, developmental research & development and social business. Although the Act mandates a highly philanthropic approach to CSR, it is an essential start to the realisation of a new social involvement for corporates in India.

Focusing on the environmental impact of companies, we find that many of them have failed to take the responsibility for the real cost of their operations. Running away from the environmental externalities constitutes a real loss to the Indian economy. Currently, many Indian corporates often adopt a simplistic and philanthropic approach in the area of environmental sustainability. In fact, the 2.0 percent CSR policy encourages them to do so. However, there is much scope to go beyond mere cheque-writing to an environmental NGO and into the creation of a ‘triple-win’ situation where the environment, society and the company itself all stand to benefit.

The triple-win encompasses a holistic environmental strategy, whereby a company, applying an embedded approach, aligns its CSR policy with the business strategy and incorporated best
CSR practices at all levels.
At Innovaid we have a client portfolio spanning corporates from a great variety of industries. Some of them are Indian conglomerates made of many verticals that operate in different industries. As a result, their environmental impacts can vary in size and nature. Some verticals cannot be considered heavy-polluting, while others are large enough to generate considerable harm to the environment.

Having analysed diverse business areas and their major environmental concerns, Innovaid has come to the conclusion that for each source of environmental concern, a two-fold approach can be developed, encompassing internal and external initiatives.

External solutions relate to the implementation of programs involving surrounding communities, employees and customers in awareness raising campaigns and environmentally friendly habits, such as tree plantation initiatives. Such programs offer various benefits: addressing the major environmental concerns, pursuing projects falling under the 2.0 percent CSR expenditure as per the new Companies Act and enhancing the reputation of a company as an environmentally conscious corporate citizen.

Although these projects are necessary, a company implementing them should realize that the actual contribution to the environment might be maximised by following a more planned and comprehensive approach. Recognizing the urgent need for more trees in India to mitigate the effects of a highly polluted environment, the tree plantation drive should be done in a structured way with support from experts in order to ensure long-term positive impacts on native flora and fauna, as well as to the soil structure and water balance.

In addition, it is worth mentioning an interesting study by Earthville, a non-profit organisation working to catalyse sustainable thriving for people and the planet. This NGO has studied the necessary extent of a tree plantation drive in order to truly offset a company’s environmental footprint in India.

On average a business tends to generate 3-4 tons of CO2 per employee (not counting travel), hence it will need to plant about 150 trees per employee to offset office emissions, plus 60-100 trees per round-trip flight (depending on distance and class of travel). Businesses that use servers or other significant IT require an extra 80 trees per computer used (1). Above that, tree maintenance and tree mortality rates should be factored into the equation.

Therefore, before engaging in peripheral cleaning efforts in the surrounding environment, it is wise for a business to first seek to decrease its own footprint. Optimal results are achieved when the external solutions are combined together with internal initiatives.

Although internal solutions do not directly fall under the new Act, they are very rewarding. They are still relatively unpopular in India and considered somewhat challenging since implementing them requires considerable effort and commitment from all employees.

This can only happen after educating, motivating and convincing staff to “go green”, by decreasing their individual and corporate carbon footprint. This can be achieved through practices such as: recycling, saving energy and encouraging car-pooling. Of particular importance is that this measure contributes to a healthier environment, allowing the company to save money, enhance its reputation and in fact inspire higher levels of employee pride and commitment, providing a new way for employees to connect with the company and customers.

Summing up, applying a combination of external as well as internal solutions will speed up and enhance the process of minimising environmental risks. The mandated 2.0 percent CSR expenditure is certainly an innovative solution to India’s social and environmental challenges. Although not flawless, it is a beneficial, unprecedented incentive in India motivating the private sector to become a major player in tackling social and environmental issues. In the long run, it promises to reduce many negative externalities, potentially leading to new growth records not at the expense of human (capital) development and environmental degradation.

Natalia Rajewska is a CSR Specialist at Innovaid Advisory Services. She has academic background in business and international development and is a starting social entrepreneur with broad international experience.

Ref: 1. (http://earthville.org/projects/earthville-orchards-carbon-offset/)
A Challenge & Opportunity for Sustainable Growth

In future, only those companies and people who work towards maintaining ecological balance and inclusive social growth will remain in existence, says Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India.

Speaking at a Yes Bank–GIZ–UNEP Sustainability Series event on Environment and Social Risk Management, he enumerates some key sustainability issues that need to be addressed immediately to find a competitive edge in the world economics. CSR Mandate reproduces essential parts of Dr. K. C. Chakrabarty’s speech.
Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. There are different aspects to sustainability such as, environmental and social that we need to understand. ‘Environment sustainability’ refers to the need to preserve the ecology and ecosystems for sustainable growth. Any developmental process that alters the composition of the global atmosphere and puts pressure on ecological and socio-economic systems is a threat to sustainability. Thus, sustainable development should try to maximize growth while utilizing the limited available natural resources in an efficient and responsible manner so as to ensure that they last long. The other aspect of sustainability is ‘Social sustainability’ which entails that the development process promotes social cohesion and reduces inequities. Any form of social exclusion breeds disharmony that leads to various disruptions owing to which business suffers, growth suffers.

India makes up 2.4 percent of the world’s land, while supporting 16 percent of the world’s population. The compounding result is a severely unsustainable use of natural resources for several generations. Currently, India is experiencing rapid and widespread environmental degradation at alarming rates. Tremendous pressure is placed upon the country’s land and natural resources to support the massive overpopulation.

Sustainability & Growth - The Conflict & the Balance

Economic progress improves our standard of living and makes our life more comfortable. On the other hand, it is this very progress that can lead to degradation of the environment. Any increase in national income would arise only from increased production of goods and services involving greater consumption of resources such as land, forest, fuels, etc. whose supply is, essentially, limited. While some of these resources may be renewable, others get depleted and, ultimately, exhausted with continuous use. Any attempt to preserve the non-renewable resources might require compromising on growth rates.

The conflict between economic development and sustainability is, essentially, a conflict between short and long term priorities, between the interests of current and future generations. Large exploitation of natural resources while increasing the economic growth for the present generation would lead to gradual exhaustion and degradation of these resources thereby reducing their availability to our future generations, adversely affecting their output, income and living standards.

Maintaining a balance between economic growth and preserving natural resources is important. By maintaining this balance, we can create a long term self-sustaining system. Framework for ‘Green National Accounts’ for India which is based on the need to measure economic well-being on the basis of a comprehensive definition of wealth that includes natural and human capital and not GDP alone has been set up to monitor and guide the country towards a holistic growth.

India saw a growth rate of 0.9 percent in terms of Inclusive Wealth Index per capita between 1990 and 2008 as against negative growth for some other countries like Russia and South Africa implying that their productive base has been completely eroded. However, the growth is still low among the developing economies.

Globally, the need for sustainable development is being emphasized. Sustainable development attempts to strike a balance between the demands of economic development and the need for protection of our natural environment. The UN’s Human Development Report 2013, while appreciating the rise of the South (connoted by the developing countries) in driving growth across the globe in the 21st century, has also pointed out that sustaining the growth momentum requires policy focus on enhancing equity, managing the demographic change and confronting environmental pressures.
Global Cooperation & Efforts

Since Greenhouse Gases (GHG) emission in any country accelerates the process of global warming, this is obviously an area where a solution involving global cooperation is needed. No country will have sufficient incentive to contain its own emissions unless it is part of a global compact. Such a compact, in turn, is possible only if there is a fair distribution of the burden. Developing countries have consistently argued that since it is the industrialised countries that have historically contributed the bulk of the accumulated stock of GHG, and are also the most able to pay, they must bear the burden of global mitigation and adjustment.

According to the Economic Survey 2012-13, India’s per capita carbon emissions in 2031 will be about four tonnes, which will still be lower than the global per capita emission in 2005 of 4.22 tonnes and about 75 per cent lower than the 2010 levels of the top three emitters - Australia, USA and Canada. Hence imposing emission reduction commitments on the emerging world at this stage, at similar levels as that of advanced countries, would be highly unfair. Rather, a logical approach would be that countries which are more developed and have caused greater emission as part of their development process should share a greater responsibility in lowering emissions and the expectations from emerging and less developed nations should be tempered so that they can attain higher growth, thereby improving the quality of lives of the poor. India is fully committed to the global initiative to address environmental issues. Its participation in the 2013 international negotiations under the UNFCCC and has been part of 94 multilateral environmental agreements. Before that at Doha Conference (December 2012), India protected its interests fully and succeeded in bringing the equity aspect firmly on the table. India has also voluntarily agreed to reduce the carbon emission intensity of its GDP by 20-25 per cent over 2005 levels by 2020.

India was one of the early signatories of the Montreal Protocol on ozone depletion and has completely phased out the production and consumption of ozone depleting substances such as chlorofluorocarbons (CFCs) once used in almost all refrigerators and air conditioning systems and halons, which were used in fire extinguishers. It remains on track towards complete phase-out of production and consumption of hydro CFCs by 2030. Within the country, the Government is also consistently making efforts/policies towards ensuring environmental sustainability. This includes policies like Joint Forest Management, Green Rating for Integrated Habitat Assessment, Coastal Regulation Zone, clean energy drive through eco labeling and energy efficiency labeling, fuel efficiency standards and other such efforts.

Reducing Global Wastage

An integral part of doing business in a sustainable way is to reduce waste and, in the process, decrease operating costs and increase profits. As per estimates, between 30 to 50 percent (about 1.2-2 billion) tonnes of food produced around the world never reaches a human stomach. Wastage in the sub-Saharan Africa and South-East Asian countries, including India, tend to occur primarily at the farmer-producer end of the supply chain due to inefficient harvesting, inadequate local transportation and poor storage infrastructure. In developed countries such as the UK, produce is often wasted through retail and customer behaviour.

Surveys also show that in India, at least 40 percent of all fruits and vegetables are lost between grower and consumer due to lack of refrigerated transport, poor roads and inclement weather. Wasting food means losing not only life-supporting nutrition but also precious resources, including land, water and energy. About 550 bn cubic metres of water is wasted globally in growing crops that never reach the consumer. Within India, water use efficiency in agriculture, which consumes around 80 percent of our water resources, is only around 38 percent, which compares poorly with 45 per cent in Malaysia and Morocco and 50–60 percent in Israel, Japan, China and Taiwan.

About 90 percent of India’s waste is currently disposed off, by open dumping and land filling. The country has more than 36,000 hazardous waste generating industries, producing approximately 6.0 million tonnes of hazardous wastes per annum. Around 50 percent of this can be recycled. Such practices lead to hazardous materials getting disposed off into the environment and endangering lives. It is also estimated that approximately 55 million tonnes of Municipal Solid Wastes are generated in urban areas of India annually, which otherwise could be a valuable potential source for power generation for an energy deficient country.

To prevent such wastages, governments and developmental agencies should work together to help change people’s mindset on waste and discourage wasteful practices by food producers, supermarkets, industrial units and consumers. Incentives could be provided to encourage adoption and implementation of such policies. Government has announced that cities and municipalities would be encouraged to take up waste-to-energy projects in public-private partnership (PPP) mode. Such municipalities implementing waste-to-energy projects will be supported through different instruments such as viability gap funding, repayable grants and low cost capital.
Sustainable Usage of Natural Resources Energy

Towards ensuring sustainable development, we also need to use our natural resources judiciously and in an environment-friendly manner. Attention should be paid to conserve energy, given that any development process is bound to be energy intensive. Sustainable energy is the golden thread that links economic growth, social equity and a healthier environment, says UN Secretary General, Ban Ki-Moon. With global economic development, global energy demand is expected to double between now and 2050. Energy prices are projected to rise and remain volatile, making imports a costly proposition for India.

The need of the hour is to explore newer means, particularly, more environment friendly and endogenous ones rather than depending solely on coal and oil, where our dependence on imports is high. Natural gas is a good option where domestic potential is huge given our huge reserves. Our attempt should be to further exploit the huge potential from this environment friendly source. India is committed towards generation of 22,000 MW of solar energy by 2020. Several parts of India are endowed with good solar radiation and deploying solar panels even on one percent of the land area could result in over 500,000 MW of solar power. It can hugely power the rural areas for education, health and employment. Currently it is expensive, but with growing manufacturing capacity, short term viability gap support from government, aggressive research and development and large scale deployment, the cost will come down.

Inefficiency in usage and theft are also daunting problems facing the power sector, with the transmission and distribution losses amounting to about 22 per cent annually. Efficiency in usage by generating awareness about the importance of these resources is crucial. An appropriate pricing regime needs to be worked out. A completely deregulated system of pricing for energy, where prices are market-determined, would encourage people to take informed decisions, tackle the problem of suppressed inflation in the economy and finally, make other alternative forms of renewable energy such as solar, tidal and bio-gas viable.

The Government has, in recent times, taken steps towards appropriate pricing of non-renewable sources of energy and encouraging clean and green energy. It has set up a National Clean Energy Fund by imposing a cess on coal that will provide funds to the Indian Renewable Energy Development Agency (IREDA) for on-lending to viable renewable energy projects. The non-conventional wind energy sector has got special incentives in the recent Union Budget 2013-14. India has recently signed the electric vehicles initiative (EVI) of the Clean Energy Ministerial (CEM) that aims to facilitate the deployment of 20 million electric vehicles globally by 2020. As you are aware, the commercial manufacture of battery-operated vehicles has begun in India. For example, ITC limited, Wipro Technologies, HCL Technologies, IndusInd Bank are identified among India’s top 10 green companies.

Water

The Indian economy and society faces daunting challenges in water as well. As per World Bank, at current rate, the 1.2 billion people in India will exhaust their fresh water supplies by 2050. While demands of a rapidly developing economy are huge, our potential for augmenting supply is getting limited. Water tables are falling. A recent assessment by NASA showed that during 2002 to 2008, India lost about 109 cu. km. of water, leading to a decline in water table to the extent of 0.33 metres per annum. Water quality issues have also been a problem area. We receive very good rains, yet our inadequate storage and distribution facilities make water a scarce resource in
India. Climate change poses fresh challenges with its effect on the hydrologic cycle that might exacerbate impacts of floods and droughts. Estimates suggest that about half of the demand for water will be unmet by 2030. Initiatives aimed at recycling and reuse of water, better flood management and ground water management is important. Transforming the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) into a watershed restoration and groundwater recharge programme, as envisaged in the 12th Plan, seems desirable. It could serve the dual purpose of preserving water resources while simultaneously creating employment. Also, appropriate pricing of both water and electricity, will help recharge the depleting aquifers.

Sustainable Industrial/Business Practices

Industry being the catalyst of development, it needs to patronise the concept of sustainability in its various processes. Sustainability is, seen as a key challenge as well as an opportunity in business. In future, only companies that make sustainability a goal will achieve competitive advantage. Early movers today can reap the benefits. That means rethinking business models as well as products, technologies, and processes. Recognizing this, some of the large multinational corporations like Unilever, Coca-Cola and Walmart have committed, though Consumer Goods Forum, to eliminate deforestation from their supply chains. Microsoft has promised to go carbon-neutral. Markets have also started

rewarding sustainable business that further adds to the reputation of a company. Sustainable businesses require innovation in technology, organisation and management (usually all three together). Many of the sustainability gains would require more fundamental organisational shifts, and need to be led by the top-level management.

Some of the common characteristics of green companies include: using natural gas for boiler fuel, recycling biodegradable waste and minimum use of plastic material, using recyclable packaging materials, using biomass and solar radiation as sources of renewable energy, generating electricity from hydroelectric plants and reducing toxic emissions. Besides, there are some simple ways to make an office environment-friendly and reducing energy consumption by introducing efficient practices and generating consciousness among the staff.

Implementing greener business technologies could have an impact on cost, risk and most importantly, profitability. But the need is to find out ways of viability within sustainability. In fact, sustainable practices can also keep the companies competitive. Careful usage of the natural resources, reduction in wastes and exploring ways of minimizing energy usage, saves cost and boosts profitability of the company. Some organizations recycle and reuse their own waste to lower the cost of raw materials in manufacturing. Some companies sell waste to other sustainable organizations for recycling and reuse and, in the process, create a new stream of revenue. For instance, in Ford, the seat fabric is made from 100 percent post-industrial materials and renewable soy foam. Many companies choose to become greener by neutralizing (or offsetting) their carbon emissions by buying carbon credits, which are used in various projects, such as reforestation projects, and balance their emissions. There are now many companies specializing in calculating and trading carbon credits and this is becoming a very popular trend.

**Sustainable Agricultural Practices**

In India, with the average annual rate of growth of food grains production and population being at 1.2 and 1.6 percent, respectively, over the past decade, per capita availability of food grains has started declining. Yield levels are stagnating and are below other emerging economies. With increasing income levels, there has been an increase in demand for protein items, in which we are not self sufficient. Given that the poor spend more than 60 percent of their income on food, any hike in food prices due to lower production hurts the poor the most. In India, eight million people were kept in income poverty from the increased food prices in 2010–11(UN ESCAP estimates). The number has increased. The Right of all people to Food was reaffirmed by various countries at the Rio+20 United Nations Conference on Sustainable Development
GREEN BANKING HAS TWO DIMENSIONS. FIRST, BANKING BUSINESS HAS TO GO PAPERLESS. A MONTHLY PAPER STATEMENT HAS ENORMOUS IMPACT. THERE ARE SEVERAL GUIDELINES FROM THE RESERVE BANK ON E-BANKING AND BANKS ARE ALSO PUTTING SINCERE EFFORTS TOWARDS ADOPTING PAPERLESS BANKING.

held in June 2012.

Recognizing the impact of demographic trends on food demand, food supply has to keep pace. FAO estimates show that food production has to grow by 60-70 percent to feed the expected 9.0 billion people by 2050. However, any attempt to increase food production will put pressure on the resources that it requires like land, water and energy. Several parts of the food system, like the production of nitrogen fertilizers, are highly energy intensive. Hence the thrust of agricultural development in the coming years has to be on sustainable agricultural practices.

The National Agricultural Policy in India focuses on sustainable development of agriculture by promoting technically sound and economically viable, environmentally non-degrading and socially acceptable uses of the country’s natural resources. Towards this end, productivity enhancements are needed through higher investments in agriculture, greater research in the area of regionally adapted varieties and hybrids, adoption of eco-friendly integrated pest management technologies and use of manure and compost instead of artificial fertilizers. With limited scope for increasing cultivable land in India, more dynamic ideas for using arable land elsewhere, as being done by China and Japan, could also be explored.

**Green Banking**

Apart from industry and agriculture, banks as the financing agent of the economic and developmental activities of the world, could also play a crucial role in promoting overall sustainable development. It is in this respect that the concept of green banking has emerged and is recognized as an important strategy to address sustainable development concerns and creating awareness among people about environmental responsibility.

Green banking has two dimensions. First, banking business has to go paperless. A monthly paper statement has enormous impact. Estimates for US suggest if every household were able to switch to paperless bank billing, this would save an estimated 16,500,000 trees per year or about a 46,000 acre forest, 396,000 tonnes of CO2 a year, and 495,000 tonnes of air pollution per year and gain almost 2,145,000 tonnes of oxygen per year. There are several guidelines from the Reserve Bank on e-banking and banks are also putting sincere efforts towards adopting paperless banking.

The second dimension of green banking relates to where the bank puts its money. Green Banking entails banks to encourage environment friendly investments and give lending priority to those industries which have already turned green or are trying to go green and, thereby, help to restore the natural environment. There are no specific RBI regulations/guidelines for banks on green banking. However, in its circular on Corporate Social Responsibility, the Reserve Bank has advised banks to familiarise themselves with the issue of Corporate Social Responsibility, a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. They are also required to put in place a suitable and appropriate plan of action towards helping the cause of sustainable development, with the approval of their Boards. In this context, particular attention has been drawn in the circular to the International Finance Corporation Principles on project finance and carbon trading. Further, banks/financial institutions have been advised to keep themselves abreast of the developments on an on-going basis and modify their strategies/plans, etc. in the light of such developments. Albeit all this is voluntary on the part of the banks, the underlying objective of the Reserve Bank is to sensitise banks on the issue so that they can help contribute to this effort by playing a more meaningful role.

Environmental viability is not very independent from commercial viability. That is why some banks have begun considering environment viability along with commercial viability while deciding on lending decisions. Reasons are simple. If a debtor company goes out of business due to environmental issues, the bank is exposed to credit, legal and reputational risks that hinder the commercial viability of the project as well. However, unlike the foreign banks, Indian banks have a long way to go in this area.
CASE STUDY

Innovative Rural Financing to Make Clean Energy Affordable

A Case Study Report on how innovative financing schemes are helping more than 25,000 households access cleaner cooking and sanitation.

VNV Advisory Services has been at the forefront of low carbon and sustainability services for more than five years. The management has a very strong focus on approaching the issue of environment at the grassroots level in rural India. They have been drawing up on their expertise of carbon financing to address the numerous needs of energy in the rural setup.

The problem of cooking gas has been at the forefront of VNV’s initiatives. Years of drawing up on firewood has taken a heavy toll on our forests and release of green-house gas emissions on climate. Add to that, the social and health related issues that have a direct impact of cooking using firewood. VNV has successfully addressed that in the most innovative way – Carbon Financing.

VNV has been working with non-profit organizations like Adivasi Khadi Avom Krishi Parikchan Sansthan (AKAKPS), and other member organizations to deliver cleaner cooking and sanitation in rural homes across five states.

“We have identified that cow dung or ”Gobar“ as it is referred to traditionally, forms a very important ingredient of a case study we intend to bring to your notice, to emphasize the need of emission reductions in the context of rural livelihoods. There are more than 10 million households in India who depend on the cow for their livelihood. Each household has an estimated two cows. That means there is a cow dung yield of more than 50 kg per household. Now, the good part is that all of that dung accompanied by human excreta can be fed into a digester and the resultant gas can be used as cooking gas or lighting gas and the residue used as fertilizer. So effectively, you have converted complete waste into something that is clean and useful.”

- Varun Joseph, Carbon & Sustainability Consultant, VNV.

“The concept of buying carbon credits by developed countries from developing countries has hit rough waters and is likely to be discontinued. But let us not completely discard the ‘right things’ about the instrument called carbon credit. We could argue for or against the machinations and workings of the participants to the carbon industry, but there can be no denying that the instrument in itself, independent of political considerations, can be fairly useful...”

- Siddharth Agarwal, Manager, Carbon Advisory, VNV Advisory.
A biogas setup costs a minimum of Rs. 12,000 to Rs. 22,000, depending on the capacity and the amount of people you need to feed. So an average of Rs. 17000 per biogas setup is what is needed.

Impact of Traditional Methods
The rampant chopping down of forests has led to massive deforestation around the country. It remains unavoidable because livelihoods are in question. India’s population has breached the 1-billion mark. As the “One billion rises” claim of an advert, what people do not see is that millions of trees are felled each year to support this one billion rising.”

How does a villager get that kind of money?
"An average household income here is around Rs. 2000 per month, which translates to about Rs. 66.66 a day. Plus the fact that crop yields in India are heavily dependent on weather patterns, and the prices from resulting produces are even more heavily dependent on the ‘middle man’ i.e the trader, the income pattern of an agricultural family is anything but stable. So to cough up such large sums of money is difficult…”
- Veer Bahadur Verma, AKPPS Nodal Officer, Azamghar, Uttar Pradesh.

“The situation earlier was that we would walk five miles into the forest areas that were close to our village. We then chopped down twigs and carry them back to our villages.

We used these twigs to start fires for our cooking. We had no toilets or proper sanitation either.”
- Archana Gowli, Resident, Rajanagari Village, Maharashtra.

VNV’s surveys have observed that the government’s decision recently to circle out forest patches as protected land, has created an ecosystem of bribes and harassment. So the women, not only have to walk their five miles a day with firewood on their heads, but also have to deal with forest officials who can be very “difficult” according to a few women interviewed around the areas.

Usage of firewood can be very harmful to the respiratory organs. Blowing into the smoke filled chulha for 365 days a year, three times a day, is immensely harmful with all that soot and black smoke filling one’s nostrils and lungs. Plus, the fact that cooking time with firewood as a fuel is around three hours on an average. So what we have is the women of the household, girl child included, taking turns cooking.

Finally, to get them off the habit of firewood, the government started giving out LPG cylinders for below poverty line families at subsidized rates – six cylinders a year at rates of Rs. 420 per cylinder. What the survey found was that, six cylinders a year is never enough considering that one family has at least five members; so a 14.2 kg cylinder multiplied by six – would probably be just enough for three months, then the stats were back to Rs 900 per cylinder. Another alternative was kerosene, which was equally as expensive.
So what does our little initiative achieve?

Not much actually, but enough to invoke some interest. The cost of the biogas is a onetime cost, which the villager in most cases is not able to pay. So here is how it is approached. There are implementing bodies that help these villagers to build biogas plants in their houses. Depending on the spend power of the villager, the NGO then decides on the course of financing.

Over the years, this has been a much unorganized financing scheme wherein the villager is given a price for the plant. He then contributes whatever he can. Some farmers do the construction works themselves sometimes to save cost. The rest of the money is collected by the NGO on an unregulated basis. Over the years, NGOs such as AKAKPS have been writing off huge amounts from their books. Some of it is covered by government grants, while the rest is written off. This scheme has worked wonders, but with glitches. There is no maintenance to the plant. Secondly, the implementing agencies are unable to fund further projects due to paucity of funds.

"The use of biogas, luckily for us, serves another very important purpose", adds Siddharth Agarwal. It takes away the emitting of harmful gases such as CO2, Methane and N2O from the atmosphere, which has been the case so far, since firewood has the preferred fuel. So now we have another bi-product, called Carbon Certificates that can be issued for every tonne of carbon saved from being released to the atmosphere. So each household on an average saves around two tonnes of carbon from being emitted. And let us not forget the tree that was saved from the axe.

So now, we have a very interesting solution. We work with the NGO to build an emission reduction project around their installations. We get the project registered and work with the community to collect data and submitting to the certifying bodies. In turn, we will be issued carbon credits every year for 10 years. Now the money realized from the sales of carbon credits each year is divided into three components. The first component goes to the NGO for the maintenance fund. The second tranche goes towards reducing the burden on their bad debts, which then allows more funds for future plants to be built. The 3rd tranche is given to the plant owner as an aid for the project.

Let us delve further into the money that the villager gets, negligible as that might be. The villager is expected to cough up around Rs. 1500 a year for around four years to repay the implementing body. This is an average statistic, as the actuals differ from house to house. Each villager is entitled to around Rs 600 to 800 per year from the sale of credits. This helps substantially to the repayment to the NGO from the farmers end. And once the repayment is done, the plant owner gets this money year-on-year for 10 years and more. So if we do the numbers, the villager actually realizes around 70 percent of the plant cost just through carbon finance. Forget about the other benefits. This is an actual commercial realization.

From the implementing end, this alternate source of funds is god-sent, as now they can have a full fledged maintenance team, which in turn increases the longevity of the plants. And secondly, they can go ahead and propagate for more plants.
"Nobody can deny the merits of setting of these plants. Let me list them out for you:
Since there is no use of firewood, the woman of the household does not have to go to the forest, which achieves
· Conserving the forest and keeping it protected
· Saves them the hassle of bribing and harassment from forest officials.
Secondly, the resultant health hazards are substantially addressed, as this fuel is much cleaner and more hygienic. Also the woman does not need to walk the five miles, in addition to cooking time being greatly reduced, releasing the girl child to go to school and the woman to pursue some other activity. The waste is being properly disposed. Byproducts find very good use in fields as ready fertilizer.
Lastly, because of these projects being implemented in the poorest parts of the country, you are making our BPL, village level families more aware of climate change and environmental issues than their city bred brethren’s. That in itself counts for something."
- Rameshwar Pardhi, Secretary, AKAKPS

"Nobody is here to dole out free money. CSR as we know it exists because of regulation or bottom line results. Everyone wants tangible results. So here is what the above kind of a project does. It gives the villager a chance at a better, healthier and a cleaner life. Conversely, it gives the company that is buying carbon credits from such a project, the chance to showcase various issues:
One, they are indirectly financing the entire installation. Because of them buying from such a project, the family is being able to use a cleaner fuel for cooking.
Finally, the emission reductions that are being bought can be showcased as reducing the carbon footprint of the company. An average project emits around 50,000 carbon credits per annum. By buying these, a company can be on its way towards carbon neutrality, which nobody can deny remains a major brand focus for companies. Go green or perish, you might as well realize that now. So to do your bit for the environment and make a difference to lives, it is a kind of a win-win."
- Sandeep Roy Choudhury, Head Origination, VNV Advisory.

This is just one case study. Likewise, there are multiple energy access projects in rural India that benefit from this concept. All it needs is some out of the box thinking.

VNV is in the process of investing in more projects of the kind through engagements with local NGOs and administration. "We are starting a project in the 'Adivasi belt' of the Kerala/TN border in distribution of clean cook stoves, wherein we are looking at 100 percent financing of the cook stoves through carbon finance. Also, there are surveys going on for micro mini hydel systems in far flung areas of Arunachal Pradesh, without access to proper electricity."
After the successful completion of its first short-term sustainability targets (2009-12) last year, L&T has released a Sustainability Roadmap for 2012-15, which underscores energy conservation and greenhouse gas mitigation as key areas for comprehensive environmental development.

Sustainable Environmental Development

L&T DRAWS UP ROADMAP

The roadmap from India's largest construction company suggests innovation-through-safety measures which, coupled with water conservation and materials management, can enhance the health index of the organization.

L&T has proven its capabilities in building such sustainable infrastructure. A close look at the company's financials will indicate that the share of green products and service portfolio to overall sales increased from 12.5 percent in 2011-12 to 13.6 percent (contributing Rs. 3.62 billion to the revenue) in 2012-13.

L&T's green initiatives typically begin at the design stage and continue through the entire life cycle of projects. The Company's sustainability objectives are interlinked so that all social and green norms are met and are aligned with the government's National Action Plan on Climate Change. Some of the initiatives are:

Sustainable Infrastructure

Sustainability is at the core of L&T's businesses and the company believes that communities around operations should also benefit from growth.

> Solar - L&T is among the top 12 solar EPC companies in the world and the largest in India. It has more than 300 MWp of solar projects executed or under-execution.

> Green Buildings - L&T retains leadership position in the green building construction segment in India, with more than 25.4 million sq. ft. of certified green building space constructed. Additional 7.6 million sq. ft. of green space is under various stages of certification. A 'Green Building' is one which is designed with sustainability in mind and adopts a holistic approach in design and construction, with emphasis on use of eco-friendly construction materials and energy conservation.
Within L&T campuses, certified green building area increased from 1.6 million sq. ft. in 2011-12 to 1.96 million sq. ft. in 2012-13. It now comprises of 12 LEED-certified green buildings (four Platinum buildings at Hazira, Talegaon & Kattupalli – Chennai; four Gold buildings at Mumbai, Ahmednagar, Vadodara & Lonavala; three Silver buildings at Chennai & Vadodara, one certified green building at Chennai) and one Silver certified Green Factory.

> Mass Transit Systems - L&T is developing 23 million sq. ft. of Transit-Oriented Development (TOD) which is anticipated to trigger robust economic activity in and around Hyderabad and Mumbai and generate substantial employment.
> Super Critical Power Plants - These consume lesser coal (by 5.0 percent) and have lower CO2 emissions, water and land requirement, compared to sub-critical technology.
> Clean Fuel Projects - L&T also provides complete EPC solutions for refineries and is an industry leader in executing fuel upgradation projects in India.

**Efficient Transmission & Distribution System**

L&T is working with various central state utilities to efficiently augment and expand power transmission and distribution grid. It also provides services in power quality improvement under rural electrification projects like R-APDRP (Restructured Accelerated Power Development & Reform Programmes) and RGGVY (Rajiv Gandhi Gramin Vidyutikaran Yojana) with the objective of reducing Aggregated Technical & Commercial (AT&C) losses.

**Climate Change**

The ongoing energy conservation initiatives and increasing use of renewable energy led to reduction in direct and indirect GHG (Green House Gas) emissions per employee by 29 and 54 percent respectively, with respect to 2007-08.

**Tree Plantation**

As a natural sink to carbon emissions, more than 257,000 tree saplings were planted in and around L&T campuses and project sites in 2012-13. This is in addition to 150,000+ grown trees being nurtured at various campuses. GIS based scientific carbon mapping of six key campuses confirms that more than 16,300 tons of CO2 has been sequestered till date by green cover within these campuses.

**Energy Conservation**

The pursuit of energy solution and initiatives in lean manufacturing has helped the company to conserve energy across businesses. Over the years there has been a reduction in the specific energy consumption (direct/indirect energy consumption per employee) by more than 30 percent (since 2007-08). This was done through:

> Periodical energy audits to identify hotspot areas
> Installation of transparent roof sheets in workshop and sky light panels in office area to harness natural light
> Shifting to CFL / LED lamps from conventional lamps, providing lighting sensors
> Installation of Variable Frequency Drives (VFD) for high capacity motors, AHU control and energy efficient pumps
> Roof top solar PV system, solar heating, solar street lights within campuses
> Substituting High Speed Diesel (HSD) with piped natural gas for furnace/pre heating application in heavy engineering
> Usage of energy efficient switchgears and equipments

**Renewable Energy**

L&T relies substantially on renewable energy at its campuses in the form of contracted wind energy, in-house solar PV based plants and its own 8.7 MW wind farm created by L&T Infrastructure Development & Power Limited in South India (Tirupur, Tirunelveli) provides renewable wind energy to company establishments in Tamil Nadu. This project has also been registered under CDM for carbon credits. All these green energy programmes helps to source over 11 percent of electricity requirements from renewable sources.

**Water Conservation**

The company places major emphasis on
water conservation. Water conservation drive across the company helped reduce water consumption by more than 20 percent with respect to 2008-09. As many as 19 campuses out of 22 achieved zero wastewater discharge status.

**Some of the water conservation initiatives implemented at L&T are:**
> Rain water harvesting at manufacturing units and project sites
> Adopting zero wastewater discharge approach
> Use of recycled water for gardening during night time
> Recycling hydro testing water
> SCADA based water monitoring system
> Using water efficient fittings, fixtures and sensors

Four of the L&T’s campuses achieved 'Water Positive' status in 2012-13.

**Material & Waste Management:**

L&T’s material management approach continues to be guided by the 3-R (Reduce, Reuse and Recycle/Recover) principles. The effective material management extends from optimizing use of new material to seeking alternate material substitutes from procurement to disposal.

To reduce the overall environmental footprint, the company also extensively utilizes alternate material such as fly ash in place of cement, crushed sand in place of natural sand and Ground Granulated Blast Furnace Slag (GGBS) in the construction activities.

**The waste management strategy is based on three pillars:**
> Eliminate / Reduce waste at the source
> Comply to legal requirements
> Change waste to energy

The biogas plant/vermicomposting units at L&T Powai, Hazira, Bengaluru, Mysore, Ahmednagar and Mahape facilities recycle canteen waste to produce energy and compost for landscaping and green belt development.

**Sustainability Reporting**

L&T started its Sustainability reporting journey in 2006-07 with a goal to ensure that its Environmental, Social & Governance (ESG) performance remains strong and robust while businesses continue to grow.

L&T was the first engineering and construction company in India to publish its Corporate Sustainability Report. In 2007, a dedicated task force was set-up to report our environmental and social performance, and implement sustainability initiatives. Over the years, the task force has evolved from implementing initiatives to embedding sustainability within the organisation’s culture.

Since 2008, L&T is disclosing its sustainability performance through annual Sustainability Reports. These reports conform to GRI guidelines and carry an A+ application level depicting highest levels of disclosures.

The Company's sustainability programme has gained recognition at national and global forums. L&T was ranked as the 4th Greenest Company of the World in the industrial segment by Newsweek. It was included in the Dow-Jones Sustainability Index - 2012.
RBS Foundation, India, is a non-profit organization promoted by Royal Bank of Scotland under the Indian Companies Act, 1956 to carry out community development work in India. As a provider of financial services that draws resources from the society to carry out its business, the group believes in giving back to the society and integrates sustainable practices in its corporate policies. At a Group level, RBS’ community investment programme has three focus areas – Supporting Enterprise, Money Sense and Employee and Community Engagement towards increasing income and protecting ecosystems.

In India, RBS, through RBS Foundation India (RBS FI), works to promote financial inclusion, by supporting and developing innovative models in ‘Livelihoods and Financial Literacy’ for the most vulnerable and poor communities. In 2007, the Livelihood programme was introduced with a special focus on communities that live in and around the country’s critical ecosystems, thereby, impacting income generation and environmental protection. The Foundation believes that “anyone can make a difference” and runs a unique employee volunteering program that is supported by a local policy and businesses. The programme enables RBS employees to engage directly with communities, by availing up to four days in a year to volunteer time and skill at the Foundation’s projects.

N. Sunil Kumar, Director RBS Foundation India, talks to Archana Sinha of CSR Mandate on their CSR programmes towards environment sustainability. Excerpts.

Being a banking company, how did you think about bringing environment sustainability into the ambit of CSR activities?

Our work started as a program on ‘poverty alleviation’ in the most backward/underserved regions of the country. The work was a combination of livelihoods support and capacity building of microfinance institutions. A couple of years into this activity we carried out a study of the economically most backward regions of the country and a look at the dominating problems of the country through the documents of the 5-Year Plans and the World Bank Development reports in India.

The UNFCCC too was engaging nations on the need to respond to the challenges of climate change and the importance of forest ecosystems to environment/climate stability. Our study revealed that some of the most backward communities were tribals that lived in the nation’s ecologically
buffer; Ranthambore villages; Corbett-Rajaji corridor; Simlipal buffer; Chilika lake; Mysore-Melnad; Nagarjunasagar-Srisailam. We have supported 76,000 families in 16 states of the country.

What differences did you find after undertaking the projects?
In the projects that have been in existence for more than two years, the community incomes have gone up by at least two to four times more and in some cases dramatic changes in the income level has been seen. Their basket of livelihood activities has diversified. Consequently, their dependence on ecosystem resources has come down significantly. More importantly, the projects have distinctly fostered a sense of stakeholdership towards the ecosystems among the communities and have paved way for enhanced/improved rapport between communities and forest authorities. The FPCs and EDCs have facilitated planned extraction of NTFP. A change in crop choices have enabled communities to grow crops that are not palatable to wild herbivores resulting in reduced man-animal conflict. Fodder plots on village falls have reduced cattle grazing inside PAs.

How do you propose to sustain these efforts? Are you undertaking some awareness creation programmes among the employees and the communities within which you operate?
Every intervention has in-built elements of sustainability into the system; it starts
by enlisting the community into the Gram Sabha; enrolling into the Government's poverty alleviation schemes such as the MNREGA, making the lands more productive through water management (irrigation or watersheds), capacity building for enterprise at household level or a group level and linkage to markets. These interventions are supported for periods of 3 to 5 years and are exited when community is geared up to continue activities and scale up. Every project is tracked for progress, problems and impacts.

For the community there is a continuous awareness program. For the employees, we run a well developed employee volunteering program called 'Magic Hands at Work' that allows our employees (about 14,000 in India) to take up to four days in a year to work at our field projects. Employee time and skills are utilized in various ways to add value to our projects such as a door to door survey for baseline data or impact evaluation data or providing management/technological solutions.

**What about greening the areas around your offices?**

We are in the business of financial and Information Technology services. Most of our buildings are LEEDS certified. We have a group wide plan for reducing our carbon footprint from travel, paper and waste.

**Are you undertaking some educational projects to generate awareness among future generation to postulate and sustain the efforts?**

Our 'Magic Hands at Work' employee volunteering program caters to our young employees whose average age is around 27 years. An employee who experiences an engagement with community and/or environment first hand at field level is a sensitized and an informed employee. Many employees who have participated in 'Magic Hands at Work' have taken up leadership roles in their own office spaces and neighborhoods on issues like energy, water, waste, tree plantation.

Besides the 'Magic Hands at Work', we run a school outreach program among the schools around the Ranthambore National Park to engage school children on the importance of forests and natural resources to their own areas as well as the wider world.
CSR: FIRST STEP IN A LONG JOURNEY
- NARESH KUMAR, SYMBIOSYS TECHNOLOGIES

Symbiosys Technologies, Vishakhapatnam, is not just a stable progressive IT company in the SEZ; it is also a sustainable responsible business venture. The first company to start operations in the IT SEZ in Visakhapatnam by Naresh Kumar, the company is known not only for its high-tech IT solutions but for its massive CSR activities across the port city. In this interview with Nandini Sengupta of CSR Mandate, Kumar shares all about the company’s CSR activities and initiatives. Excerpts.

Tell us about your company in detail and its activities.

Symbiosys Technologies, Vishakhapatnam, which pioneered the infrastructure development in Vishakhapatnam by investing Rs 20 crore initially, has now become a multicore group. It has been working with many leading Fortune 500 companies like Google, AT & T, AMD among others and is among the first ISO 27001 Certified and CMMI Level 3 companies in India. Symbiosys Technologies provides end-to-end custom eApplications for its customers from bringing its experienced team to bear in architecting eApplications to implementation, deployment and maintenance using Microsoft and Java platforms with Open Source and Web Technologies.

The company crafts each solution to meet the client’s needs taking into account the customer’s business strategy, total cost and time issues. Their products are aimed at simplifying the process of creating custom eApplications which cut total-time-to-deployment by 50 percent while reducing the expertise needed by 50 percent. This has resulted in a significant lowering of the total cost of eApplications, at the same time providing substantial benefits to corporations due to accelerated development and ease of modifications.

As a result, Symbiosys Technologies has built strategic partnerships with experienced consulting firms to augment its implementation teams and extend its reach worldwide. Well planned business strategy has enabled them to work with major firms like Google, Hitachi Data Systems, Hitachi America Limited, Sphereo and Tekdynamics Inc.

Corporate social responsibility is integral to your business. You have taken personal interest in ensuring ecological balance. Please share details.

Today the company’s affairs have gone way beyond business in many CSR activities. My personal mission being "to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environmental conscience." The company aims at developing innovative and cost effective and environment-friendly end-to-end technology solutions with high performance and security. So responsibility towards conserving environment is in-built in our system itself.

Besides these, I personally take interest in keeping the surroundings clean and healthy for all of us. We waged a war against gutka and chewing of tobacco-based products. I have filed legal notices regarding the ban on gutka and pan parag. We have won and they are banned. But people may take them secretly so...
we organize massive awareness campaigns against them. We organize poster competitions and involve children and the youths of the state so that they carry the message forward. In fact, we also work intensively in running awareness towards healthcare which goes hand in hand with restoring ecological balance, because we believe that a healthy human being will keep his environment clean and healthy too. We impress upon the fact that “tobacco does not just spoil one’s individual health, it also pollutes our world”. It is our vision to have a tobacco-free world and see that young people do not take to smoking or chewing this harmful ingredient.

**Save Water is yet another CSR activity of Symbiosis Technologies. Please throw some light on this campaign.**

We have also worked persistently to spread awareness to save water. It is said that “CSR is a process with the aim to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities and society,” and Symbiosis Technologies does just that. We have built campaigns around this aspect of life as water is invaluable to human lives. Potable water is one of the most precious commodities and it is time we become conscious of the fact that wasting water heedlessly will endanger our very survival itself. Water usage and conservation is now central to life.

The CSR initiatives of our company are many and varied considering that it is only a young organization. However, our main focus is on Environment, Healthcare and Education. We have received awards such as:

> Award of Excellence from the Chief Minister of Andhra Pradesh for the Best Exporter in Andhra Pradesh from Tier 2 cities in 2005-2006
> Award from the Commerce Minister, Government of India, for the Best EOU in the SSI Category in 2006-2007, 2007-08, and 2008-09.

We would like to know how the local authorities and government have encouraged your initiatives and given recognition for them.

We have had good support from the government and we have participated in whole-heartedly whenever they have come up with
IT IS SAID THAT “CSR IS A PROCESS WITH THE AIM TO EMBRACE RESPONSIBILITY FOR THE COMPANY’S ACTIONS AND ENCOURAGE A POSITIVE IMPACT THROUGH ITS ACTIVITIES ON THE ENVIRONMENT, CONSUMERS, EMPLOYEES, COMMUNITIES AND SOCIETY,” AND SYMBIOSYS TECHNOLOGIES DOES JUST THAT.

a campaign and a drive. They have extended support to our works in these areas too. The local police have given certificates of appreciation issued by the Commissioner of Police. They continue to encourage us from time to time through personal meetings and such appreciations.

What is your view on the recent Companies Bill that says that companies should contribute 2.0 percent of their profit to CSR? How do you think it is viewed or how far is it acceptable to companies?

This is very fair. In my opinion, 5.0 percent is also reasonable. Companies cannot do business without a good society. Society’s growth goes hand in hand with growth of business. Only an aware society can create good business environment. The CSR initiatives of the company has earmarked a separate budget for the disadvantaged which consists of ensuring a better life for employees to start with, and extend help to communities and the environment around with an aim to uplift the society.

In your opinion, are Indian companies doing enough as CSR initiatives?

No. They are not doing enough. Only a few great companies are doing but definitely more companies need join in.

What is your message regarding CSR initiative by corporates in India?

A journey of a thousand miles begins with the first step...I believe we have taken the first step...we need to understand that we have a long journey and a pleasant journey ahead of us. This is one area where we could be an inspiration to mankind.
ADANI POWERS GREEN INITIATIVES TO BETTER QUALITY OF HUMAN LIFE

Dr. Priti Adani
Helping those who are in need is the over arching mantra of Adani Foundation, the Corporate Social Responsibility arm of the Adani Group, one of India's leading business houses, with a revenue of nearly $9 billion. The Adani Group, founded in 1988, today duly enjoys the distinction of being an industry game-changer in India and has grown to become a globally integrated infrastructure player with businesses in key industry verticals - resources, logistics and energy sectors.

For a company that has emerged as one of India's largest coal traders in the private sector and plans to produce 200 million tonnes of coal annually from its Indian and Australian mines by 2020, the Adani Group acknowledges the fact that its inherent philosophy of “giving back” to the society is the key to the leadership position that it enjoys today. The Group aims to handle 200 million tonnes of cargo by 2020 at all of its ports and is confident of generating 20,000 MW of electricity, also by 2020, making it the largest private power producers in India.

People are the driving force behind this amazing growth of the group and the efforts of Adani Foundation is to empower the people who have played an important part and continue to do so by contributing towards Adani's expansive growth. The Group maintains a deep and genuine commitment to work for betterment of communities in which it operates. The foundation’s philosophy is in tune with its parent’s vision of Deep Commitment towards Nation Building. Dr. Priti Adani, Chairperson of Adani Foundation, talks about the Group’s initiatives in education, medical care and a host of other issues pertaining to overall environment sustainability, in an interview with CSR Mandate. Excerpts.

**Being a group with core businesses in ports, logistics and energy sectors, adhering to green principles is quite challenging as much as it could be interesting. How do you achieve the ecological balance in all three sectors?**

The Adani Group is one of India's leading integrated infrastructure players with a global footprint. We have interests in natural resources, logistics and energy. And I must say that environment is an integral part of our business. All of our above mentioned businesses and their goals are aligned with environment protection and enhancement initiatives. Green initiatives are pursued in every single activity of our businesses, every single day.

Our Corporate View is ”To create plantation and greenery not only to reduce CO2 emission but also to become a responsible corporate citizen and to create environment friendly/sustainable setup.

We have positively carried out mangrove afforestation effort in 1,538 hectares
including 32 ha mangrove biodiversity with survival rate of more than 60 percent on the Gujarat coast.

What are the specific innovative initiatives taken to promote sustainable development in ports, power and logistics sectors especially in reducing green house effect, carbon emission, promoting bio diversity and conservation of water along the development areas? How do you encourage the team towards practicing environment-friendly principles while looking at the growth aspects of the company?

As said earlier, sustainability is the key to all the projects designed and implemented at Adani. Our energy generation business, executed by Adani conceptualization to project delivery, such as site selection, technology selection, engineering, layout planning, vendor selection, material procurement, construction and commissioning. The completed facilities are not only environmentally compliant and friendly, but have in-built facilities to upgrade to meet the environmental challenges in the future.

Adani Power is also working for resource conservation and reduction of green house gases to address climate change. Most of the projects are developed using the super critical technology to reduce fossil fuel consumption and consequent greenhouse gases generation. The construction material is procured from sources which are closest to the site to reduce environmental footprint of the project.

Adani Ports and Special Economic Zone, which spearheads the logistics business of Adani Group, has taken up unique horticultural techniques to improve working efficiencies and cost-saving with high productivity initiatives in the desert area of Kutch, Gujarat.

The company has adopted the latest ISO-Dutch technique in the highly saline soil and water at Mundra for green zone development with a survival rate of more than 93 percent in highly saline sea dredged soil base.

It has also adopted the Israel Hi-Tech mechanized sprinkler irrigation system and underground drip irrigation to allow the water to drip directly to the root zone to avoid water loss via evaporation, saving irrigation water usage of up to 80 percent
WE AT ADANI FOUNDATION ARE COMMITTED TOWARDS ENRICHING THE LIVES OF PEOPLE IN THE COMMUNITIES IN WHICH WE OPERATE.

as a cost saving initiative.

Adani has also partnered with UNICEF and the Times of India Group to roll out its "Nurturing Trees, Nurturing lives" campaign with National Service Scheme volunteers and students. This campaign aims to focus attention on vaccination against polio disease through planting of saplings by school children.

Over 500 educational institutions across the country are expected to participate in this year-long campaign. Around 50,000 saplings are being planted across 10 states by young people and children who have pledged to spread awareness on routine immunization and polio vaccines.

Children are the future of the country. What are the various educational programmes that Adani group has drawn up to educate children? What are the special aspects of these programmes?

We at Adani Foundation are committed towards enriching the lives of people in the communities in which we operate. We wish to be a company which is respected by people for its commitment towards social causes and towards this goal we aim to bring about a positive impact in the society.

The Foundation has been focusing on key areas of socio economic development, and one such practiced activity is that of "Education", as we believe that, "The children of today will shape the future of tomorrow".

The Adani Group recently achieved the milestone of undertaking educational inspirational tours for one lakh students from Gujarat to Mundra. It is Mr. Adani's dream and vision that at least a few of these several children will be inspired by the Adani Group and construct such modern enterprises showcasing the economic strength of a resurgent India. We also believe that education needs to connect students to their immediate environment. Thus, by organizing this educational cum inspiration field trip to Mundra, we aspire to familiarize, educate and inspire the future generation to become successful business people, engineers and committed citizens. This is a medium to enable the students to expose themselves to technical knowledge and also understand practical aspects of operations in multi-scale industries. We want to broaden the students' horizons and inculcate a great vision in them to make them dream big and achieve better in life.

The Foundation's efforts include setting up its own schools as well as supporting government schools. It manages several education related initiatives from setting up world class schools for meritorious students from underprivileged families to providing educational and vocational guidance to existing schools. Thousands of students have been covered for improving quality of education through various activities/programmes with guidance and assistance from UNICEF. Several initiatives have been undertaken to spread awareness through anganwadi workers and school teacher training programmes as well as motivating mothers.

A special mention should be made about Adani Vidya Mandir, a unique modern and innovative school, to provide quality education to the academically competent children from economically challenged family background, completely free of cost. It is operational in Ahmedabad and Bhadreshwar in Gujarat currently and has nearly 1,000 students on a cumulative basis.

How do you connect children to their environment and promote environment friendly principles among them through education, while paying attention to their academics?

Adani Foundation adopts an integrated approach to improve the quality of education in the rural as well as urban areas, on the lines of the United Nation's Millennium Development Goals. Education is at the forefront of the Foundation's activities as it can be a true catalyst to usher in a change not just in an individual but the entire community as a whole. It is the key to sustainable development of any society as it not only elevates the present generation to better standards of living but also leads subsequent generations towards improving their lives and their surroundings.

More than 1.5 lakh students have been covered for improving quality of education through various activities/programmes with guidance and assistance from UNICEF. Children are given first class training in not only academics but every other aspects of life. They are taken on school tours to industries and also sensitized about the environment.

One of the focus areas under Education is the education of the girl child in order to overcome the obstacles that the government encounters on the way of realization of the Millennium Development Goals.

At Adani, we work towards improving the quality of education in Government
schools and set up our own school wherever possible. We try to add value to teaching tools, and impart skill building training to the teachers. Engaging with government officials on a regular basis, sharing of information, experiences and ideas, seeking to increase their participation are seen as critical steps towards relationship building and creating synergy. For this we have set up education volunteers, Meena Communicative Initiatives with guidance from UNICEF which promotes girl child education, educational tours and other such activities.

Our project “Dream Big... Achieve Better” has been set up to inculcate vision amongst students. The Foundation has started "all expenses paid" exposure visits to the port and power plants among other facilities in Mundra.

Apart from the above activities we also have Teachers’ Training and Motivational Programs, supporting activities for coaching dropouts and Environment Day, Talent Hunt programs etc. Setting up of library and providing furniture and teaching aids and health kits are some of the work that we undertake to improve education in schools. Adequate infrastructural support is an important component to strengthen and universalize elementary education. Clean drinking water facility, separate sanitation units for boy and girls, clean and green environment around the schools are few such initiatives to add value and bridge the gap in the existing government system.

High school children residing farther than two kilometers are provided with bicycles to improve access to school. Female students are given priority in this initiative.

As a pilot initiative, the Foundation has introduced e-learning software at the schools. E-learning is an integrated learning program which has a software and hardware that increases the teacher’s effectiveness as well as enhances the knowledge of students. The Foundation has also provided computers with a projector, apart from the software with fun, at some places.

For small children, the Foundation runs Balwadis and Anganwadis as per the need, at workers colonies and fishing communities. Here we provide nutrition to children in the age group 2.5 to 5 years; generate health awareness; impart pre-school education and inculcate the habit of regular attendance.

Adani Foundation encourages bright students, who are unable to pursue their higher studies after 12th due to poor economic status, by providing financial assistance for professional courses. The students, who secure more than 70 percent marks in the qualifying subjects and whose gross family income is less than Rs. 2 lakh per annum, are eligible for this assistance.

Under the Meena Communicative Initiatives, the foundation promotes gender equality and increase awareness about the importance of girl child and their education in particular, several activities are undertaken. Children are organized into groups like Meena Manch and Meena Cabinet to develop administrative and organizational conduct amongst them. Various competitions are organized for village women aimed at increasing participation of women in children’s education. These initiatives help inculcate a sense of responsibility and participation in community activities early in life.

Adani is also into development of rural infrastructure and promoting sustainable livelihood among the poor. These are extended activities towards promoting sustainable growth. Please elaborate on these programmes.

While environment sustainability is at the core of all our activities, Adani Foundation also addresses the key issues that have posed a challenge in inclusive growth until now. Education and rural health and livelihood go hand in hand with building programmes for environment sustainability, as it is only when a human being prospers that he can take care of his surroundings. Rural infrastructure and promotion of sustainable livelihood is one of the key initiatives of Adani Foundation. Health for all is the motto of the Adani Foundation and to fulfill it. Community health is another core area of focus for Adani Foundation and an important parameter related to human development index. We also provide medical assistance through creating and maintaining infrastructure, making available medical practitioners and providing financial assistance through free medicines, grants and medical awareness campaigns.

The Foundation operates mobile health care units, rural clinics and organizes generic and specialized health camps in far flung rural communities. It extends need-based support to government community/primary health centres located in isolated areas. Health camps and awareness, health cards to senior citizens and total sanitation campaign.

Successful campaigns have been carried
SUSTAINABLE LIVELIHOOD & ENVIRONMENT INITIATIVES:

WE HAVE EMPOWERED MORE THAN 35,000 LIVES UNTIL NOW AND HELPED THEM BECOME SELF RELIANT. THE FOUNDATION UNDERTAKES SUSTAINABLE LIVELIHOOD INITIATIVES FOR FISHER-FOLK COMMUNITIES, FARMERS, CATTLE OWNERS, SELF-HELP GROUPS, EMPLOYED YOUTH AND WIDOWS.

out for kidney stone detection and removal for thousands of patients in Mundra alone. Similar medical camps for various other ailments are being held in Tiroda, Shimla, Kawai and Chhindwara. Camps have been organized to detect and provide medical aid for major diseases like HIV/AIDS, diabetes, neurological problems, cardiac problems, cancer among others for the members of the weaker section of the society.

Sustainable Livelihood & Environment Initiatives:

We have empowered more than 35,000 lives until now and helped them become self reliant. The Foundation undertakes sustainable livelihood initiatives for fisher-folk communities, farmers, cattle owners, self-help groups, employed youth and widowed women. It works towards empowering all of them by promoting sustainable livelihoods through participatory, community based approaches, ensuring optimum management of existing resource and broadening the scope of economic opportunities.

The programme aims to improve the bargaining power of the weaker and marginalized communities by providing a range of informed choices and livelihood options, facilitate stakeholder consultations, and developing local partnerships to update their skills besides building social capital and promoting collective strength. Self-help groups are formed and support is provided towards preservation of traditional art and organizing skill development training for women artisans.

Under the massive umbrella of self-help group initiative, many such groups at the local village level are nurtured and promoted. They are given training in planning, book keeping, management of their funds, understanding group dynamics and resolve issues on their own.

Vocational training is also imparted to the local youth based on their competencies and level of employability. Courses in crane operating, English language conversation, driving and automobile repairing have been offered to the youth on a monthly stipend basis. The foundation has also established The Adani Skill Development Centre to facilitate the process further.

The Foundation also facilitates active participation in institutional management of committees of various industrial training institutes in Gujarat and Maharashtra. Women are encouraged to become self-reliant by learning garment and leather bag making. They are also taught personality development courses and beauty treatments.

Kutch is known for weaving, dyeing, printing and bandhani art and traditional embroidery works. The Foundation supports artisans to harness their skills to suit the contemporary world by sponsoring traditional artisans to attend a one year design course at Kala Rakhsa Vidyalaya.

On the environment side, Adani Foundation believes there is a symbiotic relationship between humans and Mother Nature. The Foundation envisages linking environment protection efforts with education and health programmes being implemented through active community participation.

The Foundation takes several initiatives such as planting several thousand trees commemorating World Environment Day, Forest Day, Biodiversity Day and Coastal Cleaning Day. The Adani Horticulture Department works closely with the fishing community of Mundra to develop mangrove plantation during the lean season.

Rural Infrastructure Development:

Building India from its grassroots

Rural infrastructure development is another important building block on the path towards improving the standard of living of those residing in rural India. The Foundation believes in investing in promotion, protection and upgrading of physical capital such as infrastructure and equipment.

Adani Foundation’s initiative include water conservation and recharge activities such as check dams, deepening of ponds, construction of approach roads, schools, underground drainage facilities with treatment of sewer plants amongst others.

At Adani we also believe that to make a programme sustainable, effective and replicable, the grass-root level participation of the community members is required and hence all the initiatives are revolving under community participation. It has ensured that the infrastructure development programmes are firmly footed and responsive to actual needs by undertaking micro planning processes with active community participation. The Foundation works closely with the village development committees across villages and the local gram panchayat for timely planning, management and execution of the project in a transparent and accountable way.

Finally, Adani Foundation has a vision to accomplish passionate commitment to the social obligations towards communities, fostering sustainable and integrated development, thus improving quality of human life.
A high-level seminar was hosted by the Consulate General of the Kingdom of Belgium on “Corporate Social Responsibility – A true business case” in Mumbai on 28 November 2013. The seminar was hosted in partnership with UNICEF, Global Compact Network Belgium, Global Compact Network India, the Indian Merchants’ Chamber, the Tata Institute of Social Sciences, the Indo-Belgian-Luxembourg Chamber of Commerce & Industry and the Belgo-Indian Chamber of Commerce & Industry, a first for a CSR seminar of such magnitude.

BELGIAN ECONOMIC MISSION
ROOTS FOR CSR IN INDIAN BUSINESSES
The seminar was a landmark in the CSR landscape in India, wherein diverse stakeholders at the highest level came together to discuss how businesses can engage to drive the CSR agenda forward. Her Royal Highness Princess Astrid of Belgium received a warm welcome at the seminar from all participants. A keynote speech in the context of the Belgian Economic Mission to India, given by Jan Van Dessel, Director General for Bilateral Relations of the Belgian Foreign Ministry, on behalf of Didier Reynders, Deputy Prime Minister and Minister of Foreign Affairs, Foreign Trade and European Affairs, was well received.

Reynders, who had planned to attend the seminar but unexpectedly needed to return to Belgium, conveyed that “Trade and economic integration have been the most powerful vectors for peace and development in the world over the past 75 years, thereby directly contributing to the enhancement of human rights. Conversely, the promotion and protection of human rights and of the rule of law are also key conditions for the business climate. Corporate Social Responsibility is thus not just a question of fairness and justice, but part of the best way a company can develop its sustainability in the long run. I am therefore encouraging all CEO’s and business people to continue their efforts.”

This seminar brought together Indian, Belgian and international high level experts, academics and business leaders to discuss the opportunities and challenges of the sustainability agenda in India, including the mandatory policy for CSR spends under the new Companies Bill.

The seminar featured a panel discussion of eminent panelists that comprised of Christian Leyden, CEO, AGLERS, Deepak Arora, CEO-CSR, Essar Group Foundation, Didier Malherbe, Vice President, UCB and Ms. Christine Ediers, Chief- Resource Mobilization, UNICEF India. The panel discussion was moderated by Ms. Iris Van der Veken, Chair, Global Compact Network Belgium. The panelists discussed how Belgian companies investing in India and Indian companies could build a more sustainable and inclusive economy. The panelists talked about the challenges that companies were facing in developing and executing their strategy for fulfilling social responsibilities and how they could to improve simultaneously their company’s bottom line as well as their social, environmental and governance performance. The panelists also highlighted the role of policy makers, NGOs, investors and capital markets in India. This event marked an important step in engaging and bridging the private sector with the government and NGO’s. Pooran Pandey, Chair, Global Compact Network India talked about the value of international collaboration and partnerships.

The attendees got to learn about the current strategies, challenges and trends of leading Indian and Belgian corporations on integrating sustainability in their core operations throughout the supply chain. At this event, several Indian and Belgian businesses not only understood the benefits and importance of CSR but also fostered partnerships and collaborations with each other to drive results. The panelists also talked about several success stories implemented.

Dr. Bhaskar Chatterjee, Director General & CEO, Indian Institute of Corporate Affairs, made the valedictory remarks and spoke about how and why CSR is the New Game Changer in India. According to Dr. Chatterjee “The CSR legislation is about what we can do to create facilities for those who do not have it. We know that the genius of the corporate sector, the companies, is the terrific efficiencies they have. The ability to deliver on the ground to get bang for the buck, to ensure that the money they put in is actually utilized for the best that rural communities deserve...that’s the efficiency of the corporate sector”.

The seminar concluded with the MoU Signing Ceremony between Toolbox India & Edelgive as well as between FPM-ILFS-KOIS.

According to the host of this event, Karl Van den Bossche, Consul General of Belgium, Mumbai, “The Belgian Economic Mission, led by HRH Princess Astrid of Belgium, Representative of HM the King, has been in Mumbai not only to cling deals, but to also reach out and integrate a human dimension in bilateral trade. This to the benefit of the further development of those communities in true need. I believe we have got an insight in how to do business and simultaneously generate benefits for the community. A Belgian business approach with a warm heart.”

I BELIEVE WE HAVE GOT AN INSIGHT IN HOW TO DO BUSINESS AND SIMULTANEOUSLY GENERATE BENEFITS FOR THE COMMUNITY. A BELGIAN BUSINESS APPROACH WITH A WARM HEART.
· KARL VAN DEN BOSSCHE
Pitching for
A PRETTY GOOD CAUSE

Good Pitch is a project of The BRITDOC Foundation, UK in partnership with The Sundance Institute Documentary Film Program, USA, supported by the Ford Foundation. Good Pitch has been gaining momentum since the first international event in 2009. Six to eight filmmaking teams pitch their films and associated outreach campaign to the assembled audience with the aim of creating a unique coalition around each film to maximise its impact and influence.

Born out of the conviction that documentary is a powerful tool for creating social change, the Good Pitch team selects six of the most inspiring social justice documentary projects. The selected filmmakers are taken through three months of campaign strategy and two intensive campaign development workshops to help focus their pitch and define a partnership potential in their project.

To date, more than 90 documentary projects have been presented at Good Pitch events in London, Oxford, New York, Washington DC, Toronto, San Francisco, Chicago and Johannesburg. In that time more than 1,500 organisations have attended – varied organisations from different sectors all bringing something unique to the table: expert knowledge, research and archives, membership networks and mailing lists, campaigning and lobbying expertise and access to policymakers as well as production and outreach funding. Together they make powerful allies.

In 2011, a satellite version of the forum, called Good Pitch² (Good Pitch Squared), was launched. With the same mission as the flagship events - connecting good films to good people - Good Pitch² enables regional organisations all over the world to put on their own Good Pitch events.

GOOD PITCH² India, under the banner of Indian Documentary Foundation (IDF), brings together six documentary filmmaking teams with European foundations, NGOs, philanthropists, broadcasters, brands, technology,
Social entrepreneurs, government, and media around leading social issues to forge unique coalitions and campaigns around documentary films to maximize their social or environmental impact and influence. Supporters of GOODPITCH India include BRITDOC Foundation, Arambhan Group and Ford Foundation.

Indian Documentary Foundation is a Not-for-profit organization founded by Jaaved Jaaferi and Sophy V. Sivaraman for the promotion, development and funding of documentaries in India. Goodpitch2 India is IDF's first initiative to help filmmakers find funds and support for their documentary films in India. For the first time, Good Pitch, an international organization that is empowering filmmakers all across the world to tell stories that have a social relevance, and bring about a change in the way we perceive our world, is being brought to India by IDF. GOOD PITCH India will be held on 4th Feb 2014 at the Mumbai International Film Festival, NCPA, Experimental Theater, Marine Drive, Mumbai.

The films selected are:

1. **Driving with Selvi by Elisa Paloschi (Canada)**

   This is a story of a young woman from Karnataka who overcomes life-threatening obstacles and defies strict patriarchal traditions. She escapes the abusive marriage she was forced into as a young girl to become Karnataka's first female taxi driver.

2. **Love Commandos by Miriam Lyons (UK)**

   The Love Commandos use guerilla tactics to rescue young women from being murdered by their families and help them marry the men they truly love. Enraged by India's failure to protect lovers and emboldened to do so themselves, what started as a group of friends is rapidly becoming a national movement.

3. **Fireflies in the Abyss by Chandrasekhar Reddy (India)**

   The protagonist of the film is 10 year old Sooraj, a 'rat-hole' miner in the dangerous coal mines of Jaintia Hills, Meghalaya. Children like Sooraj descend the steep, sheer chutes and burrow into narrow horizontal tunnels to scratch coal out of hard rock, armed with nothing more than a pick axe and a head torch. While Sooraj was born into the life of the coal mines; he cherishes a hope of breaking away to a better life, by going to school.

4. **Border within Border by Debanjan Sengupta and Subhadeep Ghosh (India)**

   This film focuses on Kofur (42), an illiterate stateless brick-maker who has been denied an identity and the most fundamental human right of citizenship by India and Bangladesh. Hundreds of families who share the same fate as Kofur are caught in limbo and in perpetual fear of trespassing into foreign territory. Long deprived of human existence, a
people's movement is brewing across the enclaves in demand of citizenship and democracy.

5. We the People by Sonya Kirpalani (UAE/India)
In April 2010 at UAE, 17 Indians were sentenced to death for murdering a man. Their families get local media and human rights lawyers into pressuring both governments into a fair trial. The film follows family members, lawyers and defense teams through the trial revealing harsh truths about the lives of Indian migrant workers enslaved overseas. Hundreds locked behind UAE's jails and on death row, most of them without representation and no support from the Indian Embassy. We the People takes us to the unseen world of migrant abuse.

6. Rooting for Roona by Pavithra Chalam (India)
Baby Roona Begum, a one and a half year old girl born in a tiny village in Tripura, North East India suffers from hydrocephalus – a birth defect caused by a buildup of fluid in the brain leading to massive swelling of the head. Her illiterate parents can’t afford expensive health care and had given up all hope. A single photo by a news agency puts into motion an amazing chain of events that would culminate in fully funded surgeries and treatment for Roona at a leading private hospital in the nation’s capital. This story is one of struggle, survival and hope where one lucky underprivileged child, who was at the mercy of an unprepared health care system, is saved.
Each team has seven minutes to present their film and its associated outreach campaign to a round table of 9 invited representatives and a theater of 250 participants from Foundations, philanthropists, and grant maker associations with an interest in the issue area-leading NGOs/non-profits whose mission/campaigning work intersects with the issues in the film-Broadcasters, traditional media funders and platforms-technology innovators, digital, social media, and crowd funding platforms-brands who have a CSR agenda around the issue and social entrepreneurs, UN partners and federal, state, and local government. The pitch table participates change for each film project, assuring that we always match the right films to the right partners also allowing time for additional contributions from the participants in the room. Good Pitch offers a unique opportunity to create a coalition around each film. There is great potential to network and build partnerships around creative funding strategies, cause marketing, policy change, issue advocacy, and public engagement.

Kiran Rao - Filmmaker and wife to one of India's biggest superstars, will be moderating the forum.
The Transformation YOU Can Make

Light Up A Life
Provide Learning

Your Scholarship Gift could get an Underprivileged Youth Trained for a Job and Feed a Family!

Youth Ready for Vocational Training are Held Back due to Lack of Funds

We are a Canadian Organization partnering with 42 recognized NGOs in India who are doing excellent work to help youth get employed. They can train over 65,000 youth. Your Gift will prepare them for frontline jobs.

Certification by an American College and Retailers Association of India

www.brisccarr.com
www.facebook.com/BRISCCARRGroup

BeST Academy
IndiaPrograms@brisccarr.com