

# Aspects of CSR in India

## HOW can we engage with fund managers to make them understand the nuances and challenges of conservation?

### Introduction

In April of 2014, the Ministry of Corporate Affairs (MCA) included an amendment to the Companies Act of 2013 which makes it mandatory for companies over a certain turnover to spend 2% of their average net profit generated in last three years towards corporate social responsibility (CSR) activities. Companies with net worth of INR 500 crores or more, turnover of Rs. 1000 crores or more, or net profit (before tax) of INR 5 crores or more were included under the law. The compulsory imposition of CSR was done with an ambition to bring an exclusive funding channel for CSR activities and contribute to societal betterment. With regard to collective operational impacts of corporations, their impacts go far beyond green house gas (GHG) emissions. Over time, compounded actions from industrial and consumer activity pose visible dangers like floods, drought, fires etc and invisible threats like the extinction of species that are critical to biodiversity. Forest loss and habitat degradation is also an unfortunate effect resulting from rapid development of infrastructure for human use.

The urgency of taking action is critical to discuss because these losses are occurring more frequently, more intensely and unnoticeably. As we enter 2023, we have already crossed four of the nine planetary boundaries<sup>1</sup>. Climate change and loss of biosphere integrity are considered core boundaries - the altering of which would trigger irreversible changes to the Earth system.

### Status Quo

Ever since the introduction of the CSR amendment within the Companies Act, Indian companies have been supporting many developmental activities depending on what interests them and are within their scope of operations. They also have the power to pick up unique CSR initiatives to build goodwill and give back to society and environments. From a regulatory point of view, an advantage that they have is that the central and the state governments cannot direct the corporates on how to spend their money towards the welfare of society which is why the decision completely rests on the Board on financial decisions.

There are a few frontrunners from India Inc. that have carried out initiatives in the field of conservation. For example, the **Tata Group** has run nation-wide initiatives on ecosystem restoration like rebuilding bird habitats, pond rejuvenation, wasteland reclamation & others, conducted along with their subsidiary companies, partners, & NGOs. **Mahindra & Mahindra** focuses on the education sector by assisting socially and economically disadvantaged communities. It also runs programs such as 'Nanhi Kali', which focuses on education for girls. The company has also launched a unique kind of ESOPs – Employees Social Option – that enables Mahindra employees to involve themselves in various socially responsible activities depending on their

<sup>1</sup> <https://unfccc.int/news/scientists-say-planetary-boundaries-crossed>

choice. **Ultratech Cement** CSR activities leans towards family welfare programs, healthcare, infrastructure, environment, education, social welfare, and sustainable livelihood. Over the years it has organized various medical camps, sanitization programs, plantation drives, school enrolment, immunization programs, industrial training, water conservation programmes as well as organic farming programmes. **BVC Ventures** started an annual tree plantation drive and reached their target of planting 1,000 'native' trees in Mumbai. **Apollo Tyres** has run initiatives to help in biodiversity conservation, eco-restoration, improving aquatic ecosystems, and restoring water bodies.

As per data on the CSR portal of the Government of India (<https://www.csr.gov.in/>), in FY 2020–21, more than 17,000 companies spent about INR 24,000 crores for causes like health & sanitation, education & livelihood, rural development, animal welfare, and many others<sup>2</sup>.

From publicly available data, it is understood that education, livelihood and gender equality programmes are preferred avenues for funding, but focus also needs to go on restoring water resources, biodiversity recuperation, species conservation and other critical conservation actions.

Channelling CSR funds to manpower and skills-deficient fields like biodiversity conservation is essential for many reasons. Most organisations depend on natural capital, that is, forest, land and water ecosystems, to survive. Most of these pristine areas have already been compromised due to anthropogenic activities.

<sup>2</sup> <https://www.csr.gov.in/content/csr/global/master/home/home.html>

### **Bridging the gaps**

In nature, nothing exists alone. Conservationists and scientists can help businesses see the larger frame into which all our actions fit. However, due to their limited reach to influence policies and funding, they require intermediaries to ensure the right environmental decisions are made. Opening up CSR funds is one of the many methods to execute restoration and conservation activities.

Most companies usually focus on the social aspects of CSR, only some of them work on environmental aspects. In reality, some of the CSR practices focussing on environmental measures can do more harm than good to the cause. This usually happens because of poor planning and not using technical experts like conservation biologists. Some actions are taken by reducing carbon footprints, for example, in work processes and products, sustainable management of resources and recycling, etc., but does not seem to be enough considering the time that we have left to act.

The general view is that investments into human-related activities like skill development and education yield tangible results with a clear return on principal amount while returns on nature-based projects are difficult to realise. Therefore, CSR investments don't trickle down to critical environmental solutions like conservation of species and habitats.

The gap in understanding the time criticality of nature-based investments can be shortened with educational outreach programmes and training to CSR fund managers so that they may influence decision makers within the company.

## Roadmap

Scientifically managing protected areas, restoring reserves, supporting breeding and translocating programmes is made possible only through stakeholder participation and adequate funding. The returns on investment are not within a fathomable time frame which deters public and private participation. Governments

underfund conservation because its political benefits are delayed, and undervalued. Many private and communal conservancies are funded through commercial tourism, but opportunities differ between sites and is unreliable. There are opportunities to turn things around. A roadmap to put conservation activities within the purview of CSR planning is presented below.

|   | Management measures   | Expected output   | Expected timeframe | Potential contribution to conservation* | Financial Costs* |
|---|---|---|--------------------|---|------------------|
| 1 | Improve natural habitats in a scientific manner in and around offices and facilities  | Lowered disturbances, increased forage availability, community participation, improved health of the ecosystem          | 5 years            | High                                    | High             |
| 2 | Reduce human-related threats (For e.g., planting invasive species, deforestation, pollution, fires) to flora and fauna endemic to habitats in and around offices and facilities | Cleaner local environments, thriving ecosystems, better quality of life   | 2 years            | Moderate                                | High             |
| 3 | Community education and inclusion   | Behavioural change, increased awareness, wider circles of influence and action  | 4–5 years          | High                                    | Low              |
| 4 | Funding conservation and developmental projects through NGOs/researchers  | Workable solutions to critical issues faced in urban and rural areas, holistic utilisation of CSR funds in the long-run | 5–10 years         | Moderate                                | Moderate to High |
| 5 | Build capacity for conservation   | Critical skills development, creating employment  | 3–5 years          | Moderate to High                        | Moderate         |
| 6 | Better communication of ecosystem values  | Clear information to act on, communicating criticality of action  | <1 year            | Moderate                                | Low              |
| 7 | Carbon offsetting projects  | Offsetting emissions for carbon-intensive projects, sustainability reporting  | 1–3 years          | Moderate                                | Moderate         |

### \*Legend

#### Potential contribution towards conservation

- Moderate – Increased chances of conservation activities in the form of further community outreach, and earmarked funds for conservation-related projects.
- High – Long-term effects of conservation projects OR Increased rates of regeneration of natural habitats, measurable after the stated timeframe.

#### Financial costs

- Low – INR 1–7 lakhs; • Moderate – 7–15 lakhs; • High – 15 lakhs and above.

(Note: This legend has been framed on the basis of past projects executed by NGOs working in conservation).

Lakshmi Ravinder Nair & Akansha Mishra, RHATC Fellows 2022–23,  
Zoo Outreach Organisation, Coimbatore, TN, India.