



A CSR INITIATIVE OF ENSURING WATER SUSTAINABILITY: FMCG SECTOR IN INDIA

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ABSTRACT

NITI Aayog in its report titled “Corporate Water Management Index” warns that India is undergoing the worst water crisis in its history with more than 600 million people subjected to high & extreme water stress. Scarcity of water in India has forced corporates to formulate their Corporate Social Responsibility (CSR) activities towards focusing on water conservation policies. As the world recognizes the importance of water sustainability, corporates should focus on water crisis so as to minimize its adverse effect on them. They have now acknowledged that spending on water sustainability is an investment rather than a cost. According to section 135 of Indian Companies Act, 2013 it has become mandatory for a company with net worth of 500 crore or a turnover of Rs. 5 crore has to spend 2% of net profit on social welfare activities. There are various ways in which the corporate can treat the problem related to existing water crisis. In the first place, water treatment infrastructure needs to be developed so that potable water can be made available on a large scale. Secondly, the sources of pollution can be regulated. The other solution may include developing the technology for rain water harvesting which can improve the depleting water table. With water sustainability becoming an important issue for survival of the corporates, the present paper focuses on measures undertaken by FMCG sector in India. The companies under study include ITC, HUL, Marico, Nestle and Godrej. The annual reports of these companies for financial year 2018-19 were studied for their purpose. The study found that all the companies continued to focus on integrated water management approach including water conservation measures and rainwater harvesting initiatives. The success of future water conservation efforts depend on the participation & cooperation among corporates, society and government. Secondly, on preparation of accurate data regarding water conservation plans at local & national levels.

KEYWORDS

CSR, water sustainability, Indian Companies Act 2013, FMCG Sector.

INTRODUCTION

Over the past 3 decades, CSR has gained relevance in linking social & environmental issues as part of business strategy. To manage these issues the firms are rethinking their strategy, and introducing specific CSR actions & programmes (pedrini, 2011). After the early works, in which CSR was limited to normative & ethical concerns (H.R., 1953) the attention turned towards social & environmental issues which gradually became view of the so called strategic management (wood, 2002). This view emphasised the relations with stakeholders as a driver of business success or failure (post, 2002), stating that considering stakeholder's need beyond the legal level creates a good opportunity for the firms themselves (porter, 2006). Firms which recognize CSR as a competitive driver need to keep abreast with the social & environmental issues, not just theoretically, but also in practice (jackson, 2004).

WATER SUSTAINABILITY

Most of companies, all over the World have been focusing on developing water management practices and making efforts to reduce the negative impact of their activities on water resources. The aim of the research paper is to study the measures undertaken by FMCG sector in India for water conservation plans under their CSR policies.

LITERATURE REVIEW

(Gautam, 2013), examined CSR imitative of Coca-Cola India through public- private partnership method for contribution towards water management in kaladera region by involving the government and local community. The study found that the company promoted drip irrigation in Kaladera region by Rajasthan. The company promoted water conservation in the region with collaboration of local authorities.

(Mahabir Narwal, 2013) Their paper explored different areas of CSR covered by the companies in India and to have a comparative analysis of such practices of 18 Indian companies and 20 MNCs in India. The study found that there was a little difference between Indian companies & MNCs regarding focused areas of CSR. All the companies were found to be following the practice of environmental marketing, sustainable development, local community support and transparency & accountability.

(bhaskar, 2010) The authors have used the case study of an Indian public sector undertaking like Bharat Petroleum corporation ltd. To describe its society and local community related initiatives. The study conducted that a lot of innovative CSR practices are initiated by BPCL.

(mishra, 2021) The article studied how the companies' engagements in CSR are align with sustainable development goals are over lapping with one or other areas of CSR activities. The study also concluded that Indian companies largely contributed to health, education and other social sector, and a small proportion of CSR budget goes to environmental issues.

METHODOLOGY

To study the above objectives, 4 companies from FMCG sector have been selected, namely ITC, Godrej, Nestle India, Marico, HUL. The methodology of research paper is based on the web based research, review of annual reports of 2018-19 and sustainability reports of 2018-19, to understand CSR practice within the context of water management.

LIMITATIONS

The main limitation of this paper is that a small sample of Indian companies of FMCG sector is taken. Secondly, no primary data was collected and the study is based on print literature, annual reports of these companies.

RESULT & DISCUSSION

HUL

HUL has aligned its operations by growing its business in a socially responsible way. Their vision is to minimize environmental footprint and increasing positive impact. HUL has taken water management as a key area of its CSR activities. For this it has made significant investments with relevant stakeholders in the field of water management.

Hindustan Unilever Foundation created by the company has started water conservation project which oversees water management related community development & sustainability initiatives. The company also started the 'Water for Public Good' programme which emphasize on empowering local community institutions to govern water resources and improves farm based livelihoods through different water

management practices. The company has created water saving potential of over 700 billion liters generating over 0.80 million tones of additional agricultural production and over tones of additional agricultural production and over 7.5 million person days of employment till financial year 2017-18. In financial year 2018-19, the water conservation capacity of company stood at 900 billion liters cumulatively.

GODREJ

The company has started watershed development project for restoring ecological balance in the drought prone district of Siddipet in Telangana . The objective of this project is to recharge ground water and increase availability of water for irrigation purpose for an area more than 3300 hectares and for plantation approx. 4 lakh saplings.

CSR PROJECT	SECTOR IN WHICH PROJECT IS COVERED	AMOUNT OUTLAY (crore)	AMOUNT SPENT ON PROJECT (DIRECT EXPENDITURE) (crore)	AMOUNT SPENT ON PROJECT (OVERHEADS) (crore)	CUMULATIVE EXP. UPTO THE REPORTING (crore)
Water Shed Management	Schedule vii(4) environment sustainability	0.82	0.79	0.03	0.82

Source: Godrej annual report 2018-19

NESTLE INDIA

The company runs Clean Drinking Water project. Objective of this project is to supply clean drinking water as it will reduce exposure to water borne diseases and ill health. The company started constructing drinking water facilities in schools around all its factories in 1999 in collaboration with an NGO partner- Enable Health Society.

The company also conducts periodic water quality check and involves surrounding community through construction of water tanks. The company initiated water stewardship with AgSRI at the Kabini River Basin

in Karnataka. The company also conducted a study to understand the current water management & implement applicable water intervention.

The study indicated that as water requirements for drinking & irrigation increases the river water discharges will decrease.

CSR PROJECT	PROJECT/PROGRAMME COVERED IN LOCAL AREA OR SPECIFY THE STATE OR DISTRICT	AMOUNT OF PROJECT MILLIONS	CUMULATIVE EXP. UP TO REPORTING PERIOD
Clean drinking project & water awareness programme	1. Delhi, Goa, Haryana, H.P., Karnataka, Punjab, Rajasthan, Maharashtra, Uttrakhand., West Bengal	25.9	25.9 millions
Water conservation & Environment	Karnataka	2.6	2.6 millions

Source: Nestle Annual Report 2018-19.

MARICO

The company moved their sustainability actions towards reducing environmental impact and increasing positive impact on society. To achieve this objective the company has set high targets in relation to water management.

CSR PROJECT/ACTIVITY IDENTIFIED	SECTOR IN WHICH PROJECT IS COVERED	LEVEL	AMOUNT OUTLAY Rs.	AMOUNT SPENT Rs.
Sustainability	Water development	India	15,100,000	14,599,537

Source: Marico Annual Report 2018-19

ITC

ITC's initiates watershed development programme which include building micro water harvesting structure to store water, taking various steps to reduce soil-erosion etc. This ensures that water is available for irrigation and increasing fertility of soil. This helps farmers to grow more than one crop in one year and this increases their income. ITC provides knowledge and training to farmers so that they can make better decisions in relation to agriculture.

Strategies and key interventions

1. Mobilizing community action to conserve & manage local resources.	Forming water user groups.
2. Building grass root capacity so that communities can manage resources equitably and sustainably.	Comprehensive training for all water user groups.
3. Model mechanism to ensure long term sustainability of project assets and benefits.	Mandatory financial contribution from community, maintenance fund for each group. Methodology: traditional +modern +simple +low cost.
4. Partnering state governments to achieve greater scale and reach.	Implementing public private partnership in large scale water shed development projects. Projects currently covers over 5.67 lakh acres in 4 states.

Annual report of ITC 2018-19.

Conclusion

India is an agriculture based economy where majority of the population derive their income from agriculture so that water resource management becomes more important and critical. Most of the farmers of India depends on monsoon for growing crops. As a result of climate change the weather has become unpredictable which makes the farmers vulnerable. To improve conditions of farmers, water for irrigation should be available all the around the year. This will make them less exposed to weather risk. So the corporate sector should come forward for water resource management by building water tanks, micro water harvesting structures, rain water harvesting, provide clean drinking water, organize water awareness programme, watershed management etc.

The research shows that all the companies under study are undertaking different projects regarding water management under their CSR initiatives. It is suggested that the companies should contribute more towards water conservation and sustainability.

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