ROLE OF FMCG COMPANIES TOWARDS CORPORATE SOCIAL RESPONSIBILITY (INDIAN INSIGHT)

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ABSTRACT

CSR is an emerging field of knowledge and needs some more attention and citation from researchers to grow up. Though the FMCG companies have a great impetus on the scenario of overall life style of the citizen of a country it becomes their ethical responsibility towards the society instead of just a mandatory obligation. This paper is to provide an overview on the initiatives taken and being taken by Indian FMCG companies and their impact on the society. All the data related to CSR of FMCG companies is collected from the official sites of all those companies and also by Wikipedia. This study provides us with an initial result that, though it is a new field of knowledge, still many companies are engaged in CSR activities with special focus on women empowerment and green & clean environment.

Key words: CSR, FMCG, HUL, ITC, Dabur, Britannia, Amul


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INTRODUCTION

FMCG or CPG is known as “fast- moving consumer goods” or “consumer packed goods”. These are quickly purchased, low margin of profit for retailers and fast consumable. FMCG engulfs those, basically, household products which are less durable but purchased and consumed the most by consumers such as cosmetics, stationary, food, soft drinks, toiletries etc. Simply speaking, these are the goods which we need and use every day in our life. In FMCG industries there is a situation where in the retailers of FMCGs have low margin when it comes to the sale of one single unit of product, however, because of the high level of demand for these goods it ultimately gratifies the seller’s endeavour of getting the high range of profit as it sold
in a large volume. It is safe to say, that probably FMCG industries are the best example to illuminate the situation “Low margin-high profit”.

In India the FMCG sector is fourth largest sector with its market size over USD 13billion as of 2012 and to be expected grow to a USD 33 billion industry by 2015.

About Corporate Social Responsibility (CSR)

In the words of Mallen Baker- “CSR is about how companies manage their business process to produce an overall positive impact on society”.

Corporate Social Responsibility refers to the impact of initiative an activities taken by companies in respect of welfare of the workforce (human resource), community living around (society).

In the earlier stage, the social responsibilities of a companies was inculcate just confined to proper return of tax payable by the company established. However, CSR is now encompassing initiatives taken in respect to welfare of the workers and their family as well as providing quality up to the standard, rational pricing, contribution in women-children empowerment and awareness, steps for providing an ideal environment to live in. Striving towards social welfare may or may not be lucrative in terms of profitability to the firm but it’s company’s turn to pay back to the society for playing the role of production factor by providing their work effort to the company and also by consuming the goods and services as a customer that plays the most important role in profit as well as wealth maximisation.

An Overview of CSR Practice of leading FMCG Companies in India

Let’s have a glance on CSR initiatives taken by leading FMCG companies in India:-

1. Hindustan Unilever Limited (HUL)

Hindustan Unilever Limited, commonly known as HUL is a subsidiary of Unilever Limited, the company dominates Indian FMCG market with around Rs.14, 000 Crores (Rounded off) Sales in 2007-08 and Net Profit after tax of Rs.2,000 Crores (Rounded off).

CSR initiatives taken by HUL

Strive to green environment

HUL has supported the water conservation and harvesting by reducing water consumption and wastage by efficient use of water considering principal of 5R Reduce, Recycle, Reuse, Recover and Renew.

Health & Hygiene education

Another exemplary initiative taken by HUL “Lifebuoy Satya Chetna (LBSC)” had inception on 2002. It was an endeavour to embed the awareness of importance of “washing hands with soap” among the people living in rural areas of Indian states like UP, Maharashtra, Bihar, Chhattisgarh, West Bengal, Orissa etc.

Women empowerment

HUL has taken CSR initiatives for empowerment of women in India by making them aware and apprising them about education, entrepreneurship etc by establishing “Fair & Lovely Foundation”. “Fair & Lovely” is a well-known and reliable brand name
among Indian women. This foundation is working in collaboration with state government.

2. ITC

ITC is one of the top listed FMCG Company in India, with Rs. 32 crores expenditures in Corporate Social Responsibility in the year 2012-13. Company’s average profit after tax in the year 2013-14 was Rs. 5070 crores. Its overall CSR spent as % of profit after tax for 2012-13 was 1.62%. As a matter of contribution in CRS, ITC is considered as the one and only company in the world recycling carbon, liquid and solid waste. According to the sustainability report 2013, more than the 40% energy consumption at ITC is got released by renewable sources. It has put the eco-friendly hotel chain called “Greenest Luxury Hotel Chain”.

Here is an overview of initiatives taken as a matter of CRS by ITC

_Eradication of hunger & poverty_
- Crop productivity improvement
- Livestock dairy development
- Creation of sustainable for the poor
- Promotion of education

_Combating diseases:-_
- Health centres and camps

_Ensuring environmental sustainability_
- Social and farm forestry
- Soil and waste conservation
- Solid and waste management
- Promotion of sustainable business practices

_Employment enhancing vocational skills_
- Vocational skills development

_Promotion of education:-_
- Promotion of education

_Promoting gender equality and empowering women_
- Promotion of women based micro enterprises
- Reducing child mortality and improving
- Maternal health
- Basic hygiene and sanitation improvement
- Initiatives

_Social Business initiatives_
- Farmer knowledge empowerment through it
Others

- Promotion of Art and Culture

3. Dabur India Ltd

Dabur India Ltd has been one of the most reliable names in Ayurvedic medicine and health care products. Dabur chyawanprash, toothpaste, baby care oil, Dabur honey, etc are some of largely used products by customers. Company’s Sales was Rs. 2120 Crores in 2007-08 (Rounded off). Whereas its Net profit after tax appeared Rs. 320 Crores ( Rounded off) in the same year.

The major initiatives taken by Dabur India Ltd in relation to CSR are

- A non profit organization namely “Sudesh” was started in 1993 as a stimulation to research and welfare activities in rural areas of nation.
- Another appreciable step taken by Dabur India Ltd was to promote and support the health and hygiene awareness amongst privileged people through another social awareness programme namely “Chunni Lal Medical Trust”.
- Beside the above initiatives, Dabur focused on the young perception as they organized the environment awareness programme for students specially the school children.

4. Britannia

Britannia Industries Ltd has been undoubtedly the most recognized and pioneer name in food industries especially in biscuit industries called “Biscuit king”. The company founded in 1892 and still successfully with revenue of Rs. 46.70 billion as on 2011. Britannia has made an anomalous stamp in the spate of other competitive organisations engaged in the same industries in India as well as outside the India. Providing always the best quality has been sparkling factor of the stalking journey of this company. Brands like Creamfruit Marrie with honey and oats, Multigrain Thins & Roasty etc has provided the choice of combination of taste and health.

On the other hands, Company has adapted fuel and energy conservation, use of clean and renewable fuel resources, and have maintained the quality up to the standard in not only the products but also in process, policies and systems being used to produced them. As per the “Director’s Report” abstracted from “The Economics Times”, the company has been awarded by “Bajaj Manufacturing Excellence Award” in manufacturing category , another factory established in Delhi was awarded “national food safety award”.

Amul

The three key points which are given in the official site of Amul are:

- It all became when it the milk became the symbol of protest.
- Found in 1946 to stop the exploitation by middlemen.
- Inspired by the freedom movement.

Amul is the leading dairy product co-operative firm in India operated by Gujarat Federation since 1946. Amul has been very much interacted to the thoughts of a common man through its different and interesting advertisement policies. Amul milk, Amul cheese, curd are its main FMCGs.

Again, Amul has two worth mentioning initiatives and those are:-
Amul Relief Trust
In 26 January 2001 a massive disaster earth quake took place in Gujarat. As an impact of this devastation GCMMF put the foundation of Amul Relief Trust (ART). Dr. Kureign was entitled the chairman who donated Rs. 50 lacks for construction or rather reconstruction of school, residential buildings which were destroyed in earthquake.

Tree plantation
As an impact of keep on consumption of natural resources, “Green Gujarat Tree Plantation Campaign” was held to reconcile with environmental changes due to consistent use of natural resources. An idea of “one member one tree” was immensely successful. Later on farmer members also adapted the policy and supported to implementation of the policy in practice.

CONCLUSION
So far we have just had an overview of CSR initiatives taken by some well recognized FMCG companies playing a very important role in the field of social welfare successfully. Though, the list of leading FMCG companies never ends here. Himalaya, Haldiram, Godrej and what not, their appreciable contribution in respect of CSR is not ignorable at all. All these companies are not just a successful business houses but are the trend setters and somewhat the charming face of the Indian Economy. Now the time has passed away when the only aim to run their business was to earn profit as much as they could. Now the circumstances have changed, they have to think about their social responsibility also which is not confined merely providing jobs but providing an ideal life style and living standard to live in and letting them know about their rights and goods.

REFERENCES


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