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LOGICAL FRAMEWORK ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES OF INDIAN PAPER INDUSTRY

Suchitra Pandey*, Parul Rishi**

Abstract *Indian paper industry depends on natural resources for its raw material supply, hence it has to balance both paper production and natural resource consumption for its survival and sustenance. Any imbalance in this regard can pose threat to this industry's survival on one hand and put adverse impact of this industry upon environment on the other. The present paper analyses how some of the paper industries falling under the ambit of CSR clause 135 are taking initiatives for CSR and sustainability in order to have responsible and sustained existence in the corporate world. This study tries to probe into the areas where there is more requirement of CSR expenditure and scalability/replicability of CSR projects. Gap analysis has also been done to see the gaps between the amount allocated for CSR initiatives and the amount actually spent. The paper proposes a logical framework for CSR that is based on Bertelsmann's iooi method with certain modifications by inclusion of moderators like ethics, values, legal obligations, knowledge and skills that influence decision on CSR initiatives. The various efforts taken by paper industries for CSR projects, their monitoring and evaluation shall stand as an answer to CSR clause 135. Though the clause is in its initial phase, but the study shall help analyse if organisations are living up to the spirit of the clause and contributing for the benefit of environment and community. The study concludes that with the coming up of the clause, the focus on CSR has increased. Also, there have been efforts on the part of industries to comply with the clause but standard planning and evaluation frameworks have to be followed.*

Keywords: *Paper Industry, Corporate Social Responsibility, Environment, Community Development, Sustainability, India*

INTRODUCTION

Organisations world over have recently come under pressure to demonstrate their image of responsible citizens. In Europe and America, 70% of large companies report on their Corporate Social Responsibility (CSR) initiatives. In fact, countries like Sweden, Norway, the Netherlands, Denmark, France, and Australia have mandatory CSR reporting requirements. Indian government has gone a step further by inclusion of mandatory CSR clause in the Companies Act 2013 (Karnani, 2013). Ernst & Young, the audit and advisory company, estimates that the law would cover about 3,000 companies in India and about $2 billion of expenditures on CSR activities (Miryala & Aluvala, 2013). Irrespective of several issues in its acceptance, over time organisations seem to be abiding by the clause. Various variables like strategy (Chandler & Werther, 2013), competitive advantage (Hsu, 2012), ethics (Zadek, Evans, & Pruzan, 2013), stakeholder value (Deng, Kang, & Low, 2013), environment (Du & Vieira, 2012) have been associated with CSR. In this paper, stakeholder value and environment have been emphasized upon. Though being common in large number of organisations but the focus of this study has been on paper industry as it relies intensively on natural resources for its survival and sustenance. This industry, being resource intensive, requires energy, water and raw materials supply in order to make its production (Central Pulp and Paper Research Institute, 2004). Its unsustainable practices have led to illegal harvesting, human rights' violation, social conflicts, and irresponsible plantation development (World Wild Life, n.d.). It is thus very much important for this sector to find alternatives to the use of natural resources to the extent possible and recycle the waste generated in order to balance the depletion of natural resources caused by them.

SCENARIO OF INDIAN PAPER INDUSTRY

The Indian paper industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated

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turnover of the industry is INR 25,000 crore (USD 5.95 billion) approximately (http://india.paperex-expo.com). It has the top 15 global players with an output of more than 6 million tonnes annually with an estimated turnover of Rs. 150,000 millions and also it has projected demand of 8 million tonnes by 2010 & 13 million tonnes by 2020 (http://www.indianmirror.com).

The industry has its presence world over and is one of the largest industrial sectors in the world. It is chemical based industry and comes under PAT (Perform, Achieve and Trade). PAT is an innovative, market-based trading scheme that was announced by the Indian Government in 2008 under its National Mission on Enhanced Energy Efficiency (NMEEE) in National Action Plan on Climate Change (NAPCC) with an aim to improve energy efficiency in industries by trading in energy efficiency certificates in energy-intensive sectors (IN-2:Perform Achieve Trade Scheme (PAT Scheme)).

Indian paper industry is more specifically plantation based. Central Pollution Control Board (CPCB), has identified pulp and paper (P&P) industry as one of the most polluting industries, as it consumes a considerable quantity of water and chemicals and also produces large volumes of effluent. Accordingly, Ministry of Environment and Forests (MoEF) launched the Charter "Corporate Responsibility for Environment Protection (CREP)" in 2003. This is a voluntary charter formulated by mutual consent between MoEF and the industrial sector (Opportunities for Green Chemistry Initiatives: Pulp and Paper Industry, 2014). Though pulp and paper sector took a few initiatives for pollution control, still it generally lags behind the global scene. The failure to control pollution is attributed to the diversity of the Indian pulp and paper industry with a range of production capacities and raw materials (http://psa.gov.in). The industry, being polluting, thus becomes non-sustainable in the long run. It thus attracts criticism from environmentalists and conservationists. Recently National Green Tribunal has imposed an environmental compensation charge on the commercial vehicles entering Delhi, over the municipal toll tax. The amount collected can be used by the Pollution Control Committee and the Central Pollution Control Board for measures to protect the environment (http://indianexpress.com). A move like this became necessary because of rising pollution in Delhi. The rise in pollution can be attributed to overpopulation, industry construction, overuse of natural resources in short supply etc. People may find air purifiers as a temporary solution. In China, fresh air bottles are being imported from Canada (Canadian start-up sells bottled air to China, 2016). Moreover it's not just Delhi or even India, it's about the entire world facing issues of pollution and resource scarcity. The recent Corporate Social Responsibility (CSR) clause included in the Company's Act, 2013 can serve as a solution to such problems, if implemented in its true spirit.

Paper industry's growth is currently facing several issues because of scarcity and high cost of raw materials, lack of advanced technology for use of unconventional raw materials and capacity utilisation, recycling complexities, effluents thrown by the industries in water bodies, growing consciousness for forest preservation, ecological balance and biodiversity, protests against paper industries by nearby communities and organisations like CREP (Corporate Responsibility for Environmental Protection) (http://papermart.in). Under such circumstances, making available quality paper shall become a constraint for these industries.

The International Council of Forest and Paper Associations (ICFPA), in its statement on climate change mentions that forests and the global forest products industry can play potential role in combating climate change. Mensink (2015) from Confederation of European Paper Industries (CEPI) has said that a low carbon economy shall consider the forest industry as a contributor to climate solutions. With a policy statement like this, efforts are being made towards encouraging national governments in recognizing and fostering positive contributions that forests and forest products shall provide in combating climate change. The industry has been found to have made significant contributions to mitigate climate change. Along with greenhouse gas (GHG) removals and stocking carbon in products, ICFPA members have achieved remarkable drop in their GHG emissions intensity: 5 percent since 2010/2011 and 17 percent since the 2004-2005 baseline year (More than 82% of fibres used come from Europe, 2015) (Global Forest and Paper Industry Releases Policy Statement, 2015). Read et. al, (2009) mention in their book that UK forests and trees have the potential to respond to the challenges of the changing climate by contributing both to mitigation by abatement of greenhouse gas (GHG) emissions and to adaptation, thereby ensuring that the multiple benefits of sustainable forestry continue to be provided in UK. The forest-based industry has a crucial role in global sustainable development because of its unique raw material basis and increasing internationalisation. Mikkila and Toppinen (2008) analysed the corporate reporting of the world's ten largest pulp and paper industry companies by comparing the economic, environmental and social metrics applied in the publicly available annual, environmental, corporate responsibility and sustainability reports and found that corporate responsibility was at least a part of business language in the studied companies. Financial and environmental performance is today well regulated, and this has led to the institutionalised reporting.

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA

India has been the first country in the world to compel the organisations for CSR initiatives in monetary terms. The aim behind introduction of 2% CSR clause has been to bring CSR to the forefront. Corporate have been asked to play their part to work for people and environment thereby linking their work with the development agenda of the nation. This way the government of India with the support of Indian Institute of Corporate Affairs has exercised some regulations on those on the top of the pyramid to do little for those from whom the resources have been taken. Government expects an organisation to be a successful organisation first, establish and sustain itself at the ambit for three years and only then look forward to allocating a proportion of its profit for CSR initiatives.

The government itself could have carried out the programme instead of imposing on the organisations falling under the ambit. Government does not expect organisations to duplicate what the government has already been doing instead expects them to either complement/ supplement to extend quality benefits to people and environment. Their involvement has been sought because of their innovative methods and techniques, management thinkers, efficiency, flexibility, quick response, new vision, ability to plan, execute and monitor. Corporate have these strengths for grass-root level programmes which government lacks.

Corporate are supposed to work in collaboration with NGOs where corporate can provide resources to NGOs to carry out CSR initiatives. Employee engagement is a very important factor for successful CSR and thus organisations can also work for capacity building of NGOs. Government shall play the role of facilitator/enabler. This triad is the unique Indian CSR model where government, NGO and corporate come together to fight the challenging issues of environment and community upliftment with collaborative participation in different capacities. The government also lays emphasis on specific activities to be put under the domain of CSR initiatives to be a project as per Schedule VII as per civil society's needs. Accordingly, there shall be time period within which the project is to be accomplished, there have to be resources allocated for the purpose, monitoring and inspection have to be done. This will require the best brains of the company at the Board level to be involved in. There would be transparency and visibility for every stakeholder, government, activists, media and thus anyone from anywhere can access any organisation's CSR initiatives.

Organisations are supposed to give explanation if they have not been able to spend required 2% of preceding three years' average annual profits after tax for CSR activities, the CSR committee proposes as per Schedule VII of the Companies Act, 2013. This follows UN principles of comply or explain. With the new law, CSR has been able to move to boardroom from HR room. For CSR law to be landmark legislation, there has to be commitment, compliance, clarity and capacity along with ability to align CSR initiatives with geographic social problems in an organizations area of operation. Government claims that CSR is not a business, but a value based approach where an organisation tries to give back to the community and environment, it depends on, for its survival. The government finally hopes that once this move is in full swing, all organisations falling under the ambit both individually and collectively shall be able to systematically disclose their contribution to the society in terms of CSR over the years over different initiatives as per Schedule VII. Thus the law serves as a tool to map, measure and quantify CSR activities and also promote CSR activities to be carried out in the long run in a regularly sustained manner so that its benefits and the beneficiaries are sustained making the fruits of CSR become visible and permanent on the ground.

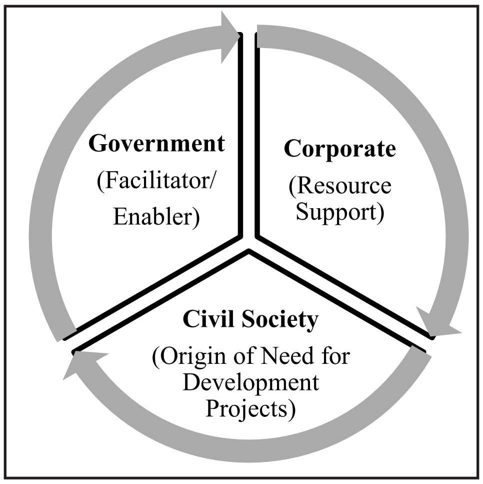

Fig. 1: Unique Indian CSR Model

CSR IN THE INDIAN PAPER INDUSTRY

It was by the end of the twentieth century that conservationists became serious with the impact of paper production upon the environment. Paper mills had dreadful impact on water supply and wildlife. Tewari, Batra, and Balakrishnan (2009) state that agro-based pulp and paper mills in India are one of the most polluting industries; in addition, they are high consumers of raw water. Growing scarcity of high quality freshwater as well as stringent regulatory standards is compelling these units to explore appropriate water management options. They have reviewed the challenges faced by this sector and highlight the practices that can be adopted to minimize freshwater use. The question thus is of the balance between the natural resources and paper production. CSR can stand as an effective strategy to strike the balance between the two. Nurmesniemi et. al, (2007) in their work present the current waste management system at the pulp and paper mill complex in Northern Finland. Due to effective utilisation of the solid wastes generated at the industries, the annual amount of waste to be disposed off in the landfill has decreased between 1994 and 2004 from 42,990 to 6083 tonne (expressed as wet weight). Szabo et. al, (2009) in their article have introduced a bottomup global model of the paper and pulp sector, heeding on energy consumption and carbon emissions. It is an annual recursive simulation behavioural model with a 2030 time horizon that encompasses numerous technological details of the industry for 47 world regions. The model helps the user assess the effects of different environmental, energy and climate policies in a scenario comparison setup. In addition to the business as usual developments of the sector, a climate commitment scenario has been analysed, in which the impacts of changing forest management practices are also included. The results revealed that there is a significant carbon reduction potential in the pulp and paper making.

Suri and Murali (2011) in their study have found farm forestry to be strategic integration of commercial trees into existing farming enterprises in order to provide direct and indirect economic, environmental and social benefits.

Taking into account nature of paper industry, the need for the study was felt. In line with the purpose of the CSR clause 135 that has been introduced to quantify the CSR initiatives, this study analyzes the range of CSR initiatives of selected paper industries in environmental and social/development sectors along with CSR expenditure, benchmarking initiatives and explores the possibility of CSR projects in other paper industries. This study also takes into account CSR committee and CSR policy of industries under study. Analysis of sustainability reports revealed that paper industries are not following any standardised planning and evaluation framework resulting in adhoc initiatives thereby making difficult to ascertain definite impact on environment and society. Hence, the study will also recommend the logical framework for efficacy of CSR initiatives of paper industry.

This study explores the status of compliance of paper industries falling under the ambit of CSR clause. This shall help analyse how far paper industry complies with the clause. The study also presents range of CSR initiatives taken up by paper industries whereby benchmarking initiatives, if found suitable can be considered by other organisations along with other paper industries. The critics comment that government has just imposed its responsibility on organisations. But if paper industries follow Logical Framework Analysis (LFA) and standard evaluation procedure, the above criticism can be overcome, as LFA shall not only help explore the most important requirement of the society/environment but also help in proper planning of CSR project/programme. Standard evaluation procedure, on the other hand shall help in evaluating how far the objectives were achieved and if there was proper resource utilisation. Evaluation shall also help assess impact of intervention on society and environment. This can serve the purpose of CSR clause whereby not only CSR initiatives would be taken but also the impact, the initiatives had, would be quantified, to help organisations with a systematic approach towards CSR.

METHODOLOGY

Content analysis has been used for analysis of CSR initiatives taken up by paper industries documented in their annual reports, sustainability reports and websites. NVIVO software has also been used to analyze the growth of CSR in the paper industry. Data have been collected using iooi method with certain modifications to collect logical information.

Companies under Study

Eleven companies of paper industry falling under the ambit of section 135 of 'The Companies Act, 2013' have been considered for this study. Paper industry uses wide variety of raw material like wood, bamboo, recycled fiber, bagasse, wheat straw, etc. On the basis of raw material used, paper industry falls into three categories - wood/forest based industry, agro-residue based industry, and waste paper based industry.

Table 1: Raw Material Base of the Industries under Study

S. No.	Raw Material	Companies	Turnover (Cr) Mar, 16
1.	Wood/ Forest	J K Paper	2548.33
		West Coast	1,799.53
		International Paper APPM Ltd	1,187.21
		Seshayee Papers	1,067.32
		ITC	51,582.45
		BILT	610.58
2.	Waste Paper	Rainbow Papers	354.23
		Emami Papers	542.92
3.	Agricultural Residue	Kauntam Papers	552.15
		Shreyans Industries	410.77
4.	Agricultural Residue & Waste Paper	Ruchira Papers	370.93

Table 1 shows that six of companies are wood-based. Companies like ITC and IP take utmost care in sourcing raw material. IP has also been awarded the coveted Forest Stewardship Council's (FSC), Chain-of-Custody Certificate during the year 2010, for its responsible fiber sourcing for manufacture of pulp and paper. Efforts have been made to show the complete picture of CSR in the companies under study including CSR policy, CSR committee, and sustainability reporting.

CSR Committee and CSR Policy

According to Section 135 of the Companies Act, 2013, it is mandatory for every organisation falling under the ambit of

2 % CSR law to constitute a CSR Committee of the Board, formulate a CSR policy that indicates the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 and duly approved by the board, fix the amount of expenditure to be incurred on the activities and monitor the CSR policy from time to time.

CSR Committee

As per section 135 of the Companies Act, 2013 all the industries except JK Paper have constituted an independent CSR Committee. This committee is held responsible for taking need-based initiatives in compliance with Schedule VII of the Act.

CSR Policy

All the paper industry companies except JK Paper have CSR policy as required under section 135 of the Companies Act, 2013 for the activities covered under Schedule VII of the Act.

Table 2: Status of Industries in Terms of CSR Policy and Reporting

Paper Industry Companies	CSR Policy	Sustainability Report	CSR Initiatives in Annual Report		
			2013	2014	2015
International Paper APPM Ltd (IPAPPM)	✓	✓	✓	✓	✓
ITC	✓	✓	×	×	×
BILT	✓	×	No annual report	✓	✓
JK Paper	×	×	✓	✓	×
West Coast Paper Mills	✓	×	×	×	✓
Seshayee Paper	✓	×	×	×	✓
Rainbow Papers	✓	×	×	×	✓
Emami Papers	✓	×	✓	✓	✓
Kauntam Papers	✓	×	×	×	✓
Shreyans Industries Ltd	✓	×	×	×	✓
Ruchira Papers	✓	×	×	×	✓

ITC and IP are the only companies to have sustainability reports published. Table 2, highlights the trend of CSR growth in the Indian paper industries.

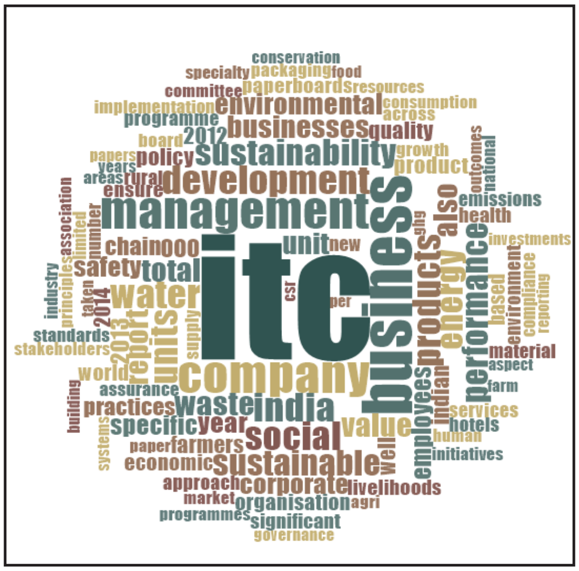

Fig. 2: Word Frequency in ITC's Last Three Years Sustainability Reports

CSR growth in the industries has also been investigated using Nvivo software. The analysis of industries annual reports using one lakh most frequent words with minimum word limit three does not show terms like CSR, sustainability or other related terms. Analysis of ITC sustainability reports does show some areas of CSR concern (emissions, conservation, resources, sustainability, CSR etc.) with eighty thousand most frequent words with minimum word limit three.

Further analysis is based on input-output-outcome-impact (iooi) method (Stiftung, 2010). Efforts have been made to analyse how resources (input) like only manpower and money have been utilised in CSR initiatives (transformation) to bring about change in community and environment in terms of output, outcome and impact. In addition to iooi method, in this study, role of moderators like ethics (Fukukawa et. al, 2007), values (Maignan et. al, 2005), legal obligations, knowledge (Pomering & Dolnicar, 2009) and skill set (Kakabadse et. al, 2009) available with the industry have been considered. On the basis of this, the framework shown in Fig. 3 has been proposed. The iooi logical framework method is in sync with the AGREE MODEL.

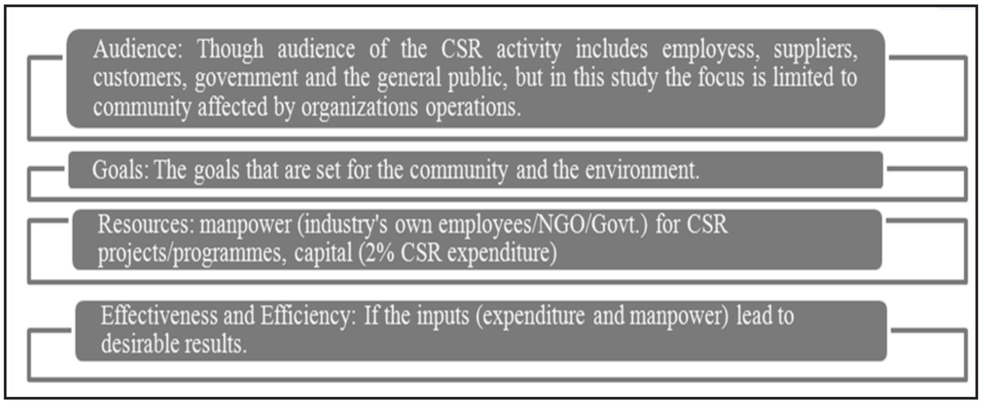

Fig. 3: AGREE Model and Social Responsibility

IOOI Method

Stiftung (2010) gave the input-output-outcome-impact (iooi) method. This particular method involves assessing impact of corporate social commitment. The method was developed by Bertelsmann Stiftung in cooperation with PricewaterhouseCoopers and various other companies. Under present circumstances organisations are under increasing pressure to meet consumer demands concerning the compliance with social standards among staff and suppliers, fair and safe working conditions, and environmentally-friendly use of natural resources. IOOI as a logical tool evaluates impact of investments in education, health and similar CSR activities (http://www.sustainicum.at).

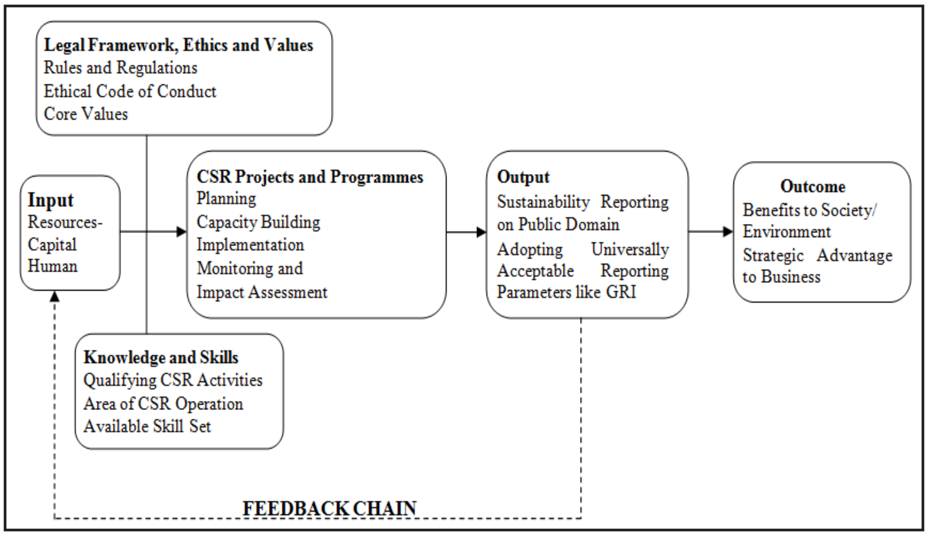

Fig. 4: Operational Framework of CSR

Input

Input includes the resources in use to achieve the planned CSR activities. Inputs include financial, human, time for planning and implementation, material, products and services of the company, and infrastructure costs, office equipment, room rentals, etc. In this study money and manpower have been considered.

Money

Organisations falling under the ambit of CSR clause have to spend 2% of their last three years average annual profits on CSR initiatives. Table 3 shows the spread of CSR expenditure.

BILT, Seshayee Papers, and Emami Papers are the paper companies that have spent entire 2% amount on the CSR initiatives they were supposed to spend. Though ITC has spent the required 2% on the CSR initiatives, the expenditure is by the ITC group and not ITC PSPD. As far as the environmental expenditure is concerned only two industries Shreyans Industries and West Coast have shown their environmental expenditure and three industries BILT, West Coast and Emami have shown their community expenditure. It is only ITC that mentions yearly expenditure on CSR initiatives. Of the total industries, only 4 have spent 2 percent of their average annual profits on CSR initiatives.

Table 3: Amount Spent upon CSR Initiatives as CSR Expenditure

Companies	Total CSR Expenditure (Lakhs)				Expenditure on Environment (Lakhs)	Expenditure on Community (Lakhs)
	2013	2014	2015	Total	2015	2015
International Paper APPM Ltd	-	-	55.14	55.14	-	-
ITC Limited	1.06%	1.20%	21406 (2.48%)	21406 (2.48%)	-	-
BILT	-	-	40 (2%)	40 (2%)	No amount spent	38.51 (1.92%)
JK Paper	91.20	-	77.83 Despite loss	77.83	-	-
West Coast Paper Mill	-	-	15.72 Despite loss	15.72	1.64	9.07
Seshayee Paper and Boards Limited	-	27.99	79.91 (2.33%)		-	-
Rainbow Papers	-	-	-	-	-	-
Emami Paper Mills Ltd			155.95 (10.01%)	155.95	31.16 (2%)	105.10 (6.75%)
Kauntam Papers Limited	-	-		31.95 (1.50%)	-	-
Shreyans Industries Limited	-	-	20.03 (1.62 %)	20.03 (1.62 %)	1.11 (0.09 %)	-
Ruchira Papers Limited	-	-	21.41 (0.95%)	21.41 (0.95%)	-	-

Reasons for not spending on CSR by paper industries: Company Law has made it mandatory that organizations specify the reasons for not being able to spend upon CSR initiatives. Following is the explanation provided by paper industries under study.

International Paper APPM Ltd: With respect to the past loses the company incurred in 2012-13 and 2013-14, it is not required to spend any money on CSR activities as per Section 135 of the Companies Act, 2013. Despite this, the company incurred INR 55.14 lakh on its different CSR initiatives in the year 2014-15 with profit of INR 25 lakh.

Ruchira Papers: The company was required to spend INR 45.23 lakh but it spent INR 21.41 lakh (0.95%) on its CSR initiatives. It shall spend the left amount on installing LED lights on the road, the industry has constructed from Kala-Amb to Vill-Rampur Jattan as a part of its CSR responsibility.

Shreyans Industries Ltd: The company was supposed to spend INR 24.70 lakh but it spent INR 20.03 lakh (1.62%) on the CSR initiatives in the year 2014-15. The CSR Committee plans to procure and provide the medical equipment to Swami RameshwarGiri Charitable Hospital for conducting eye checkup's and operations. Remaining amount shall be spent as and when the hospital authorities finalise the same. Of the total 2%, the industry has spent INR 1.11 lakh (0.09%) as its environmental expenditure.

Kauntam Papers: The implementation of the project was in progress as on 31 March 2015 and the balance unspent amount of INR 10.76 lakh has been spent in the quarter ended 30 June 2015 (FY 2015-16). Of the total 2%, the industry has spent INR 4 lakh (0.19 %) as its environmental expenditure.

Rainbow Papers: The company was supposed to spend INR 78.15 lakh but in the absence of any viable CSR project, the amount could not be spent.

Seshayee Paper and Boards Ltd: The company spent the entire amount INR 68.44 lakh (2 %) it was supposed to spend on CSR initiatives, but of the total amount, the industry did not spend any amount on environment as its CSR initiative.

West Coast Paper Mills: The company in the past three years has incurred loss of INR 8.82 crore and thus is not under any obligation to spend upon CSR activities. Despite this, the industry has contributed INR 15.72 lakh towards its CSR initiatives in the year 2014-15. It has spent INR 1.64 lakh on development & maintenance of local garden in the limits of local body "Nand agokul Garden" as its environmental expenditure and INR 9.07 lakh as community expenditure.

J K Paper: The company in the past three years has incurred loss of INR 8.09 crore and thus is not under any obligation to spend upon CSR activities. Despite this, the industry has contributed INR 77.83 lakh towards its CSR initiatives in the year 2014-15. It spent around INR 91.20 lakh (2.44 %) in 2012-13 on CSR activities.

BILT: The company spent the entire amount of 2% (40 lakhs) which it was suppose to spend on its CSR initiatives. Of the total, the company spends 1.92% on community and has not been found to spend any amount on environment as its CSR initiative.

ITC Limited: The company has spent 214.06 crore (2.48%) on its different CSR initiatives.

Emami Papers: The company has spent 155.95 lakhs (10%) on its different CSR initiatives. This industry has spent 6.75% of the profits on community initiatives.

The above analysis helps conclude that loses, extending the CSR initiative to the next year, not being able to decide a viable CSR project have been some of the reasons for not being able to incur the requisite CSR expenditure on the CSR initiatives. Further BILT, West Coast Paper Mill and Ruchira Papers, in their annual report in the responsibility statement, stated that the implementation of CSR initiatives and its monitoring has been carried out in compliance with the CSR objectives and policy of the company.

Manpower

The companies involve either their employees and/or NGO in carrying out CSR activities. IP uses employee engagement as a tool to carry out its CSR initiatives. Kauntam Papers seeks involvement of government bodies, district authorities, self-help groups, village panchayats, and local community in its CSR plans as development partners. BILT works in association with 15 NGOs to carry out its CSR activities. Other industries support their CSR plans with their own manpower.

Moderators

Legal framework, ethics, values, knowledge, and skills have been found to influence the way an industry carries out its CSR initiative using the financial, natural, and human resources. The strength of the relationship between the independent variable, inputs and the dependent variable, outcome is very much influenced by the expertise in the CSR initiatives, compliance with law, adherence to organisational values, and ethics.

Legal Framework, Ethics and Values: India has been the first country to have made CSR mandatory in monetary terms. Most of the paper companies under study have been found to comply with the CSR clause 135. Ethical code of conduct serves as a guideline for adherence to norms, but in this regard, only 81.81% of paper companies have been found to have ethical code of conduct. Also, only 3% companies have mentioned about their environmental and social responsibilities in the code. The focus of these companies is more towards environmental issues than community issues.

IP has translated the Supplier Code of Conduct (SCOC) into 19 different languages and has in fact started giving training to the suppliers in Brazil, EMEA, India, China, USA, Mexico, and Chile. It has completed SCOC training in India and has even received agreements to comply from vendors across. IPAPPM is committed to supporting environmental sustainability, using resources and energy efficiently, and using technology that minimizes environmental impact. In line with this IP follows policy that recognises third-party certifications in relation to fiber sourcing. This way a company knows if the trees are grown and harvested in such ways that protects biodiversity, wildlife, plants, soil, and water quality. The third-party certification is supported to globally recognised standards in the countries where it operates. At the same time company takes care that even its partners practice high ethical standards.

Organisational values communicate the factors to which the organizations attach importance, but only 7 companies have their core values on the public domain. Of which only 3 companies have emphasized upon environment and community.

Knowledge and Skills: Knowledge and skills would also influence the decisions on CSR initiatives. As the CSR clause itself is silent on what activities qualify for CSR, the industries on their own have been found to take care of this particular factor. Organisations either with the help of their own employees or with the help of NGO/agencies have been found to carry out CSR initiatives. The different initiatives IP India Foundation takes are supported either directly or through its employee engagement programmes, not only through skill development and training programmes, but also through financial support available in terms of grants, subsidies etc.

Transformation through CSR Initiatives

The paper companies under study have been found to take both environmental and community initiatives. For the purpose of analysis, initiatives have been studied under four heads- initiatives by industries incurring losses, initiatives by industries that have spent less than 1%, initiatives by industries that have spent between 1% and 2%, and initiatives by industries that have spent more than 2%. Sector being industry specific, majority of the initiatives have been in the environmental sector.

CSR Initiatives by Companies that have Incurred Losses

Though this category includes some of the well-known companies having turnover above INR 1000 cr, but due to losses the expenditure incurred is less than 2%.

Environmental Initiative

The prime initiative taken by paper companies in this particular sector, despite facing loses in the last three years, has been Farm Forestry Programme (FFP). Some have adopted innovative method of tree (eucalyptus and casuarina) cloning through simple poly house (zero energy poly house for cloning) which can be established at even remote places in the absence of energy or power supply. This helps industries overcome issues of procurement of quality raw material, reduce carbon footprint, improve energy efficiency, increase green cover, provide better eco-balance, benefit the agrarian economy along with maximizing revenue generation for the farmers. This initiative also serves as competitive advantage for industry. Some industries have been able to meet their total raw material requirement through this initiative. FFP is carried out in coordination with farmers wherein their barren marginal and degraded lands are utilised for the purpose. With its fine results this programme is seen as a benchmark initiative for paper industry. So, where the paper companies at one point of time were criticised for exploitation of this natural resource, are now being seen as drivers of improving forest and ecological systems.

Other initiatives taken are rain water harvesting, adhoc plantation activities in areas affected by natural calamities, construction of check dams to store rain water, distribution of solar powered devices, better technology adoption, process innovation, recycling, re-use and minimising waste-water to reduce fresh water consumption & effluent generation per metric ton of paper in recent years, maintenance of local gardens.

Community Initiative:

Livelihood generation: Involvement of farmers in FFP has resulted in employment opportunities thereby generating incremental income for farmers, livelihood opportunities through SHG formation.

Education: School education, summer camps, yoga, support to orphans and children of single parent, scholarships for meritorious students, school infrastructure, ensuring tangible assets for schools like ensuring availability of drinking water, lights, fans, benches, books, stationary etc., adult literacy programmes, educational rehabilitation of children with special needs. School authorities are sensitised towards recycling, water conservation through rain water harvesting pits within the school premises and are also encouraged to plant trees. Industry also focuses on quality education through teacher's training programmes by involving them in computer learning, attending training workshops, preparation of teaching materials and models, and discussion on importance of ethics and compliance standards.

Skill Development: Women empowerment through vocational training, encouraging craft making traditional toys through skill development, and providing marketing linkages,

Health: Safe drinking water and spreading awareness of the same among community, health check-up camps and mobile dispensaries, maternal and child health programmes, adolescent reproductive, and sexual health through training.

Construction of check dams help in growth of paddy and cash crops thereby bringing economic and social up gradation of farmers in the belt. Workshops on enhancing quality of life, extending support to government initiatives and maintaining temples and places of worship.

CSR initiatives by companies that have spent less than 1% on CSR initiatives

There is only one industry that falls in this category. It is a INR 370 cr turnover company, but has been earning profits since Mar '12, between INR 7.58 to 19.47 cr. The focus of this particular industry for the year 2015 has been on community Initiative through rural development project (road construction).

CSR initiatives by companies that have spent between 1%-2% on CSR initiatives

Two industries having turnover between INR 400 cr to 600 cr fall under this category. CSR expenditure of the two industries have been on both environmental and community initiatives as per the Schedule VII categorisation.

Environmental Initiative

Management of natural resources & preservation of environment: Participatory water management with community to save, reuse and recycle water, rain water harnessing, vermin composting and stakeholder dialogue, pulpwood plantation in partnership with NGO through Joint Liability Groups (JLG) for enriching ecosystem services like carbon sequestration, soil water conservation, biodiversity etc. Some companies also look forward to least exploitation and zero pollution through waste management, minimisation of pollution load, reduction in power and fuel consumption, optimum utilisation of treated water through recycling efforts within campus and also by farmers for irrigation purpose. Some companies use agro-residue and wild grass so as not to interfere with the forests.

Community Initiative

Livelihood Creation: Vocational education and skill building for youth, agrarian livelihood interventions like agricultural practices, animal husbandry and poultry.

Women empowerment: Empowering women with financial independence with help of Self-Help Groups (SHGs) and Credit Co-operative Society (CCS).

Education: School education, mobile computer literacy programme, school infrastructure and assets, and scholarship.

Health: Help community avail government medical services at doorstep, focus on maternal and child health issues, regular health camps, HIV/AIDS awareness and prevention programme, eradication of hunger by providing food to poor, identifying children with low BMI and providing them with protein supplement to have normal health, running regular health clinics where doctors treat patients and provide needed medicines free of cost, mobile health service at door step, provision of safe drinking water by providing piped water supply. Some companies also provide shelter, food and medicine for cattle.

Community welfare: Establishment of community centres, road construction, renovating temples for tourism growth, toilet construction, promotion of sports.

CSR initiatives by companies that have spent more than 2% on CSR initiatives

There are three companies that fall in this category have turnover ranging above INR 500 cr. The focus of these industries is on environmental initiatives.

Environmental Initiative

Farm plantation programme where it uses high-yielding, site specific, disease-resistant clones, varied plantation and such management practices that ensure high-quality raw material consistent with industries manufacturing facilities. This initiative helps in sequestering huge amounts of CO_2. There is adoption of technologies that meet world class environmental standards.

The CSR initiatives of the industries under study are in line with the Schedule VII activities. The majority of the initiatives fall under health, education, employment, development and environmental sustainability. Industries have provided information on CSR initiatives as per the categorisation in the clause. Also, under Section 134 of the Companies Act 2013, it is the requirement of Rule 8(3) of Companies (Accounts) Rules, 2014 that the report of the Board shall contain details of (i) the steps taken or impact on conservation of energy; (ii) the steps taken by the company for utilizing alternate sources of energy; (iii) the capital investment on energy conservation equipment under the head Conservation of Energy. Fulfilling this obligation companies take steps to conserve energy, utilise alternate sources of energy and the capital investment on energy conservation equipments.

After analysing annual reports, sustainability reports and content available on websites of paper industries under study, it is felt that paper industries need to follow Logical Framework Analysis for proper planning and also a standard evaluation procedure for assessing (IFAD/UNDP) their projects.

Output and Outcome

Output includes the measures and activities carried out based on the available resources. The activities include organisation of events, staff activities, the role of NGOs, educational institutions etc. Outcome includes the immediate effects achieved for society and the company.

The output of the CSR initiatives is CSR reporting on public domain. 7 paper companies have been found to report sustainability on public domain. Only 2 companies have been found to use GRI for disclosures. With the CSR initiatives both environment and society are benefitted. CSR also extends strategic benefits to the society.

Impact

Impact includes long-term effects for society and the company created by the CSR activity. If the CSR activity/social commitment has a specific long-term goal for society and company. And finally, how can change and hence the achievement of the activity/social commitment be evaluated. Though the organisations do not follow any standard evaluation procedure but have mentioned the impact of CSR initiatives in their annual/sustainability reports. It is recommended that the organisations follow standard planning and evaluation procedure for better impact upon the community and environment.

LIMITATIONS AND GAP ANALYSIS

With some of the companies (ITC, BILT) the sustainability reports/annual reports contain initiatives and expenditures of their different subsidiaries thereby making comparisons difficult. As the CSR clause is silent on division of expenditure, it was found difficult to categorise the % of CSR spend separately on community and environment. Though there are industries that have categorised the expenditure separately, but the number is less. The sector being industry specific, industries are slightly more focused on environmental initiatives.

CONCLUSION AND WAYS AHEAD

This study involves in-depth qualitative analysis of the response of paper companies falling under the ambit to the CSR clause 135 through the analysis of the annual reports, sustainability reports and information available on websites of these industries. Though the CSR clause is in its very initial phase but on an average industries have been found to live up to the spirit of CSR in terms of expenditure, innovative projects, compliance in terms of formation of CSR committee, CSR policy and explanation on CSR expenditure. In fact, IP, West Coast, J K Paper despite loses have spent substantial amounts on CSR projects. Nvivo analysis led to the conclusions that CSR and sustainability are not very prominent terms in industries sustainability/ annual reports. But it is very much evident that there is growth of CSR/sustainability in the sustainability/ annual reports of these industries.

The analysis involves CSR projects in the environmental and social/development sectors. Though it is not mandatory but if industries mention in monetary terms the amount they spend upon different projects as per the Schedule VII, the information would be more organised. In the absence of the division of expenditure among the different sections, the study could not scale the priority of organizations for CSR expenditure. In fact, the CSR clause has been introduced for the very purpose of quantifying CSR activities in different sectors.

Among the CSR initiatives, IPAPPM's social farm forestry and tree cloning have been benchmark activities. BILT and ITC too have farm plantation programmes; where BILT does it in asscociation with its partner NGO and ITC has its own programme. BILT also does participatory water management along with community. Seshayee Papers is also involved in contract farming programme. Farm forestry thus shall be taken as a practice by other paper industries too in association with the community for self-sufficiency, community development and better ecosystem services. But the organizations have not been found to mention any standard procedure for planning and evaluatio of their CSR activities in their sustainability reports.

There is absence of any standard format for planning and evaluation of the initiatives in companies, despite already available logical and evaluation framework. Many industries also involve NGO's (BILT, Kauntam Papers) and other agencies for carrying out CSR projects, but haven't disclosed what they do for capacity building of these NGO's. Involvement of employees in carrying out CSR initiatives can also be of great help. Its only IPAPPM that mentions employee engagement necessary for CSR projects. There is a very strong need that the very people on the top who are to initiate CSR activities for their industry understand the true message that the law communicates. Organisations like IICA that launch learning and development programmes on CSR can help in this regard.

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