

Corporate Social Responsibility in Pharmaceutical Companies of India

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Abstract

Over the centuries social responsibility is being thought, discussed and practised globally. As businesses are dependent on the natural and human resources, thus directly or indirectly this becomes the responsibility of the business to take care of the resources and to contribute to the society of which they are part of. The concept of corporate social responsibility holds a very important place in the society with the aim to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community. These days CSR has been accepted as a means to achieve sustainable development of organisation keeping in mind the interest of society by taking responsibility for the impact of their activities on customer, suppliers, employees, communities and environment. The aim of this paper is to study the adoption of CSR by pharmaceutical companies of India. When it comes to social responsibility of pharma companies the most interesting fact that comes to mind is that the main business and the products which pharma companies are catering to the society are directly creating a social impact.

Keywords: Corporate Social responsibility, Sustainable development, Pharma Companies

Introduction

Corporate social responsibility is the continuing commitment by the business to behave ethically while improving the quality of life of the workforce and their families, as well as of the local community and society at large. Earning more and more profit is a natural phenomenon of every business unit but social responsibility is an obligation to the people living outside and inside the business organisations.

Now a day's CSR has become an emerging issue in India and is the most talked about topic in the Indian Business. It is believed that in India, CSR is being practiced since ages. Most definitions describe CSR as a concept whereby companies integrate social and environmental concerns in their business operations. CSR should preferably be linked up to the core business of the company that is while doing some good for the society the company actually does good for its business as well. CSR these days has taken up a new appeal. It is today one of the finest ways to give back some good to the society and at the same time enhance business

Pharmaceutical companies in India have adopted this consciousness and have also been awarded for their credentials in the sphere of social responsibility. All pharmaceutical companies which are actually dealing in healthcare sector have a responsibility to a wider environment of which they are a part and in which they have an influence in the rate and direction of change. The pharmaceutical companies strive to adapt to the evolving needs of the society and contribute to the overall health and wellness of the world. The social responsibility initiatives taken by pharmaceutical companies are not just confined to the environment but they are also spreading their name by taking other initiatives in fields such as education, women and child health, community health etc.

Literature Review

According to Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

According to Geoffrey heal suggested that CSR is an important part of corporate strategy in sectors where inconsistencies arise between corporate profit and social goals, or discord can arise over fairness issues. There are number of social sectors where corporate can play a valuable role under CSR and can produce social goods for its society. According to him CSR program can be a profitable element for company strategy, reducing risk management, Generating brand equity, improving relations with regulators, lower cost of capital, improved human relation and employee productivity and to the maintenance of relationship that are important to long term profitability.

According to Anupam Sharma and Ravi Kiran, then CSR is emerging as a new field in the management research. In India, many firms have taken the initiatives of CSR practices which have met with varying needs of society. According to him number of IT and Auto industry is more going for taking up CSR initiatives while FMCG sector. Authors said that India has entered or taken a transformational change by involving into new CSR initiatives.

According to Kishor Neelakantan, the enactment of the company act 2013 will create a big regulatory push for CSR activities and this is mandatory for all company operating in India. So it is good for economic development but how Shareholder thinks about it while evaluating company? So according to author suggests that framework for investors to evaluate companies' CSR efforts which is based on four key parameters- Integrity, strategic orientation, efficiency and transparency.

What is CSR All About?

Although the concept of CSR has been developing since early 1970s, there is no single commonly accepted definition of CSR.

CSR generally refers to a collection of policies and practices linked to relationship with key stakeholders, values, compliance with legal requirements and respect for people, communities and the environment and the commitment of business to contribute to sustainable development. CSR is a strategy where corporate integrate social, environmental or other important concerns in their business strategies.

"No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people". J.R.D. TATA

"The wealth that one creates has to be ploughed back for the benefit of society." – Mahatma Gandhi

"Corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions. This is part of our cultural heritage. Mahatma Gandhi called it trusteeship....I invite corporate India to be a partner in making ours a more humane and just society... We need a new Partnership for Inclusive Growth based on what I describe as a Ten Point Social Charter...first, we need to have healthy respect for your workers and invest in their welfare..." . – Manmohan Singh, 2007

CSR Made Mandatory

In order to streamline the philanthropic activities and ensure more accountability and transparency, the government of India made it mandatory for companies to undertake CSR activities under the Companies Act, 2013. The concept of CSR is defined in clause 135 of the Act, and it is applicable to companies which have an annual turnover of Rs 1,000 crore or more, or a net worth of Rs 500 crore or more, or a net profit of Rs 5 crore or more.

Under this clause, these companies are supposed to set aside at least 2% of their average profit in the last three years for CSR activities. The law has listed out a wide spectrum of activities under CSR, which cover activities such as promotion of education, gender equity and women's empowerment, combating HIV/AIDS, malaria and other diseases, eradication of extreme poverty, contribution to the Prime Minister's National Relief Fund and other central funds, social business projects, reduction in child mortality, improving maternal health, environmental sustainability and employment enhancing vocational skills among others.

The companies can carry out these activities by collaborating either with a NGO, or through their own trusts and foundations or by pooling their resources with another company. The law also entails setting up of a CSR committee which shall be responsible for decisions on CSR expenditure and type of activities to be undertaken. This committee shall consist of three or more directors, with at least one independent director whose presence will ensure a certain amount of democracy and diversity in the decision-making process.

The law is very significant, because India is at the threshold of demographic dividend, and there is an urgent need for the creation of human and physical capital to reap its rewards. Investment in education, health, skill development and social infrastructure will enhance capabilities of the youth by improving their nutritional, skill and educational level, which in turn will better their employment prospects.

CSR and Pharmaceutical Companies

Pharmaceutical companies view CSR as comprehensive set of strategies. The pharmaceutical industry in India is among the most highly organized sectors. This industry plays an important role in promoting and sustaining development in the field of global medicine. Due to the presence of low cost manufacturing facilities, educated and skilled manpower and cheap labour force among others, the industry is set to scale new heights in the fields of production, development, manufacturing and research. When it comes to social responsibility of Pharma companies, the Pharma companies need to move beyond a narrow definition of CSR and look at some of the ways to alleviate poverty. CSR is a concept whereby Pharmaceutical companies not only consider their profitability and growth, but also the interests of society and the environment by taking responsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers, and civil society represented by NGOs. The present paper has made an attempt to study the CSR practices carried out by the selected Pharma companies.

Added Advantage

For Pharma companies to work for the society under CSR is easy as they can apply their knowledge of science, expertise and technology to address critical healthcare needs easily without extra efforts.

Areas Of Csr

CSR is of great value for companies and communities. It is significant to raise the awareness of this

responsibility and help creating good conditions to implement this approach. We can only benefit from its's it is not a new concept in India. It has been well established in India by the organisations having strong values for families. These are some of the the main areas of CSR:

- Tribal welfare
- Yuvaparivartan
- Shelter home for children
- Mother & child healthcare
- Community college program
- Early detection of cancer
- Healthcare centre in garbage dumping ground
- Rehabilitation of paraplegic patients
- Mid-day meal projects
- Mentally challenged children.

Some Csr Initiatives Of The Pharmaceutical Companies:

CSR in SUN PHARMA

Sun Pharma began in 1983 with just 5 products to treat psychiatry ailments. Sales wererolled out nationwide in 1985. Important products in Cardiology were later added; several ofthese introduced for the first time in India, and these brought patients the latest treatments at asensible cost, a belief we've always lived by.

Sun pharma has identified health, education, disaster relief and periodically, patient awarenessas areas of priority. Our emphasis is assistance on a need basis and preferably at a local level,working with a local body, NGO or existing organization.

One person's education can make a difference to an entire family. This organization continuesto support tribal education, at village schools called Ashram Pathshalas across several states. They often stepped in to support infrastructure in the village schools around our plants andoffices, helped Adarsh Kanyashala.

Another important activity was assistance at the primary and university levels, includingsupport to students of the MS University of Baroda. Last year, donated a 150-seater hostel forthe post graduate students of SSG Medical College, MS University. Amongst importantmedical support activities was the donation of machines and medicines to general hospital nearplants.

CSR in Glaxo SmithKline

GlaxoSmithKline Pharmaceuticals Ltd was established in India in 1924. Its prescriptionmedicines range across therapeutic areas, such as anti-infectives, dermatology, gynaecology, diabetes,cardiovascular disease and respiratory diseases. It has two research and development (R&D) units,which include Chemistry Research & Development and Pharmaceutical Research & Development. GSK primarily focused towards women, children and the aged and are directed in the areas ofHealth, Education and Livelihood. GlaxoSmithKline India, the activities towards communitydevelopment are taken care by Corporate Social Responsibility Cell attached to the CorporateCommunications Department. Since 1970, the Company has been implementing various socialactivities in the field apart from statutory ones. Mission is "To lend a

helping hand to the underserved in our society through the support of women, children and the aged in the areas of health and education." Provide money, medicines, time and equipment to non-profit organizations to help improve health and education in underserved communities. Focus on programs that are 'innovative, sustainable and bring real benefits to those most in need'. At GlaxoSmithKline India, the activities towards community development are taken care by Corporate Social Responsibility Cell attached to the Corporate Communications Department. Since 1970, the Company has been implementing various social activities in the field apart from statutory ones. The initiatives are being carried through the company's Corporate Social Responsibility cells situated at its Head Office in Mumbai.

CSR In CIPLA

Social responsibility has been at the core of Cipla, since inception. Cipla Foundation was registered in 2011 to take Cipla's socially focussed business legacy forward. It mirrors Cipla's relentless commitment to improve lives and aims to build access and affordability for the most vulnerable groups in society. Driven by the vision that 'None Shall be Denied', the Foundation supports communities around Cipla units and beyond through initiatives under the following themes: Health, Education, Skill Advancement, Disaster Response.

CSR in LUPIN

Lupin commenced in 1968. In 1980 Lupin commissioned a formulation plant and an R&D center at Aurangabad. In many of the places in India they started manufacturing units and R&D centers. As a socially responsible organization, Lupin strive to take care of the less privileged sections of our society. Lupin is committed to the challenging task of becoming a proactive partner in nation building through the Lupin Human Welfare & Research Foundation (LHWRF). The Foundation has been successful in making a big difference in the development of poverty-ridden villages, and especially in the life of the poorest of the poor and empowerment of large number. CSR staff of LHWRF is engaged fully & singularly for CSR activities. Initiating the program of Rural Development within a small number of 35 villages, LHWRF has now succeeded in revitalizing, revamping and recreating life in 2,200 villages in Rajasthan, Madhya Pradesh, Maharashtra and Uttarakhand States of India, which has led to LHWRF emerging as one of the largest NGOs in the country. Lupin Human Welfare & Research Foundation is an independent entity of Lupin implementing Lupin CSR activities all over India. This organization has been registered under Societies act/ trust acts and exempted under 35 AC and 80 G. LHWRF is also entitled to take foreign funding through its FCRA account. LHWRF has staff of 65 permanent employees along with the 700 project based employees.

CSR in Piramal Health Care

Piramal Healthcare is a globally integrated healthcare company since in 1988. Their aim is to fulfill unmet medical needs across the world, fuelled by the mission to reduce the burden of disease. At Piramal Healthcare, consider CSR not as an obligation but as an opportunity. Piramal Healthcare Ltd. is committed to meeting grassroot level challenges that our society faces and find long term and sustainable solutions. Health & Management Research Institute (HMRI) is a non-profit organization that works towards improving access and quality of healthcare services for all, especially the underserved rural populace. It is operational in Andhra Pradesh, Rajasthan, Assam and Maharashtra. Health Information Helpline (HIHL) is HMRI's solution to India's citizens' health information access problem. HIHL provides medically validated advice, counseling services, directory information, and a platform upon

which callers can lodge service complaints against public healthservice providers. Only 30% of Indians have access to modern medicine. While the national doctorpatientratio for India is 1:1700, in rural areas this is said to plummet to 1:25,000. 'PiramaleSwasthya' was created to explore ways to improve access to healthcare for rural population.Piramal Foundation for Education Leadership (PFEL) is setting up India's first and theworld's largest Education Leadership training academy. The academy will offer in-service and preserviceleadership training programs for school heads and education administrators of the governmentsystem. School heads (head teachers, head masters or principals) will be trained to turn around theirfailing schools through a 3 year part time in-service program with a combination of workshops and onsitecoaching. Education Leaders (at cluster, block, and district and state levels) will be trained tosubstantially improve the educational outcomes in their geography through a 2 year part-time inserviceleadership training program. PFEL currently works with 250 Schools in Jhunjhunu and Churudistricts of Rajasthan.

Conclusion

It has been figured out through the extensive literature review that the pharmaceutical companies are actively involved in social activities or responsibilities other than profit making. The companies are giving their hand to the society for aid in different areas for the upliftment of the society and sustainable development. The companies are also trying and are preparing the society people to generate employment. Some of the initiatives are being taken in collaboration with NGO's and also with the help of government. Although the companies are striving hard to benefit the society yet, much more is needed to be achieved.

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