



REACHING THE UNREACHED DISTRICTS
Institutionalization of
Corporate Social Responsibility in Odisha



We are happy to put in place an institutional mechanism for CSR activities in Odisha to facilitate convergence of CSR projects with the overall development goals of our State and to bring about rapid socio-economic prosperity for our People.

NAVEEN PATNAIK
Chief Minister, Odisha

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INTRODUCTION

Corporate Social Responsibility (CSR)

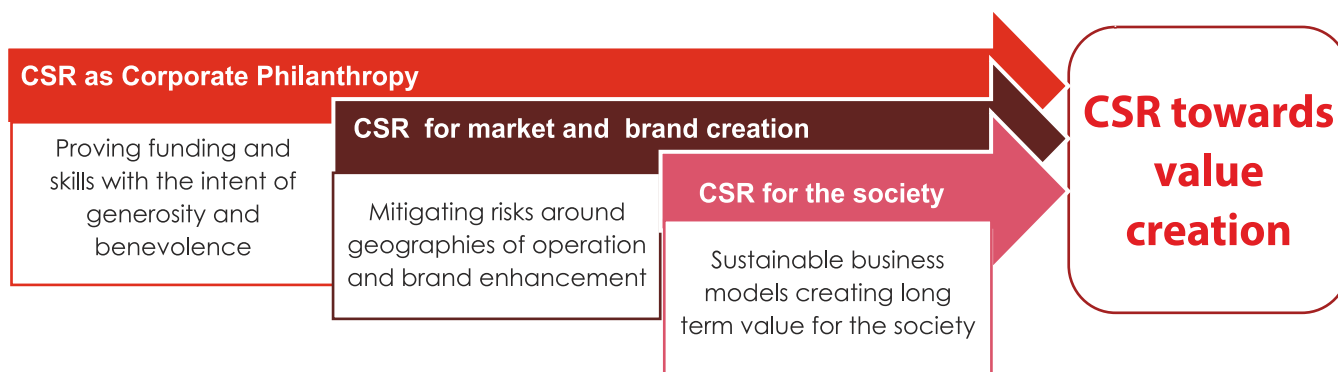
Corporate Social Responsibility is a continuing commitment by businesses to contribute to the economic development while improving the quality of life of the local community and the society at large.

CSR has traditionally been seen as a philanthropic activity. In the recent past, the CSR initiatives have been getting more strategic in nature. Today, most corporates tend to primarily plan and engage in CSR activities in vicinity of their geography of operations.

Given that industrialization takes place in pockets of clusters, such concentrated spending by the Corporates allows for limited CSR engagements in non-industrial regions.

This paper presents the status of CSR activities in Odisha, while exploring ideas of engaging with the Corporates to contribute towards economic development through CSR activities in 'unreached' geographies of the State.

The figure below shows how the motive and the purpose behind undertaking CSR initiatives has evolved over the years from 'Philanthropy' to 'Brand Creation' to 'Creating Value for the Society'.



Evolution of CSR concept - from philanthropy towards Value Creation

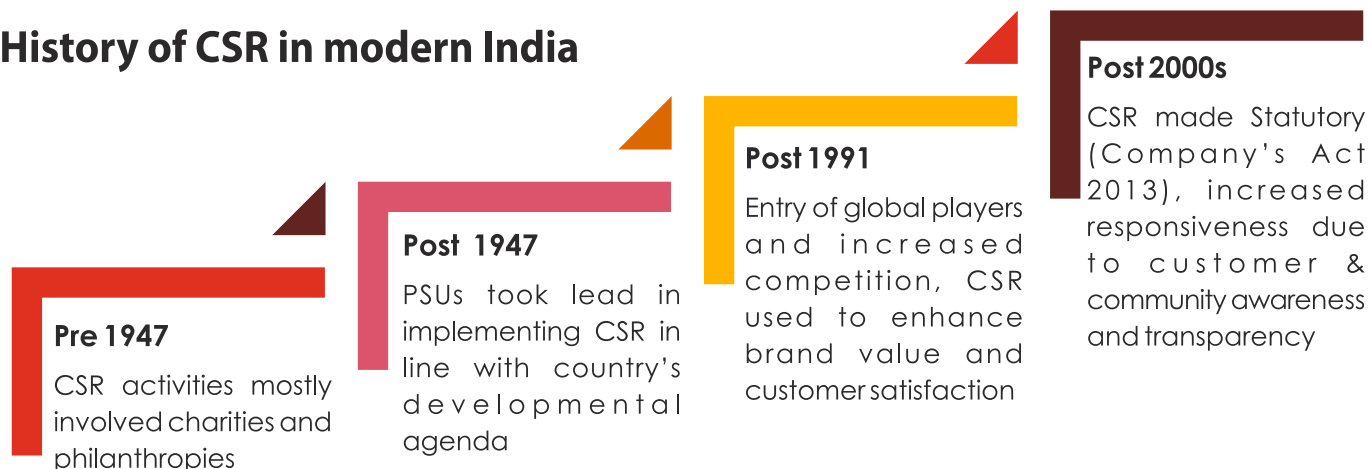
DID YOU KNOW ?

Since Pre-Independence times, pioneers of industrialization in India like Tata, Birla, Godrej, Bajaj, etc. have promoted CSR activities through initiatives like charitable foundations, educational and healthcare institutions and trusts for community development.



CSR INITIATIVES IN INDIA

History of CSR in modern India



- ◆ The above chart presents the history of CSR in modern India. Today, CSR activities in the country are governed by the Section 135 of the Companies Act, 2013, which encourages eligible companies to spend at least 2% of their average net profit in the previous three years on CSR activities.
- ◆ CSR provisions are applicable to all companies meeting any of the following requirements in any financial year :

**Turnover of
INR 1,000 crore and more**

**Net worth of
INR 500 crore and more**

**Net profit of
INR 5 crore and more**

- ◆ Since the statutory requirement for CSR was implemented in 2014, a study has found that INR 28,000 crore was spent on CSR in India between 2014-15 and 2016-17.* The total CSR spending by the top 500 companies in the country is likely to cross INR 50,000 crore by March 2019.** However, there is a significant geographic disparity in the quantum of CSR spend across the country.
- ◆ Between 2014-15 and 2016-17, developed district like Pune received the highest amount of CSR spending of about INR 444 crore. This was followed by other developed districts like Mumbai City (INR 414 crore), Bengaluru Rural district (INR 374 crore) and Ahmedabad (INR 357 crore). Whereas, the 101 identified backward districts of India ('Aspirational districts', as designated by NITI Aayog) received approximately INR 763 crore in CSR funds, which is only about 2.7% of total spending during the period.*

DID YOU KNOW ?

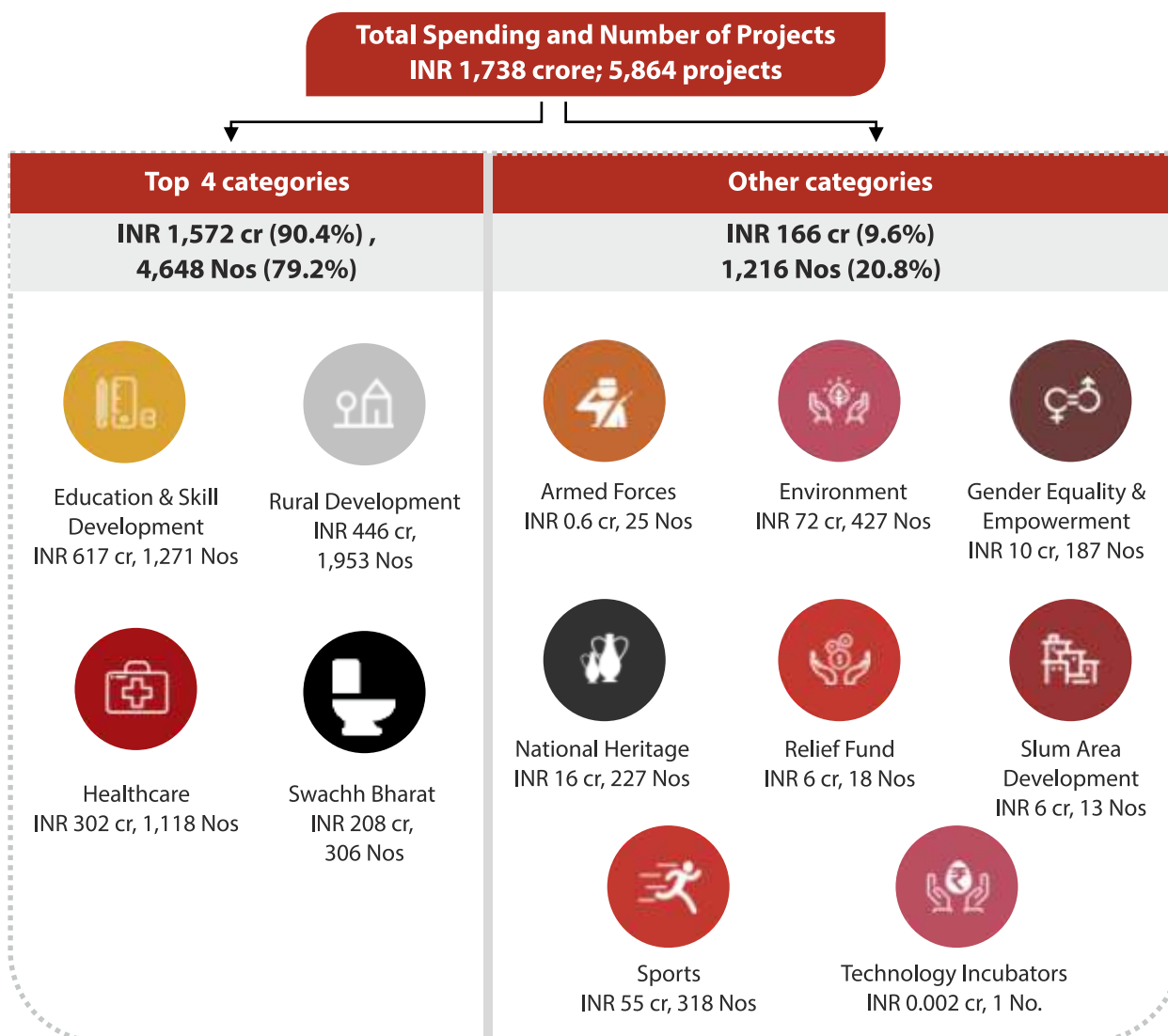
Countries like France, Indonesia, South Africa, etc. have legislations mandating reporting of CSR activities by Corporates. But, India became the first country in the world to mandate CSR initiatives through the amendment of Companies Act in 2013.

** Economic Times * IndiaCSR.in

CSR ACTIVITIES IN ODISHA - A SNAPSHOT

CSR spending and projects undertaken during FY 2014-18*

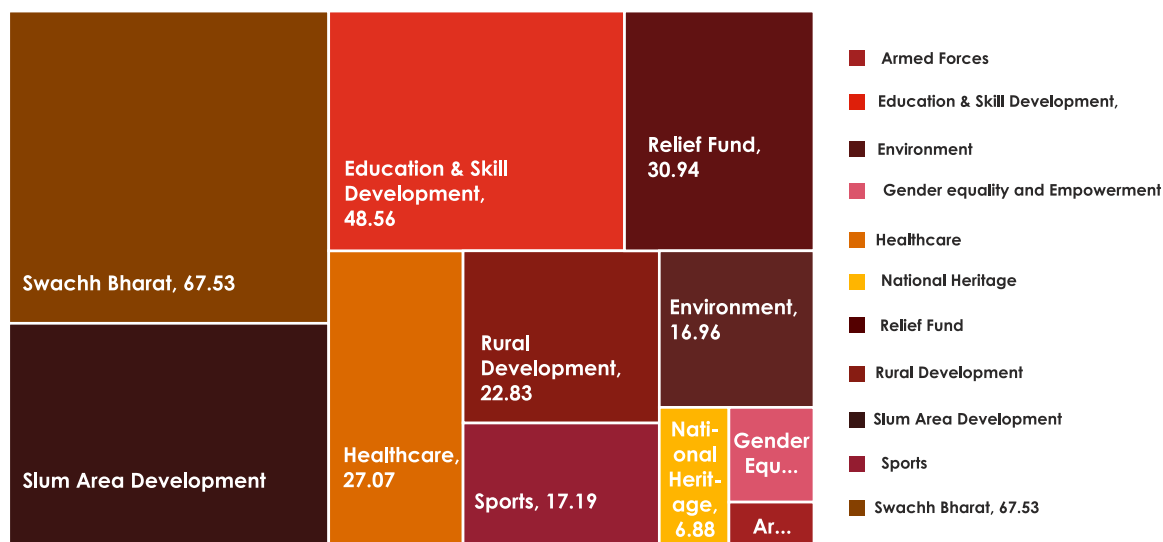
- During FY 2014-18, Odisha saw a total of 5,864 CSR projects (ongoing and completed projects) with a total spending of INR 1,738 crore, undertaken by various corporates in the State. On an average, the period saw CSR spending of about INR 434.5 crore per annum and an average of 1,466 CSR projects taken up annually in the State*.
- As seen below, during FY 2014-18, CSR spending in the State was primarily concentrated in 4 categories out of the 12 categories defined in the Companies Act 2013*. These projects, of different magnitude and scales, have been able to have positive impacts on the lives of beneficiary population.



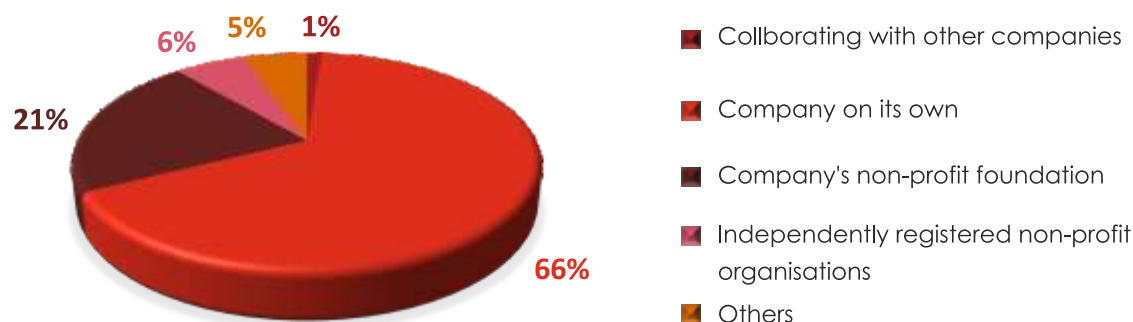
*Details as declared by the Corporates on the GOCARE portal, available on the link csr.odisha.gov.in; as till September 2018



- ◆ It is observed that categories such as Swachh Bharat, Slum Area Development and Education & Skill Development saw projects being implemented of relatively larger size with average project size being approx. INR 67.53 lakh, INR 49.89 lakh and INR 48.56 lakh respectively. The chart below presents the average project size of CSR projects taken up in the State across various categories.



- ◆ Almost 66% of the CSR projects were implemented by the companies on their own, while approx. 21% of the projects were implemented by their non-profit foundations. The chart below presents the implementation method used by the Corporates for undertaking CSR Projects in the State during FY 2014–18*.



- ◆ More than 200 Corporates have been contributing to the State's development through their respective CSR initiatives. The amount spent and the number of projects taken up by the top 3 spenders on CSR in Odisha during FY 2014-18 period* is shown below:

Mahanadi Coalfields Ltd
INR 662 cr , 1437 Projects

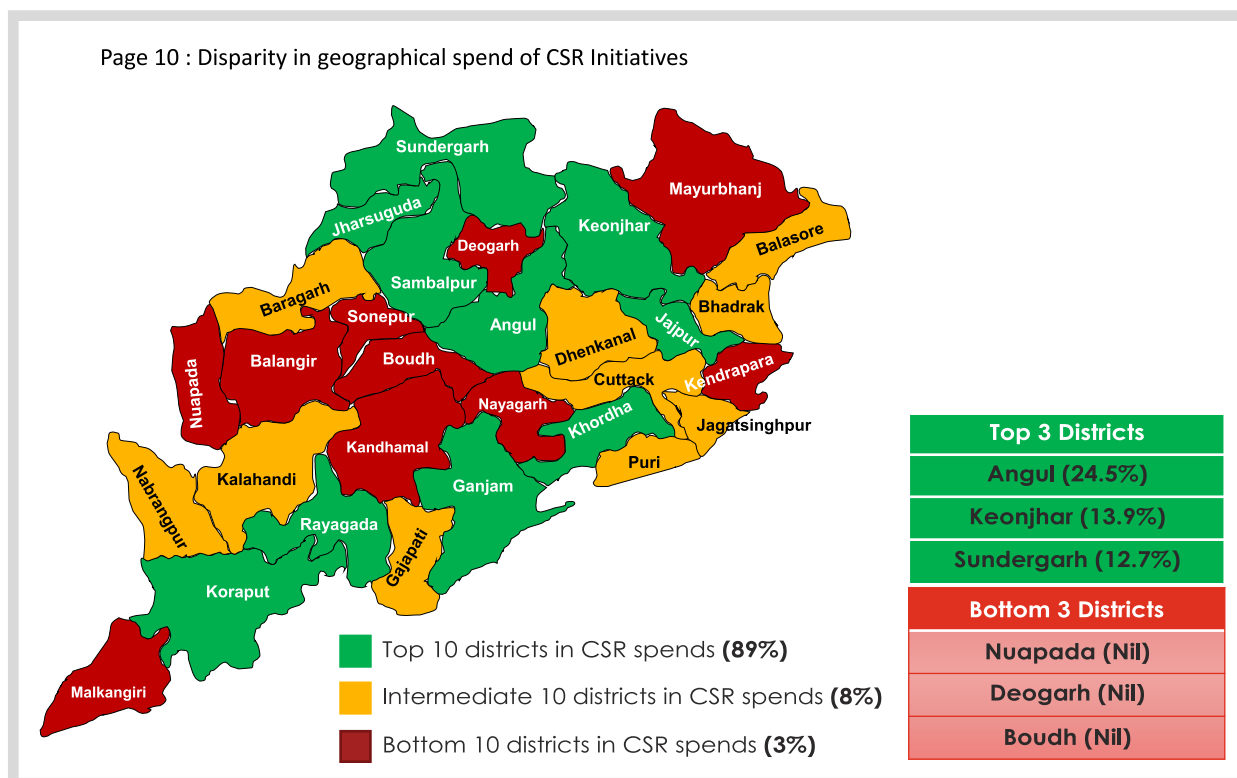
Tata Steel Ltd
INR 332 cr, 1028 Projects

NALCO
INR 88 cr, 94 Projects

*Details as declared by the Corporates on the GOCARE portal, available on the link csr.odisha.gov.in; as till September 2018

DISPARITY IN GEOGRAPHICAL SPREAD OF CSR INITIATIVES

- During FY 2014-18, about 89% of the CSR activities were limited to only 10 districts of the State. These are primarily the industrial or mineral bearing districts of Odisha. Angul saw the highest CSR spending followed by Keonjhar and Sundergarh, whereas Boudh, Nuapada and Deogarh received negligible CSR funds during FY 2014-18*.



- It is evident that there is a widespread disparity in the geographical spread of CSR spending, and the CSR activities are concentrated only in a few districts of Odisha. Given that traditionally there have been no direction to Corporates on where to spend and on which priority areas to concentrate, Corporates have spent as per their convenience or requirement or compulsion. CSR has been mostly undertaken by Corporates in regions in vicinity of their areas of operation. Gradually with institutionalization of CSR in the State, and with strategic deliberations and engagements on innovative ways to encourage Corporates to contribute in lesser represented districts, the disparity could be reduced.

DID YOU KNOW ?

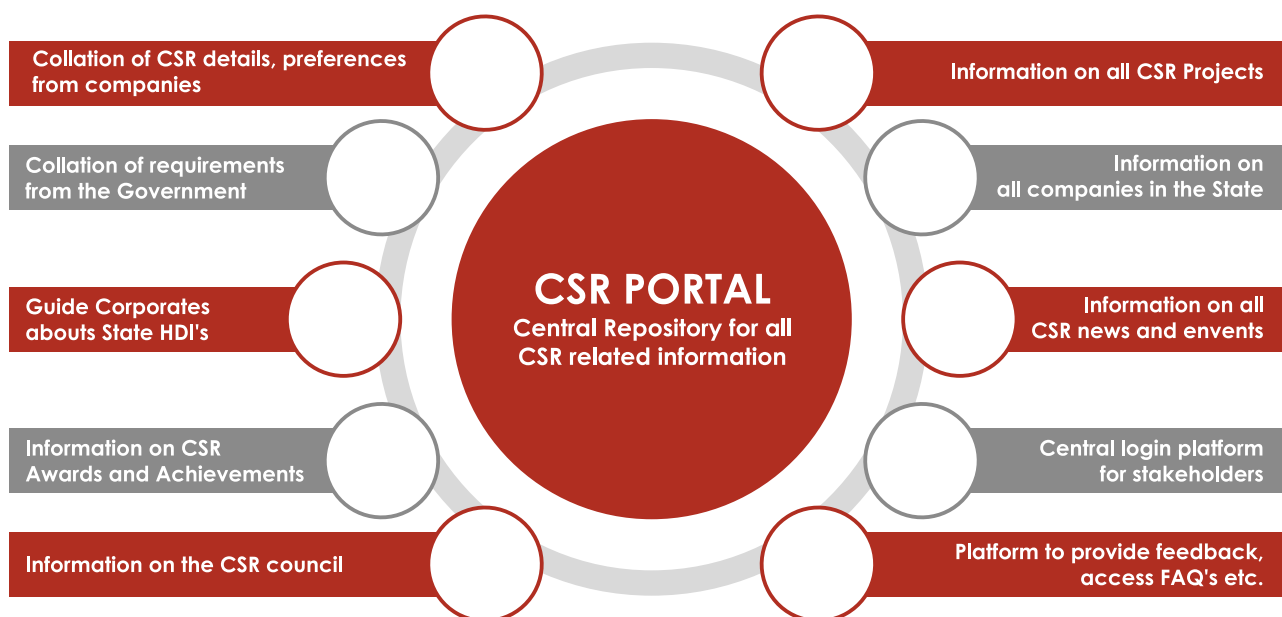
Boudh district is an important center of Buddhist heritage. Antiquities from early medieval period including a colossal 6ft 9in statue of the Buddha have been discovered in the district. There is enormous scope for the interested corporates to contribute towards preservation of such ancient Culture and Heritage in the district.

*Details as declared by the Corporates on the GO CARE portal, available on the link csr.odisha.gov.in; as till September 2018



INSTITUTIONALIZATION OF CSR IN ODISHA

- ◆ In order to institutionalize the CSR activities undertaken by the Corporates in Odisha, a CSR Council has been constituted under the chairmanship of the Chief Secretary, Government of Odisha. One of the key functions of the Council is to recommend projects shared by district administration and departments for the Corporates to consider while planning for their CSR initiatives in the State. Guidelines regarding proposing of projects is provided to the Departments and Districts by the Council. Projects in priority sectors and regions, and with considerable impact on the lives of the people are prioritized and recommended by the Council.
- ◆ The State has developed a first-of-its-kind interactive portal Government of Odisha – CSR Administration and Responsive Engagement (GO CARE), which is a one-stop interface for all CSR related activities in the State. The GO CARE portal can be accessed at <http://csr.odisha.gov.in> The following figure highlights key features of the GO CARE Portal:



- ◆ With the institutionalization of CSR, the State aims to reduce the disparity in CSR spending across districts and assist the corporates to align their CSR activities with the developmental priorities of the State.

DID YOU KNOW ?

More than 1,113 Nos. of projects (with project cost of approx. INR 931 crore), proposed by the Government departments and the District Collectors, have been recommended by the CSR Council for consideration of the Corporates. 414 Nos. of these projects (in areas such as Rural Development - 264 Nos., Education & Skill Development - 57 Nos., Healthcare 48 Nos., etc.) are proposed in the bottom 10 districts in terms of their CSR spending. The details of these projects are available on the GO CARE Portal.

REACHING THE 'UNREACHED' DISTRICTS

- ◆ During FY 2014-18, 20 districts of the State received only approx. 11% of the CSR spending. The top 3 districts received more than 50% of the CSR funds, while several districts received less than 1%, or no funds*.

Top 10 districts which received 89% of CSR funding

Angul, Ganjam, Jajpur, Jharsuguda, Keonjhar, Khordha, Koraput, Rayagada, Sambalpur, Sundargarh

Rest 20 districts which received only 11% of CSR funding

Balangir, Balasore, Bargarh, Bhadrak, Boudh, Cuttack, Deogarh, Dhenkanal, Gajapati, Jagatsinghpur, Kalahandi, Kandhamal, Kendrapada, Malkangiri, Mayurbhanj, Nawarangpur, Nayagarh, Nuapada, Puri, Sonepur

- ◆ It is evident that most corporates prefer spending in or in the vicinity of the districts where they operate. To ensure greater geographical spread of CSR spending across Odisha in line with developmental agenda of the State, interventions are required to identify ways in which Corporates could be motivated to take up CSR projects in districts beyond the vicinity of their industrial projects.
- ◆ 3 key areas of intervention that could be considered towards taking CSR initiatives of the Corporates to the unreachable districts of Odisha are given below. A coordinated and planned approach using these and other similar interventions could result in relatively better implementation of CSR initiatives in the unreachable districts of the State.



A. Vision, Policies and Modalities

B. Partnerships Building and Stakeholders Involvement



C. Awareness Generation and Knowledge Management

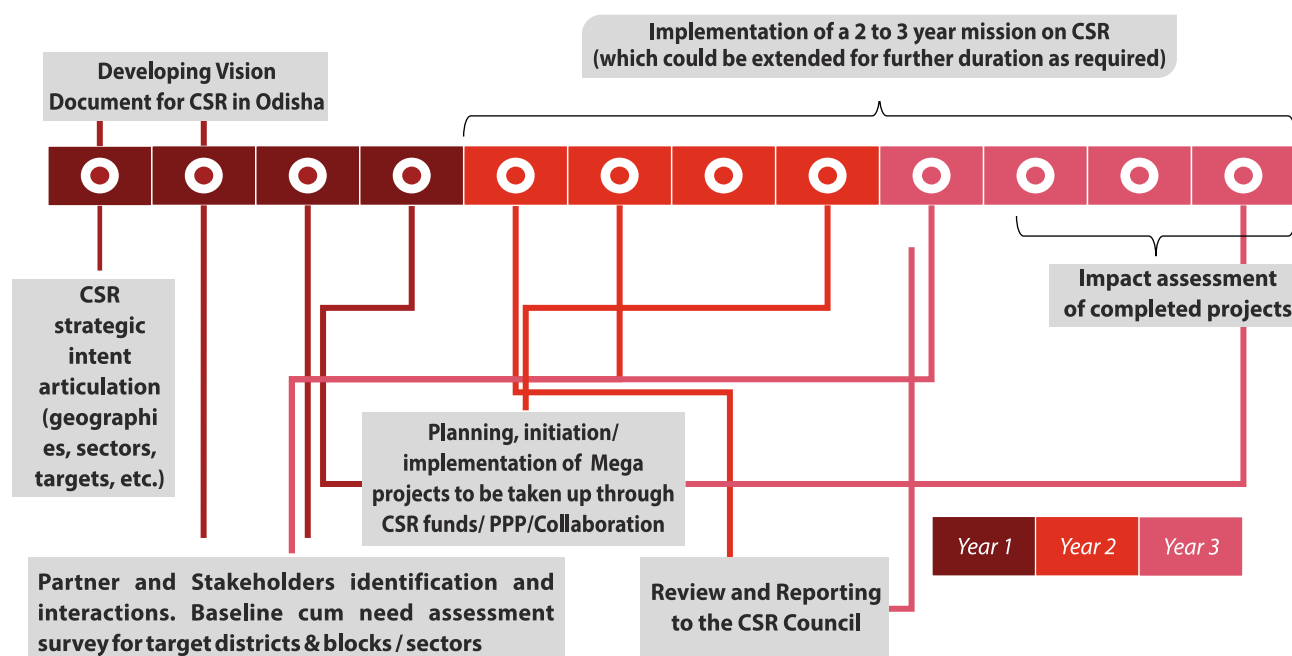
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A. VISION, POLICIES AND MODALITIES

- ◆ To bring in an integrated approach, a CSR 'Vision' and 'Mission' could be promulgated for the State. A timeline for the development of the same is elaborated in the figure below. This Vision and Mission could target the following:
 1. Identifying specific geographies for CSR implementation ('unreached' geographies at the district and block level), and mapping the development / sectoral needs of these geographies
 2. 'Allocating' identified districts and sectors to the Corporates post consultations
 3. Planning and initiating/implementing projects which could dovetail the government's developmental efforts in these regions.
 4. Assessing impacts against baseline

CSR Vision and Mission for Odisha under the CSR Council



- ◆ 'Corporate spending of CSR' in unreached districts could also be encouraged by a Government advisory or policy. For example, Corporates operating in the State could be encouraged to consider to apportion, say 10% of total CSR spending, in identified 'unreached' districts of the State.
- ◆ Modalities for efficient project identification and implementation could be developed. Corporates could be encouraged to select priority projects and work in collaboration for larger projects, which could be high impact proposals based on State's developmental goals for execution in the identified districts. For example, each of the unreached districts could be allocated to a group of Corporates, after due consultation, to converge part of their CSR efforts in these districts. This could be strategized as part of the State's Vision and Mission on CSR.

B. PARTNERSHIPS BUILDING AND STAKEHOLDERS INVOLVEMENT

- ◆ For CSR initiatives to 'Reach the unreached districts', strategic partnerships could be forged with the Corporates, Multilaterals, NGOs, etc. who are working on CSR initiatives in the State. A forum could be formed where key stakeholders may assist in reviewing CSR activities and providing feedback, bringing in transparency and synergy in the CSR activities undertaken by the Corporates in the State. 4 types of partners and stakeholders could be identified and engaged with by the State Government, with the following roles:



Policy Partners

Government Departments, Multilaterals, etc. with cross-cutting policy insights

Corporate Partners

Corporates implementing CSR or contributing to CSR funds in the State and Industry associations



Knowledge Partners

Research/Knowledge management firms who could assist in development of best practices and drafting CSR impact reports

Outreach Partners

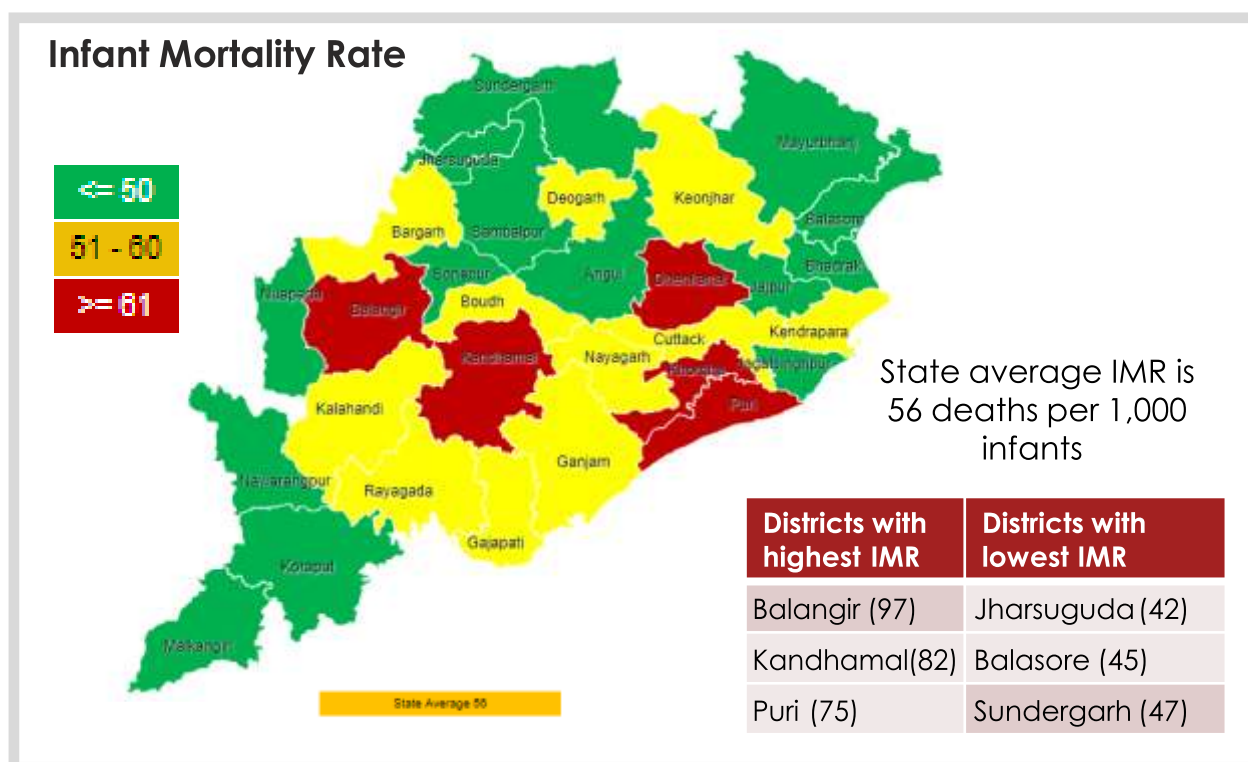
PR agencies, Media, etc. who could provide outreach and advocacy support through various platforms



- ◆ Innovative and mega projects in CSR could be planned which could extend beyond regular schemes and programs being implemented by the Government. Projects such as multispecialty hospitals, cultural centers, skill institutes, smart classrooms, etc. could be developed as multi-stakeholder collaborations in the 'unreached' districts. Continuous Stakeholder Consultation is an important aspect towards high impact project identification.
- ◆ For example, a project recommended by the CSR Council in Malkangiri district – an Innovative Development Resource Centre for promoting Sports in the District could be implemented as a Sports for Development (S4D) initiative. This could be developed in collaboration with multilaterals such as UNICEF (who have initiated several S4D programs world wide) with CSR support from Corporates who have been engaged in similar sports development initiatives in various parts of the country. Knowledge Partners could assist in structuring the initiative, engaging the stakeholders, measuring baseline and undertaking impact assessment. Outreach partners could support in promotion and dissemination of information on the benefits of the initiative. Similar structure could be replicated for multiple large projects across different districts in a programme mode.

C. AWARENESS GENERATION AND KNOWLEDGE MANAGEMENT

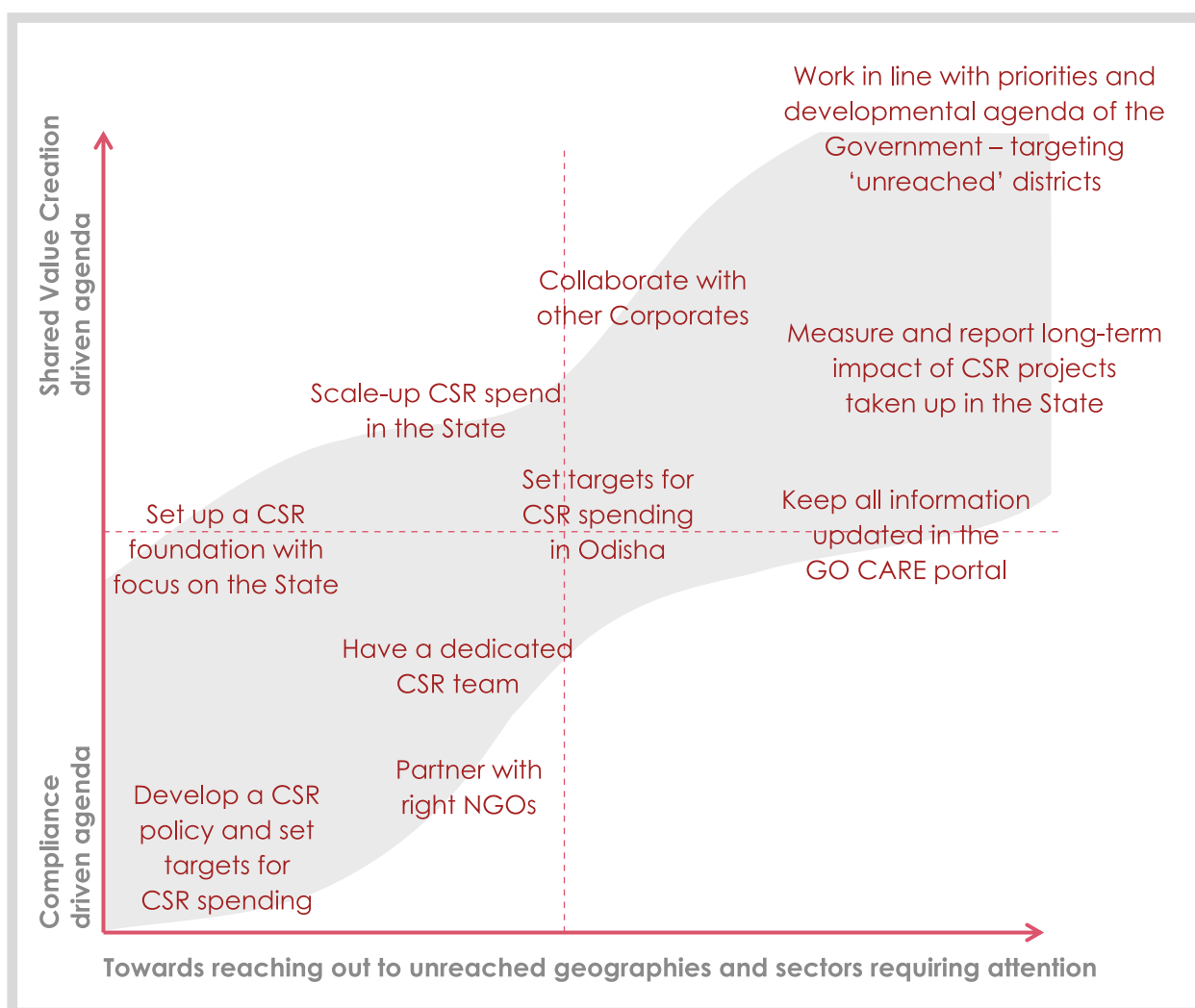
- ◆ One of the key factors towards ensuring "Reaching the 'unreached' districts" is awareness generation for the stakeholders to understand information on the trends of CSR spending in the State, various social indicators across districts, available projects that could be taken up, etc.
- ◆ GO CARE Portal, the information and knowledge management platform of the Government of Odisha, aids the Corporates in taking informed decision in selecting areas for respective CSR intervention. For example, district-wise details about Infant Mortality Rate has been provided on the portal, as shown in the map below. Corporates could refer a number of such indicators provided in the portal, and accordingly plan their CSR initiatives, dovetailing their efforts with the schemes and programs being implemented by the State Government to ensure maximum impact.



- ◆ Corporates which are contributing through CSR, in the less 'reached' districts of Odisha, could be encouraged through recognition and awards for their commitment towards such cause. Also, Case Studies & Best Practices of such interventions could be highlighted for other corporates to replicate. An annual report could be published by the Government, highlighting such projects taken up in 'unreached' districts of the State and publicized in various relevant platforms.
- ◆ Awareness generation Campaigns and Workshops could be taken up with participation of all concerned stakeholders, to ensure information dissemination and knowledge sharing right upto the level of project implementation teams operating on ground.

RESPONSIBILITIES OF THE CORPORATE

- ◆ Areas like Rural Development, Education & Skill Development, Healthcare, etc. are a few of the priority areas of development for the State. The Corporates, in consultation with the Government of Odisha, could plan to take up projects in such areas, and with focus on the unreached and underperforming geographies of Odisha.
- ◆ The chart below shows the major factors which could enable a corporate in contributing with greater value creation, along with reaching out to the 'unreached' districts and sectors requiring greater attention in the State.



- ◆ With the Corporates working in a planned and coordinated approach with the State Government, CSR activities would be able to reach the 'unreached' districts' and make positive impact to the lives of the people in these geographies.



SELECT CSR PROJECTS BY CORPORATES IN LESSER REACHED DISTRICTS OF ODISHA*

Adult Education Centers by ACC Ltd

- ◆ In 2016, ACC Trust started 11 Adult Education Centers at Dungri Gram Panchayat, Baragarh District with support from Mahashakti Foundation under its CSR Project namely "Sustainable Community Development Project".
- ◆ In this Adult Education programme, around 350 women SHGs and Non SHGs members were mobilized and educated.



IMPACT:

Adult beneficiaries, who were illiterates, have learnt to read, write and do basic calculations. This has helped them by aiding in better management of their day to day businesses.

Farm based livelihood promotion by Axis Bank

- ◆ Axis Bank Foundation has partnered with Harsha Trust since 2012. The project is operational in 4 districts including Kalahandi and Nabrangpur.
- ◆ The project focuses on promoting farm based cultivation and commercial broiler poultry farming to ensure food sufficiency. Members of three Self Help Groups (SHGs) namely Radhakrishna, Tarini and Buddha located in Kalahandi district were engaged in farm based livelihood promotion.

IMPACT:

Agricultural productivity has improved from 2 to 10 quintal per acre by introducing modern technologies, resulting in decrease in out-migration of people from the region. The project has reached out to over 57,000 households to bring livelihood security, enhanced annual incomes and ensure round the year food sufficiency.

**Details as declared by the Corporates on the GO CARE portal, available on the link csr.odisha.gov.in; as till September 2018*



For more information, please visit csr.odisha.gov.in

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