

CSR Initiatives of Nestle India Limited and Britannia Industries Limited in India: A Comparative Study

¹Chaudhary Saket Kumar

Research Scholar, School of Commerce
Devi Ahilya Vishwavidyalaya, Indore

²Dr Ravi Vyas

Associate Professor, Department of Commerce
St. Paul Institute of Professional Studies (Affiliated to Devi Ahilya Vishwavidyalaya)

Abstract: India has become the first country in the world to make Corporate Social Responsibility (CSR) compulsory for companies. India made it mandatory to spend some portion of the profit on society by making mandated CSR activities through Companies Act, 2013. It had become an indispensable step after the global economic crisis of 2008. Actually, business operates in society and therefore these two units cannot be separated. Business operates on the resources available in society. India has always seen CSR as philanthropic activities. Various types of daan, dakshina and seva have been in operation in India from centuries for helping underprivileged. Now-a-days responsibility has become a vital issue for corporate houses globally. CSR has become a crucial platform on which a strong relationship develops between business and society. Companies in India are working towards rural development and for environmental contribution. This paper tries to explore the various CSR initiatives undertaken by Nestle and Britannia in India. The paper also attempts to analyze the funding made by both companies in different CSR projects. The study used secondary data collected from annual reports of both companies. Both companies have undertaken various CSR activities for contributing to the sustainable development of society so that value-creating activities could occur between business and society. In fact, CSR has become a new global business language where economy and society complement each other. This paper is an effort to compare CSR projects of Nestle and Britannia industry in India.

Keywords: Corporate Social Responsibility, CSR Activities, Philanthropic Activities, Rural Development, Environmental Contribution, Annual Reports, Sustainable Development, CSR projects.

Introduction: Corporate social responsibility is an activity through which companies address the social issues by undertaking various initiatives for contributing towards environment and community development. It helps to maintain a strong relationship among various stakeholders in business. It is an attempt of the companies to make a positive impact on the community. CSR is a commitment by the company to society. It is essential for the sustainable development of companies as well as society. It is an integral part of the company for wealth creation because more contribution to the society would lead to more wealth creation for the company. It is a concept in which a company agrees to share a part of profit with the community for its betterment. CSR in India has been a voluntary concept till 2013. The Companies Act 2013 now makes CSR expenditure mandatory for certain categories of the company. CSR is an instrument for the company to achieve societal goals. The main objective of business activity is to encourage suitable market functioning and promotion of community welfare. CSR helps companies to improve trust and build stronger relationships with society. CSR is not about forcing the corporate to make spending on society but it is about establishing a social norm which helps the companies to become more transparent and useful in serving community interests. CSR is a broad term that covers all those activities by business which are performed for fulfilling societal expectations.

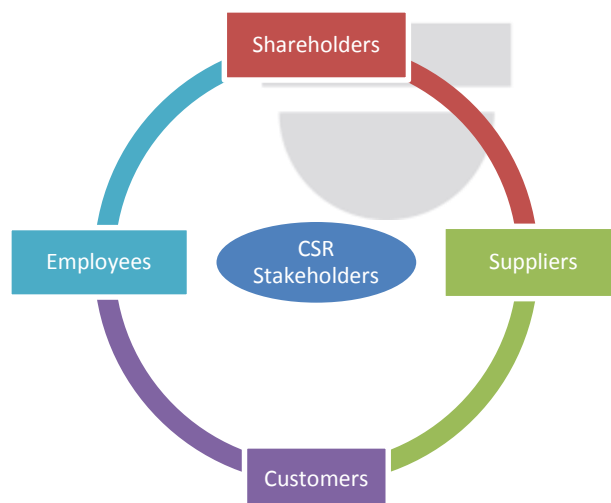


Diagram-1.1 (Source- intechopen.com/chapters/58883)

Various stakeholders in CSR are shareholders, employees, suppliers and customers. Companies have to manage and fulfill the expectations of these stakeholders for achieving success in their businesses. Economic value can be enhanced by focusing on market as well as societal activities. Society has power to alter their choice if particular company ignores its interests. Value creation process by a company can be increased with help of various stakeholders. Customer is king of market. There must be stronger relationship between customers and companies. It will help in survival of company in long term. Companies need to engage all stakeholders while making decisions regarding CSR projects to obtain maximum benefits. Firms require to take into account the needs and expectations of various stakeholders for continued survival and profitability. A proactive strategy is expected from firms to enhance its value creation through various CSR initiatives. Companies must hold intensive dialogue with all stakeholders to arrive at proper decisions regarding CSR projects. CSR is an effective device to attract attention of investors, consumers, and regulators.

Growth of FMCG sector in India: FMCG is a fourth largest sector in India. Market size has tripled in last one decade. FMCG includes households and personal care, health care, foods and beverages. Food & Beverages have share of about 19% of the FMCG sector and includes cereals, health beverages, dairy products, bakery products, chocolates, soft drinks, tea, coffee, ice-cream processed vegetables and fruits etc. Health care segment have share of 31% of the FMCG sector and includes Over-The-Counter (OTC) drugs, vitamins and dietary supplements, feminine care etc. Household and personal care have share of 50% of the sector and includes skin care, oral care, hair care, fabric wash, cosmetics, perfumes, paper products and domestic cleaners.

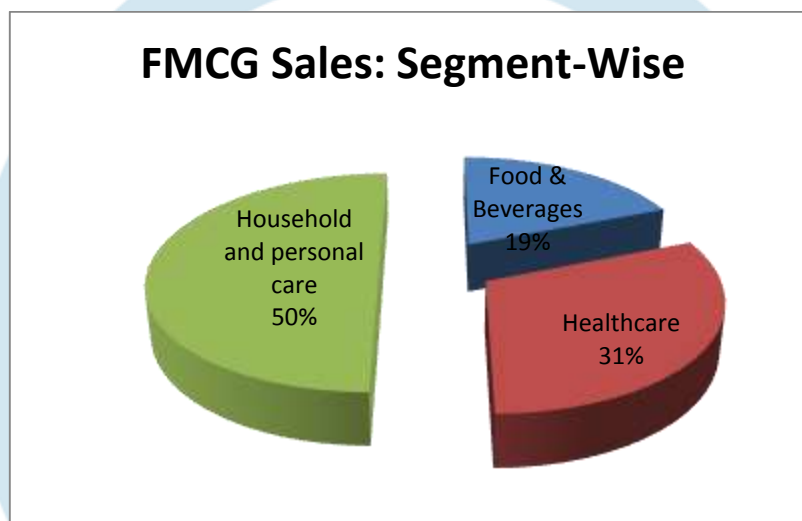


Diagram-1.2 (Source-ibef.org)

Online sales of FMCG products are increasing at higher rate, still sales through traditional channels are dominating. Prior to 1991 Indian customers were not able to purchase western apparels as well as foods. However post 1991, globalization emerged and foreign FMCG companies were allowed to enter India and operate their services. Local customers started to purchase the foods and clothes from their stores. Thereafter FMCG sector saw an accelerated growth and stiff competition from foreign stores. CSR initiatives have been taken by all the companies under FMCG sector. These companies are doing different types CSR activities for development of various sectors. Many projects and programs have been initiated by these companies. This paper aims at identifying and comparing various CSR initiatives taken by Nestle India limited & Britannia Industries Limited.

Review of Literature: Various studies have been conducted in area of CSR expenditure policies and practices as well as its important contribution towards society. Few of relevant literatures have been taken during our study:

Verma, A. & Kumar C. V. (2014) studied to analyze the CSR spending made by Indian companies towards society during the time of voluntary spending of CSR. The analysis shows that CSR expenditure was very low. They found that spending for environment was not on priority list of the firms. During the study, they opined that it was necessary step to introduce the mandatory CSR in India so that companies become more responsible towards community.

Rai, S., & Bansal, S. (2015) explained the factors that determine the CSR expenditures in India. They found that types of industry and environmental factors decide the CSR expenditures in India. Peer Pressure and ownership were insignificant factors for CSR expenditure.

In their study **Mukherjee, A. & Bird, R. (2016)** investigated drivers as well as barriers of CSR expenditure in India. They also studied on attitude of companies regarding CSR initiatives and impact of making CSR expenditures mandatory. They found that CSR expenditures differ from company to company based on size, age and type of ownership. Many small sized firms reduced their spending on CSR for whom CSR spending was not mandatory.

Bhattacharyya, A., & Rahman, M. L. (2019) conducted their study on "Mandatory CSR expenditure and firm performance". They found that there is positive impact of CSR expenditure on the company performance irrespective of level of actual CSR spending relative to mandatory CSR spending.

Garg, A., & Gupta, P. K. (2020) studied firm performance of both public as well as private sector firms after mandatory CSR legislation in India. During the study, they found that there is lower firm performance of public sector firms that have complied with mandatory CSR spending. Those private sector firms that have complied with mandatory CSR criterion do not differ in their firm performance in relation to those firms that have not complied.

Objectives of the Study:

1. To identify various CSR initiatives by Nestle India limited and Britannia Industries limited
2. To compare CSR activities of Nestle India limited and Britannia Industries limited.

Limitations of the study: Every research has its limitations. Likewise this study has also some limitations. Study has been done using data of only five years from 2016-17 to 2020-21. Only two selected FMCG companies (Nestle India Limited & Britannia Industries Limited) have been used in the study. Data used in this study is based on annual reports of the companies and some government websites.

Research Methodology: The present study is descriptive in nature and is based on auxiliary data. Data has been collected from various sources. Main source of data was annual reports of the Nestle India Limited and Britannia Industries limited. Other sources were government website, magazine articles and various trusted and reputed media reports. Government website name include **National CSR Data Portal**. Five years of data from 2016 to 2021 has been taken in this study. Statistical graphs have been used for analysis of the data in the study.

CSR initiatives by FMCG sectors: FMCG companies in India are doing a lot of CSR activities in field of education, health, environment, girl child care, women empowerment, rural development etc. FMCG sector is directly related with consumers who are an important stakeholder of CSR. This sector has increased socially and ethically responsible activities and social movements in marketing campaigns. The sector can provide social justice only when the companies under FMCG sector will work in collaboration with social activists and other key players in society. Companies are trying to produce environmental friendly and ethical products to influence consumers. Stakeholders of society are looking forward for a greater and deeper transformation in CSR efforts by companies. Companies are trying to address social problems but at slow pace. CSR initiatives by companies must be accelerated so that real transformation could be seen and felt by community.

Nestle India Limited: Nestle India is a leader in nutrition and health market. It supplies food products of global standard and leader and working towards sustainable development and achieving satisfaction for shareholders. It is operating in India since a century and has been working for betterment of society and its welfare. It has been operating with eight manufacturing units along with four branch offices across India. Nestle has been taking various initiatives to support farmers with various techniques to decrease water usage in agriculture, increasing awareness for water conservation and making availability of safe drinking water. Thus, company focus on three areas for value creation. These areas are nutrition, water and sanitation and rural development. The company follows government's intent prescribed in schedule seventh to Companies Act, 2013. Company mainly focuses on community surrounding its operational areas for doing CSR expenditure. The company executes CSR activities with the help of the company workforce and by making partnerships with other NGOs and government agencies. It has shown its responsibility since its foundation, participated in various value creation activities for improving the standard of life for the people of surroundings where it operates.



Diagram-1.3 (Sourc-nestle.in)

Nestle India is running various projects for sustainable growth and development of community. Some projects are as follows:

Table 1.1 Major CSR Projects Run by Nestle India Limited

CSR Projects	Aims of the projects
Jagriti	<ul style="list-style-type: none"> • Nestle healthy kids programme • To decrease malnutrition amongst kids, youngsters, pregnant women and lactating mothers
Serve Safe Food	<ul style="list-style-type: none"> • To train street food vendors about maintaining food hygiene • To help learning sustainable food storing techniques • To teach for food handling tips

Vridhhi	<ul style="list-style-type: none"> To impart training for waste disposal management and entrepreneurial skills Rural Development Programme Improving the quality of drinking water Promoting sustainable farming and irrigation methods Combating gender inequality by promotion of a healthy learning environment in rural schools Teaching the importance of proper sanitation practices e.g. using toilets, menstrual hygiene etc.
HILLDAARI	<ul style="list-style-type: none"> Management of plastic waste as well as awareness drive To support cleaner and sustainable hill towns especially the ones which receive high number of tourists (places like Mussoorie, Nainital etc).

Source-(nestle.in)

Britannia Industries limited: Britannia Industries Limited is one of the most popular brand in food and beverage segment in India. The company has a rich legacy of over 100years. It started its business 1892 with initial capital of ₹ 295 in Kolkata. Now it has achieved a status of one of the oldest companies having annual revenue of more than ₹ 11,000 crores. The company has 13 factories and 4 franchisees. The company is working in various areas for CSR activities which have been depicted in following diagram:

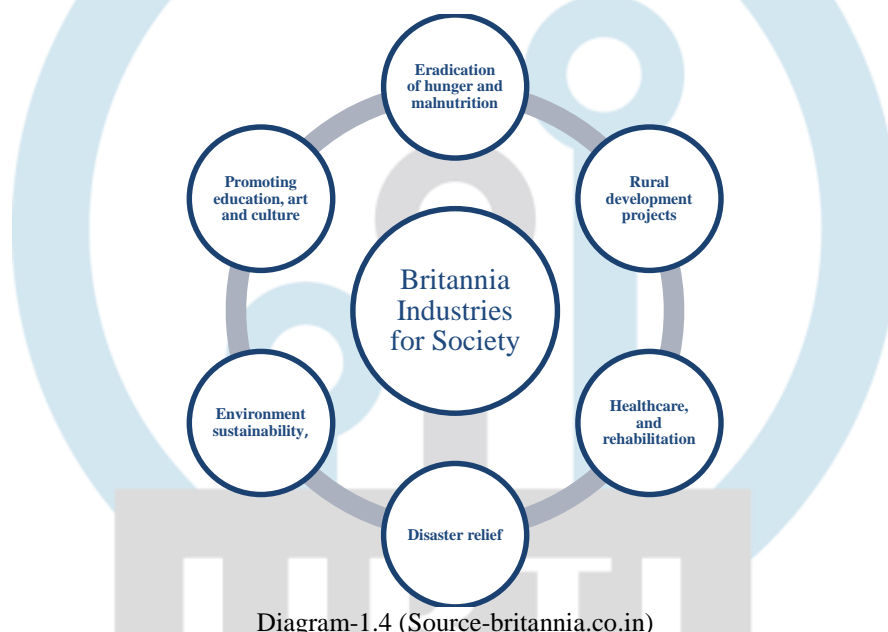


Diagram-1.4 (Source-britannia.co.in)

The company is working to transform lives of underprivileged community. It has spent major amount of CSR funds in health care during covid period and in promoting growth and development of children through various NGOs and expert agencies. The company is making efforts to reduce, recycle and recover the plastic material used for various purpose. The research department is trying hard to discover the techniques to diminish the use of plastic in manufacturing as well as distribution process. Britannia Industries is running various programmes to reduce undernutrition and malnutrition. The Company is taking up various CSR initiatives which have been listed in following table:

Table 1.2 Major CSR Projects Run by Britannia Industries Limited

CSR Projects	Aims of the projects
Britannia Nutrition Foundation	<ul style="list-style-type: none"> Nearly a decade old and objective to deliver every Child’s Right to Nutrition and Growth
Sir Ness Wadia Foundation	<ul style="list-style-type: none"> More than five decades old with aim to improve the quality of life with better nutrition, education and rehabilitation for underprivileged section of the society.
Nowrosjee Wadia Maternity Hospital	<ul style="list-style-type: none"> To give economical healthcare facility to women across all sections of community
Bai Jerbai Wadia Hospital for Children	<ul style="list-style-type: none"> To provide affordable treatment for all underprivileged women and children in Mumbai To conduct medical camps regularly in the tribal communities.

(Source- britannia.co.in)

Nestle India limited & Britannia Industries Limited- Both companies have been working for helping to underprivileged sections of the community. These companies have invested a large portion of CSR funds in health care sector. They have worked hard to reduce malnutrition in children. They have been working for upliftment of underprivileged section of society.

Table 1.3 CSR Expenditures by Nestle India Ltd. & Britannia Industries Ltd.
(From 2016-17 to 2020-21)

Years	Nestle India Ltd. (₹ in Crores)	Britannia Industries Ltd. (₹ in Crores)
2016-17	26.91	15.8
2017-18	27.37	22.14
2018-19	38.31	24.73
2019-20	46.42	28.43
2020-21	52.77(Estimated)	32.44
Development Sector(s) Identified	Health care, Safe drinking water, Sanitation, Conservation of natural resources, Rural development projects	Health Care Only

Source: csrbox.org

CSR expenditures made by Nestle India and Britannia Industries have been shown in following graph

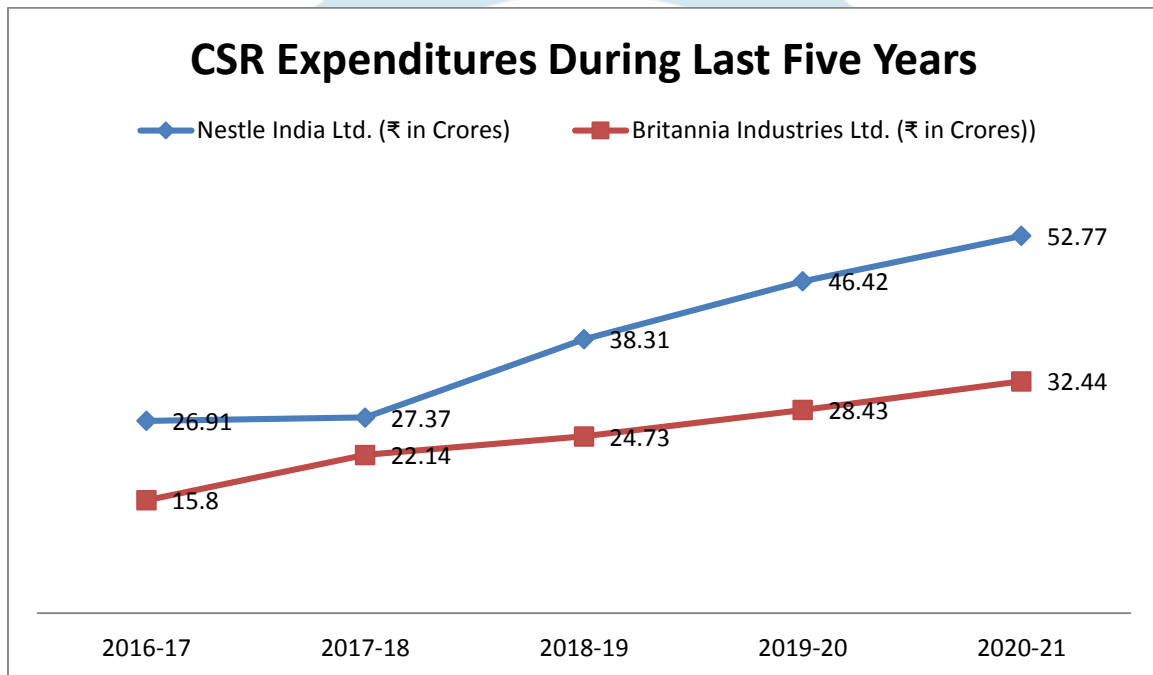


Diagram-1.5 (Prepared by authors with reference to table number 1.3)

Both the companies are showing upward trend (see diagram 1.5) in CSR funds spending. CSR expenditures of these companies are increasing each years. Profits are increasing due high demand of products of FMCG sector. CSR initiatives taken by these company were going on even during the period affected by covid-19.

Findings:

1. Both companies have been doing CSR activities for well-being of communities.
2. Nestle India has been spending on diversified areas such as health, sanitation, conservation of natural resources, rural development etc.
3. Britannia Industries have concentrated on health care only for its CSR activities.
4. Nestle India has spent more on CSR activities compared to Britannia Industries.
5. CSR spending of both companies are showing upward trend and expected to increase in coming years.

Conclusion & Suggestions: Nestle India & Britannia Industries have been performing CSR activities seriously with honesty and integrity. They are taking dedicated interest in corporate social responsibility. These companies are performing a significant role in fulfilling societal expectations in the country. Both companies are making great effort for upliftment of disadvantaged sections of society. These companies are running various projects and programs for benefits of Indian society. They are working on making Indian communities happier and healthier. Britannia has spent CSR fund on health care. The company should extend its CSR activity in area of education as well. Nestle has started several projects in education, health and sanitation. These companies need to review its all CSR activities at regular interval so that these projects are completed within the time. It is necessary to analyze output of CSR expenditures on various activities so as to achieve objectives of community welfare.

References:

Verma, A., & Kumar, C. V. (2014). An analysis of CSR expenditure by Indian companies. Indian Journal of Corporate Governance, 7(2), 82-94.

- Rai, S., & Bansal, S. (2015). Factors explaining corporate social responsibility expenditure in India. *Review of Market Integration*, 7(1), 37-61.
- Mukherjee, A., & Bird, R. (2016). Analysis of mandatory CSR expenditure in India: a survey. *International Journal of Corporate Governance*, 7(1), 32-59.
- Bhattacharyya, A., & Rahman, M. L. (2019). Mandatory CSR expenditure and firm performance. *Journal of Contemporary Accounting & Economics*, 15(3), 100163.
- Garg, A., & Gupta, P. K. (2020). Mandatory CSR expenditure and firm performance: Evidence from India. *South Asian Journal of Business Studies*.
- Raj D. 2021 July 21. Corporate social responsibility initiatives of Nestle. [.ipleaders.https://blog.ipleaders.in/corporate-social-responsibility-initiatives-nestle/](https://blog.ipleaders.in/corporate-social-responsibility-initiatives-nestle/)
- Fernandes K. February 9, 2021. Britannia CSR Report Shows Commitment to Nutrition of the Nation. [Thecsrjournal.https://thecsrjournal.in/britannia-csr-report-india-nutrition/](https://thecsrjournal.in/britannia-csr-report-india-nutrition/)
- Annual reports of Nestle India. <https://www.nestle.in/investors/stockandfinancials/annualreports>
- Britannia Industries. <http://britannia.co.in/investors/annual-report>
- <https://www.intechopen.com/chapters/58883>
- National CSR Portal. <https://csr.gov.in/>
- https://csrbox.org/India_Company_Haryana-Nestle-India-Limited_5807
- India Brand Equity Foundation (IBEF): <https://www.ibef.org/>

