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Relevance of Corporate Social Responsibility in the Pharmaceutical Industry: A Conceptual Study

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Abstract: *In recent years, society has more expectations for socially responsible companies. Especially in this pandemic situation, eradicating global poverty and improving health are becoming the main missions of governments and business associations. This pandemic situation provides a great opportunity for businesses to contribute to their CSR activities and help solve urgent global and social issues. According to the Ministry of Internal Affairs and Communications, if a company spends CSR funds on the establishment of hospitals or temporary Covid19 care facilities, this is a CSR activity. This paper aims to clarify the CSR activities of the Indian pharmaceutical industry. The pharmaceutical industry is now playing an important role in the structure of population well-being and health during this difficult time. The pharmaceutical industry has seen remarkable growth in recent years. This article considers the role of the pharmaceutical industry in taking responsibility for society.*

Keywords: *Corporate Social responsibility, pharmaceutical industry, Covid-19, health industry.*

I. INTRODUCTION

India's pharmaceutical industry is the most organized and fastest growing sector, and this pandemic situation demonstrates the importance of the pharmaceutical industry in an unprecedented way. The COVID19 pandemic has had a major impact on India's major industries, but it is a boon to the pharmaceutical industry. The pharmaceutical industry is at the forefront of the fight against COVID 19. They respond quickly and efficiently to this global problem, ensuring that there is no shortage of medicines in any market. They are also trying to test the efficacy of the drug in delaying the symptoms of COVID 19. This pandemic situation has a profound impact on the savings of people around the world. The government alone cannot serve the whole country. It's time for the business organization to move forward and serve society. Companies need to see this issue as an opportunity to help people contribute to and tackle this global issue through CSR activities.

This study focuses on the social responsibility practices of companies in the pharmaceutical industry selected in the industry. CSR practice is an ethical practice that companies adopt for society. With healthcare as a top priority, the pharmaceutical industry plays a crucial role in shaping the future of society. In social responsibility, the pharmaceutical industry contributes to the development of society by considering not only profitability and growth but also consideration for society and the environment. This study attempted to show the CSR activities of the pharmaceutical industry of choice.

II. CONCEPT OF CSR

CSR is our responsibility to the society and environment in which we do business. It is to integrate social and environmental concerns into their business operations. It is a sense of responsibility that a company must have for the community in which it operates. Business organizations can fulfil this responsibility in a variety of ways, including government and development projects. CSR isn't just about charities and donations. It's about how businesses make a profit in a sustainable environment. It's a way to do business where they can contribute to a better society through good business practices.

According to World Business Council for sustainable development, "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of workforce and their families as well as of the local community and society at large."

There are three different generations of CSR. First-generation CSR deals with ways to use profits philanthropically. In the second generation, companies strive to reduce the negative impact of their businesses. Today and in the third generation, CSR has been extended to include social, economic, and environmental factors as a starting point rather than a starting point for doing business. Today, CSR isn't just about charity, it's about creating value for both business and society.

Companies Act 2013 has specified Section 135 Companies (Corporate Social Responsibility) Rules 2014 and Schedule VII which prescribes different activities through which company can fulfil their CSR. Activities that may be included by the companies in their CSR policy are as follows-

- Abolishing hunger, poverty and malnutrition.
- Promoting health care and sanitation
- Promoting education.
- Providing vocational skills for employment purpose to child, women and differently-enabled people.
- Promoting gender equality and women empowerment.
- Setting up homes and hostels for orphans, day care centres.
- Environmental sustainability, ecological balance, conservation of natural resources.
- Rural area development projects
- Slum area development.
- Providing training for promoting sports.
- Making contribution to the fund set up by the central government, state government for socio-economic development. Like- contribution to Prime Minister National Relief Fund, PM Care fund etc.

Furthermore, Ministry of Corporate Affairs has specified that if CSR fund is used for COVID-19 then it will also eligible for CSR activity only if it is spent for the people other than the employees and their families that belongs to the business organisation.



Figure : Corporate Social Responsibility Activities

APPLICABILITY OF CSR PROVISION

CSR Provision will apply to-

- Every company
- Its subsidiary company
- Its Holding company
- Foreign company

According to Section- 135 of Companies Act, following categories companies are required to make expenses towards corporate social responsibility. This include any company whose-

- Net worth of rupees five hundred crores or more, or
- Turnover of rupees one thousand crores or more, or
- Net Profit of rupees five crore or more,

Every company who qualifies above condition, requires spending of at least 2% of average net profit of immediately preceding three financial years towards corporate social responsibility policy.

CONSTITUTION OF CSR COMMITTEE

- Every company who is applicable for corporate social responsibility criteria shall require to constitute a committee.
- Committee shall consist of three or more directors. Out of which at least one director shall be an independent director.
- In case of unlisted company or private company, committee shall consist with 2 directors without any independent director.
- In case of foreign company, committee shall consist of at least two person. Out of which one person shall be resident of india authorized by foreign company and second person shall be nominated by foreign company.

BENEFITS OF CSR PRACTICES

- Enhance customer loyalty
- Positive brand image
- Improved sales
- Improve profitability and value
- Better customer relation
- Helps to attract investors
- Indirect advertisement
- Increase standard of living

III. OBJECTIVE OF THE STUDY

1. To find out CSR activities being carried out by Pharmaceutical industry in india.
2. To point out the CSR practices followed by Pharmaceutical industry in relation to education, health and rural development.
3. To find out the amount spent for CSR activities.

IV. REVIEW OF LITERATURE

Baghla Ashish (2017) studied “Corporate Social Responsibility Practices in India: A Study of Few Companies”. He studied CSR practices in TATA Group, Ultratech Cement, ITC Group, Mahindra & Mahindra, P&G India ltd, Hindustan Unilever Ltd. and Dabur ltd and found that all these companies are making contribution I the field of healthcare education, environment suatainability, gender equality, women empowerment etc.

Shyam Reena (2016) studied “An Analysis of Corporate Social Responsibility in India” with the objective to develop an understanding of CSR, to analyse the development of CSR in India and its changing trends, to understand governing policy of CSR. She has taken some companies and found that corporate have clearly shown their ability to make differences in the society and improve the quality of life of people in the society. Corporate have strategic planning, expertise, manpower and also finance for making social change.

Singh Satinder (2015) has analysed Corporate social Responsibility practices in India with respect to Public companies with an object to understand regulatory environment of CSR in India and to analyse CSR activities of some public companies. He has taken Coal India Companies ltd, GAIL. He found that CSR in india is now mandatory for all companies to follow from 2014. He stated that companies tremendously working for social change. They not only covering what is stated in section – 135 of companies Act but also going beyond that.

Beerannavar Chaitra R, in his study “Corporate Social responsibility Practices in india: The Need of The Hour” examined that whether companies are voluntarily contributing to the society or they are a sense of guilty to the society and ethical issues faced by Indian companies due to non-compliance of CSR policy. He found that successful companies are giving importance to social responsibility and wanted to become social entrepreneur in future because corporate social responsibility enhances brand image, increases sales, customer loyalty, attract investors and help to retain employees in the organisation but at the same time some minor population think that CSR in forcefully imposed on corporate and it is only declaration by corporate.

Malik Azam(2016) has studied “Corporate Social responsibility in Indian Insurance Sector: a Comparative study if LIC and ICICI prudential Life Insurance Company and its Impact on Stakeholders”. He concluded that there is no significant

difference between the customer of LIC and ICICI Prudential life Insurance company towards ethical CSR. Also there is no significant difference between customer of LIC and ICICI Prudential life Insurance towards trustworthiness. This means customers are equally trusted both these insurance sector.

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V. RESEARCH METHODOLOGY

RESEARCH PROBLEM

Company that works for society, community will have greater chances of survival in the society. This paper focuses on corporate social responsibility practices adopted by pharmaceutical industry in India. This study is based on exploratory research. It is qualitative research rather than quantitative research. The top Pharmaceutical industry in India (2021) are -

- Sun Pharmaceutical Industry Ltd.
- Divi’s Laboratories ltd.
- Dr. Reddy’s Laboratories ltd.
- Cipla ltd.
- Torrent Pharmaceutical ltd.

- Cadila Healthcare ltd.
- Lupin ltd.
- Biocon ltd.
- Alkem Laboratories ltd.
- Laurus Labs ltd.

SAMPLE SIZE

For study purpose five leading pharmaceutical industry have been selected and they are Sun Pharmaceutical industry ltd., Divi's Laboratories ltd, dr. Reddy's Laboratories ltd., Cipla ltd, and Torrent pharmaceutical ltd.

DATA COLLECTION

Data for the study have been collected from secondary sources. Secondary sources like Annual Report of pharma industry, websites, research reports of various organisations and publications of government.

VI. DATA ANALYSIS AND FINDINGS

Corporate social responsibility of different pharmaceutical industry are as follows:

CSR ACTIVITY	SUN PHARMACEUTICAL INDUSTRIES LTD.
Health Care	<ol style="list-style-type: none"> 1. Mobile Healthcare Unit Programme- It provides basic healthcare services to the people at underserved area at their door step. Their MHU van is loaded with common medicines, first-aid materials and diagnostic materials. It provides benefit to around 65000 villagers by preventive and promotional health care services. 2. Navya online expert Opinion Service Project – It provide online platform to get expert opinion to cancer patients. It is quick and early treatment plans for cancer patients. 3. Children Eye Health Initiative Project – The main aim of this project is to provide eye screening of student and give free spectacles to students suffering from eye problems. 4. Healthcare infrastructure programme – they are providing infrastructure for basic healthcare treatment to the people in unreached area.
Education	<ol style="list-style-type: none"> 1. Construction of schools in different villages. 2. Installation of solar roof top grid in schools. 3. Providing digital classrooms in government schools 4. Remedial classes for 12th students. 5. Providing skill development and computer training to women, girls, youth. 6. Infrastructure development in government schools.
Rural Development Programme	<ol style="list-style-type: none"> 1. Construction of mini water tanks. 2. Installation of solar street lights. 3. Construction of cattle trough 4. Construction of anganwadi centres. 5. Construction of community hall.
Sanitation Programmne	The main aim of this project is to construct individual household toilet and conducting awareness programme of good sanitation practices. Sun pharma has made 13 villages ODF (open defecation free) in last years.
Environmental Conservation programme	<ol style="list-style-type: none"> 1. Focused upon green environment. 2. Conducting awareness programme under 'say no to plastic' and 3. Distribute cloths and jute bags to people in different villages. 4. Sapling plantation and its maintenance.
Drinking Water Project	<ol style="list-style-type: none"> 1. Providing safe drinking water to people in rural areas in ahmednagar. 2. Setting up water storage tanks. 3. Providing deep bore-well based drinking water supply system in different villages.
Disaster relief programme	<ol style="list-style-type: none"> 1. Conducting awareness programme to adapt preventive measures for corona virus to people in rural areas. 2. It provided food packets to rural people. 3. Company has invested 0.06 million for COVID_19

CSR PRACTICES OF DIVI'S LABORATORIES LTD.	
CSR ACTIVITY	Divi's Laboratories Ltd.
Health Care	<ol style="list-style-type: none"> 1. It has set up Divi's foundation gifted children for promoting healthcare. 2. Providing free eye checkups. 3. Free dental care campaign in rural areas.
Education	<ol style="list-style-type: none"> 1. Providing fund for up gradation of schools. 2. Providing scholarship to students for professional courses. 3. Providing scholarships to merit and physically challenged students. 4. Distributing teaching aids.
Rural Development Programme	<ol style="list-style-type: none"> 1. Construction of roads, bus stands, community hall etc 2. Providing street lights and their accessories. 3. Renovation of temples. 4. Renovation of ponds.
Environmental Sustainability	<ol style="list-style-type: none"> 1. Focus on clean and green environment. 2. Plantation of plants and appointing guard to protect the plants. 3. Relocating trees uprooted during natural calamities.
Drinking Water Projects	It is providing Ro plants in different villages in Vishakhapatnam. Installed smart card system for any time water under Sujalam yojna.
Lively hood Enhancement Programme	It has set up skill development centres. It has partnered with IL&FS for providing different courses like- sewing machine operator, computer operator, tally etc.
Promoting Rural Sport	It provides sport equipment to school students in rural area. Also providing cricket material to the youth of village area.
Disaster Management COVID-19	<ol style="list-style-type: none"> 1. It has contributed to the PM care fund of rupees 500 lakhs. 2. Company has installed oxygen plants at government hospitals for helping the patients. 3. Company has provided bleaching powder for sanitizing the villages. 4. Company has provided food, water to migrant workers throughout their journey. 5. Company has provided COVID-19 prevention safety materials like sanitizer, hand gloves, digital thermometer to district educational officer for conducting exams.
CSR PRACTICES OF DR. REDDY'S LABORATORIES LTD	
CSR ACTIVITY	Dr, Reddy's Laboratories Ltd.
Healthcare	<ol style="list-style-type: none"> 1. Providing psychological health support. 2. Set up Community health intervention programme which caters basic health requirements of large population in villages in Andhra Pradesh. 3. It conduct free health checkups and distribute medicines in each mandal.
Education	<ol style="list-style-type: none"> 1. Providing quality education programme in government schools under School Improvement Programme. 2. It focuses on providing up graded infrastructure, study materials to adopted schools. 3. It has appointed vidya volunteer for covering shortage of teaching staff. 4. It has launched Prothsaham programme for encouraging talented students by providing scholarship to them. 5. Supporting quality education in low income schools. 6. Providing quality education in science.
Rural Development project	<ol style="list-style-type: none"> 1. Project MITRA empowering small and marginal farmers in adopting modern technology and best farming practices. 2. Set Farmer field School project Providing infrastructure facility to rural people. 3. Project Grow which focuses on providing core employability skills to people.
Livelihood Enhancement Project	<ol style="list-style-type: none"> 1. Livelihood enhancement programmes 2. It provides benefit to youth and also to people with disability. 3. Project Perna particularly focuses on providing science education through science labs.
Disaster Management (corona-19)	<ol style="list-style-type: none"> 1. Food support to the community which is underserved. 2. Distribution of mask , sanitizers to people in rural areas. 3. It has contributed to PM care fund set up by central government for covid-19. 4. They are also working on launching of new treatment options for covid-19.
CSR OF CIPLA LTD	
CSR Activity	Cipla ltd.
Healthcare	<ol style="list-style-type: none"> 1. Cipla Palliative Care and Training Centres – Palliative care centres are set up to provide services to cancer patients in Pune free of cost. 2. Respiratory care – They are supporting national health through Project Prakash with the aim of creating solution for change. They partnered with Ambuja cement foundation and providing training to front line workers in curing asthma and COPD (Chronic Obstructive pulmonary Disorder). 3. Partnering with government for scalable change.

	<ol style="list-style-type: none"> 4. Mobile Healthcare Unit – Providing primary health care services free of cost to people in remote areas. 5. Project HOPE – Aim is to improve health of people in maharastra. Sessions have been conducted by health workers on diabetes, hypertension and respiratory issues and encouraging people towards government health schemes.
Education	<ol style="list-style-type: none"> 1. Company is working on strengthening higher education across the country. 2. Setting up of chemistry labs at Pune for undergraduate students. Also providing access to best chemistry equipments including virtual learning facilities. 3. Providing computer labs and e- learning quipments. 4. Providing unit level infrastructure support to governments schools in Pune.
Vocational Skills	<ol style="list-style-type: none"> 1. Short term vocational skills – Providing training for skill enhancement to financially backward youth. They are providing training in areas of plumbing, sewing, electric and beautician courses. 2. Providing professional courses to B.Sc medical students in Himanchal Pradesh. This initiative helps to the youth in gaining both practical and theoretical knowledge. 3. They are also vocational skills in the field of bakery, pottery and jewellery making to physically disabled people in Punjab. 4. Company also providing resources, counselling to visually impaired students of Victoria memorial school in Mumbai. 5. Merit award scholarship.
Child Nutrition	Early Childhood Development programme- It focuses on providing nutrition, education, safety to children in the age of 2-9 years in the formative years of their life.
Disaster Management (corona-19)	<ol style="list-style-type: none"> 1. Company has provided food items, safe drinking water, mother and child kits to the people suffered from disaster in Maharashtra. 2. At the time of Fani, company has distributed dry food ration, drinking water, mosquito fogging machines to communities in Odisha. Also it has distributed sapling to farmers to rebuild their lives. 3. It has supported government in setting up covid testing centres. 4. It has provided personal protective equipments like gloves, sanitizers, mask to the people in Mumbai. 5. It has set up covid isolation ward for children in Mumbai. 6. Provided food packets to migrant workers.
Environmental Sustainability	<ol style="list-style-type: none"> 1. Reduction in green house gas due to use of renewable energy. 2. Sapling plantation Distributed recycled bags Outdoor waste collection.
CSR OF TORRENT PHARMA LTD	
Healthcare	REACH- Company has focused on health of children of the nation. For this purpose Reach Each Children (REACH) initiated. It has three pillars-SHAISHAV, JATAN and MUSKAN. SHAISHAV targets children of the age of 6 month to 6 years through ,medical camps and provide proper treatment to malnourished children. JATAN targeted health status of children up to the age of 18 years. Paediatric hospital were established in rural areas and providing free of cost paediatric and OPD services to the children. MUSKAN targets rural adolescent girl and provide counselling and support regarding menstrual hygiene and sanitation. It is also working on creating awareness among people about Bal Arogya Kendra to prevent diseases.
Education	<ol style="list-style-type: none"> 1. Shiksha Setu – This programme covers 13 government primary school located at Ahmedabad and it has conducted workshops and provide technology based education tools to these schools. Also remedial sessions provided to improve the performance of weak students. 2. Quality education programme in rural and urban areas. 3. Up gradation and maintenance of school infrastructure. 4. Indrad school and medical OPD.
Environmental Sustainability	Seven public parks has established by the company and also maintenance expenses has contributed by the company. Reduction in hazardous waste, energy consumption and water consumption.
Disaster Management (corona-19)	<ol style="list-style-type: none"> 1. Company has contributed 100 crore rupees for covid-19 in Pm cares fund, State government relief fund. 2. It has provided essential medicines to government hospitals free of cost. 3. It has provided personal protective kits , masks, sanitizers to people free of cost.

CSR EXPENDITURES OF PHARMA INDUSTRY

Name of Pharma industry	CSR expenditure (in crore)
Sun Pharmaceutical industry ltd.	4.371
Divi's Laboratories ltd.	50.68
Dr. Reddy's Laboratories ltd.	27.53
Cipla ltd.	36.31
Torrent Pharmaceutical ltd.	18.7

The above table shows that Divi's Laboratories ltd. has contributed more towards corporate social responsibility as compared to other pharmaceutical companies.

VII. CONCLUSION

In today's world, corporate social responsibility plays an important role. It is an effective tool for sustainable development. This study shows that pharmaceutical companies are showing an interest in society, communities and the environment. From this, we can conclude that the future of society is in the hands of companies. Companies are now moving forward and joining the government to promote the welfare of the entire community. Especially in this pandemic situation, the pharmaceutical industry has expressed great concern by providing people with masks, disinfectants, personal protective equipment and essential medicines for free. Most pharmaceutical companies view corporate social responsibility not as an expense, but as an environmental benefit, a partnership with the community, and the creation of corporate value. Companies are making great efforts in this area, but there are still untouched and almost untouched areas such as animal welfare, conservation of natural resources, sports and promotion of plantations. Companies also need to consider these areas.

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