



CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN TEA AND COFFEE PLANTATION COMPANIES IN INDIA

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ABSTRACT

Corporate Social Responsibility and the activities in pursuance to the Corporate Social Responsibility Policy plays an important role in the success and reputation of a Company. Corporate Social Responsibility refers to the responsibility of a Company towards the Community rather than to the owners of the Company. The study is about the CSR Practices of the top 15 tea and Coffee Plantation Companies listed in BSE S& P on the basis of Net profit during 2015. The information regarding the CSR activities and expenditure are collected from the Annual Reports of the Companies during 2014-2015 and the websites of the Companies. The study found that 13 companies are actively engaged in CSR Practices and spends according to the CSR policy and disclosed the CSR expenditure in the Annual Reports of the Company. The main focus areas are Education, healthcare and Community development. And also found that the Companies engage in welfare activities to the employees as part of the CSR Activities and disclosed accordingly. Some Companies are not disclosed in the Annual reports the activities undertaken by them

Key words: Corporate Social Responsibility, Plantation Companies, BSE S&P, CSR Policy, Community Development Projects, Welfare activities

I INTRODUCTION

The ultimate aim of every business or a company is to earn maximum Profit. In order to achieve this aim for a long period of time and to have reputation, better relations with the customers and to the Society, the company is engaged in certain activities as part of the responsibility to the society. Corporate Social Responsibility refers to the responsibility of the Company towards the Community. The Company undertakes various activities as part of Corporate Social Responsibility. The activities include the health care, education to children of poor, drinking water facility, contribution to Women empowerment programs etc. Every company should spend a certain amount of their net profit to contribute to the activities as part of Corporate Social Responsibility Policy.

As per Section 135 of the Companies Act, 2013 it is compulsory that every company having a net worth of Rs 500 Crore or more or turnover of Rs. 1000 crore or more or a net profit of Rs. 5 Crore or more during any financial year have to constitute a Corporate Social Responsibility Committee. The Committee consists of three or more directors out of which at least one director should be an independent director.

The main functions of Corporate Social Responsibility Committee are:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy Which includes the activities to be undertaken by the Company as part of the Corporate Social Responsibility.
- b) Recommend the amount of expenditure to be incurred on each activities to the Board of Directors.
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time

The Board of Directors of the Company have to make sure that the company spends in every financial year at least two percent of the average net profits of the Company during three immediately preceding financial years, in pursuance to its Corporate Social Responsibility Policy.

The CSR activities involve the following

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- Contribution to the Prime Ministers' National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institution which are approved by the Central Government;
- Rural development projects.

II STATEMENT OF THE PROBLEM

It has seen that the Companies will take Corporate Social Responsibility as part of the Company's policy and it plays an important role to build up reputation to the Company. It is mandatory under the Companies Act to adopt a Corporate Social Responsibility Policy and a CSR committee have to be formed to supervise the activities undertaken as part of CSR, if the

Company satisfies certain Conditions. And the Company have to spent 2% of the three preceding financial year's average net profit for Corporate Social Responsibility activities and have to disclose the activities and the expenses in the annual reports. For eg: In a study of CSR Practices in Indian Companies. Among the 500 companies selected 229 companies reported CSR Practices and 49% of the remaining companies didn't report any CSR Activities.¹

III OBJECTIVE OF THE STUDY

To study the CSR Practices in tea and Coffee plantation Companies in India

IV METHODOLOGY

The details of the CSR Practices are collected from the Annual reports of the tea and coffee plantation companies listed in BSE S&P during 2014-2015. There are 28 tea and coffee plantation companies listed in BSE S &P. For the purpose of the study the 15 tea and coffee plantation companies are taken on the basis of net profit. Inorder to describe the Corporate Social Responsibility activities of the Companies, the Annual Reports of the companies are downloaded from the websites of the Companies and refered the Corporate Social Responsibility Reports from the Annual reports. Some companies which have not disclosed the CSR activities in the Annual reports are collected from the concerned Company's websites.

Plantation companies are the companies engaged in cultivation of plantation crops such as tea, coffee, rubber, cardamom etc for a long period of time. Rather than the profitability objective, corporate social responsibility plays an important role in the success and progress of the company. The following are the Corporate Social Responsibility activities undertaken by the tea and coffee plantation companies listed under BSE Sensex S & P.

1. Tata Global Bev

Tata Global Beverage is the second largest tea branded company in India. The company focuses on branded tea, coffee and water. The company is employing around 3000 employees and have significant brand presence in 40 countries. They have Joint Venture with Pepsi Co. called Nourish Co. to provide ready to drink beverages.

¹Gautham and Singh(2010), A Study on CSR Practices of top Companies in India

Tata Global Bev are engaged in the following activities as part of Corporate Social Responsibility:-Rainforest Alliance Certified Farm²,Ethical tea partnership³: Central Sustainability(Waterfoot printing and other activities), Carbon Disclosure Project, Donations, Water harvesting Programme, Waste Management, Provide education to the childrens of labourers, The company also running hospitals to give medical care to the employees, their families and the people in the estates, Chubwa Hospital, Assam: A hospital is working in Assam for the employees and the people in the estate of the locality.⁴

2. Tata Coffee

The Company has constituted a Corporate Social Responsibility Committee in compliance with the Companies Act, 2013 comprising of two Independent Directors and the Managing Director of the Company. The focus areas are Education, health, hygiene and nutrition, gender equality, environmental sustainability, affirmative action and promotion of Rural sports.

The educational programmes include Swastha, DARE and Merit Scholarships for students of Coorg and Anamallais promoting education and support for children with visual disabilities and skill development for the underprivileged through sponsoring programmes.

The Coorg Foundation- a Public Charitable Trust (Foundation) established by the Company, “Swastha” which was established by TheCoorg Foundation in 1994 as a fully residential institution for differentlyabled childrens.In pursuance of the objectives of the SWASTHA, the DARE (Developmental Activities for Rehabilitative Education) was set up in1996 in the Anamallais to train differently abled children to be selfreliant.Rural India Health Project Hospital (RIHP), Ammathi, which issupported by the Company, to serve the needy sectionsof the society. The Coorg Foundation provides grant to RIHP fortreatment of patients belongs to the lower income group.

In addition, the Company took initiatives for thedevelopment and protection of the girl child by conducting regular camps for detection of nutrition deficiency in girl children and promotion of

²Tata Global Bev provide Rainforest Alliance Certified farm which ensures that the company provides the assurance to consumers that the products are coming from estates under which the employees and their families have dignified safe conditions, where the habitats and wildlife are protected.

³It refers to partnership of non commercial tea companies to improve the work and life of the tea workers and to protect the environment.

⁴ Tata Global Bev Annual Report 2014-2015

self employment opportunities for women in Theni, provided drinking water to the residents near the Toopran Unit and operating primary school at Anamallais.

The Implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

The Company has disclosed the CSR Report in the Annual Reports of the Company.⁵

3. CCL Products

CCL Products Ltd is a plantation company established in 1994 to produce instant coffee in the World.

The CSR Practices of the CCL Products are: Provided the required infrastructure and facilities in schools in the surrounding villages of Duggirala where the factory is located., Donations to several recognized organisations for feeding underprivileged children and senior citizens. Sponsor sports events in rural schools. Electrification initiatives in the surrounding villages of Duggirala, Improvement of sanitation and other facilities in orphanages and old age homes, Provide support for the underprivileged students, Provide clean drinking water by constructing RO plants in the villages near the factory, Provide support to the victims of the Hudhud cyclone in the state of Andhra Pradesh.

As CCL Products engaged in CSR Practices but the company is didn't disclose it in Annual Reports of the Company.

4. MC Leod

MC Leod is a plantation company engaged in cultivation, processing and sale of tea and employed 90,000 people. It mainly produces tea in estates of India, Vietnam and Africa. It is the largest producer and one of global black tea exporters in the world. It has a number of internationally recognized accreditations and certifications including Fair trade, Rainforest Alliance and HACCP.

As part of the Corporate Social Responsibility Practice the company provides:

The company provide scholarships to meritorious students under the Williamson Magor Education Trust. Medical care is provided through well equipped hospitals in estates, started Assam Valley School for the educational development of the children in the backward area near

⁵ Tata Coffee Annual Report, 2014-2015

the estates. The Company tied up with Bhagwan Mahaveer Vilklang Sahyata Samiti, Jaipur an organization to provide rubber based leg for handicapped people.

The Company started Bodo Handloom Scheme in 1995 at Borengajuli Tea Estate for the local woman belongs to Bodo Community: The scheme's objective is to give employment to Women in Bodo community as part of Societal development.⁶

5. Dhunseri Petro

The Company used to route its CSR Activities through Dhanuka Dhunseri Foundation

As part of the CSR Practices the company undertake the following activities:

1. Promote education by building schools and colleges and provide assistance for their maintenance
2. Empower the girl child through education and by providing other assistance.
3. To improve health by providing free medicines, set up dispensaries and to provide financial assistance to charitable institutions.

During the year 2015, the Foundation undertook initiatives to provide primary education to 303 children, graduation courses to 532 girls and medical treatment to 54,412 patients.

DDF is building a new hostel in Kolkata to accommodate 400 girls with a built up area of 70,000 sq. ft. Building plans were sanctioned by Kolkata Municipal Corporation and the construction work is expected to be completed by FY 2015-16.⁷

6. Goodrickie Group

As part of the Corporate Social responsibility the Goodrickie Company started Primary Hospitals at all the gardens, Group hospitals with specialized equipment at Dooars, North Bengal, tracking of family health status at the gardens, camps for sterilization, reconstructive surgery by overseas doctors, eye surgery and child immunization programmes, Malaria prevention schemes for residents of Garden and adjoining villages,

Started primary schools for the childrens and school buses, Self helpcentres for vocational training, afforestation / vegetation in non tea areas, scholarship scheme for meritorious students of the tea garden employees, packing of teas as by physically challenged students at the India

⁶ MC Leod, Annual Report, 2014-2015

⁷ Dhunseri Petro Annual Report, 2014-2015

Institute of Cerebral Palsy as part of vocational training, green initiatives for sustainable operation through use of dual fired boilers to use woody biomass instead of coal, started Goodrickie Group for Special Education at Siliguri, North Bengal.⁸

It has seen that the company is engaged in the welfare of the employees by providing schools for children, hospital for the medical care of the students of employees etc. They will not come under the Corporate Social responsibility activities.

7. Dhunseri tea

The Company engage in CSR activities through establishing DhanukaDhunseri Foundation which was established in 1972 and focus on the following activities:

1. Promoted education through setting up schools and colleges and provide assistance for their maintenance
2. Empower the girl child through providing free education
3. Improve health care through providing medicines
4. Provide donations for the Community development.

During the Year 2015, the company provides financial assistance to various organisations. The Company is currently building a new girls hostel in Kolkata to accommodate 400 girls with a built up area of 70,000 sq. ft.⁹

8. Rossell India

The Company has constituted a Corporate Social Responsibility Committee as part of the CSR Activities but not disclosed the activities undertaken by the Company in the Annual reports. The CSR Activities are a dispensary run by DMG Foundation in New Delhi, Classes are conducted in the villages of Assam by the company representatives, Constructed High school building in the nearby estate Assam, Midday meal and books are sponsored for the children in Diksha, an NGO at Gurgaon, started Community based Creches in the slums areas, Delhi.¹⁰

⁸Goodrickie Group Annual Report 2014-2015

⁹Dhunseri tea Annual Report, 2014-2015

¹⁰Rossell India Annual Report 2014-2015

9. Kanco tea Company

Kanco tea is a plantation company engaged in cultivation of tea only. Kanco tea Company comprises two estates Mackey pore Tea estate and Lakmijan tea estate. The estates employ over 3000 employees.

The welfare activities undertaken by Kanco tea Company and is disclosed under the CSR activities are: The company provides for adequate welfare and recreational facilities for employees, free Clothing, creches for children of women workers, A School till class 10 run by Assam Government in the land donated by the company for the education of the childrens of the labourers. The Company have its own gas pipe line facility to supply for natural gas which results in conservation of environment by reducing use of fossil fuels. Tea estate hospitals are there and provide free medical treatment to people in the local people in the locality.¹¹

10. Diana Tea

Diana tea is a plantation company engaged in the cultivation of tea in India. Diana tea company is engaged in the CSR Activities but not disclosed in the annual reports of the Company. The following are the activities undertaken by the Company:

As part of the welfare of the employees the Company conduct free medical camps, provide clothing and accommodation to improve the standard of living.

As these activities are listed under CSR Practices of the Company they will be considered only as the Welfare activities of the Company.

Diana tea didn't disclose the CSR Activities in the Annual reports and the company has not formed any CSR Committee to undertake and supervise the activities undertaken as part of Corporate Social Responsibility.¹²

11. Assam Company

ACL is one of the leading producers of the teas operate in 15 state-of-the-art factories, 15 tea estates and gardens spread over 14,000 hectares. It employs over 32,000 people with well laid-out infrastructure, supported by planned social welfare activities.

¹¹http://www.kancotea.in/social_responsibility.html, Kanco Tea Annual Report 2014-2015

¹²<http://www.dianatea.in/corgovernance.shtml>

Assam Company undertakes various activities as part of Corporate Social responsibility. The activities include: The Company provide medical assistance to near byvillages.,Mother's club, a Social activist group was created for the women empowerment within the tea gardens. Took initiatives to protect the environment by minimizing the usage of harmful fertilizers to the flora and fauna of the estate garden. The Company started schools for the childrens of employees as part of welfare activities. The Company has disclosed all these activities in the Annual reports.

12. Joonktollee tea

Joonktollee tea is a plantation company engaged in the cultivation of tea, coffee and rubber.

As part of the Corporate Social responsibility activities the company engaged in the activities are basic Schooling to the childrens of the people in the locality: Joonktolleetea company started schools for the childrens of poor people near the estates.Electricity facilities to the surrounding villages: The company take initiative to give electricity to near by area of the estates as part of social responsibility. The Company provides drinking water facility to the people in the surrounding area of the estates.The company conduct free medical camps, free eye check ups to the backward people in the near by estates.Proper illumination of the road towards the tea estate: The company also take initiative to illuminate the road towards the estates and the surrounding area.

As part of the welfare measure undertaken Staff quarter with free electricity and subsidized ration for employees are provided.

13. Terai tea Company

Terai Tea Company Limited is a tea Company of Terai Group of Companies. The company was incorporated in the year 1973 and now have seven tea gardens and leaf factories with a combined annual capacity of 15 Million Kilograms of made tea.

Terrai tea Company has not engaged in any of the CSR Practices under Section 135 of the Companies Act, 2013 and so not disclosed in the annual reports of the Company.

14. Jayashree Tea

Jayashree tea and Industries Ltd is incorporated in the year 1945 and it is the third largest tea producer in the world with 22 Tea Estates in India and also owns tea estates in East Africa. The company has its own tea processing factories, Tea Packaging and warehousing facilities. The

Company constituted a Corporate Social Responsibility Committee and engaged in the following activities:

The Company set up a school in Guwahati to cater to the needs of the North Eastern Region, have fully equipped hospitals to provide health care to the people of the region. The Company provide assistance to self helpcentres for vocational training programs. The Company is engaged in afforestation or vegetation in non tea areas of the estates

15. Harrisons Malayalam

Harrison Malayalam is a major plantation company in South India which have cultivation in major portion as tea and rubber besides minor crops as pineapple, cardamom, pepper and other spices. Harrison Malayalam provide employment to 12000 people and provides various health, safety, education and environmental support to the backward class people in the area where the estates are located. As part of the CSR Activities the company make arrangements for free medical camps to the backward class people in the locality. HML also runs schools to give education to the childrens of labourers, employees and the backward people in the estates located area. In addition, Harrisons Malayalam is operating a Comprehensive Labour Welfare Programme in all estates. The Company provides Provident fund, Gratuity, Free housing , Crèches, Recreation centres, Free medical aid, Drinking water, Sanitation, Protective clothing, Sick leave benefits, Maternity benefits, Leave with wages to the employees.

V ANALYSIS

Table No. 1 shows the list of top 28 tea and coffee plantation companies listed in Bombay Stock Exchange on the basis of Net Profit during the Year, 2015. The table shows the net worth, net profit and the turnover during the year 2015, CSR Expenditure spent during the year, Average net profit during the three preceding years, 2% of average net profit of preceding three years. The table clearly shows the plantation companie's CSR Expenditure and their disclosure in the Annual Report.

Table No.1 List of top tea and coffee plantation companies their net worth, net profit and turnover during 31st March 2015 and the CSR Expenditure during the year 2015.

Name of the Company	Net worth during 2015(Rs in Cr)	Net profit during 2015 (Rs in Cr)	Turnover during 2015 (Rs in crore)	CSR Expenditure spent during 2015.Rs.	Average net profit during 3 preceding years of 2015 Rs.	2% of average net profit
Tata Global Bev	2479.78	289	2884.77	Rs.3.92 crores	185.79 crores	3.72 Crores
Tata Coffee	678.4	101.56	684.09	Rs. 2.29 crores	114.27 crores	2.29 crores
CCL Products	404.79	74.66	677.36	Rs.1.62 crores	81.15 crores	1.62 crores
MC Leod	1328.84	61.98	1388.3	Rs.499 Lakhs	24933 Lakhs	498.66 lakhs
Dhunser i Petro	573.78	37.72	2984.88	Rs. 13611403	7,014,055,19	Rs. 14028110
Dhunser i tea	439.17	17.57	164.22	Rs.20 lakhs	990.81 lakhs	19.82 lakhs
Warren tea	97.56	12.5	130.34	Rs. 42.6 lakhs	2070.61 lakhs	41.41 lakhs
B and A	47.96	7.85	102.18	Didn't spent any money due to its first year of operation	110020677	Rs. 2200414
Bombay Burmah	253.61	7.03	246.87	Rs. 24.17 lakhs	1208.55 lakhs	24.17 lakhs
Rossell India	162.05	4	140.5	Rs. 60.54 lakhs	3018.40 lakhs	Rs.60.40 lakh

Kanco tea	22.5	3.09	34.08	Not spent forward to next year	Rs. 44,33,687	Rs. 886737
Joonktolee tea	124.77	1.06	88.03	18.70 lakhs	935.04 lakhs	18.70 lakhs
GillandersArbu	213.53	-3.21	876	Rs.12.26 lakhs	Rs. 610.60 lakhs	12.21 lakhs
Jayashree tea	370.67	-19.02	693.87	Rs. 26.45 lakhs	1125 lakhs	22.50 lakhs
Harrissons Malayalam	147.09	-35.26	326.64	Rs. 12.74 lakhs	636.79 lakhs	12.74 lakhs

(Source: Annual Reports 2014-15 of the concerned tea and Coffee Plantation Companies)

From the above table it is clear that

1. 13 Companies engaged in CSR activities and it is clearly disclosed in the Annual reports as Annexures. The Companies clearly disclosed the average net profit during the three preceding years, its 2% and the actual amount spent on each activities as part of the Corporate Social Responsibility. The Companies are Tata Global Bev, Tata Coffee, CCL Products, MC Leod, Dhunseri Petro, Dhunseri Tea, Warren tea, Bombay Burmah, Rossell India, Joonktolee tea, GillandersArbu, Jayashree tea and Harrissons Malayalam. Started Schools for providing education to the childrens of the poor people near the estate areas, Provide Scholarships and assistance to the meritorious students
Started Hospitals and conduct free medical camps to provide health care to the people in the rural and village areas, Provide free education and scholarships to girl childs to empower them, Provide donations to the Charitable trusts, Community development and other projects.
2. Certain Companies undertake activities as part of Corporate Social Responsibility but didn't disclosed in the Annual Reports of the Company. The Companies are: Diana tea, Lykis, Assam tea, Joonktolee tea, James Warren and DuncansIndCompanie's Annual Reports are not available

3. Kanco tea disclosed in Annual report that they didn't spent any money as part of CSR and carried forward to next year and will spent in the next financial year.
4. B and A disclosed in the Annual Report that they didn't spent any money because it is its first year of operation of CSR Policy.
5. It has been found that the Kanco tea, Diana tea, Lykis Company are engaged in welfare activities for the employees but disclosed under CSR Activity in the Annual report of the Company.

VI FINDINGS OF THE STUDY

It has been found that:

1. 13 companies are actively engaged in CSR Activities.
2. 6 companies engaged in CSR Activities but not disclosed in the Annual Reports.
3. 1 Company disclosed in the annual report not spent any money because of its first year of operation.
4. 3 Companies engaged in welfare activities to employees as part of the CSR Activity.

VII LIMITATIONS OF THE STUDY

1. Some Plantation Companies Annual Reports are not available.(James Warren and DuncansInd Companies)
2. The study is limited to top 15 plantation companies on the basis of net profit.

VIII CONCLUSION

Corporate Social Responsibility refers to the responsibility of the Company towards the Community rather than to the owners of the company. Every Company undertakes some activities as part of the Corporate Social Responsibility Policy of the Company. The activities include education, health care to the poor, medical camps, donation to charitable institutions etc. Plantation Companies are also engaged in CSR activities as part of their responsibility towards the Community. It has found that only 13 tea and coffee plantation companies are engaged in CSR activities. And among them three companies are engaged in welfare activities and disclosed

under CSR Activity. Certain Companies didn't disclose the CSR activities and expenses incurred in the Annual Reports.

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