

## **CAN CSR FUNDS STRENGTHEN INDIAN LIVESTOCK SECTOR?**



*Indian Animal Husbandry Sector is under-resourced. Increased investments from the Corporate Social Responsibility (CSR) funds can improve the performance of this sector, argue Mahesh Chander, Devesh Thakur and Adesh Kumar Verma*

### **CONTEXT**

Livestock sector can be considered as a future engine of agricultural growth. Unfortunately, low investment and insufficient funding has resulted in underperformance of the sector. Since government funding for several livestock development schemes remains limited (GOI, 2012), new opportunities need to be explored to meet the requirements. To this end, the recent notable development i.e., Companies Act 2013 (CII, 2013; Afsharipour and Rana, 2014) could be one important avenue. This Act makes it mandatory for companies to spend 2 percent of their profit to social development activities. A Corporate Social Responsibility (CSR) activity is defined as any intervention by a company directed towards the community development (NFCG, 2013). CSR endeavours of companies range from livelihood promotion, health, environment, education, rural infrastructure and women's empowerment (Hussain, 2014). Thus, funds available under CSR can be tapped for use in animal husbandry projects through concerted efforts. Furthermore, CSR initiatives can help exploring possibilities of newer and much needed public private partnership in the livestock development.



Despite the fact that India possesses vast livestock resources (512.05 million), besides 729.2 million poultry (GOI, 2014), a sizeable proportion of livestock suffer from poor production and productivity. The average milk productivity, for instance, hovers around 2.5 kg/day for indigenous cows, 4.91 kg/day for buffalo, 6.78 kg/day for crossbred cows and 0.45kg/day for goat (DAHD&F, 2015). The productivity is thus far less than the average daily yield of cattle in the developed

nations. Furthermore, average meat yields in different species remains abysmally low. Meat yield of most species in India is 20-60% lower than that of the world average. Future growth of Indian agriculture lies in paying more attention to livestock sectors as returns on investment are higher in this sector. The contribution of livestock sector to overall agricultural sector is rising over the years. The sector shows high potential for contribution to GDP. Yet, the allocation of funds to this sector is incommensurate with its contribution to agricultural GDP (Box 1).

**Box 1: Public Funding for Animal Husbandry Development**

The Animal Husbandry sector receives 12 percent of the total public expenditure on agriculture and allied sector (GOI, 2012), resulting in the underperformance of the sector. Majority of the 29 sub-schemes in animal husbandry through the Eleventh plan could not perform well due to meagre financial outlay (GOI, 2012). Even in the current five-year plan, allocation of budget (Rs. 116.36 billion) to animal husbandry (excluding fisheries) seems to be far less than recommended budget of Rs 31,560 crores by the Twelfth Plan Working Group. The paucity of adequate funds may make it difficult to achieve targeted growth rate of 6% in this sector. Even the current flagship livestock schemes seem to be insufficiently funded by the Central Government. The share of GOI in the National Dairy Plan (NDP) remains less at a meagre 7.8 percent as most of the funding comes as the International Development Association credit. The budgetary allocation for National Livestock Mission too is an insufficient amount (Rs. 28 billion) considering the fact that the allocation is for the entire XII Five Year Plan period (2012-17). Hence, it is clear that government funding to this sector remains limited.

There is a need for greater resource mobilization from other sources to support the development of animal husbandry in India. Enhancing investments in this sector through CSR funds offers one good opportunity to address this issue. Moreover, the Government of India has already emphasized public-private partnership in livestock extension services (GOI, 2012). The Government has suggested making concerted efforts to tap funds available under CSR for implementing animal husbandry projects (GOI, 2015).

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The concept of Corporate Social Responsibility (CSR) has emerged from philanthropic activities (charities and donations) of corporations. CSR can be defined as continuing commitment by businesses to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (WBCSD, 2015). A CSR activity is defined as any intervention by a company directed towards community development (NFCG, 2013). CSR in India has gone beyond merely philanthropy and it has more strategic role in the overall organizational development (Gupta and Kaur, 2013). By incorporating CSR in their business portfolio, companies have made significant achievements in areas such as education, healthcare, livelihoods, rural development and urban development (NFCG, 2013).

As per the Indian Companies Act 2013, it is mandatory for certain class of enterprises to spend 2 percent of their profit to social development activities such as education, health, agriculture, animal husbandry and rural livelihood generation (CII, 2013). The move toward mandatory CSR is driven by the belief that the private sector has to assist the government in furthering economic growth that is inclusive. In fact, India is one of the fewest countries in the world who have chosen to mandatory approach to CSR unlike the west (US and Europe), where emphasis is more on voluntary contribution (Afsharipour and Rana, 2014). CSR benefits corporate organizations too in multiple ways like building image and reputation, enhancing livelihood of communities by

incorporating them into their supply chain, building trust among their target communities etc (CII, 2013).

### CSR interventions in animal husbandry development in India

Most of the livestock development activities under CSR interventions by corporates involve partnership with NGOs and government bodies. For instance, BAIF is one prominent NGO working for livestock development by fostering partnerships with several corporates across states of Maharashtra, Madhya Pradesh, Andhra Pradesh, Rajasthan, Gujarat, Karnataka, Bihar and Uttar Pradesh (BAIF,2015). Such linkages and partnership through CSR activities also help corporates in enhancing the relationship with stakeholders such as customers, regulatory authorities, local communities and NGOs (LojPur and Draskovic , 2013).

Some of the prominent agro-based organisations that have undertaken livestock development as a CSR activity are Nestle, ITC, Chambal Fertilizers, Indian Immunologicals (IIL), Godrej and Rashtriya Chemicals and Fertilizers. In addition, many other corporates such as Tata Chemicals, Ambuja Cement Foundation, Bharat Petroleum, Raymond India have also involved themselves in the CSR activities focusing on animal husbandry (Box 2). Animal health through animal health camps, animal sterility camps, vaccination and deworming camps are the most common activities organized under CSR interventions. Some of the corporates appreciably have also made efforts on enhancing the capacities of livestock owners.

#### Box 2: CSR Interventions in Livestock Sector: Experiences

- ▶ The responsible business practices of Nestle started in 1962 in Mogha district, Punjab. The company focused on provision of veterinary services, input and training support to dairy farmers leading to improvement in dairying, economic and social development in the region and at the same time brought more profits to the business (IICA, 2011). Nestlé’s approach towards CSR seems to be aimed towards creating shared value instead on philanthropy (Sharma and Kiran, 2012).
- ▶ Since 1980s, IIL as part of CSR initiatives has been providing free vaccinations to *gaushalas* and ring vaccinations free of cost to farmers (IIL (2015)). Awareness activities such as zoonoses day celebrations and Rabies-Quit India campaign also form part of CSR activity of IIL.
- ▶ Tata Chemicals Society for Rural Development (TCSRd) started the animal husbandry project in 1994 with the aim to improve the household income through animal health care, breed improvement and green fodder programme.
- ▶ In 1997, Raymond India established J.K. Trust *Gram Vikas Yojana* to improve the quality of life in rural areas through cattle breeding programme (Raymond, 2015). ).
- ▶ ITC has one of the largest and most effective CSR programs in India (Mukherjee, 2015). It has established 256 cattle development centres, covering more than 10,550 villages, resulting in over 150,000 artificial inseminations, 500,000 vaccinations and a sizeable livestock nutritional support over the period. The CSR interventions of ITC, mostly for milk procurement and processing, benefitted nearly 450,000 farmers (ITC, 2015).
- ▶ Godrej Agro vet has initiated *Swadheen*, a vocational training in animal husbandry and agriculture across 41 rural schools under its Godrej good and green - a CSR program to increase employability skills.
- ▶ ACC India has encouraged women to form Self Help Groups for undertaking goat enterprises and backyard poultry production. It has also facilitated the creation of Joint liability group of livestock owners. This enables the farmers for better linkage with banks for receiving loan to purchase cows.
- ▶ TCSRd has focused on training of local youth to work as Para vets or *Pashu Palak Mitras* in order to provide first aid at the door step. TCSRd is trying to provide interest-free loans to purchase animals. It also aims to ensure livestock insurance coverage benefitting the farmers as a CSR activity.
- ▶ Digital Extension by dissemination of agricultural information through locally produced videos have also been undertaken as a CSR activity (Dr Reddy Foundation, 2014).

- ▶ Capacity building of women livestock owners of Alwar district, Rajasthan, has received attention by Tata Trust. The Trust working with an NGO (Heifer International) is able to create dedicated village women livestock entrepreneurs. These women entrepreneurs now sell livestock feed and medicines and provide basic animal health care. This has benefitted them as well as the local livestock owners (The Hindu, 2015).
- ▶ Biogas Plant scheme is successfully revived by Bajaj Foundation (the CSR arm of Bajaj Hindustan Company) in the Wardha district of Maharashtra. The scheme is funded by Bajaj foundation, local *panchayat* and community. The foundation is responsible for technical support such as awareness building, construction, training workshops, and after-care services (NFCG, 2013).

## Challenges in using CSR funds in animal husbandry development

The Companies Act 2013 specifies the list of activities under Schedule VII, which can be included by the companies in their CSR policies. The list of activities, however, seems to be heavily skewed towards health and education. These sectors are already high priority sectors for government funding. Agriculture development *per se* does not find a mention in the list of activities included in the Companies Act (2013). Animal Welfare has been grouped with activities like ensuring environmental sustainability, ecological balance, protection of flora and fauna, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga. However, the Ministry of Corporate Affairs clarified that items enlisted are broad-based and cover a wide range of activities. For instance, capacity building for farmers and training agriculture labour has been covered under voluntary skill livelihood enhancement project activity under the Act. Apparently, CSR activities for animal husbandry under the new Companies Act have received minimal attention as necessary elaborations on the livestock development are currently unavailable. The provisions of the Act allow a company to pursue any single activity listed in Schedule VII such as donations to Prime Minister Relief Fund. To conform to mandatory CSR disclosures under the new CSR Act, companies might waste the funds or siphon them off unless they are fully committed (DNA, 2015).

Even more, dearth of appropriate and effective delivering institutions can be an implementation bottleneck for firms to initiate the CSR activities (Parwez, 2014). One can find sufficient number of NGOs and input supply agencies engaged in providing animal husbandry extension services. Yet, they often lack credibility and linkages. On the other hand, animal husbandry departments are often not keen to avail the services of NGOs mainly due to resources constraints. Lack of clarity on the extension work remains a major issue as even the meagre allocation of funds i.e. 0.4-1% remained unspent by the State Animal Husbandry departments (Chander and Rathod, 2013; Hegde, 2012). Further, meaningful co-ordination between several animal husbandry organisations with dairy organisations and people's organisations remains absent (Hegde, 2012). Due to lack of co-ordination among state animal husbandry departments, dairy cooperatives and NGOs, duplication of livestock development efforts may happen through CSR activities especially in the matter of routine delivery of services by livestock development agencies.

## WAY FORWARD

### 1. Prioritizing CSR activities on animal husbandry

CSR funding can potentially add resources to an otherwise financially neglected animal husbandry sector. Some of the areas that deserve attention are as follows: feed and fodder research and development, *Gosadhan* and *Gaushala* development, expansion of cold chain infrastructure for



milk collection, setting up of abattoirs, small ruminant development, managing government livestock farms, strengthening of extension educational infrastructure as well as increasing the livestock insurance coverage. In some instances, the companies can also provide human resource and expertise, such as in managing Government livestock and poultry farms, formation and functioning of dairy self-help groups, microfinance support for livestock based livelihood activities, value chain development and market linkages.



## 2. Sensitization of government machinery towards public private partnership through CSR

Much of the CSR interventions in livestock development are delivered through partnerships of corporates and NGOs. The State Agricultural Universities and animal husbandry departments possess large amount of trained technical staff and infrastructure to carry out livestock development activities. CSR gives a good opportunity for these institutions to foster institutional pluralism and public private partnership. However, often government animal husbandry institutions work with hierarchical approach and the institutions are reluctant to accept such innovations. Hence, there is an urgent need to sensitize and create awareness among the authorities about the potential importance and the role of CSR for overall livestock development. This not only improves the delivery of services but also minimizes the chances of redundant activities and red tape.

## 3. Long term approach for animal husbandry development

Often the private extension efforts are profit oriented and short term. These endeavours are concentrated on big farmers, more accessible regions and specific livestock species to earn maximum effort. Privatization may hamper free flow of information and create more inequalities among livestock owners. Also, eco-friendly and sustainable farming practices are not favored. The same can occur with the CSR interventions as well. The support of veterinary institutions to CSR in livestock development at present is limited to the sporadic delivery of technical services initiated by private agencies. The government veterinary institutions and private companies need to work for long term holistic livestock development through CSR. Most of the current activities are limited to organizing animal health camps and distribution of free medicines and health additives only.

## 4. Effective Monitoring and Evaluation of CSR activities

Though some of the past CSR initiatives are commendable, yet one cannot deny the fact that companies also perform these activities to build their reputation as well as business expansion. This may also be the case for NGOs who often seek funds on the basis of credibility and reputation. Therefore, these organisations may misrepresent and exaggerate their CSR efforts. Appropriate independent agency must monitor the funds utilized as well activities performed. Impact analysis of livestock development is a specialized job and often has to be undertaken after providing sufficient time.

## EPILOGUE

Looking at the bright prospects of livestock sector to further enhance its contribution to National GDP, it is imperative that more funds should flow in this sector. But this seems not likely from the conventional funding sources. The CSR interventions under the Companies Act 2013, therefore, may be seen as one good opportunity to be cashed upon to fund developmental activities in livestock sector. This, however, calls for better coordination among different agencies viz State Departments of Animal Husbandry, cooperatives and NGOs involved in livestock sector to make good use of the available funds. We are of the firm view that the CSR funds can strengthen the livestock sector.

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