

CSR Initiatives Undertaken by FMCG Companies for Senior Citizens

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Abstract: A holistic, community centric Corporate Social Responsibility (CSR) initiative has the potential to secure attention of the intended demographic with an overall aim of improving societal wellbeing and achieving corporate goals. The introduction of Section 135 in Companies Act 2013, heralded India as a forerunner in statutorily mandated CSR for specified companies. Additionally, the country emerged as one of the fastest growing economies in the world and witnessed a pan- India increase in the social responsibility activities by the companies operating in different sectors. Fast Moving Consumer Goods (FMCG) is one such sector that has registered steady growth, being a major contributor to India's GDP as the fourth largest segment in India's industrial landscape. The companies operating in this sector, with their respective CSR activities have endeavored to give back to society, focusing the spotlight mainly on health, education, youth, women and environmental initiatives. However, one key demographic of the population – the senior citizens' which has witnessed a substantial growth in their numbers seems to have escaped their attention. The paper aims to review the said CSR initiatives of FMCG Companies targeted specifically towards this burgeoning segment.

Keywords: Senior Citizens, Fast Moving Consumer Goods (FMCG) Companies, Corporate Social Responsibility (CSR) Initiatives

I. Introduction

The term Corporate social responsibility (CSR) encompasses all voluntary initiatives or activities undertaken by companies with an objective of bringing positive social impact in the community, looking beyond their primary aim of profit. The importance of CSR initiatives cannot be over emphasized. The advantages of well-designed and timely executed socially responsible activities are not limited to the intended beneficiaries. Companies, keeping in line with the triple bottom line framework, too can benefit exponentially from these initiatives, resulting in creation of a positive corporate image,

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thereby adding value to business. The benefits of CSR to society may include improved citizen health and wellbeing, protection and conservation of natural resources, support for women, children and differently abled, balanced and sustainable development, improved standard of living, enhanced education, skill development and quality of life, etc. The benefits of CSR to the company may include enhanced stakeholder relationships, happy, committed and motivated workforce, building brand image, increased presence amongst the consumers, Government support, etc.

II. Rationale of the Study


A) India's Statutory Approach towards CSR: Under Section 135 provisions of the Companies Act, 2013, CSR has become mandatory in India. According to the Companies Act- 'Every company that is private limited or public limited, has a net worth of Rs. 500 crore or more, or a turnover of Rs. 1,000 crore or more, or a net profit of Rs. 5 crore or more during any financial year has to spend minimum 2% of the average net profits made during the three immediately preceding financial years on CSR initiatives.' With the introduction of Section 135 in Companies Act 2013, India became the forerunner in statutorily mandated CSR initiatives for specified companies. According to the National CSR Portal maintained by The Ministry of Corporate Affairs, India, the country's CSR Initiative will enable the nation to move steadily and surely towards achieving sustainable development goals and fostering a partnership between the public and private sector thus bringing about a progressive transformation in India. The following can be inferred from the collated data pertaining to the years 2016-2017 to 2020-2021:

1. There has been a steady increase in the spendings by the companies on CSR initiatives. A Five-Year summary of CSR initiatives is summarized in the table below:

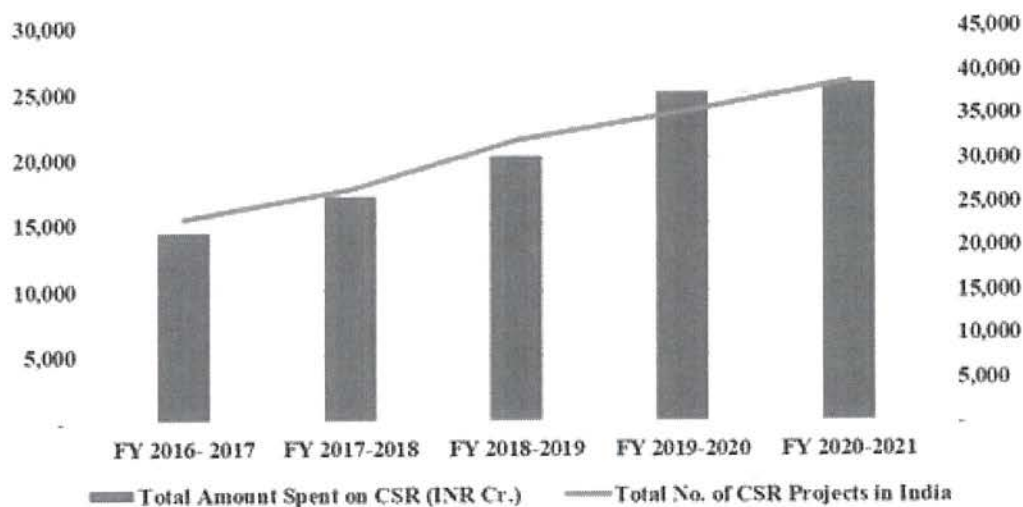
	Total Amount Spent on CSR (INR Cr.)	Total No. of CSR Projects in India	Total No. of Companies undertaking CSR Projects
FY 2016- 2017	14,395	23,064	19,555
FY 2017-2018	17,098	26,579	21,521
FY 2018-2019	20,197	32,061	25,179
FY 2019-2020	24,955	35,205	22,953
FY 2020-2021	25,715	38,790	18,012

Source: The Ministry of Corporate Affairs (MoCA) website

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CSR Expenditure and No of Projects - 5 Year Comparative Summary



Source: Researchers' own creation from data accessed on The Ministry of Corporate Affairs (MoCA) website

- The development sectors which have recorded the maximum percentage of the amount expended are education, healthcare, rural development projects, environment sustainability, poverty, eradicating hunger, malnutrition, livelihood enhancement projects, vocational skills, Prime Minister's National Relief Fund and other Central Government Funds. With regards to the development sectors, the top five sectors with maximum investments in terms of percentage of money expended in the Financial Years from 2016-2017 to 2020-2021 by the companies towards CSR can be seen in the table given below:

Sectors with Maximum Investment (Amount expended in %)					
Development Sectors	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Education	31.40	33.71	30.21	28.76	27.93
Health Care	17.37	16.24	17.88	19.65	25.70
Rural Development Projects	10.85	10.08	12.05	9.22	7.18
Environmental Sustainability	7.48	7.61	6.77	5.89	-
Poverty, Eradicating Hunger	4.21	-	5.90	-	-

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Livelihood Enhancement Projects	-	4.87	-	-	-
Vocational Skills	-	-	-	4.73	-
PM's National Relief Fund	-	-	-	-	6.53
Other Central Government Funds	-	-	-	-	6.09

Source: Researchers' own creation from data accessed on The Ministry of Corporate Affairs (MoCA) website

3. On the other end of the spectrum, the least spending has been recorded in the sectors of support of armed Forces, veterans and war widows/ dependents, slum area development, clean ganga fund, technology incubators, Agro forestry, setting up orphanage, gender equality, senior citizens and setting up homes and hostels for women. A summary of the sectors with minimum investments disbursed by companies towards CSR initiatives in the Financial Years from 2016-2017 to 2020-2021 can be seen in the table given below:

Sectors with Minimum Investment (Amount expended in %)					
Development Sectors	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Armed Forces, Veterans, War Widows	0.30	0.10	-	-	-
Slum Area Development	-	0.20	0.25	0.17	-
Swachh Bharat Kosh	-	-	-	0.21	-
Senior Citizens Welfare	0.20	-	0.23	-	-
Technology Incubators	0.20	0.10	0.16	-	-
Setting Up Homes Hostels for Women	-	-	-	0.19	0.17
Gender Equality	-	0.10	-	-	0.17
Setting Up Orphanage	0.10	-	0.06	0.15	0.08
Agro Forestry	-	-	-	-	0.07
Clean Ganga Fund	0.20	0.20	0.04	0.03	0.05

Source: Researchers' own creation from data accessed on The Ministry of Corporate Affairs (MoCA) website

- B) Growth of FMCG Sector:** India, as a country is emerging as one of the fastest growing economies in the world. A host of factors such as enhanced governmental

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support, progressive policy decisions, educated youth population, increased disposable income have resulted in providing a thriving environment for domestic and international investors. FMCG is one such sector that has seen steady growth, emerging as the fourth largest segment and significantly contributing to India's Gross domestic product (GDP). Companies operating in this sector have profited from the key drivers, namely altered lifestyle, ease of product access, growing brand awareness not just in urban but in semi urban and rural areas. These companies, through their respective CSR activities have endeavored to give back to society, thereby complying with the statutory norms and discharging their social responsibilities as a corporate citizen. The focus areas are education, health, youth, women and environmental initiatives. However, one key demographic segment – the senior citizens, seems to have escaped their attention. As a country that prides itself on its value systems, with highest regard and reverence to its elderly, this lacuna is significant and calls for a more serious thought and positive action.

- C) Rise in Senior Citizens Population:** Senior Citizens are individuals who are above 60 years of age and super senior citizens are individuals above 80 years of age. According to the data of The National Statistical Office, 'Elderly in India' report of 2021, the senior citizens' population in 2031 is expected to reach 194 million as compared to their population of 138 million in the year 2021. This is an exponential increase of approximately 41% in a decade. Additionally, the percentage of elderly population vis a vis the total population is expected to rise from 35.5 % in 2001- 2011, to 35.8 % in 2011-21 to 40.5% in 2021-31. The overall growth of the general population, on the other hand, is projected to reduce from 17.7% in 2001-2011 to 12.4% in 2011-2021 and further only by 8.4% in 2021-2031. The increased presence of this distinctive population segment, underlines the need for companies operating in the FMCG Sector to chart out CSR initiatives specific to senior citizens.


III. Objectives of the Study

1. To review the CSR initiatives undertaken by FMCG Sector companies.
2. To identify specific initiatives targeted towards the elderly.
3. To suggest potential CSR activities enabling FMCG companies bridge the identified gap.

IV. Research Methodology

1. This study is a combination of descriptive and exploratory research design.
2. Sample Characteristics: Top 10 FMCG Companies operating in India were selected for this study. Their published annual reports of the last five years (2017-2018 to 2021-2022) were thoroughly reviewed.

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3. Peripheral Study to gain the perspective of the senior citizens was undertaken. A structured questionnaire was circulated to the senior citizens which consisted of close and open-ended questions, seeking information about certain demographic details, their awareness about CSR initiatives of FMCG companies, whether they have been a beneficiary of the CSR initiatives and their preference of the programs which the companies should initiate targeting the senior citizens specifically.
4. Responses were collected from 138 senior citizens using convenience sampling and data collected was analyzed using simple statistical tools like percentages.
5. The bibliometric research for the purpose of the study includes:
 - a. Annual published reports of companies
 - b. Data available on National Stock Exchange and Bombay Stock Exchange.
 - c. Published reports of the Government of India, Ministry of Statistics and Programme Implementation, Department of Health and Family Welfare Ministry of Health and Family Welfare, Indian Brand Equity Foundation (IBEF), Ministry of Corporate Affairs, etc.
 - d. Published articles in journals
 - e. Books
 - f. Experts' opinions in leading local and national newspapers
 - g. Published Research papers

V. Findings

The following inferences can be drawn:

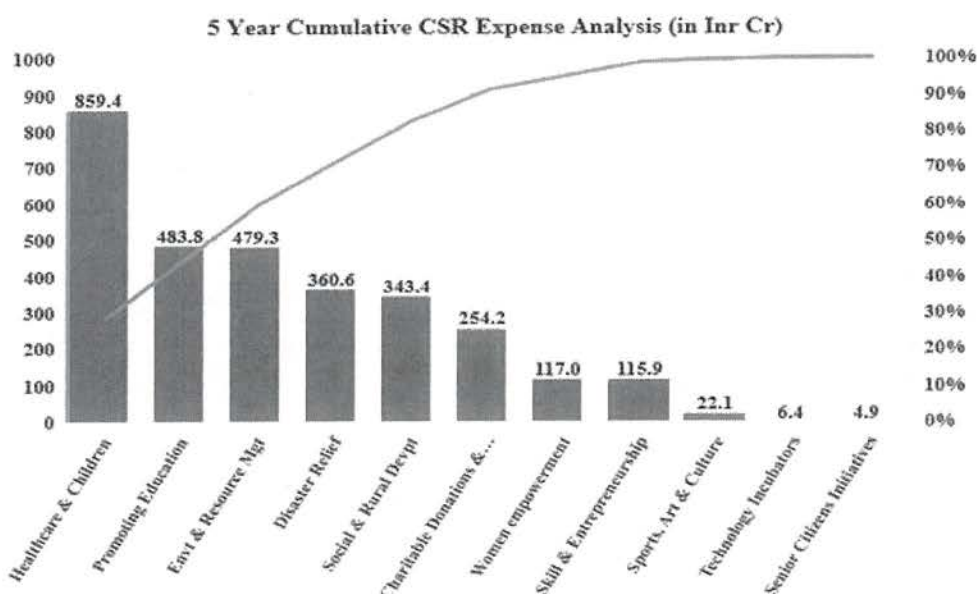
1. The selected companies have spent the allocated funds for CSR initiatives as per the requirements of the Companies Act in their respective adopted sectors.
2. All the companies selected for study, except two, have allocated funds in excess of the requirements specified by Section 135 of the Companies Act 2013. The remaining two companies have offset previous years excess spending in the current year. Thus, compliance parameters as regards CSR spending have been met by the selected companies.
3. Majority of the companies have focused their initiatives on Environmental conservation, water management, soil conservation, enhancement of education, health and vocational skills of young children and youth, women health and empowerment. While the Government has identified and listed development sectors, it has been

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observed that the companies tend to focus on a select few sectors resulting in overcrowding of funds and disproportionate CSR spending, with some sectors being significantly neglected.

4. Review of CSR policies of the ten companies shows that they are drafted, monitored and revised every year. Also, in many cases the onus of implementing the CSR programs resides with the trusts and charitable societies created solely for this purpose.
5. CSR initiatives targeted specifically towards the health and wellbeing of Senior citizens is non-existent in the majority of the selected FMCG companies. In one case, it was not a consciously adopted activity but an unexpected outcome of a women's adult literacy programme.
6. Only two companies have undertaken initiatives for the education and well-being of senior citizens. Though it is still in its nascent stage, as mandated in their CSR Policy, the said company has proposed to focus actively on this demographic in the current financial year.



Source: Researchers' own creation from data collated and analysed from the companies' websites

7. Additionally, a peripheral study was conducted to gain insights into the perspective of the senior citizens using a structured questionnaire. The total number of respondents were 138 with 45% female and 55% male respondents. The following were the key findings:

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- The demographics pertaining to the educational background of the respondents is tabulated as under.

Educational Background	% age of Respondents		
	Females	Males	Combined
Postgraduate	50	62	57
Graduate and Undergraduates	50	38	43

- The demographics pertaining to the income (monthly pension/ post-retirement income) of the respondents is tabulated as under.

Monthly pension/ Post retirement income	% age of Respondents		
	Females	Males	Combined
Less than 30,000	21	17	19
30,001-60,000	35	20	27
60,001-90,000	13	17	15
90,001-120,000	15	16	15
120,001 & above	16	30	24

- 76% of the respondents were unaware of CSR initiatives undertaken by FMCG Companies specifically for the elderly citizens
- The 24% of the aware senior citizen respondents were never a beneficiary of the CSR Initiatives.
- 100% of the respondents agree that CSR initiatives specially targeted towards the elderly population should be undertaken by the FMCG companies.
- The senior citizen respondents' preferences of the CSR initiatives are as follows:

Respondents Gender wise Preference for CSR Initiatives in %		
Initiatives	Males	Females
Physical Wellness	61.8	67.7
Emotional wellness	56.6	74.2
Raising awareness about acts for Senior Citizens Protection	55.3	56.5
Digital Literacy	53.9	59.7
Legal services	50.0	61.3
Day care and hospice services	48.7	40.3
Counselling: ageing facets	42.1	53.2

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Financial Literacy	36.8	62.9
Spiritual wellness	30.3	41.9
Investment planning	27.6	56.5
Re-skilling for second innings	26.3	33.9
Gated Serviced communities	25.0	17.7

VI. Suggestions

FMCG is ranked only as the fourth largest sector in India, but due to widely consumed products, these FMCG companies are easily identifiable by the end consumers as compared to the key players in the top three sectors. This enables these companies to leverage the added advantage of brand awareness and creates potential opportunities to generate loyalty across all age, income demographics, irrespective of educational and geographical limitations.

These companies could capitalize on this fact by designing initiatives that permeate the senior citizen demographics, keeping in mind the unique characteristics of this burgeoning segment. Some of the suggested areas where initiatives which could be undertaken by the companies are as follows:

- Maintaining Physical Wellness through diet, exercise and nutrition
- Enhancing emotional wellness through engagement in senior citizen clubs
- Encouraging digital education and literacy
- Promoting spiritual wellbeing
- Raising awareness about Government of India Acts for protection of Senior Citizens
- Providing legal services for document preparation such as wills, deeds, affidavits, power of attorney, etc.
- Conducting counselling programmes for various facets of ageing
- Re-skilling and upgrading for second innings and supplemental income
- Educating and creating awareness about investment planning
- Promoting financial education and literacy
- Sponsoring Day care and hospice services
- Establishing and maintaining Gated Serviced communities
- Investing in research and development to design products that caters to the needs of the senior citizens

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VII. Research Direction

1. Directing focus on the lesser targeted demographic segment in the country encouraging companies to draft and implement suitable senior citizen centric CSR Policies.
2. Enabling the companies to design and initiate relevant CSR initiatives for the thus far neglected senior citizens.

VIII. Limitations

1. The study is restricted to only 10 key FMCG companies in India, shortlisted as per independent reports and articles. These are listed companies whose financial data is available on their respective websites as published annual reports.
2. Additionally, the CSR initiatives of companies reviewed in the study are limited to those pertaining to the financial years 2017-2018 and 2021-2022.
3. In lieu of the age group of respondents and paucity of time, data has been collected using convenience sampling.

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