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## Corporate social responsibility of pharmaceutical companies in India

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### Abstract

Corporate Social responsibility is the responsibility of an organization to take appropriate decision and to take actions that will enhance the welfare and interest of society as well as the organizations. In the recent years Corporate Social Responsibility (CSR) has witnessed tremendous increase in awareness and control in the global arena. With the increasing need for economic development across the globe, there is demand for Financial Institutions to take central role in the efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. In this regard, actions taken by corporate houses and regulatory authorities operating in developed nations are quite satisfactory. However in developing nations the situation of CSR activities by financial institutions is not so flourishing. Today the common goal of the domestic and international business community is to bring forth wealth in a socially and environmentally responsible way. When it comes to social responsibility of Pharma companies, the Pharma companies need to move beyond a narrow definition of CSR and look at some of the ways to alleviate poverty and Rural Development. This article aims at providing a framework to assess corporate social responsibility with the pharmaceutical sector in India.

**Keywords:** Corporate social responsibility, pharmaceutical sector, environmental security, financial institutions

### Introduction

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. Sustainability refers to an organization's activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.

To understand and enhance current efforts, the most socially responsible organizations continue to revise their short and long-term agendas, to stay ahead of rapidly changing challenges. The quality of relationships that a company has with its employees and other key stakeholders-such as customers, investors, suppliers, public and governmental officials, activists, and communities-is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR).

These major transformations require national and global companies to approach their business in terms of sustainable development, and both individual and organizational leadership plays a major role in this change.

Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management.

### CSR in India

- When it comes to social responsibility of Pharma companies, the Pharma companies need to move beyond a narrow definition of CSR and look at some of the ways to alleviate poverty.
- CSR is a concept whereby Pharmaceutical companies not only consider their profitability and growth, but also the interests of society and the environment by taking

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responsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers, and civil society represented by NGOs.

- CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs

Another reason fuelling this rapid adoption of CSR is the state of the Indian society. Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare etc. are still ubiquitous and the government has limited resources to tackle these challenges. This scenario has opened up several areas for businesses to contribute towards social development.

- CSR is not a new concept in India. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them.
- Pharmaceuticals' CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.
- Many CSR initiatives are executed by corporates in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems.
- Corporate have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India's social development on a faster track.

#### **CSR activities of pharmaceutical companies**

As compared to other major industrial sectors, the pharmaceutical industry is under constant scrutiny regarding the way it operates. Since there is an ever-continuing rise in interest by the media and the public in the type of healthcare service being offered, pharmaceutical companies cannot avoid being caught up in the discussion of such issues. Medicines produced by the pharmaceutical industry are a key part of the delivery of an effective health service.

**CSR in sun pharmaceutical:** Sun Pharma CSR vision strives to bring about the holistic development of underserved communities in a sustainable and impactful manner. The Company intends to undertake its corporate social responsibility in a strategic manner. The Company will leverage its financial and human resources, networks and expertise to create maximum impact for its stakeholders. The CSR policy has been formulated in consonance with section 135 of Companies Act 2013 ('the Act') and the Companies (Corporate Social Responsibility) Rules, 2014 ('the Rules') as notified by the Ministry of Corporate Affairs

The key CSR policy objectives are:

1. Serving the community: Giving back to the community and addressing their needs is a key priority for the Company
2. Focus on quality: To deliver high quality support to meet the needs of the community.
3. Ensuring sustainability: Introduce interventions in the communities that address critical needs and can become sustainable over a period of time.
4. Leveraging resources: Leveraging the Company's internal resources such as research, marketing, financial, human resources and products to maximise impact in social initiatives

The CSR activities include preventive healthcare, Education & Livelihood, Environment protection, Water management and Disaster Relief, etc.

#### **CSR in Lupin Ltd**

Lupin Human Welfare & Research Foundation is an independent entity of Lupin implementing Lupin CSR activities all over India. This organization has been registered under Societies act/ trust acts and exempted under 35 acres and 80 G. LHWRF is also entitled to take foreign funding through its FCRA account. LHWRF has staff of 65 permanent employees along with the 700 project based employees. CSR staff of LHWRF is engaged fully & singularly for CSR activities.

Initiatives

Lupin HWRF has taken following innovative and new initiatives under its CSR activities:

- Building local level institutions - LGVP
- Convergence for scalability
- Identification of potential areas for futuristic development
- Conversion of problems into potentials

#### **Institution Building:** Lupin Gram Vikas Panchayat

To implement & execute the activities at village level, local level institution in the name of Lupin Gram Vikas Panchayat (LGVP) (Village Development Committee) have been formed. LGVP consists of representatives from different village communities, who are dedicated to the cause of service and village development. Impact: The World Bank has replicated our model under the program of District Poverty Initiative Program (DPIP) by forming Common Interest Groups of the pattern of the LGVP.

#### **Civil & Infrastructure Work**

The contribution in the form of man, material and cash is must for any developmental work. Villagers were motivated to contribute certain percentage of estimated cost of the work, rest of the money come from Lupin and Government. This work of infrastructure was executed by the committee of villagers namely LGVP. Their contribution and execution of work by them gave a sense of ownership to the developmental activities.

**Impact:** Government has announced a policy intervention in the name of Apna Gaon Apna Kam. Lupin's pattern of working with community's contribution has impressed the State Government to announce policy intervention which became applicable to the entire state of Rajasthan i.e. 38,000 villages.

**Reduction of poverty in district:** Lupin Foundation has selected entire Bharatpur district for holistic Rural Development. In 1988 when we started our program the incidence of poverty was 34%. The multifaceted activities of economic and social development were under taken in close collaboration with District and State Government departments. At present, the incidence of poverty is around 12%. We hope to bring it down to nearly 6% by 2015.

- **CSR in Dr. Reddy's laboratories:** Dr. Reddy's Laboratories was the first active pharmaceutical ingredient (API) company established in May, 1984 with construction of the first plant at Bollaram, Hyderabad. Today it is the largest Indian pharmaceutical company and one of the fastest growing generic pharmaceutical companies in Russia. It is the first company to start drug discovery programs in India through The Dr. Reddy's Research Foundation (DRF). DRF was recognized as a scientific and industrial research organization by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. It is aimed at providing innovative new medicines for healthier lives, at a price of the common man. Dr. Reddy also founded the Hyderabad-based Institute of Life Sciences, with public-private partnership with the Government of Andhra Pradesh. Dr. Reddy's Foundation (DRF) is a non-profit organization established by Dr. Reddy's Laboratories in 1996. DRF focuses on sustainable development in individual, group and organization levels through Urban Livelihoods, Rural Livelihoods, Education with particular focus on economically disadvantaged youth. The two-fold objective of DRF is:
  - (1) Helping improve livelihoods through programs increasing employability and aiding income generation and
  - (2) Providing opportunities for learning to those who have never been to school or have dropped out. The Foundation also works to improve the quality of education in schools. Through its sustained efforts, it has helped to improve the lives of nearly 5 million underprivileged people in India to date, especially youth and children. It works with all concerned stakeholders in this field.

**CSR in CIPLA**

**Cipla:** 'Caring for Life' has been at the forefront of Cipla's business philosophy and remains the principal purpose of doing business. This philosophy is seamlessly integrated into Cipla's people, products and processes. The initiatives taken by the Company as part of Corporate Social Responsibility (CSR) programmes effectively contribute to developing a sustainable and resilient community.

Social responsibility has been at the core of Cipla, since inception. Cipla Foundation was registered in 2011 to take Cipla's socially focussed business legacy forward. It mirrors Cipla's relentless commitment to improve lives and aims to build access and affordability for the most vulnerable groups in society. Driven by the vision that 'None Shall be Denied', the Foundation supports communities around Cipla units and beyond through initiatives under the following themes:

- Health
- Education
- Skill Advancement
- Disaster Response

**CSR in Glaxo SmithKline**

GlaxoSmithKline Pharmaceuticals Ltd was established in India in 1924. Its prescription medicines range across therapeutic areas, such as anti-infectives, dermatology, gynaecology, diabetes, cardiovascular disease and respiratory diseases. It has two research and development (R&D) units, which include Chemistry Research & Development and Pharmaceutical Research & Development. GSK primarily focused towards women, children and the aged and are directed in the areas of Health, Education and Livelihood. GlaxoSmithKline India, the activities towards community development are taken care by Corporate Social Responsibility Cell attached to the Corporate Communications Department. Since 1970, the Company has been implementing various social activities in the field apart from statutory ones.

Mission is "To lend a helping hand to the underserved in our society through the support of women, children and the aged in the areas of health and education." Provide money, medicines, time and equipment to non-profit organizations to help improve health and education in underserved communities. Focus on programs that are 'innovative, sustainable and bring real benefits to those most in need'. At GlaxoSmithKline India, the activities towards community development are taken care by Corporate Social Responsibility Cell attached to the Corporate Communications Department. Since 1970, the Company has been implementing various social activities in the field apart from statutory ones. The initiatives are being carried through the company's Corporate Social Responsibility cell situated at its Head Office in Mumbai.

**Conclusion**

CSR plays a very important role in the development scenario of the world today and many CSR initiatives are executed by corporates in partnership with Non-governmental organizations who are well versed in working with the local communities and are experts in solving all the social problems. A successfully implemented CSR strategy calls for aligning these initiatives with business objectives and corporate responsibility across the business principles to make CSR sharper, smarter, and focused on what really matters. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Pharmaceutical companies have the expertise, strategic thinking, manpower and money to facilitate extensive social change. They have effective partnerships with NGOs and the Government will place India's social development on a faster track in healthy way. Most of the companies, viewed CSR activities as an "expense" but as a partnership with the community, a benefit to the environment and a way to enhance the value of your business. As per the new companies law, CSR activities would have to be within India. They would apply to companies having at least Rs 5 crore net profit, or Rs 1,000 crore turnover or Rs 500 crore net worth. Such companies will need to spend 2 per cent of their three-year average annual net profit on CSR activities in each financial year, beginning 2014-15 fiscal. The companies will take more initiatives towards CSR activities.

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